

UNITED IRRIGATION DISTRICT

ANNUAL REPORT

YEAR ENDING DECEMBER 31, 2020

**Annual Meeting: Wednesday, March 17, 2021, 1:00 P.M.
Zoom meeting/Conference Call meeting
Glenwood, Alberta**

UNITED IRRIGATION DISTRICT

BOARD OF DIRECTORS

Duane Nelson	Chairman
Daniel Hunsperger	Vice-Chairman
Jim Woolf	Director
Nicholas Barfuss	Director
Craig B. Smith	Director

STAFF

Fred W. Rice	District Manager
Viera Ducky	Office Manager
Steve Lybbert	Ditchrider/Operator
Jared Nelson	Ditchrider/Operator
Byran Cahoon	Operator/Construction

Engineer for the District – 2020

Wilde Brothers Engineering Ltd. – Darin Wilde

**ANNUAL MEETING OF THE BOARD OF DIRECTORS
AND THE WATER USERS OF
UNITED IRRIGATION DISTRICT**

Wednesday, March 17, 2021, 1:00 P.M.

Zoom meeting/Conference Call meeting, Glenwood, Alberta

AGENDA

- 1.0 Welcome and Opening Remarks – Mr. Duane Nelson, Chairman, Board of Directors
- 2.0 Appointment of the Meeting Chairperson
- 3.0 Adoption of Agenda
- 4.0 Reading and Approval of the Minutes of the last Annual Meeting: March 18, 2020
- 5.0 Business Arising from the Minutes: March 18, 2020
- 6.0 Auditors Report: Skoien Professional Corporation – Hakon Skoien
- 7.0 Board of Directors and Manager’s Report: Duane Nelson, Fred Rice
- 8.0 Operations/Maintenance/Rehabilitation/Seepage Control Report
- 9.0 New Business - new funding agreement (CIB)
 - the need for a plebiscite for expansion
- 10.0 Margo Jarvis Redelback, Executive Director of AIDA
- 11.0 Irrigation Council & Irrigation Secretariat
- 12.0 AEP – Snowpack report
- 13.0 Adjournment

UNITED IRRIGATION DISTRICT
Wednesday, March 18, 2020
ANNUAL MEETING MINUTES

These are the Minutes of the Annual Meeting of the United Irrigation District held in Glenwood, Alberta at the Glenwood Community Hall on Wednesday, March 18, 2020, commencing at 1:00 p.m.

The following were in attendance:
UNITED IRRIGATION DISTRICT:

Duane Nelson	- Chairman
Daniel Hunsperger	- Vice-Chairman
Jim Woolf	- Board Member
Viera Ducky	- Assistant District Manager
Steve Lybbert	- Ditchrider
Jared Nelson	- Ditchrider

GUESTS:

Hakon Skoien - Skoien Professional Corporation

Water users: James Hofer – Standoff Colony, Jim Bester, Nicholas Barfuss, Lloyd Smith
Total attendance – 4 water users, 1 guest, 3 employees, and 3 Board Directors

Duane Nelson called the meeting to order at 1:00 p.m. and thanked everyone for attending despite Covid-19.

NOMINATION FOR CHAIRMAN

The Board of Directors had appointed Daniel Hunsperger before the meeting to act as the meeting chairman. Daniel welcomed all attendees.

ADOPTION OF THE AGENDA

Daniel Hunsperger called for a motion to adopt the agenda. Jim Bester MOVED to adopt the agenda; Nicholas Barfuss SECONDED the motion. ...CARRIED

MINUTES OF 2019 ANNUAL MEETING

The Minutes of March 20, 2019, were read by Jim Woolf.

Corrections: Page 1, Paragraph 1 – ~~in Glenwood~~ in Hill Spring

Page 1, Paragraph 1 – ~~at the Glenwood~~ at the Hill Spring

Page 2, Paragraph 2 – ~~for a pressure pivot.~~ for a low-pressure pivot

Lloyd Smith MOVED to accept the Minutes as amended; SECONDED by Jim Bester.

...CARRIED

BUSINESS ARISING FROM THE MINUTES

Jim Woolf mentioned the Budget for 2020. Government funding for irrigation projects for all irrigation districts is supposed to be \$10 million for 2020 and \$12 million for 2021 and 2022. In this difficult times in Alberta we can't be sure if we will actually receive IRP funding for future years.

