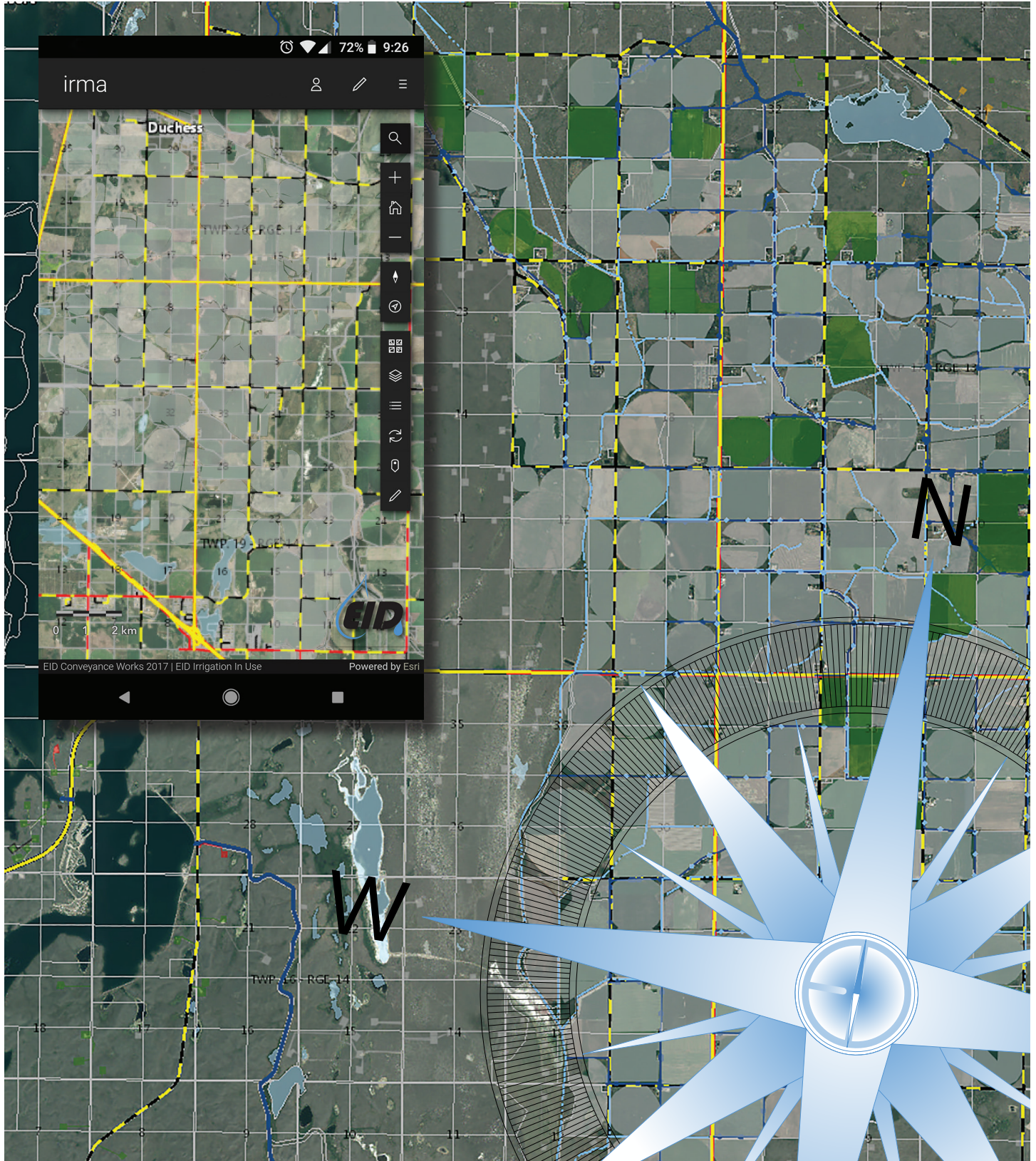




Annual Report

Eastern Irrigation District

2017



NOTICE OF ANNUAL MEETING

TAKE NOTE that the annual meeting of the irrigators of the Eastern Irrigation District will be held on Tuesday, March 20th, 2018 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

P.O. Box 128
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Brooks, Alberta
T1R 1B2, Canada

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E-mail: eid@eid.ca
Web: www.eid.ca

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2017 Board of Directors



Ross Owen (Chairman)
Division 3

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.



Jason Hale
Division 1



Jim Culligan
Division 2



Rod Johnson
Division 4



Tony Brummelhuis
Division 5



Bob Chrumka (Vice-Chair)
Division 6



George Murray V
Division 7

We have had a very busy year once again within the Eastern Irrigation District. In the spring, new elections gave us a time to say thank you for many years of dedicated service to outgoing Director Floyd George of Division 1, as well as to Director George Graham of Division 5. The Board of Directors was pleased to welcome at this time new Directors Jason Hale and Tony Brummelhuis, respectively.

The Board took serious note of the EID Concerned Water Users' Motion put forth at the Annual General Meeting and discussed the matter at length. The message given at the AGM was that a long, hard look should be taken before any further EID land is sold. Through discussion with the Irrigation Secretariat, water users and Board members, it was felt that demanding a unanimous vote could leave the EID in the position of having a single Board member stall the business of the District. Therefore, the Board settled for a policy of majority plus one, meaning that for a board of seven, five board members' votes would be required in order for any District land to be sold.

An important change in the Quorum, Voting Procedures & Election of Officers Bylaw occurred this year. All votes requiring a show of hands will be recorded, showing each Director's vote. Voting for the election of officers will remain by ballot.

While attending the Alberta Irrigation Projects Association conference, Board members learned from the Irrigation Secretariat that irrigation districts are not included in the definition of elected authorities under the *Local Authorities Election Act*, and thus cannot use any of the provisions afforded to such a body under that Act. As such, EID elections and other votes will not include advanced voting or special ballots and there will only be one polling station provided per division. Irrigation Council will attempt to address the issues of disparity between the *Local Authorities Election Act* and the *Irrigation Districts Act* with the Minister before elections in the spring.

As for concerns related to aquatic invasive species, statistics from the AIPA Executive Meeting indicate that 30,819 boats were inspected at Alberta borders, with 19 mussel-fouled craft being identified. Last spring, the EID offered to support the AIPA emergency funding initiative for two additional mobile decontamination

units to assist with ongoing inspections; ultimately, the additional units have not yet been required.

As a result of 2017 being such a hot and dry summer, some irrigators expressed concern about being able to finish their crops for the year with the 24 inch limit. Given an assurance by the General Manager that we would be able to increase allocations by a few inches without affecting the 2018 season detrimentally, as an exception, the Board amended the maximum delivery bylaw from 24 inches to 27 inches in response to the water users' concerns.

While going through the process of general assessment, the Board has needed to make a one-time exception to the policy which normally has a 2,500 acre annual maximum. Through ground truthing, it was determined that a little over 4,000 acres need to be added to the water roll in order to match the assessment. As we near the completion of the process to apply acres where the *Irrigation Districts Act* allows, along with adding the 2018 expansion acres, we will find ourselves very close to the 311,000 acre cap. As a result, the District moved forward with a request to Alberta Agriculture and Forestry to start modelling for expansion.

Construction on the Bassano Dam Emergency Spillway continued into December. Most of the excavation work is complete and filter gravels are in place. As well, the skin coat of concrete is in place and in the spring, or when weather allows, concrete will begin to be poured. This will bring us to the final stage of installing the spillway gates.

The decision to move to the next stage with solar power development, including what that arrangement will look like, as well as the proposed land rental to JBS, standstill negotiations with





Chairman and Board of Directors' Report

CNRL and attempts to replace some of the lost grass to the grazing associations, are all on-going issues with which the Board is faced and is attempting to come to the best possible resolutions. While we struggle with these and other continual pressures upon the use of EID land, it does become evident just how important our asset is and how much care, thought and deliberation should be given before we arrive at the decisions which govern the use of our valuable resource.

The Board would sincerely like to thank all of our various staff members for their valued dedication, expertise and efforts toward our organization and its goals.

*Respectfully submitted,
Mr. Ross Owen, Chairman
Board of Directors*



Thomas Anderson



Braden Belanger



David Cormack



Mary Gervais



Amanda Goodnough



Travis Graham



Haley Harbinson



Anya Howard



Donovan Kopp



Julie Kuhn



Morgan Moss



Lynden Nummi



Emerson Pankratz

2017 Eastern Irrigation District Scholarship Recipients



Hailey Rasmussen



Dakota Ring



Taylor Schaap



Ryley Schmidt



Stephanie Stout



Ethan Swanson



Colin Unruh



Reegan Zacharias



The 2017 season started off in typical fashion until the middle of June in the Brooks area, while areas in the south half of our District were slightly under the long-term precipitation average at the start. Delivery of water started May 2nd, roughly 1 week earlier than average, due to the drier conditions

in the south half of the District. After this time period, the whole district saw unseasonably hot, dry and windier conditions which translated into a very high demand water season. The District diverted 521,000 ac-ft (380,000 – 2016), with approximately 13.5" across the District being delivered to the farm gate. The river was strong until the end of July, supporting all irrigation in the District; after this time the river weakened and reservoirs were drawn on. The maximum amount of water that may be delivered to each irrigation acre has been set by policy and bylaw at 24" for quite some time; this year, however, because of the unseasonably hot dry conditions some parcels were in jeopardy of exceeding the 24" maximum and being shut off. A new maximum was set at 27" for 2017 only, and only for crop production.

This was a very fortunate year with the above average snowpack this past winter/spring, providing for strong water supplies from the river through to the end of July, and should be used as a reminder and learning year of the hot dry weather conditions that can persist. Average or below average snowpack this year would have resulted in a markedly different outcome, with reservoirs depleted much more just to provide the 24". Efficient use of water every year should be a priority to minimize the chance of exceeding 24" while still providing adequate irrigation for crops.

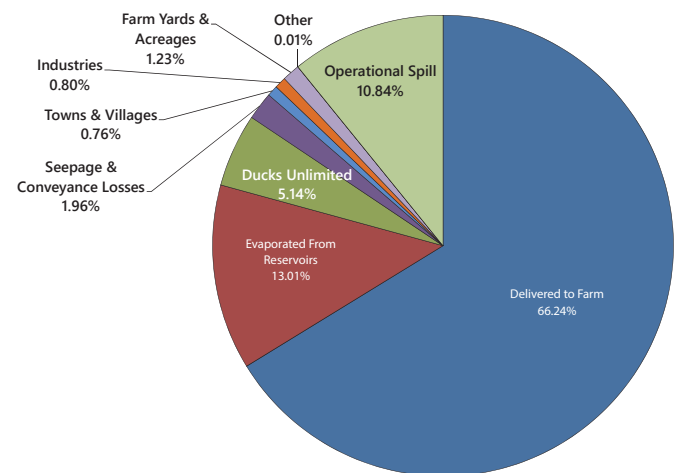
It is important to communicate with your water operator for on/off of your irrigation systems, to determine flows, and to agree on flows early in the irrigation season to avoid disagreements and to address any issues early in the year.

The District was one of many participants who collaborated in the Bow River Working Group

Water Balance (acre feet)

	2017	2016
Diversion	521,200	371,100
Delivered to Farm	338,700	184,800
Evaporation from Reservoirs	66,500	56,500
Ducks Unlimited	26,300	23,400
Seepage and Conveyance Losses	10,000	10,000
City, Towns and Villages	3,900	3,400
Industries	4,100	4,700
Farm Yards and Acreages	6,300	6,300
Change in Storage	6,100	25,400
Other Purposes	50	50
Operational Spill	59,250	56,550

Measured Return Flow	75,000	77,600
Operational Spill	59,250	56,550
Farm Spill and Run Off	19,550	21,050



with the mandate to provide the Government of Alberta (Minister of Alberta Environment and Parks) with strategic advice to build multiple layers of resilience throughout the Bow River Basin to address both flood and drought concerns. This report named *Advice to Government on Water Management in the Bow River Basin* was presented



General Manager's Report

Ivan Friesen, General Manager

to Government and released in the spring of 2017. We anticipate further cooperation with Government departments and other Bow River users to move the recommendations highlighted in the report forward.

The Bassano Dam emergency spillway is well underway with the excavation of the existing earth dam, construction of the coffer dam, installation of the sheet steel piling, and installation of dewatering/depressurization wells completed in the first contract by Niitsitapi-Graham LP. The second contract awarded the supply of gates and hoists with manufacturing of those ongoing. The third contract awarded in June to Niitsitapi-Graham LP includes further excavation in the basin, supply and installation of filter gravels, installation of drain pipes, and installation of screw piles which were completed at the end of December 2017. Construction of the concrete spillway, installation of the gates and hoists, and electrical controls are yet to be completed as part of the third contract. To date, work is on schedule and we still anticipate completion and commissioning of this project in the spring of 2019.

The District continued its endeavor to rehabilitate its delivery system which included the replacement of 30 km of open channel canal to PVC pipelines. The EID/County of Newell partnership continued in 2017 with 30 km of drainage completed. A similar sized rehabilitation program is forecast as established in our 3 Year Capital Rehabilitation Plan.

Our Farm Improvement Program saw renewed interest and use; this program rewards landowners that convert to a more efficient method of irrigation. In 2017, 165 applications were approved totaling \$1,808,000. There were 47 conversions to more efficient irrigation, 20 corner arm installations to utilize idle acres, and 98 upgrades.

The assessment roll saw 1,559 acres added, with 6 acres converted to Rural Water Use agreements in 2017.

Prior to investigating the irrigation expansion limit and plebiscite vote, it was prudent for the District to account for all irrigation to provide the confidence that our information used in the modelling and expansion plans were as accurate as possible. It

also helped us determine how close the District really is to our present irrigation expansion limit of 311,000 acres. Through our review on the irrigation assessment it appears that there were 4,035 acres that needed to be added to our assessment roll. The process of notifying landowners and working through the process of getting them on our assessment roll is well underway. With these 4,035 acres added and with 1,353 acres pending approval from this year's new irrigation acre applications, the District will have an assessment of around 307,000 – 308,000 acres.

We await notification from government departments to start the modelling of our District to determine the opportunities for expansion. From our calculations and through on-farm and District efficiencies, the District as a starting point will request a 29,000 acre expansion to be modelled.

EID Long Term Service Awards



L to R: Roger McLean (20 years), Brent Kroschel (10 years), Bill Kazimir (30 years), Chuck Getz (25 years), Shelley Bischke (25 years), Gord Leland (30 years), Marla Barg (10 years), Randy Hayes (30 years), Mary Ketchmark (15 years), Brian Windrum (20 years)
Missing: Troy Canning (20 years), Jim Olund (10 years)

Cattle numbers for the 2017 grazing season totaled 17,536 among the 10 grazing associations. The year started out with some seasonal rains in early June and good carry over grass from prior years. As the grazing year unfolded, the additional carry over grass was required to support the numbers as weather conditions were hot and dry until round-up. Looking to 2018, a cautious and adaptive approach was taken to slightly reduce the maximum listing per member to ensure the grass resource is preserved.

This past year 50 new wells were acquired on District owned land, with an additional 66 twinned on existing leases. Other activities included 237 acres of pipeline acquisition and 2 seismic programs, totaling 150 miles.

Potash as a control measure for aquatic mussels continued this past year with two additional field trials in the EID as well as one done in the TID and one in the SMRID. As well, a Strategic Pest Management plan was produced which provides recommendations for preventing the introduction of mussels in irrigation

Method of Irrigation: 2017

As of December 31, 2017

Low Pressure Pivot	207,643 (68.91%)
High Pressure Pivot	28,184 (9.35%)
Wheel Move	16,760 (5.56%)
Other Sprinkler	780 (0.26%)
Flood Irrigation (Leveled)	38,292 (12.71%)
Flood Irrigation (Not Leveled)	9,650 (3.2%)

Note: percentages shown are the percentages of total irrigation.

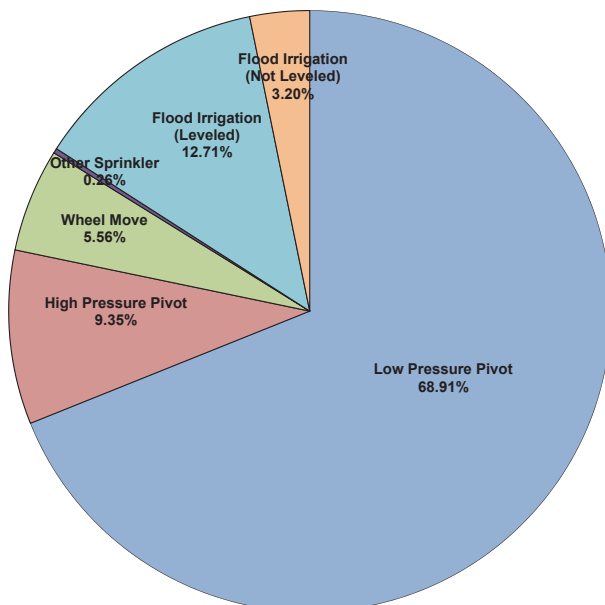
Method of Irrigation: 2002

As of December 31, 2002

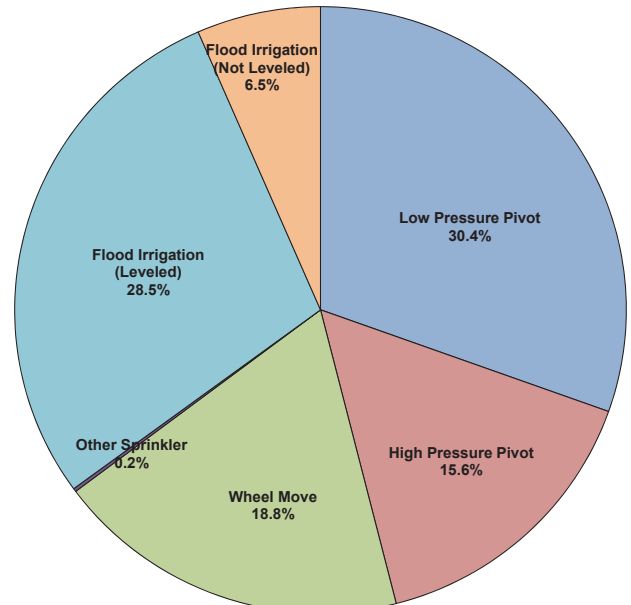
Low Pressure Pivot	86,000 Ac. (30.4%)
High Pressure Pivot	44,000 Ac. (15.6%)
Wheel Move	53,000 Ac. (18.8%)
Other Sprinkler	500 Ac. (0.2%)
Flood Irrigation (Leveled)	80,500 Ac. (28.5%)
Flood Irrigation (Not Leveled)	18,500 Ac. (6.5%)

Note: percentages shown are the percentages of total irrigation.

Acres by Method of Irrigation: 2017



Acres by Method of Irrigation: 2002





General Manager's Report

Ivan Friesen, General Manager

water supply reservoirs, and options for the control and eradication of mussels if they should infest irrigation water supply canals, pipelines, and on-farm irrigation systems. Education and monitoring continue to be a priority. The provincial program sampled 87 lakes and reservoir basins, 23 outlet canals, and 2 rivers. Also, thanks to AIPA who through a consultant saw 12 high risk reservoirs sampled more extensively throughout the water season.

The program of water quality testing through AIPA continued throughout our District. Source waters, main canals, laterals, and return flows are all tested and compared to irrigable water quality standards. Past results have largely shown waters in our delivery

system to meet or exceed irrigable standards.

The District would like to thank and recognize Percy Chase, Danny Just, and Erinn Lowe who left the District. We welcomed Staci Connauton and Stephen Lamb to the District.

I would again like to thank the water users, Board of Directors, and staff of the District in once again meeting the District's main mandate of delivering water to the farm gate and the continued commitment to improving the operation and efficiency of the District.

*Respectfully submitted,
Mr. Ivan Friesen, General Manager*

Bassano Dam Spillway



Maintenance of Irrigation Works

As of End of 2017 Water Delivery Season



There was a 30% increase in water demands this past year over the longer-term average which stressed our system and an increase in maintenance was a result. This is highlighted by the year over year cost differences in repairs to pump stations and control structures, as well as labour costs.