AUDITOR'S REPORT

The Auditor's Report was read by Hakon Skoien of Skoien Professional Corporation. He discussed the Financial Statements for the year ending December 31, 2019. It was noted that the Audit was good and clean and that in the opinion of the Skoien Professional Corporation the financial statements present fairly, in all material respects, the financial position of the organization as of December 31, 2019, following Canadian accounting standards for not-for-profit organizations.

Mr. Skoien explained financial statements and differences between the years 2019 and 2018. The UID finished the 2019 fiscal year with a significant surplus of \$261,345 even though we had a really low recovery from capital works. The surplus was actually the outcome of a few different situations: the sale of assessed acres, a one-time operational funding grant from the government, and unrealized gain from our investments. Total irrigation rates were up due to a 3% increase over all rates. Unrealized gain on investments was significantly higher compared to the year 2018, investments surpassed what we had as an unrealized loss in 2018.

Compared to last year the Statement of Financial Position shows higher Cash and cash equivalents, Accounts receivable, and Investments. As per the auditor, the UID had a healthy and steady balance sheet in 2019.

Nicholas Barfuss MOVED to accept the Auditor's Report, SECONDED by Duane Nelson.

...CARRIED

MANAGER AND CHAIRMAN REPORT

The Board of Directors and Manager's report was read by Board Chairman Duane Nelson.

Nick Barfuss asked for more details about an Appeal on RV Campground fees and if they will be cut off if we need to apply rationing in our district. As mentioned in the report, an Appeal was filed by the Whisper Valley Campground. All our Board members and District Manager attended the Appeal Hearing on September 11, 2019. Notice of Decision delivered on September 30, 2019, stated that \$10/campsite fee for RV campground is not fair and equitable. The new bylaw for RV Campground fee is now based on water acre-feet available for each campground. If the situation with water will require rationing, campgrounds will be cut off at that time.

Jim Woolf MOVED to accept the Board of Directors and Manager's Report, SECONDED by Lloyd Smith.

...CARRIED

OPERATIONS/MAINTENANCE/REHABILITATION/SEEPAGE CONTROL REPORT

The Operation and Maintenance Report, the Seepage Control Plan, and the IRP Work Report were read by Duane Nelson, Chairman. Daniel Hunsperger-Board Member read page 11 of the Annual Report – Notes of Interest and Policy Reminders.

The UID performed Maintenance on our infrastructure in the amount of \$91,594.80 in 2019 which is twice as much as last year. We have spent \$29,337.12 on IRP Rehabilitation as we didn't continue with work on IRP#2298 – Lateral B8 as planned originally.

Some changes to the Tax Assessment Roll were done in 2019 which included buying and selling assessed acres and transferring some permanent and terminable acres.

NEW BUSINESS

- a) Jim Woolf pointed out that the snowpack is excellent as of now, which is promising a good start to the irrigation season.
- b) Duane Nelson reminded everyone that the UID's Board has 2 positions for election and Nomination forms are available. Two nominations were delivered to the UID's office so far; one from Craig B. Smith as his term is up for election; the second one is from Nicholas Barfuss. Nick was not a ratepayer yet, however, we have a letter from a lawyer informing us that transfer of land to Nick's name is in process which makes him eligible to be a Board Member.

Daniel Hunsperger thanked everyone for their attendance and participation.

Lloyd Smith MOVED that the meeting be adjourned at 2:05 P.M. SECONDED by Duane Nelson.

Duane Nelson – Chairman

Fred W. Rice – District Manager

BOARD OF DIRECTORS AND MANAGER'S REPORT

We are pleased to report on the operations of the UID for the year 2020. Water diversion started on May 12, 2020, and ended on October 5, 2020. The total amount diverted in 2020 was 25,821 acre-feet. 20,810 acre-feet from the Belly River and 5,011 acre-feet from the Waterton reservoir through the environment's canal. The snowpack in 2020 was above average for the Akamina and Belly River headwaters. The diversion from the Waterton Licence happened in July, August, and September. There was very little rainfall last summer so the farmers relied heavily on irrigation water.