Maintenance of Irrigation Works

Maintenance Item	2013	2014	2015	2016	2017	Average
Canal cleaning, bank leveling and seeding	7.5 km	1.5 km	2 km	2 km	0 km	2.6 km
Drain cleaning, bank leveling and seeding	8 km	6.5 km	10.5 km	6 km	5 km	7.2 km
Drain and canal clipping	119 km	125 km	138 km	62 km	45 km	97.8 km
Gravel armour placed on canal side slopes	1.5 km	0.5 km	1 km	0.5 km	1.5 km	1 km
Gravel placed on canal banks	18.5 km	15 km	15 km	25.5 km	34 km	21.6 km
Canals fenced	2 km	0.5 km	0.5 km	0 km	1.5 km	0.9 km
Chemical weed control on canal banks	1,786 km	1,686 km	1,709 km	1,938 km	1,869 km	1,798 km
Mowing of canal banks	745 km	620 km	720 km	740 km	1000 km	765 km
Canal liner installed	0 km	0 km	0 km	0 km	0 km	0 km
Road crossing repairs and replacements	0	0	2	14	16	6
Replacement of farm turnouts	4	3	3	9	8	5
Flood well to riser conversion (on pipelines)	6	4	7	2	5	5
Replace buried services for pipeline drain outs	---	---	---	---	14	14

Maintenance Cost	2013	2014	2015	2016	2017	Average
Heavy equipment	\$1,191,413	\$1,009,561	\$1,368,605	\$913,668	\$874,680	\$1,071,585
Labour	\$900,623	\$958,220	1,103,214	930,756	1,070,097	992,582
Vehicles	\$163,974	\$181,589	200,099	162,066	181,359	177,817
Repairs to pump stations and control structures	\$198,020	\$234,142	396,779	299,426	546,326	334,939
Materials (culverts, gates, fence posts, etc.)	\$121,473	\$207,371	175,370	193,753	178,816	175,357
Chemical for broad leaf weed control	\$75,840	\$76,290	80,267	90,140	93,700	83,247
Maintenance of buildings and grounds	\$52,234	\$60,648	40,714	39,746	52,549	49,178
Total Costs:	\$2,703,577	\$2,727,821	\$3,365,048	\$2,629,555	\$2,997,527	\$2,884,705



Crop and Irrigation Statistics

2017 Crop Summary

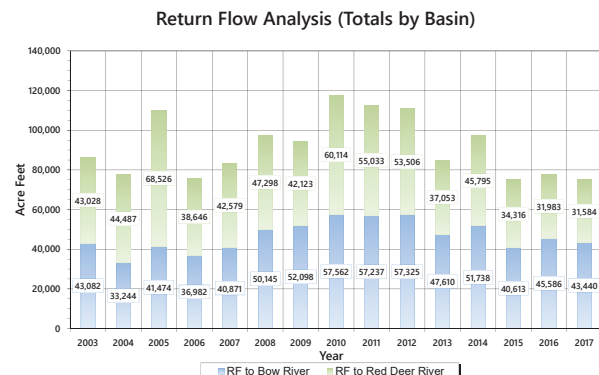
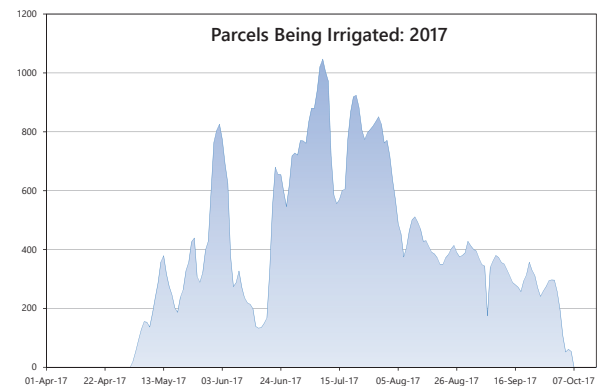
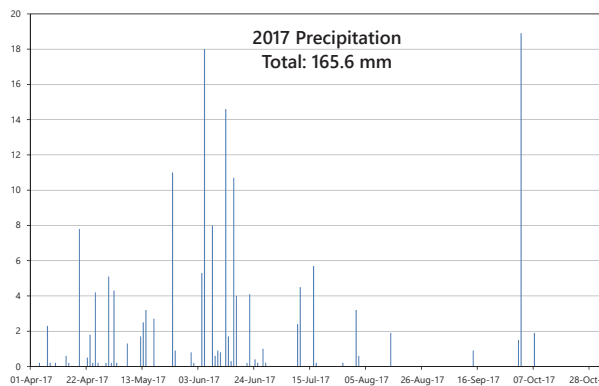
Crop Class	Crop Type	Acres
Forage	Alfalfa 2 Cuts	25,443
	Alfalfa 3 Cuts	9,517
	Alfalfa Hay	6,605
	Alfalfa Silage	412
	Barley Silage Under Seed	571
	Barley Silage	3,271
	Corn Grazing	1,886
	Corn Silage	12,408
	Custom Variety Forage	50
	Grass Hay	12,439
	Green Feed	5,273
	Native Pasture	1,611
	Tame Pasture	38,483
	Timothy Hay	1,829
Cereals	Barley	10,544
	CPS Wheat	1,491
	Durum Wheat	4,033
	Grain Corn	10,550
	Hard Spring Wheat	50,204
	Oats	1,799
	Rye	379
	Soft Wheat	861
	Triticale	4,266
	Winter Wheat	1,436
Oil Seeds	Canola	28,268
	Flax	5,756

Crop Class	Crop Type	Acres
Specialty	Alfalfa Seed	27,047
	Carrots	316
	Dill	375
	Dry Beans	3,611
	Dry Peas	6,744
	Faba Beans	577
	Fresh Corn (Sweet)	249
	Grass Seed	140
	Hemp	1,839
	Lentils	369
	Market Gardens	126
	Nursery	399
	Potato	5,301
	Seed Canola	6,796
	Seed Potato	225
	Soy Beans	2,565
	Sugar Beets	1,250
	Sunflower	3,276
Non Irrigated	Non-Crop	146
	Summer Fallow	573

Total of All Crops (As of December 31, 2017)		
Crop Class		Acres
Summary	Forage Crops	119,798
	Cereal Crops	85,563
	Oil Seed Crops	34,024
	Specialty Crops	61,205
	Non-Irrigated	719
Total		301,309

2017 System Water Delivery Summary

Water Delivery Block	Water Operator	Irrigated Area (acres)	Volume Delivered (acre feet)	Water Use/Acre (acre feet/acre)
District N1 Bassano	Beddows	17,848	15,600	0.87
District N2 Pitau	Isidoro	21,425	22,400	1.05
District N3 Gem	Kroschel	14,264	14,400	1.01
District N4 Rosemary	Hebig	22,114	20,100	0.91
District N5 Duchess	Cameron	20,191	19,800	0.98
District N6 Cockerill	Leland	21,425	22,200	1.04
District N7 Millicent	Allaby	21,734	22,200	1.02
District N8 Patricia	McInnis	16,977	24,900	1.47
District S1 Antelope Creek/Brooks	Klassen	20,089	21,200	1.06
District S2 Kitsim	Currie	19,155	23,800	1.24
District S3 Bow Slope	Thiessen	21,354	27,900	1.31
District S4 Aqueduct/Bantry	Canning	13,409	14,700	1.10
District S5 Elizabeth	Williams	15,672	14,200	0.91
District S6 Tilley	Cleland	18,564	20,900	1.13
District S7 Rolling Hills North	Olund	18,980	28,500	1.50
District S8 Rolling Hills South	Beierbach	18,108	25,900	1.43
Totals:		301,309	338,700	1.12





Irrigation Rehabilitation Report

Ryan Gagley, Engineering Manager

2017 Rehabilitation

The EID's 2016/17 construction season went extremely well with our crews completing our rehabilitation program. Crews installed four pipeline projects with a length over 30 km and one spillway was rebuilt with a length of 0.5 km. The projects were designed, managed and constructed in-house by EID Staff. These five projects were completed throughout the 2016/17 construction season at a cost of \$16,548,000.

Work has been progressing well on the Bassano Dam Spillway. MPE and Klohn Crippen Berger being responsible for the engineering with Niitsitapi-Graham LP being the primary contractor of the project. The cost for the 2017 fiscal year was \$10,017,000.

Our 2017/18 rehabilitation consists of nine major capital projects as well as the continuation of the EID/ County of Newell drainage program. The drainage program will remain in the Rainier area this year.

Irrigation Rehabilitation Program (IRP)

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

For 2017, the Province contributed \$4,558,000 (75%) and the Eastern Irrigation District invested \$1,519,000 (25%). The 2017 expenditures amount to approximately \$7,148,000. The District installed 19 km of new pipeline in the winter of 2016/17 and are planning for 2.4 km of open channel for 2017/18 under the IRP program.



Irrigation Rehabilitation Program (IRP)

Project	Description	Engineer	Contractor	2017 Project Cost	Total Project Cost
Spring					
01 Bow Slope	20 km Pipeline	EID	EID	\$52,000	----
Fall					
11 B Springhill	19 km Pipeline	EID	EID	\$7,096,000	\$7,193,000
Total:				\$7,148,000	\$7,193,000

Irrigation Rehabilitation Report

Ryan Gagley, Engineering Manager



EID Capital Construction Program

Funds for this program are provided entirely from the District's Irrigation Works Reserve Fund. The 2017 expenditures amount to approximately \$19,417,000. In 2017, the District completed the installation of 11.5 km of pipeline and 0.5 km of canal rehabilitation. The fall of 2017/spring 2018 will see the construction of approximately 18 km of pipe and 10.5 km of canal rehabilitation under this program.

EID Capital Construction Program

Project	Description	Engineer	Contractor	2017 Project Cost	Total Project Cost
Various Years Projects	Smaller Projects	EID	EID	\$957,000	----
10 G North Bantry	2.0 km Pipeline	EID	EID	\$1,174,000	\$1,180,000
06 Secondary A Rolling Hills	8.4 km Pipeline	EID	EID	\$3,637,000	\$3,641,000
01 N Tilley	1.0 km Pipeline	EID	EID	\$353,000	\$358,000
22 and 23 North Branch	0.3 km Stilling Pond/Inlet	EID	EID	\$395,000	\$406,000
Bow Slope Tailout	0.5 km Channel	EID	EID	\$249,000	\$249,000
Structures Program	Replace Structures	EID	EID	\$379,000	----
EID/County Drainage	30 km Drainage Rehab.	EID	EID	\$1,382,000	----
Bassano Dam	Spillway Project	MPE Engineering/ Klohn Crippen Berger	Niitsitapi- Graham LP	\$10,017,000	----
Cost Shared Projects		EID	EID	\$202,000	----
2017/2018 Project Engineering		EID	EID	\$239,000	----
Small Drains		EID	EID	\$17,000	----
District Automation		EID	EID	\$141,000	----
Land Acquisition (Right-of-Way)				\$275,000	----
Total:				\$19,417,000	

EID Capital Construction Program: 2017/2018

Project	Description	Project	Description
Secondary A Rolling Hills	2.4 km Channel	M Tilley	0.4 km Pipeline
South Bantry Drain	8.0 km Channel	05 Rolling Hills	6.5 km Pipeline
05 C East Branch	5.5 km Pipeline	District Automation	Upgrade Structure Automation
09 Rolling Hills	2.4 km Pipeline	2017/2018 Structures Program	Replace Structures
08 H West Bantry	1.8 km Pipeline	EID/County Drainage	30 km Drainage Rehab.
04 Scott Canal	1.6 km Pipeline		



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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* 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, 2017 and the statements of revenues and expenditures, changes in net assets and cash flow 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.

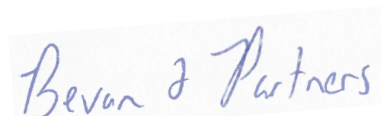
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2017 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Brooks, Alberta
January 18, 2018



CHARTERED ACCOUNTANTS



EASTERN IRRIGATION DISTRICT

STATEMENT OF FINANCIAL POSITION

As at September 30, 2017

ASSETS

Current

	General Fund	Irrigation Works Fund	2017 Total	2016 Total
Cash	\$9,892,694	\$175,768	\$10,068,462	\$4,475,699
Short term deposits (Note 4)	1,047,275	42,764,077	43,811,352	19,931,452
Investments (Note 6)	0	9,104,521	9,104,521	27,688,125
Accounts receivable (Note 5)	3,017,095	508,616	3,525,711	2,818,395
Materials and supplies (Note 8)	1,731,626	0	1,731,626	1,813,215
Prepaid expenses	1,172,425	0	1,172,425	1,250,978
	16,861,115	52,552,982	69,414,097	57,977,864
Accounts receivable (Note 5)	0	1,980,491	1,980,491	2,489,908
Investments (Note 6)	0	45,543,768	45,543,768	43,124,547
Deposits	104,830	0	104,830	91,571
Trust funds held (Note 16)	180,430	0	180,430	179,509
	17,146,375	100,077,241	117,223,616	103,863,399
Property and Equipment (Note 7)				
Buildings and equipment, net	11,014,761	2,518,342	13,533,103	13,317,770
Irrigation works, net	0	389,861,911	389,861,911	379,064,253
Land (Note 2)	0	1,864,576	1,864,576	1,871,128
	11,014,761	394,244,829	405,259,590	394,253,151
	\$28,161,136	\$494,322,070	\$522,483,206	\$498,116,550

LIABILITIES

Current

Accounts payable and accrued liabilities	\$1,846,914	\$2,600,658	\$4,447,572	\$3,698,329
Goods and services tax payable	37,430	0	37,430	55,587
Payroll taxes payable	0	0	0	4,500
Unearned revenue (Note 2)	14,923,347	279,382	15,202,729	14,977,101
	16,807,691	2,880,040	19,687,731	18,735,517
Trust funds held (Note 16)	180,430	0	180,430	179,509
Provision for gravel pit closure and post closure (Note 17)	0	768,456	768,456	780,844
Unearned revenue (Note 2)	0	679,290	679,290	992,658
Deferred grants and contributions, net (Note 7)	20,694	134,381,081	134,401,775	136,019,608
	17,008,815	138,708,867	155,717,682	156,708,136
Commitments (Note 20)				
Contingencies (Note 21)				

FUND BALANCES

Invested in property and equipment (Notes 7 & 10)	10,994,067	259,863,748	270,857,815	258,233,543
Unrestricted (Note 10)	0	0	0	0
Internally restricted, to be used for future community pasture development (Notes 2 & 10)	158,254	0	158,254	153,754
Internally restricted, to be used for future irrigation works additions (Notes 2 & 10)	0	79,723,953	79,723,953	56,301,112
Externally restricted by the Province of Alberta, to be used for Bassano Dam Spillway project (Notes 2 & 10)	0	13,253,478	13,253,478	22,913,666
Externally restricted by the Province of Alberta, to be used for future irrigation works additions (Notes 2 & 10)	0	2,772,024	2,772,024	3,806,339
	11,152,321	355,613,203	366,765,524	341,408,414
	\$28,161,136	\$494,322,070	\$522,483,206	\$498,116,550

EASTERN IRRIGATION DISTRICT

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

For the year ended September 30, 2017



	General Fund	Irrigation Works Fund	2017 Total	2016 Total
REVENUE				
WATER EARNINGS				
Water conveyance agreements	\$627,007	\$0	\$627,007	\$612,612
Oil and gas drilling water	287,145	0	287,145	106,028
Penalties	2,110	0	2,110	5,584
Irrigation rates (Note 11)	0	0	0	0
	916,262	0	916,262	724,224
Less discounts allowed	(62,700)	0	(62,700)	(61,725)
	853,562	0	853,562	662,499
LEASE REVENUE AND COMPENSATION				
Oil and gas well leases	24,899,228	0	24,899,228	24,292,839
Right of entry and initial consideration - oil and gas	1,436,272	0	1,436,272	287,358
Oil and gas administration fees	37,500	0	37,500	18,000
Powerlines	220,411	0	220,411	215,781
Right of entry and initial consideration - powerlines	85,000	0	85,000	29,948
Irrigated leases	850,963	0	850,963	1,305,407
Community grazing leases	1,189,281	0	1,189,281	1,026,974
Private grazing leases	190,989	0	190,989	196,041
Other lease revenues	108,441	0	108,441	94,846
OTHER REVENUE				
Amortization of deferred grants and contributions	0	6,173,552	6,173,552	6,123,357
Investment income	692,370	1,362,594	2,054,964	1,727,153
Capital asset charges, net	0	830,550	830,550	547,000
Gain (loss) on sale of land, equipment and buildings	(5,248)	12,778,603	12,773,355	270,875
Gravel royalties and miscellaneous	0	4,882	4,882	48,227
	30,558,769	21,150,181	51,708,950	36,846,305
EXPENSES				
Amortization of irrigation works and buildings	0	16,037,687	16,037,687	15,690,656
Operations and administration (Schedule 1)	8,163,009	0	8,163,009	7,848,003
Community grazing expenses (Note 12)	1,228,965	0	1,228,965	1,091,135
	9,391,974	16,037,687	25,429,661	24,629,794
Revenue over expenses (Deficiency), before special projects	21,166,795	5,112,494	26,279,289	12,216,511
Special projects, net (Note 14)	(726,754)	0	(726,754)	(921,238)
EIDNet, net (Note 15)	(195,425)	0	(195,425)	(154,389)
REVENUE OVER EXPENSES (DEFICIENCY)	20,244,616	5,112,494	25,357,110	11,140,884
TRANSFER TO IRRIGATION WORKS FUND	(19,839,708)	19,839,708	0	0
FUND BALANCES, BEGINNING OF YEAR	10,747,413	330,661,001	341,408,414	330,267,530
FUND BALANCES, END OF YEAR	\$11,152,321	\$355,613,203	\$366,765,524	\$341,408,414



EASTERN IRRIGATION DISTRICT

STATEMENT OF CASH FLOWS

For The Year Ended September 30, 2017

	General Fund	Irrigation Works Fund	2017 Total	2016 Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Revenue from water operations	\$853,562	\$0	\$853,562	\$662,499
Compensation from oil and gas operations	26,373,000	0	26,373,000	24,598,197
Compensation from powerline operations	305,411	0	305,411	245,729
Revenue from lease operations	2,339,674	0	2,339,674	2,623,268
Capital asset charges, net	0	830,550	830,550	547,000
Cash receipts from gravel royalties and miscellaneous	0	4,882	4,882	48,227
Operations and administration expenses (Schedule 1)	(8,163,009)	0	(8,163,009)	(7,848,003)
Community grazing expenses (Note 12)	(1,228,965)	0	(1,228,965)	(1,091,135)
Add: Amortization in expenses, not using cash	1,520,786	0	1,520,786	1,444,084
Net cash expenditure on special projects (Note 14)	(726,754)	0	(726,754)	(921,238)
Net cash expenditure on EIDNet	46,140	0	46,140	86,116
Investment income	692,370	1,362,594	2,054,964	1,727,153
Non-cash investment income	0	(954,199)	(954,199)	(551,501)
Change in GST receivable and payable	(18,157)	0	(18,157)	34,091
Change in Payroll taxes payable	(4,500)	0	(4,500)	(5,823)
Change in non-cash current assets and liabilities	(205,711)	(199,139)	(404,850)	(243,819)
	21,783,847	1,044,688	22,828,535	21,354,845
CASH FLOWS USED IN FINANCING AND INVESTING ACTIVITIES				
Grants from Province of Alberta	0	4,558,019	4,558,019	19,552,536
Proceeds on sale of land, buildings and equipment	368,700	12,778,603	13,147,303	688,437
Purchase of land, buildings and equipment	(2,288,190)	(81,127)	(2,369,317)	(2,688,599)
Pasture development and reseeded (Note 13)	(248,518)	0	(248,518)	(95,977)
Expenditures on irrigation works (Note 7)	0	(26,564,890)	(26,564,890)	(22,811,722)
Change in non current accounts receivable	0	509,417	509,417	(255,020)
Change in irrigation works unearned revenue	0	(127,113)	(127,113)	(158,591)
Proceeds on sale of investments	0	33,325,543	33,325,543	38,452,065
Purchase of investments	0	(16,206,962)	(16,206,962)	(58,432,087)
Change in deposits	(13,259)	0	(13,259)	(36,162)
Change in provision for gravel pit closure and post closure (Note 17)	0	(12,388)	(12,388)	33,942
Change in irrigation works accounts payable	0	646,293	646,293	(39,288)
	(2,181,267)	8,825,395	6,644,128	(25,790,466)
NET INCREASE (DECREASE) IN CASH	19,602,580	9,870,083	29,472,663	(4,435,621)
Cash, beginning of year	11,177,097	13,230,054	24,407,151	28,842,772
Transfer from general fund	(19,839,708)	19,839,708	0	0
CASH, END OF YEAR	\$10,939,969	\$42,939,845	\$53,879,814	\$24,407,151
Cash is comprised of:				
Cash	\$9,892,694	\$175,768	\$10,068,462	\$4,475,699
Short term deposits	1,047,275	42,764,077	43,811,352	19,931,452
	\$10,939,969	\$42,939,845	\$53,879,814	\$24,407,151



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, except for irrigation works automation projects which are amortized on a straight-line basis over their estimated average useful lives of 5 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)(l) of the Income Tax Act.



EASTERN IRRIGATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2017

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 90 days.

Unearned Revenue

Annual compensation related to oil and gas well and powerline 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.