The UID was one of eight irrigation districts that participated in a new program brought forward by the province and the federal government for modernization of irrigation projects that might not be done for several years under the IRP program. This program was proposed to get people back to work as soon as possible. The UID had three projects that met their criteria. They are Lateral A1E, Lateral D1, and B Lateral. The cost-sharing agreement is twenty percent district, thirty percent grant funding from the Alberta government, and fifty percent financed over thirty-four years at 1% interest. The UID has been working on the details of this agreement with the other seven districts involved and it has taken a substantial amount of time to complete this agreement. At the time of writing, we are still trying to achieve the end result.

The Board of directors met in twelve regular board meetings and one special board meeting in 2020. This year Craig Smith and Brandon Gibb were up for election and Brandon Gibb resigned as a board member. Craig Smith and Nicholas Barfuss were the only ones to put nomination papers in and were elected by acclamation to the board of directors of the United Irrigation District. Fred Rice, Jim Woolf, Viera Ducky, and Jared Nelson attended the AIDA annual conference in February 2020.

In the fall of 2020, we were able to continue with the rehabilitation project IRP 2298 lateral B8. We were able to get a considerable amount of this project completed until the weather shut us down. We have about three weeks of work to complete this project in the spring of 2021. This project is part of the seepage control plan. The UID has a pre-bought pipe for project IRP 2340 lateral F7 which is on Riverside Colony's and Standoff Colony's land. This project will be a closed system.

The UID has sold 31 assessed acres to Bar Double M Ranching and 4.56 assessed acres to Ben Layton. The UID has also purchased 19.4 assessed acres from Jerry Reed under the small acre buyback plan.

The Board of Directors scholarship award was awarded to Jayna Knight, and Nevaeh Nelson, and also Megan Hornberger.

The UID has continued to cooperate with Alberta Agriculture and Forestry and Alberta Environment and Parks in 2020 in an effort to educate the boating public about the danger of aquatic invasive species coming into the waterways of Alberta. The government is trying to register potash to help control these invasive species.

We express appreciation once again to the Provincial Government and Alberta Agriculture and Forestry, for their continued support through the Irrigation Rehabilitation Program for funding that is making it possible to improve the United Irrigation District infrastructure. We also receive support through Alberta Agriculture and Forestry Water Division and Alberta Environment and Parks with expertise and other resources that benefit the District

We appreciate the cooperation of irrigators and staff for the effective and efficient operation of the District in 2020. We extend best wishes for a successful 2021.

The United Irrigation District would like to express appreciation to the other District Board members and managers who have hammered out the modernization funding project. The UID appreciates their wisdom and expertise in making sure that this agreement will have the best possible results for all of the Irrigation Districts.

Duane Nelson
Chairman, Board of Directors

Fred Rice
District Manager

Total U.I.D. Assessment Roll Acreage
Based on the 2020 Irrigation Season

Assessment Roll:

Permanent acres:	33,049.33
Terminable acres:	478.81
Minimum Parcel Acres (Permanent):	<u>871.86</u>
Total Acres:	34,400.00
Annual Acre Agreement	417.00

Total U.I.D. Water Diversion - 2020

Belly River Water Licence	- 48,988.32 acre feet
Belly River Diversion 2020	- 20,810.20 acre feet
Waterton to Cochrane Licence	- 17,000.00 acre feet
Waterton to Cochrane Lake 2020	- 5,011.02 acre feet
Total Diversion 2020	- 25,821.22 acre feet

2020 UID Method of Irrigation

Gravity	- 34.44 %
High Pressure Pivot	- 1.00 %
Low Pressure Pivot	- 59.21 %
Wheel Move	- 4.10 %
Other	- 1.25 %

2020 UID Energy Type Summary

Electricity	- 50.95 %
Gravity	- 18.09 %
Gravity Pressure Pipeline	- 26.20 %
Other	- 4.76 %

Operations/Maintenance/Rehabilitation/Seepage Control Report

Operations & Maintenance

General maintenance in 2020 included digging of dugouts, repairing and cleaning of trash racks, mowing weeds on the main canal right of ways by Hill Spring, repairing and replacing of air vents, valves, pipe leaks and turnouts. The District continues to have problems with maintaining and recording accurate measurements with the water meters on Laterals A, B, C and F. The usual spraying of the main canal systems of the District occurred from May until September.