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 253,862 people and 417 employers. It is financed by employer and employee contributions and investment earnings of the LAPP fund. Contributions for current service are recorded as expenditures in the year in which they become due. 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 and past service contributions by the District to the Local Authorities Pension Plan in 2017 were \$756,129 (2016 - \$751,007). Total current and past service contributions by the employees of the District to the Local Authorities Pension Plan in 2017 were \$697,564 (2016 - \$692,435). At December 31, 2016, the Plan disclosed an actuarial deficiency of \$637 million (December 31, 2015 - \$923 million).

4. Short Term Deposits

Short term deposits in the amount of \$43,811,352 (2016 - \$19,931,452) are maturing in the next 90 days and include GICs, term deposits and notice demand accounts at interest rates varying from 1.60% to 2.41% (2016 - 1.55% to 2.40%). At year end these deposits have an average annual interest rate of 1.75% and will mature within the next 90 days.

5. Accounts Receivable

Accounts receivable consist of:

	2017	2016
Property and equipment	\$1,599,357	\$1,767,967
Lease rentals and seismic	1,422,446	1,128,161
Sundry debtors	947,228	835,236
Reclassification agreements	882,658	1,028,283
Water rates and charges	510,363	400,869
Water conveyance agreements	176,383	177,984
Gravel and dirt	7,091	3,135
Less: Allowance for doubtful accounts	(39,324)	(33,332)
	<u>\$5,506,202</u>	<u>\$5,308,303</u>
Accounts receivable - current	\$3,525,711	\$2,818,395
Accounts receivable - non current	1,980,491	2,489,908
	<u>\$5,506,202</u>	<u>\$5,308,303</u>

6. Investments

Investments consist of:

	2017	2016
Investments - current: term deposits and GIC that mature within 1 year	\$9,104,521	\$27,688,125
Investments - non current:		
Term deposits	39,316,512	36,976,907
Corporate bonds	6,101,570	6,027,020
Credit union common shares	125,686	120,620
	<u>45,543,768</u>	<u>43,124,547</u>
	<u>\$54,648,289</u>	<u>\$70,812,672</u>
Fair market value at September 30	<u>\$54,638,066</u>	<u>\$70,877,571</u>



EASTERN IRRIGATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2017

7. Property and Equipment

	Cost	Accumulated Amortization	2017 Net	2016 Net
General Fund:				
Equipment	\$20,036,398	\$10,730,648	\$9,305,750	\$8,876,264
Community pasture reseeding	3,486,607	1,777,596	1,709,011	1,740,389
Irrigation Works Fund:				
Buildings	8,661,777	6,143,435	2,518,342	2,701,117
Irrigation works	656,843,357	266,981,446	389,861,911	379,064,253
Land	1,864,576	0	1,864,576	1,871,128
	<u>\$690,892,715</u>	<u>\$285,633,125</u>	<u>405,259,590</u>	<u>394,253,151</u>
Deferred grants and contributions	<u>(\$274,708,138)</u>	<u>\$140,306,363</u>	<u>(134,401,775)</u>	<u>(136,019,608)</u>
Net assets invested in property and equipment			<u>\$270,857,815</u>	<u>\$258,233,543</u>

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

	2017	2016
Beginning of year	\$379,064,253	\$371,663,308
Additions to irrigation works:		
District projects	19,142,536	11,916,277
Province of Alberta cost share projects	7,147,751	10,309,633
Survey costs and easements	274,603	585,812
Amortization	(15,767,232)	(15,410,777)
End of year	<u>\$389,861,911</u>	<u>\$379,064,253</u>

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

	2017	2016
Beginning of year	\$136,019,608	\$122,592,984
Contributions from third parties	4,558,019	19,552,536
Amortization	(6,175,852)	(6,125,912)
End of year	<u>\$134,401,775</u>	<u>\$136,019,608</u>

Current year additions to irrigation works are as follows:

	District	Bassano Dam Spillway	Province of Alberta Cost Share	2017 Total	2016 Total
External Charges:					
Contract services	\$157,406	\$8,613,930	\$132,944	\$8,904,280	\$298,946
Materials and supplies	4,253,795	467,611	3,893,314	8,614,720	9,298,198
Equipment and other services	1,471,875	15,581	1,261,342	2,748,798	6,341,282
Contract services - engineering	102,729	830,972	0	933,701	955,056
Internal Charges:					
Equipment recovery	2,130,805	2,175	1,280,571	3,413,551	3,610,887
Labour recovery - other	692,295	0	500,390	1,192,685	1,251,344
Labour recovery - engineering	317,075	86,287	79,190	482,552	470,197
	<u>\$9,125,980</u>	<u>\$10,016,556</u>	<u>\$7,147,751</u>	<u>\$26,290,287</u>	<u>\$22,225,910</u>



8. Inventories

	2017	2016
Materials and supplies	\$1,731,626	\$1,813,215

The amount of inventories recognized as an expense during the year was \$638,496 (2016 - \$584,894).

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.



EASTERN IRRIGATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2017

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	\$258,233,543	\$0	\$153,754	\$56,301,112	\$22,913,666	\$3,806,339	\$341,408,414
Assets received from Province of Alberta	(4,558,019)	0	0	0	0	4,558,019	0
District contribution to cost share projects							
Irrigation Rehabilitation Program	0	0	0	(1,519,340)	0	1,519,340	0
Bassano Dam Spillway Project	0	0	0	0	0	0	0
Additions to property and equipment, net	28,808,777	(2,162,759)	0	(9,481,711)	(10,016,556)	(7,147,751)	0
Revenue over expenses (Deficiency) allocated	(11,626,486)	22,006,967	0	14,584,184	356,368	36,077	25,357,110
Transfer to (from) community pasture development reserve	0	(4,500)	4,500	0	0	0	0
Transfer to irrigation works fund from operations	0	(19,839,708)	0	19,839,708	0	0	0
End of year	\$270,857,815	\$0	\$158,254	\$79,723,953	\$13,253,478	\$2,772,024	\$366,765,524

The Board of Directors has authorized the transfer of \$19,839,708 from current year operations to internally restricted funds to be used for future irrigation works additions and \$4,500 for community pasture development. As well, authorization was given to use \$1,519,340 of internally restricted funds to pay for the District's 25% share of Province of Alberta cost share projects.

11. Irrigation Rates

Irrigation rates consist of:

	2017	2016
296,833 acres at \$0 per acre	\$0	\$0
4,595 acres at \$0 per acre terminable	0	0
Minimum parcel rates and adjustments	0	0
	<u>\$0</u>	<u>\$0</u>

The cost to deliver water to the farm gate during the current year was \$25 per acre (2016 - \$24). 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 (2016 - \$0).

12. Community Grazing Expenses

Community grazing expenses consist of:

	2017	2016
Fences	\$282,964	\$182,523
Amortization of equipment and reseeded pastures	272,543	259,225
Water	260,105	226,945
Property taxes	176,797	170,920
Pasture management fees	107,863	106,369
Fire guards	64,607	68,630
Irrigated pastures	28,672	31,832
Swing fields and miscellaneous	23,782	28,014
Pasture rental fees (net of recoveries)	11,632	16,677
	<u>\$1,228,965</u>	<u>\$1,091,135</u>

**13. Community Grazing Property and Equipment Expenditures**

Property and equipment expenditures include:	2017	2016
Grazing water pipeline and improvements	\$239,513	\$91,239
Pasture development and reseeding	9,005	4,738
	<u>\$248,518</u>	<u>\$95,977</u>

14. Special Projects

Revenue:	2017	2016
Campgrounds	\$432,620	\$399,847
Expenses:		
Campgrounds	(372,301)	(316,770)
Farm improvement program	(246,069)	(238,545)
Partners in Habitat Development	(125,000)	(125,000)
Dam safety inspections	(120,292)	(4,806)
Rural water initiative	(96,000)	(302,000)
New development infrastructure program	(73,500)	0
Environmental remediation - old truck shop property	(55,809)	(7,521)
Public Signs	(38,346)	0
Aquatic Invasive Species - potash trial	(13,943)	(25,689)
Class 5 soils management guidelines	(10,500)	0
Aquatic Invasive Species - dog training and public education	(7,614)	(3,905)
Lakeside Leisure Centre	0	(250,000)
Aerial Photo	0	(30,851)
Silver Sage Corral	0	(7,780)
Duchess Golf Course	0	(4,218)
University of Alberta - water management model	0	(4,000)
Deficiency	<u>(\$726,754)</u>	<u>(\$921,238)</u>

15. EIDNet

Revenue:	2017	2016
Wireless subscription and miscellaneous revenue	\$1,011,075	\$871,114
Customer installation fees	55,550	57,275
Amortization of deferred grant	2,299	2,555
Total Revenue	<u>1,068,924</u>	<u>930,944</u>
Expenses:		
Wages and operating costs	(617,809)	(503,859)
Customer installation expenses	(318,145)	(267,745)
Amortization	(243,864)	(243,059)
Telecommunications and bandwidth	(84,531)	(70,670)
Total Expenses	<u>(1,264,349)</u>	<u>(1,085,333)</u>
Deficiency	<u>(\$195,425)</u>	<u>(\$154,389)</u>

16. Trust Funds Held

Trust funds held include \$nil (2016 - \$8,688) in the Carl Anderson fund plus \$180,430 (2016 - \$170,821) for the Partners in Habitat Development program. The final disbursement of the Carl Anderson fund's principal and annual interest earnings occurred in 2017; as a result, the Carl Anderson fund has been concluded. 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

	2017	2016
Beginning of year	\$780,844	\$746,902
Contributions	13,809	43,785
Reclamation activities	(26,197)	(9,843)
End of Year	<u>\$768,456</u>	<u>\$780,844</u>



EASTERN IRRIGATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2017

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:

	2017	2016
Amounts included in accounts receivable at year end:		
Water rates and charges	\$105,841	\$16,648
Lease rentals and seismic	0	54,936
Water conveyance	0	2,982
Amounts included in accounts payable at year end:		
Unearned EIDNet Fees	(1,013)	(742)
Accounts payable and accrued liabilities	0	(67,400)
Unearned rent	0	(14,018)
Revenue:		
Gain (loss) on sale of land	778,402	0
Capital assets charges	299,400	22,500
Water conveyance agreements	113,202	20,909
Private grazing, irrigated lease fees and cost recoveries	44,548	69,926
Gravel and dirt sales and miscellaneous	5,407	1,971
EIDNet fees	3,377	3,091
Irrigation works constructed by the District	1,250	3,887
Expenses:		
New development infrastructure program	(73,500)	0
Farm improvement program	(26,900)	(14,994)
Irrigation works additions	(2,500)	0
Salaries and benefits	0	(8,487)
Rights-of-way purchased by the District	0	(4,162)
Scholarships	0	(4,000)
Miscellaneous services	0	(20)

19. Directors Per Diems and Benefits Disclosure

Disclosure of per diems and benefits for elected directors is as follows:

Division	Director's Name	Per Diems	Benefits	2017 Total	2016 Total
1	Jason Hale	\$4,342	\$186	\$4,528	\$0
1	Floyd George	13,025	601	13,626	23,228
2	Jim Culligan	10,054	440	10,494	20,351
3	Ross Owen	14,396	655	15,051	18,868
4	Rod Johnson	12,568	564	13,132	4,288
4	Bruce McKellar	0	0	0	13,105
5	Tony Brummelhuis	3,656	152	3,808	0
5	George Graham	7,997	356	8,353	16,389
6	Bob Chrumka	17,137	791	17,928	30,504
7	George Murray V	10,511	462	10,973	4,288
7	Carl Chomistek	0	0	0	17,203
		\$93,686	\$4,207	\$97,893	\$148,224

Benefits include the District's share of Canada Pension Plan contributions made on behalf of the directors.