Break-down:

Materials	\$ 31,861.58
Equipment Pool	\$ 29,469.51
Labor	\$ 12,032.75
Other	\$ 490.00
Total	\$ 73,853.84

IRP Rehabilitation

Income:

2020 Alberta Agricultural Funding	\$ 262,043.00
2020 UID Match Money	\$ 87,348.00
Total	\$ 349,391.00

Expenditures 2020:

IRP No. 2298 – Lateral B8	\$ 334,924.39
IRP No. 2340 – Lateral F7	\$ 283,745.19
Total Work Done in 2020	\$ 618,669.58
Ending 2020 Cost Share Account	\$ 2,571.78
Ending 2020 - Owing for Work Done in 2020	\$ 73,562.64

Lateral B8 is continuing and will be completed before the irrigation season 2021 will start. Some landscaping will be done in fall 2021. Engineering work is done on Lateral F7, the PVC pipe was preordered and delivered at the end of the year 2020. We will work on this project in 2021.

Modernization projects

Expenditures 2020:

Lateral A1e	\$ 6,422.50
Lateral D1	\$ 4,862.25
Lateral B	\$ 5,121.75

Estimated Project Cost:

\$ 207,000.00
\$ 310,000.00
\$ 490,000.00

Capital project with farmer participation

Lateral C 2020	\$ 314,535.65
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Seepage Control Plan

The District is experiencing very little seepage. A subsequent Seepage Control Plan was prepared for 5 years 2018-2023. In this plan the following seepage is eliminated:

Lateral B8 (400 meters) – will be completed in 2021; Lateral F7 (200 meters) – to be completed in 2021; Lateral A1e (250 meters) – to be completed in 2022; Lateral D1 (100 meters) – to be completed in 2023.

Changes to the Tax Assessment Roll for 2020:

There were only a few changes to the assessment roll for 2020.

Assessed acres purchased from these ratepayers: Jerry Reed – 19.2 assessed acres

Transfer of 10 assessed acres from NW 24-4-28-W4 to SE 5-4-27-W4.

NOTES OF INTEREST AND POLICY REMINDERS

1. Today is the last day for nominations for two board members – the terms for Duane Nelson and Daniel Hunsperger are up for election. Nominations close at 4:00 P.M. today.
2. **Ratepayers are responsible for ordering water to fill dugouts and for notifying Ditchriders to turn off the water when the dugouts are full. Ditch riders are not responsible for the overtopping of dugouts.**
3. Notice to anyone doing subdivisions:
One hour spent by the UID on subdivisions will be done for free. Any further time spent will be charged to the Applicant.
4. Please note that there will be no new water orders accepted after 12:00 NOON on Fridays to allow our Ditchriders to manage the water appropriately on the week-ends.
5. Fences along District canals, drains, etc. are not to be removed without permission from the District. If the District approves the removal of the fence and the fence was originally installed by the District, the materials are to be returned to the District.
6. Before erecting a building, installing a fence or utility lines, digging a pond, planting trees, etc. near any of the District works (i.e. Canal, drain, pipeline, etc.), please check with District Management.
7. The Three-Year Plan for work to be done under the Irrigation Rehabilitation Program has been approved by Irrigation Council at the time of printing the annual report.
8. The UID Water License is designated for Agricultural Use and specified Other Purposes:
Any land reclassified to Recreational or other than Agricultural use could be subject to loss of water rights on those acres.
9. WATER QUALITY DISCLAIMER: The United Irrigation District advises that the water in the irrigation system of the District may not be potable or may not be suitable for other purposes, and the District makes no representation, warranty, or guarantee that the water delivered through the system is potable or fit for human consumption or suitable for livestock watering, recreational use or other purposes. The Irrigation system of the District is an open-ditch system subject to possible contamination beyond the control of the District.
10. **Note: Section 187 Irrigation Districts Act: “An owner or occupier of land who receives water delivered by the district is under a duty to take reasonable care in using the water and to prevent the water from causing injury to any person or damage to any property.”**
11. The UID starts spraying our canals throughout the district from May 25th until September 1st each year. The main chemicals sprayed are: Roundup Transorb HC, Oracle, 2,4-D Amine 600.
12. We want to thank our staff for another successful year in running water. They are doing a great job of managing the water in the District. Thank you to the Department of Agriculture and Forestry for the continued funding for the rehabilitation of the District. The expertise provided through the Irrigation and Farm Water Division and Alberta Environment and Parks is much appreciated as well. Finally, thank you to our water users for your support and cooperation in making the District run efficiently and effectively.

WEED NOTICE

As in previous years, the United Irrigation District is permitted to implement a herbicide spray program, under a specific condition, in or within 30 horizontal meters of irrigation canals, laterals, and drains owned by the District to attempt to control: Broadleaf weeds and brush & Noxious weeds

In accordance with the Environmental Protection & Enhancement Act, the application was made by the District, and approval was received to proceed with this annual program to apply herbicides.

Persons having specific concerns are encouraged to contact: Fred Rice, District Manager

**CROPS GROWN WITHIN THE UNITED IRRIGATION DISTRICT
2020**

CROPS GROWN	EAST BLOCK	WEST BLOCK	TOTAL
Barley	3,007.78	4,233.71	7,241.49
Hard Spring Wheat	6,358.18	2,225.36	8,583.54
Oats	55.00		55.00
Winter Wheat	931.55	111.97	1,043.52
Alfalfa 2nd Cut	1,018.68	2,312.41	3,331.09
Alfalfa 3rd Cut	1,157.52	591.16	1,748.68
Alfalfa Hay	136.10	191.21	327.31
Alfalfa Silage	86.00		86.00
Barley Silage	1,816.13	881.93	2,698.06
Corn Silage		109.18	109.18
Grass Hay	238.50	812.98	1,051.48
Green Feed	42.20	97.91	140.11
Native Pasture	1,031.30	1,515.43	2,546.73
Tame Pasture	469.85	1,610.50	2,080.35
Timothy Hay	1,173.20	365.61	1,538.81
Miscellaneous	53.81	63.75	117.56
Non-Crop	2.00		2.00
Canola	1,415.97	487.56	1,903.53
Market Garden	9.00		9.00
Potato	5.00		5.00
TOTAL	19,007.77	15,610.67	34,618.44

United Irrigation District						
Annual Rolling Three-Year Plan						
Summary of Estimated Expenditures						
IRP No.	Project Name		Estimated Expenditure By Construction Year			
<u>Continuing Projects</u>			Year	Year	Year	Additional Years
Also include any Substantially Completed Projects** that will have funds expended for any final clean-up, etc. (Projects Already Approved by Irrigation Council)			Approval Date	One*	Two	Three
			2021/22	2022/23	2023/24	(If Required)
2298	Lateral B8	11-Feb-16	\$ 149,994.50	\$ -	\$ -	\$ -
2340	Lateral F7	15-Feb-18	\$ 509,645.00	\$ 130,096.25		\$ -
<u>New Year One Projects</u> (Projects Not Yet Approved by Irrigation Council)						
2368	Lateral F Drain		\$ 10,000.00	\$ 278,119.75	\$ 81,880.25	
<u>Proposed Year Two Projects</u> (Projects Not Yet Approved by Irrigation Council)						
	F Lateral open ditch			\$ 15,000.00	\$ 341,335.75	\$ 1,443,664.25
<u>Proposed Year Three Projects (and beyond)</u> (Projects Not Yet Approved by Irrigation Council)						
Total Estimated Expenditures per			\$ 669,639.50	\$ 423,216.00	\$ 423,216.00	\$ 1,443,664.25
IRP Funding for 2021			\$ 423,216.00	\$ 423,216.00	\$ 423,216.00	
Unused IRP Funding from 2020			\$ 246,423.50			

UNITED IRRIGATION DISTRICT

Financial Statements

For the Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of United Irrigation District:

Opinion

I have audited the financial statements of United Irrigation District (the Entity), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Accounting Standards for not-for-profit organizations (ASNFPO).

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNFPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Skoien Professional Corporation

Chartered Professional Accountant

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Entity to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the audit. I remain solely responsible for my audit opinion. I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit. I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Hakon Skoien.