20. Commitments

Uncompleted contracts:

The District has commitments in an estimated amount of \$29,289,083 (2016 - \$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 sales are completed as expected, will result in gross sale proceeds of approximately \$240,666 (2016 - \$111,216).

Leases with option to purchase provisions:

The District has leased 12 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

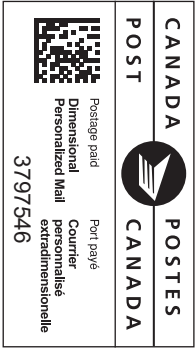
SCHEDULE OF OPERATIONS AND ADMINISTRATION EXPENSES

For the year ended September 30, 2017

Schedule 1

	Equipment Pool	Maintenance	Water Delivery	EID Land Administration	Administration and General	2017 Total	2016 Total
Salaries and benefits							
Salaries	\$2,018,683	\$905,991	\$1,670,246	\$349,926	\$1,432,041	\$6,376,887	\$6,523,885
Pension plans	262,886	113,510	269,395	69,231	194,177	909,199	906,912
Group insurance	87,430	33,447	83,403	19,497	69,679	293,456	242,163
Employment insurance and WCB	56,611	19,065	50,712	17,968	38,673	183,029	154,405
Equipment							
Amortization of equipment	1,150,502	0	0	0	97,741	1,248,243	1,184,859
Equipment rent (recovery), net	0	874,680	21,481	37	0	896,198	953,759
Heavy equipment expense	561,402	0	0	0	0	561,402	467,362
Vehicle expense (recovery), net	(291,871)	209,484	386,594	46,386	77,936	428,529	440,246
Other							
Irrigation pumps and structures	0	712,749	316,862	0	0	1,029,611	672,445
Materials and supplies	160,540	261,438	215,158	1,360	0	638,496	584,894
Buildings and grounds	100,894	46,910	317,153	27,119	73,737	565,813	572,877
Professional fees	0	4,902	0	35,364	154,378	194,644	210,308
Insurance	89,891	0	53,040	0	40,808	183,739	154,655
Advertising and promotion	486	0	0	9,188	139,068	148,742	148,021
Office supplies and maintenance	0	0	0	0	131,286	131,286	141,157
Directors per diems and CPP (Note 19)	0	0	0	0	97,893	97,893	148,224
Association fees	0	0	0	0	95,205	95,205	121,729
Telephone	22,063	5,639	18,275	2,443	25,674	74,094	83,700
Private and irrigated leases	0	0	0	32,791	0	32,791	25,639
Miscellaneous and freight	(170)	1,100	3,672	0	25,136	29,738	26,084
Water quality testing	0	0	26,979	0	0	26,979	1,457
Directors expenses	0	0	0	0	25,711	25,711	50,229
Travel	350	1,368	1,293	226	8,076	11,313	20,358
Shop supplies and small tools	(6,180)	8,610	2,401	530	0	5,361	8,843
Total expenses	4,213,517	3,198,893	3,436,664	612,066	2,727,219	14,188,359	13,844,211
Less:							
Recovery from other capital construction	(3,142,491)	(147,025)	(369,691)	(1,680)	(504,312)	(4,165,199)	(3,901,507)
Recovery from IRP capital construction	(1,324,592)	(54,341)	(385,081)	0	(96,137)	(1,860,151)	(2,094,701)
	(\$253,566)	\$2,997,527	\$2,681,892	\$610,386	\$2,126,770	\$8,163,009	\$7,848,003

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



Cover Photo: Air photo with assessment layer overlaid
Inset: Irrigation Recording and Management Web App



2018 Annual Meeting Agenda

Annual General Meeting, March 20, 2018

- 1.0 Welcome and Opening Remarks:** Mr. Ross Owen, Chairman, Board of Directors
- 2.0 Election of a Chair for the Annual General Meeting:** Mr. Ross Owen
- 3.0 Adoption of the Agenda**
- 4.0 Approval of the Minutes:** March 21, 2017 Annual General Meeting
- 5.0 Business Arising from the Minutes:** March 21, 2017 Annual General Meeting
 - 5.01 EID Concerned Water Users Proposed Motion
- 6.0 Bassano Dam Emergency Spillway Update:** Mr. Earl Wilson, Special Projects Manager
- 7.0 Presentation of Reports**
 - 7.01 Chairman of the Board of Directors Report: Mr. Ross Owen
 - 7.02 General Manager's Report: Mr. Ivan Friesen, General Manager
 - 7.03 Maintenance Report: Mr. Ivan Friesen, General Manager
 - 7.04 Rehabilitation Report: Mr. Ryan Gagley, Engineering Manager
 - 7.05 Audited Financial Statements of the District: Mr. Kevin Bridges, Assistant GM, Corporate Services
- 8.0 New Business**
 - 8.01 District Efficiency Gains/Expansion Planning
 - 8.02 General Matters Raised from the Floor
 - 8.03 Report on Scheduled Elections: Mr. Ivan Friesen, Returning Officer
 - Division 3: Mr. Ross Owen (Term Expired)
 - Division 6: Mr. Bob Chrumka (Term Expired)
- 9.0 Adjournment**



March 21, 2017 Annual General Meeting

The Eastern Irrigation District held its Annual General Meeting on Tuesday, March 21st, 2017, 1:30 p.m. at the Heritage Inn, in Brooks, Alberta. Approximately 175 people were in attendance.

The meeting was called to order by the Chair of the District, Mr. Floyd George at 1:30 p.m.

1.0 Welcome and Opening Remarks

Mr. Floyd George welcomed those in attendance at the annual meeting.

2.0 Election of a Chair for the Annual General Meeting

Mr. George called for nominations for chairman of the annual meeting.

Moved by Arno Doerksen, seconded by Ike Schroeder that Dan Wester be nominated for Chairman.

Mr. George called for nominations a second and third time. As no further nominations were placed, Mr. Wester was elected Chairman by acclamation. Mr. Wester assumed the chair.

3.0 Adoption of the Agenda

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

Moved by Dan Loewen, Seconded by Jeff Van Wert that the agenda be adopted.

Mr. Wester called for any additions or deletions to the agenda. Jeff Van Wert requested that a discussion on land sales be added to the agenda. It was noted that Ryan Gagley would be giving the Rehabilitation Report in place of Ivan Friesen.

The motion to adopt the agenda as revised was carried.

4.0 Approval of the Minutes – March 23, 2016 Annual General Meeting

Mr. Wester called for a mover and a seconder to adopt the minutes from the March 23, 2016 Annual General Meeting.

Moved by John Brummelhuis, Seconded by Lammert Lyzenga that the minutes of the 2016 Annual General Meeting be approved as distributed.

Mr. Wester 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. Wester invited Floyd George to address items of business arising from the minutes of the 2016 Annual General Meeting.

5.01 Motion to Limit the Term for Directors to 3 Terms

In regards to the motion from the floor for Directors to step down for one term after serving three consecutive terms of Board service, Mr. George advised that this matter was discussed at the Board level. The Irrigation Districts Act does not allow for a district to limit the terms of a director but it is within a district's ability to limit the terms of office. A revised bylaw has since been approved to limit the term of chairman and vice-chairman to nine consecutive years, with an allowance to waive this restriction if necessary, by resolution of the board. Motions from the floor at annual general meetings are not binding on the Board of Directors, but are considered by the Board as strong recommendations.

5.02 Recommendation of an Independent Appeal Process or Ombudsman

Concerning the recommendation from the floor for the Board to consider instituting an independent appeal process or ombudsman, Mr. George commented that the new Municipal Government Act is looking at the appeal process and it may be an example to follow. For irrigation matters, Irrigation Council is the governing department which ultimately speaks to such appeals. For other District matters, some preliminary discussion has taken place on the current appeal process in place.

6.0 Bassano Dam Emergency Spillway Update – Mr. Earl Wilson, Special Projects Manager

Mr. Wilson presented the Bassano Dam Emergency Spillway Update, summarized as follows:

- Cofferdam, access roads, and retaining berm are all in place, with the sheet steel piling near complete.
- Eight dewatering and four depressurization wells have been drilled. Once the site has been dewatered it is planned to call the next tender in June for excavation, granular fill and concrete.
- The contract for gates and stop logs has been awarded and manufacturing will soon begin.
- Construction site drawings and pictures were displayed; project completion is aimed for this time of the year in 2019.
- A question was asked as to the life expectancy of the main dam. Mr. Wilson advised that regular independent studies are conducted on the main dam, as per regulations on all major dams. A toe berm will be required to reinforce the main dam and when that is complete the dam will be up to current standards. He added that the original spillway has had portions rebuilt in the 1980's and with regular maintenance and replacement projects it should last another 100 years.

Mr. Wester thanked Mr. Wilson for his report.