SKOIEN PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANT

Hakon Skoien, CPA

Cardston, Alberta

February 22, 2021

UNITED IRRIGATION DISTRICT

Statement of Financial Position as at December 31, 2020

	Ref.	General Fund	District Capital	Irrigation Works	2020	2019
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	1	\$ 539,614	\$ -	\$ -	\$ 539,614	\$ 441,404
Accounts receivable	2	36,455	-	-	36,455	382,986
Inventory	3	50,317	-	-	50,317	41,413
Prepaid expenses	4	13,436	-	-	13,436	19,199
	5	639,822	-	-	639,822	885,002
CASH (Note 6)	6	-	256,000	2,572	258,572	368,129
INTERFUND RECEIVABLES (PAYABLES) (Note 9)	7	69,522	-	(69,522)	-	-
INVESTMENTS (Note 10)	8	1,793,009	-	-	1,793,009	1,675,132
PROPERTY AND EQUIPMENT (Note 11)	9	-	531,388	-	531,388	581,414
IRRIGATION WORKS (Note 12)	10	-	-	13,597,123	13,597,123	13,288,530
	11	\$ 2,502,353	\$ 787,388	\$ 13,530,173	\$ 16,819,914	\$ 16,798,207
LIABILITIES AND FUND BALANCES						
CURRENT LIABILITIES						
Accounts payable and accrued liabilities	12	\$ 35,740	\$ -	\$ -	\$ 35,740	\$ 19,972
Current portion of long-term debt (Note 13)	13	-	47,078	-	47,078	47,078
	14	35,740	47,078	-	82,818	67,050
LONG-TERM DEBT (Note 13)	15	-	47,078	-	47,078	94,157
	16	35,740	94,156	-	129,896	161,207
FUND BALANCES						
Unrestricted net assets	17	2,466,613	-	-	2,466,613	2,466,400
Internally restricted (Note 7)	18	-	256,000	-	256,000	242,000
Net assets invested in property and equipment	19	-	437,232	-	437,232	440,179
Irrigation works fund (Note 8, Schedule 3)	20	-	-	(66,950)	(66,950)	199,891
Equity in irrigation works	21	-	-	13,597,123	13,597,123	13,288,530
	22	2,466,613	693,232	13,530,173	16,690,018	16,637,000
	23	\$ 2,502,353	\$ 787,388	\$ 13,530,173	\$ 16,819,914	\$ 16,798,207

Chairman

Director

UNITED IRRIGATION DISTRICT
Statement of Operations and Changes in Fund Balances
For the Year Ended December 31, 2020

	<i>Ref.</i>	General Fund	District Capital	Irrigation Works	2020	2019
REVENUE						
WATER EARNINGS						
Irrigation rates, net (Note 14)	1	\$ 437,616	\$ -	\$ -	\$ 437,616	\$ 425,156
Conveyance of commercial water	2	28,558	-	-	28,558	25,414
Conveyance of agricultural domestic water	3	4,926	-	-	4,926	4,782
Annual acre agreements	4	6,659	-	-	6,659	4,495
Penalties	5	1,777	-	-	1,777	1,306
	6	479,536	-	-	479,536	461,153
INVESTMENT INCOME	7	68,915	-	2,438	71,353	61,775
UNREALIZED GAIN (LOSS) ON INVESTMENTS	8	68,910	-	-	68,910	123,131
IRRIGATION WORKS FUND REVENUE	9	-	-	262,043	262,043	371,149
OTHER	10	1,550	-	252,593	254,143	236,845
	11	618,911	-	517,074	1,135,985	1,254,053
EXPENDITURES						
OPERATING EXPENDITURES (Schedule 1)	12	380,928	-	-	380,928	497,743
AMORTIZATION	13	-	61,020	641,019	702,039	716,458
	14	380,928	61,020	641,019	1,082,967	1,214,201
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	15	237,983	(61,020)	(123,945)	53,018	39,852
FUND BALANCE, beginning of year	16	2,466,400	682,179	13,488,421	16,637,000	16,597,148
INTERFUND TRANSFERS						
Provision for irrigation works	17	(87,348)	-	87,348	-	-
Restricted District Capital funds	18	(14,000)	14,000	-	-	-
Other transfers	19	(136,422)	58,073	78,349	-	-
		(237,770)	72,073	165,697	-	-
FUND BALANCE, end of year	20	\$ 2,466,613	\$ 693,232	\$ 13,530,173	\$ 16,690,018	\$ 16,637,000

UNITED IRRIGATION DISTRICT

Statement of Cash Flows

For the Year Ended December 31, 2020

	2020	2019
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	\$ 53,018	\$ 39,852
Items not involving cash:		
Amortization	702,039	716,458
Unrealized (gain) loss on fair value change in investments	(68,910)	(123,131)
	<u>686,147</u>	<u>633,179</u>
Net change in non-cash working capital balances		
Accounts receivable	346,531	(367,341)
Inventory	(8,904)	(6,025)
Prepaid expenses	5,763	(4,474)
Accounts payable and accrued liabilities	15,768	(683)
	<u>1,045,305</u>	<u>254,656</u>
INVESTING ACTIVITIES		
Purchase of investments	(48,967)	(45,087)
Purchase of property and equipment	(10,995)	(24,989)
Purchase of irrigation works	(949,612)	(29,337)
	<u>(1,009,574)</u>	<u>(99,413)</u>
FINANCING ACTIVITIES		
Repayment of loans - District Capital	(47,078)	(47,078)
	<u>(47,078)</u>	<u>(47,078)</u>
NET INCREASE (DECREASE) IN CASH	(11,347)	108,165
CASH, beginning of year	809,533	701,368
CASH, end of year	<u>\$ 798,186</u>	<u>\$ 809,533</u>
SUPPLEMENTARY CASH FLOW INFORMATION		
Operating activities include the following:		
	2020	2019
Interest received	<u>\$ 30,625</u>	<u>\$ 29,388</u>

UNITED IRRIGATION DISTRICT

Notes to Financial Statements

For the Year Ended December 31, 2020

1. Nature of Operations

The United Irrigation District (the "District") operates under the authority of the Irrigation Districts Act of the Province of Alberta and as such is exempt from income tax. The primary purpose of the District is to convey and deliver water through the irrigation works of the District and to construct, operate and maintain the irrigation works in the Glenwood and Hill Spring areas.

2. Summary of Accounting Policies

a. *Basis of Presentation*

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFP), *CPA Canada Handbook - Accounting Part III*, and are in accordance with Canadian generally accepted accounting principles.

b. *Fund Accounting*

The District follows the restricted fund method of accounting.

The General Fund accounts for the District's unrestricted general and operating activities. This fund reports unrestricted resources and the transactions relating to them.

The District Capital Fund accounts for the assets, investments, liabilities, revenues, and expenses related to the District's internally restricted capital assets.

The Irrigation Works Fund accounts for capital receipts for new irrigation works. Costs incurred in constructing new irrigation works and in replacing and rehabilitating existing structures are provided for from the fund. The Province of Alberta contributes 75% of expenditures approved by the Irrigation Council and the District contributes 25%.

c. *Revenue Recognition*

Water rates are recognized when the service is provided.

Maintenance and charge out fees are recognized as revenue in the year to which they relate. Other income is recognized when the amount can be reasonably estimated and collection is reasonably assured.

Government contributions to the irrigation works fund are recognized when the District has transferred its 25% share of costs into the fund and received the 75% matching contribution from the government. The provision for irrigation works reflects the district's 25% share of costs for the construction of irrigation works.

d. *Inventory*

Inventory is valued at the lower of cost and net realizable value. Cost is determined on the specific item basis.

e. *Irrigation Works*

Costs incurred in constructing new irrigation works and in replacing and rehabilitating existing works are capitalized and fully provided for from the irrigation works fund. Additions are capitalized at cost and government approved rates for equipment, labour and overhead charges. Maintenance projects are expensed to operations.

UNITED IRRIGATION DISTRICT

Notes to Financial Statements

For the Year Ended December 31, 2020

2. Summary of Accounting Policies (continued)

Amortization of irrigation works is provided for on a straight line basis over 40 years. No amortization is taken in the year of acquisition.

If irrigation works are subject to permanent impairment, additional amortization or write-down is provided.