7.0 Presentation of Reports

7.01 Chairman of the Board of Directors Report – Mr. Floyd George

Mr. George presented the Chairman's Report, as highlighted below:

- The second installment of provincial funding has been received for the Bassano Dam Emergency Spillway; the project is expected to stay within budget and be complete by 2019.
- The EID remains vigilant in the fight against mussels and was successful in the first trial of the potash treatment research project.
- CNRL has requested that the rent be lowered for their gas and oil wells on EID lands. The District has held its ground on insisting that leases be brought into compliance; negotiations are ongoing.
- After consultations with stakeholders the Lake Newell Land Use Policy has been revised.
- Board meetings have been open to the public, with press attending.
- Parameters for the General Assessment will be set; new acres assigned may bring the District close to the expansion limit.
- Two community enrichment commitments/donations were made: \$100,000 to the Brooks Health Foundation's Kidney Dialysis Campaign, and \$250,000 to the City of Brooks Leisure Centre expansion and renovation, specifically to the Aquatic Centre.
- The District continues to work with AIPA (Alberta Irrigation Projects Association), the Bow Bloc (EID, WID & BRID), and has also held board/admin governance training with the Bow Bloc.



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Minutes From Annual General Meeting, March 21, 2017

- A motion from the floor at the 2016 AGM, which received majority support, requested that a policy be adopted to limit the terms for Directors. The Irrigation Districts Act does not allow for districts to limit the term of service for directors. The EID has since, by bylaw, established a 9 term/year limit to the office of Chair and Vice-Chair.
- A recommendation was made from the floor at the 2016 AGM to consider an independent appeal process. The Board may develop a policy on appeals and may reference the Municipal Government Act as an example.
- New Directors Rod Johnson and George Murray V replaced Bruce McKellar and Carl Chomistek in Divisions 4 and 7 respectively.
- Thanks is given to outgoing Directors and staff for years of service, dedication and support.

Mr. George offered additional comment as summarized:

- Due to privacy concerns, too much time has been spent in-camera. Legal advice was received in regards to in-camera sessions, minutes and Roberts Rules of Order. Minutes are to be an official record of what is decided and the direction given to management and do not need to include all discussion. They are to be accurate, concise and a record of the essential elements of the meeting. Flow of information could be improved by possibly posting the agenda and backup information, taping the meetings, or providing a monthly newsletter. There is no intent to sell EID land, nothing over 160 acres; consolidation and housekeeping only. There will be parameters, it has to make sense, and it needs to stay as agriculture.

Moved by Floyd George, Seconded by David Peltzer that the 2016 Chairman of the Board of Directors Report be accepted as presented.

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

- A range of concerns were expressed regarding omitting or limiting comments/descriptions from the Board minutes, interpretation of Board meeting discussions, accuracy, transparency and in-camera sessions. Suggestions were made to post the meeting backup information online rather than a proposed monthly newsletter, record all Directors' votes, and record all meetings (in-camera and out) and post online. Mr. George responded that some of these suggestions could certainly be looked at, as a number of options are currently being considered. He added that the Board is striving for transparency, accurate minutes, and a process of in-camera sessions balanced with media presence/public portions; the intentions are to be more open and accountable.
- Another suggestion was made to conduct a candidate's forum so that nominees could speak publicly to Water User's questions prior to an election.

The motion to adopt the report was carried.

7.02 General Manager's Report – Mr. Ivan Friesen

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

- The first pass of the general assessment is complete; the District will be nearing the current expansion limit of 311,000 acres when assessment adjustments and allotted new irrigation acres are dealt with this year. Alberta Agriculture and Alberta Environment's demand and supply modelling has been requested; this information, once compiled, will be communicated to Water Users via additional information meetings prior to the plebiscite.
- Since 2002, Water Users have converted 99,500 acres to a more efficient method of irrigation, with 6,400 pivot acres being added in 2016. The District is 77% low pressure pivot, vs 46% in 2002, with



the largest percentage of conversion continuing to be flood, followed by wheels. Since 2002 the assessment has increased approximately 17,000 acres; the on-farm changes in efficiencies have saved enough water to supply these additional acres.

- 1,034 acres were added to the assessment roll, with 12 acres bought back, 22 acres converted to Rural Water Use Purposes agreements and 213 terminable acres converted to irrigation acres. Applications approved in the fall totaled 2,023 acres.
- 46 Farm Improvement Grants were approved totaling \$265,000; of this 38 were for low pressure pivots with the remainder being gated pipe, wheels, sub-surface conversions, and drain relocations.
- As the 2016 water season started out exceptionally warm and dry, the water delivery date was set 2 weeks earlier than normal. In addition, the snowpack melt was roughly 3 weeks sooner than average. Water demand was highest in June, and then subsequent months receiving above average rainfall resulted in more typical water usage overall.
- 380,000 acre feet of water was diverted; approximately 7" being delivered to the farm gate.
- The Bassano Dam Emergency Spillway cofferdam was largely complete by end of year; project completion date is targeted for spring of 2019.
- The 2015/2016 rehab program included 13 km of rebuilding and armouring drainage channels, and 22 km of PVC pipelines.
- The ongoing County/EID Joint Drainage Program continued with 60 km near complete to date, 30 km this year in Rainier and 6 km in Millicent.
- 17,368 cow/calf pairs were turned out in 2016 and although the season started out dry, the summer precipitation resulted in exceptional grass conditions which permitted the grazing season to be extended 2 weeks. Bovine Tuberculosis has impacted a number of members however District lands have not been impacted to date.
- 22 new wells were acquired, and an additional 21 wells were twinned on existing leases. New pipeline acquisitions totaled 58 acres, but no seismic activity. So far in 2017, 23 new wells, 38 twinned wells, 92 acres in pipelines and 2 seismic permits have been requested. The CNRL file still remains open and the District has not, and will not, accept any reduction to its rates.
- The District continues to partner on initiatives to prevent the spread and investigate control measures for aquatic invasive mussels, such as the liquid potash in a closed pipeline research project. Education and monitoring for all aquatic invasive species will continue to be a priority. A large stand of invasive Phragmites was found in the District and is being eradicated through the cooperative efforts of AB Environment & Parks, CPR and the County.
- 1 long term employee retired, 2 employees left the District, and 4 new staff were hired.
- Water Users, Board and Staff were thanked for meeting the District's mandate of water delivery and continued commitment to operation and efficiency improvements.

Mr. Friesen advised that the Water Delivery Date has been set for Tuesday, May 2nd.

Moved by Ivan Friesen, Seconded by Rients Palsma that the 2016 General Manager's Report be accepted as presented.

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

- To answer a question concerning the stand of Phragmites, Mr. Friesen replied that it is believed to



have been transported by train as it is directly adjacent to CPR tracks and is probably from eastern Canada or the southern States. The stand was chopped down last fall so as not to go to seed, and it is planned to use a chemical spray this year on recurrent growth.

- In response to an enquiry on AIS education and prevention, Mr. Friesen advised that local signage is in place, information is provided at the campgrounds, and at the Rolling Hills Reservoir Campground boaters are asked to stop at the office. Provincially, government resources are in place at the borders, and an emergency response mock exercise was recently conducted at a local meeting with Alberta Environment & Parks which focused on developing joint efforts, procedures, shutdowns, etc.

The motion to adopt the report was carried.

7.03 Maintenance Report – Mr. Ivan Friesen, General Manager

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

- Maintenance costs for 2016 were at \$2,629,555 due to a decrease in maintenance expenses as the water demand was below average. The larger comparatives include reduced heavy equipment requirements, repairs to pump stations and control structures, and slight increases to materials and chemical.

Moved by Ivan Friesen, Seconded by John Brummelhuis that the 2016 Maintenance Report be accepted as presented.

Mr. Wester asked if there were any questions of the General Manager. None were raised.

The motion to adopt the report was carried.

7.04 Rehabilitation Report – Mr. Ryan Gagley, Engineering Manager

Mr. Gagley reviewed the 2015/2016 Irrigation Rehabilitation Report, displayed information on completed projects, and advised of plans for future IRP and capital projects.

- In 2015/2016, \$22,812,000 was spent rebuilding the District's water delivery and drainage systems; 8 projects were completed, of which 2 were large scale.
- 2016/2017 consists of 8 large scale projects and the continuance of the County/EID Drainage Program in the Rainier and Millicent areas.
- In 2016 the Province provided \$4,552,500 (75%) and the District invested \$1,517,500 (25%) comprising the annual Irrigation Rehabilitation Program funds for the year. Approximately 20 km of pipeline was installed in 2015/2016 under the IRP program.

Moved by Ryan Gagley, Seconded by Karl Slomp that the 2016 Rehabilitation Report be accepted as presented.

Mr. Wester asked if there were any questions of the Engineering Manager.

- In answer to questions, Mr. Gagley elaborated that the gabion wall being used for weed screening is installed as a vertically stacked rock wall, with heavy gauge wire baskets being assembled onsite. This low tech system has been used for a number of years and is proving quite effective. In regards to algae being particularly troublesome in the Tilley Canal, Administration replied that a gabion wall would not work in Tilley B due to ice flows, nor would a settling pond be effective in removing the fine weeds.

The motion to adopt the report was carried.

7.05 Audited Financial Statements of the District – Mr. Kevin Bridges, Assist. GM, Corp. Services

Kevin Bridges, Assistant General Manager – Corporate Services, presented the independent auditor's report and the audited financial statements, highlighting the following:

Compared to 2015:

- Changes in assets:
 - Current assets decreased by \$7.4 million. This change is primarily due to cash, short term investments and current investments being down \$7.7 million, which is a reflection of the District's cash requirements planning and investment rates.
 - Prepaid expenses increased by \$870,000 as a result of payment of the prepaid land rent for the Bassano Dam Emergency Spillway project.
 - Non-current assets increased by \$24 million, which is primarily due to an increase of \$23.7 million in long term investments. Approximately \$19 million of that increase is made up of investments for the Bassano Dam Emergency Spillway project.
 - Property and equipment assets, in total, increased by \$7.8 million net of amortization expense. Buildings changes include improvements to the main office and to some of the District's shops and residences, a shed for a loader and a cold storage building in the main yard. The equipment changes involved the usual truck and equipment replacements.
 - \$22.8 million were invested into irrigation works which was partially offset by an amortization expense of \$15.4 million.
- Accounts payable, GST and payroll taxes payable in total were up \$16,300 from 2015. This is a normal variation and is largely a reflection of the construction work underway at year end.
- Unearned revenues (current and non-current) in total are down slightly (\$169,000) from 2015. Within the unearned category, unearned revenues from oil and gas are down by \$30,000, unearned revenues from land sales are down by \$159,000 while unearned revenues from powerlines and rent are up by \$20,000.
- The change in deferred grants and contributions is made up of the \$19.55 million received from the Province as a grant for irrigation works (\$4.55 million) and a grant for the Bassano Dam Emergency Spillway project (\$15.0 million) less the \$6.12 million of deferred grants that were drawn into income.

Fund Balances:

- The Internally Restricted Pasture Development Fund started the year at \$151,954. \$1,800 were added for a yearend balance of \$153,754.
- The Internally Restricted Fund for Future Irrigation Works started the year with a balance of \$53.2 million. \$1.51 million were transferred out to the Externally Restricted Fund to pay the District's share of the Provincial IRP grant program and \$5.0 million were transferred to pay the District's share of the Bassano Dam Emergency Spillway grant that was received. \$10.7 million were withdrawn to pay for land & building purchases and capital projects funded solely by the District. \$1.4 million were added to the fund from capital asset charges, gravel royalties & dirt sales, the gain on the sale of land, and from interest earnings. \$18.88 million were contributed from current year's operations. Over the year, the fund balance increased by about \$3.1 million.
- The Bassano Dam Emergency Spillway fund started the year at \$5.07 million. The fund received \$15 million grant funding from the Province, the District added its share of \$5.0 million, \$2.4 million were



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Minutes From Annual General Meeting, March 21, 2017

spent on the project, and \$261,000 of interest income was added, for a yearend total of \$22.9 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 \$7.98 million. The \$4.55 million grant from the Province was added to the fund. The \$1.51 million District's share was also added. \$10.3 million were spent on eligible capital projects and \$65,000 of interest earnings were also added. Over the year, this fund balance decreased by about \$4.2 million.

Statement of Operations & Changes in Fund Balances:

- Total 2016 water earnings were up from 2015 by \$22,000. This change is made up primarily of a decrease in conveyance revenues of \$10,000 and an increase in oil and gas drilling water of \$28,000.
- Oil and gas well lease fees were up by \$433,000 due to higher lease rates and a few more leases. Oil and gas right of entry fees were down, due to the lower level of exploration and development activity.
- Powerline revenues were up due to additional tower sites paying rent for the full year.
- Irrigated lease fees increased in 2016 primarily due to the receipt of some one-time lease renewal and lease extension fees.
- Other lease revenues increased by \$27,000 over 2015 due primarily to new and adjusted revenues from telecommunication tower leases plus about \$7,600 from license fees at Lake Newell Reservoir.
- Investment income was higher due to more funds being invested.
- The capital asset charges revenue is made up of \$572,000 from issuing irrigation acres, plus \$9,000 from new acreage agreements, less \$34,000 spent buying back irrigation acres.
- The gain on the sale of land, equipment and buildings is made up of:
 - a gain of \$2,200 from the usual disposal of various pieces of equipment;
 - a gain on the sale of land of \$268,000 from the sale of a parcel of dry land in the Rainier area, the K300 mortgage principal and interest payments, the sale of some road allowance lands to the County and the sale of some former railroad right-of-way parcels.
- In 2016, total operating and administration costs of \$13.84 million were incurred compared to \$13.94 million in 2015. Of the \$13.84 million, \$6.0 million were recovered from or charged to capital construction projects leaving net 2016 operating costs of \$7.85 million, which is \$34,000 less than 2015.
- Community grazing expenses increased by \$82,800 due primarily to increases in water-related costs, property taxes, fire guards and swing field expenses.
- The net cost of Special Projects increased in 2016 by \$111,600. Special Project costs increased for the Rural Water Initiative, the donation to the Lakeside Leisure Centre, Farm Improvement Program Grants, Partners in Habitat Development, the aerial photo, Aquatic Invasive Species projects, work done at the Silver Sage Corral and a contribution to a University of Alberta research project on water management. Special Project costs decreased for the Campgrounds, remediation of the old truck shop property, Dam Safety Inspections, and for work done at the Duchess Golf Course and the Duchess Recreation Centre.
- The net cost of operating EIDNet decreased by \$24,600 in 2016 due to increased revenues of \$135,000, which were partially offset by increased installation, amortization and bandwidth costs.

Moved by Kevin Bridges, Seconded by Dennis Petersen that the 2016 Independent Auditor's Report



and Financial Statements be accepted as presented.

Mr. Wester asked if there were any questions of the Assistant General Manager – Corporate Services. None were raised.

The motion to adopt the report was carried.

8.0 New Business

8.01 District Efficiency Gains – Mr. Ivan Friesen, General Manager

Mr. Friesen presented a report on the District and Landowner Efficiency Gains, highlighting the following:

- The 2003 plebiscite approved the expansion limit to be raised from 286,000 to 311,000.
- It was projected that 71,500 acres would have to convert to a more efficient method of irrigation to add 12,000 new acres. In addition, 10,000 acres below Crawling Valley and Lake Newell, and 3,000 acres off return flow would be allowed.
- No new acres (only intensification) were being allowed on off-river areas. In 2013, however, 500 acres per year for 4 years were allowed due to the large on-farm and infrastructure (pipelines) efficiency gains.
- Only 2,500 new acre developments were granted in any calendar year.
- Currently, farmers have converted 27,000 acres more than projected; and the District is at 300,000 acres assessed with approximately 6,000 acres to be added from the latest review.
- The District has added 23,500 acres to the assessment roll since 2002 while using the same amount of water. 78% is pivot vs 46% in 2002; flood irrigation has decreased nearly 50%, and wheel move has decreased 67%.
- Since all new acres have been covered by efficiency gains, 10,000 reservoir supported acres below Crawling Valley and Lake Newell are still available.
- It is projected that with further efficiencies the District can add 9,000 additional acres; likely the District will be at 85% pivot in 10 years.
- Other efficiencies such as crop types, EID infrastructure upgrades, off-river systems switching to below reservoir, and pivot technology upgrades should allow an additional 10,000 acres.
- In comparing 2015 to 2001, both dry years, it was shown that assessment increased by 17,500 acres yet 214,000 acre feet less water was diverted, and 82,600 acre feet more was retained in storage.
- All 3 irrigation districts on the Bow have proven a trend for diverting less water even though the irrigated area has increased substantially.
- Water User efficiency gains have enabled 23,500 more acres to be added to the assessment roll. District pipelining and automation has saved additional water and further gains will continue. Cropping trends and varieties have also reduced water demand.
- The District is well prepared for an increase in irrigation assessment through a conservative approach of slow expansion and expanding through efficiencies. The base modelling amount (demand and supply) will be a 29,000 acre increase.

Mr. Wester asked if there were any questions of Mr. Friesen.

- A concern was expressed with the District providing too high of a grant incentive for irrigation



method conversions and upgrades, for fear that the cash output would trigger a water rate to be reinstated.

8.02 General Matters Raised from the Floor

Mr. Wester invited Jeff Van Wert to the floor. [A printout of the proposed motion, reasoning and principles had been distributed to meeting attendees prior to the start of the meeting.]

- Mr. Van Wert, speaking on behalf of those concerned for EID land sales and resources, expressed that although it has been stated that only parcels 160 acres or less would be considered for sale, significant resources are attached to those small parcels and the District has been afforded many luxuries because of those resources. He further added that selling off those capital assets is not in the best interest for the District and parameters are needed for the Board, therefore the following motion is being made:

Moved by Jeff Van Wert that henceforward no EID lands shall be sold that contain resource revenues. And further, any future land sales that do occur over 10 acres be conducted only by a unanimous vote of the EID Board of Directors.

Seconded by Michael Dovichak.

As Seconder, Mr. Dovichak reiterated that land shouldn't be sold, as a safeguard for the future; that not paying a water rate benefits everyone; and that once the asset is sold, it's gone.

General comments were voiced regarding the amount of Water User speculation, amount of resource revenue, whether the \$0 water rate would be in jeopardy, that a water rate should be in place, the quantification of parcels being considered, the size of parcels, the reasoning to reincorporate parcels, and how to determine the amount of acres whereby unanimous consent would be required.

Mr. Friesen reviewed the category of land sales that would involve being reincorporated back into the adjacent quarter section, due in most cases to infrastructure rehab. This category, generally referred to as "housekeeping", consists of numerous small parcels, and the land is often useful to the adjacent landowner to increase productivity. It has been proposed that each parcel be dealt with individually, land for District operations and maintenance be retained, that the parcel be surveyed, appraised and brought back to the Board, with all costs borne by the purchaser.

Further comments referenced that the motion does not deny selling land over 10 acres, that perhaps land should be leased instead of sold, the difficulty of setting an accurate land value, the general direction of the Board in selling or retaining its land, and the District's longstanding model of private ownership and common holdings of grassland.

A question was posed to George Graham as to how many parcels are being looked at, how many have been sold, how many have had acres under 160, and if anything has been looked at over 100 acres. It was responded that only a few parcels have been sold, nothing over 100 acres, that there is a lot of misinformation, and that a lot of land sales would be for compliance to include all irrigation acres on the assessment roll.

In response to a question of the meeting Chairman whether the motion has legal standing, it was reiterated that motions from the floor are not binding on the Board, although further clarified that each Director has a fiduciary duty to listen and reflect.

In response to a question to estimate the parcels in each category, the General Manager replied that there would be dozens, if not more, of housekeeping parcels; then in addition to that there would be a large amount of parcels needing attention through the general assessment and identified encroachments, in the approximate 20-25 acre range.



Summarizing comments added concerns of Board transparency and unanimity, what Water Users consider as "small parcels", and future land sale precedents. A vote on the motion was called.

The motion was carried. [In Favour – 69, Opposed – 36]

- Concluding remarks referenced speaking on behalf of the District or Water Users to the media or through the newspaper, parameters for the definition of "not in good standing", how the Board deals with conflict of interest, increased education and prevention of aquatic invasive species entering the District's reservoirs, leasing (not sale) of irrigation development, and video & audio recording of meetings in and out of camera which would be posted online. Mr. Friesen responded that there is currently not a designated spokesperson, a reporter attends the meetings and from time to time questions himself, Mr. George or other Directors. Mr. George responded that the "not in good standing" clause is currently being examined and legal advice sought; and that for any "in conflict" items the Director identifies himself and steps out of the boardroom for discussion and decisions. It was also clarified that in-camera meetings cannot be video or audio recorded, nor do these portions of the meeting allow for any resolutions to be made.

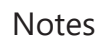
8.03 Report on Scheduled Elections – Mr. Ivan Friesen, Returning Officer

Mr. Friesen 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 Wednesday, March 22, 2017, at 5:00 p.m. Nomination forms can be obtained from the District Office.

9.0 Adjournment

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

Moved by Rients Palsma that the annual meeting be adjourned at 4:10 p.m. CARRIED



Notes

Notes

This image shows a single sheet of white paper with horizontal blue lines, resembling notebook paper. The lines are evenly spaced and run across the width of the page. There is no handwriting or other markings on the paper.