Irrigation works additions are capitalized at cost and government approved rates for equipment, labor and overhead charges.

f. *Cash and Cash Equivalents*

The District's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn.

g. *Property and Equipment*

Property and equipment are recorded at cost. Amortization is provided for on the declining balance basis using the following annual rates:

Buildings	5%
Furniture and fixtures	10%
General equipment	10%
Power equipment	10%
Trucks	15%
Computer equipment	25%

In the year of acquisition, amortization is provided for at half the normal rate.

If property and equipment are subject to permanent impairment, additional amortization or write-down is provided.

h. *Goods and Services Tax*

The District is part of the Alberta Crown and is listed as a tax-exempt Government of Alberta agency, and is therefore included in the Province's constitutional tax immunity. As a result, the District pays no income taxes or Goods and Services Tax on purchases, but is still required to collect and remit Goods and Services Tax on services provided.

i. *Financial Instruments*

Measurement of financial instruments

The District initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The District subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenues over expenditures.

Financial assets measured at amortized cost include cash, accounts receivable, and investments.

UNITED IRRIGATION DISTRICT

Notes to Financial Statements

For the Year Ended December 31, 2020

2. Summary of Accounting Policies (continued)

Financial investments in equity instruments are measured at fair market value and are classified as current or long-term in concurrence with the nature and intent of the investment.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and long-term debt.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenues over expenditures.

Transactions costs

The District recognizes its transaction costs in excess of revenues over expenditures in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transactions costs that are directly attributable to their origination,

j. *Use of Estimates*

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to estimates and assumptions include the estimated useful lives of property and equipment and irrigation works, and the valuation of inventories. Actual results could differ from those estimates.

Management has estimated the average useful life of irrigation works in the District to be 40 years. Amortization of irrigation works is based on these estimates.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

3. Comparative Figures

Where necessary the comparative figures have been reclassified to conform with current year's financial statement presentation. These changes do not affect prior year earnings.

4. Economic Dependence

The District relies on contributions from the Province of Alberta for rehabilitation of the irrigation works of the District.

UNITED IRRIGATION DISTRICT

Notes to Financial Statements

For the Year Ended December 31, 2020

5. Financial Instruments

The District, as part of its operations, carries a number of financial instruments. It is management's opinion that the District is not exposed to significant liquidity, credit, market, or other price risks arising from these financial instruments except as otherwise disclosed. The following analysis provides a measure of the entity's risk exposure and concentrations at the balance sheet date.

Credit Concentration

The District does not have significant exposure to risk from any individual customer and conducts regular reviews of its existing customers' credit performance. The *Irrigation Districts Act* provides a mechanism to recover losses associated with non-payment of irrigation rates and rights.

Liquidity Risk

Liquidity risk is the risk that an organization will encounter difficulty in meeting obligations associated with financial liabilities. The District is exposed to this risk mainly in respect of its accounts payable and long-term debt.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The District's main credit risk is related to its accounts receivable. The District provides credit to its clients in the normal course of its

Market risk

The District is exposed to market risk with respect to fluctuations in the trading price of its investments (Note 6).

6. Cash

Cash consists of:

	2020	2019
Cash - current (unrestricted)	539,614	441,404
Cash - long-term (restricted)	258,572	368,129
	<u>\$ 798,186</u>	<u>\$ 809,533</u>

Cash held under the cost-sharing agreement with the Province of Alberta is restricted for use on approved irrigation works projects and is therefore classified as a long-term asset. Cash held in District Capital is internally restricted by the Board of Directors and is therefore classified as a long-term asset.

7. Internally Restricted District Capital Funds

The Board has internally restricted funds for District Capital purchases of equipment and rehabilitation of irrigation works. These funds are not available for general purposes without approval of the Board of Directors.

8. Externally Restricted Irrigation Works Funds

The net assets of the Irrigation Works Fund are restricted under the terms of the Irrigation Rehabilitation Funding Agreement. These funds can only be spent on projects approved by the Irrigation Council. Funding is shared between the District and Province as explained in Note 2.

UNITED IRRIGATION DISTRICT

Notes to Financial Statements

For the Year Ended December 31, 2020

9. Interfund Balances

Interfund balances are for District funds spent on approved rehabilitation projects to be funded through subsequent year's IRP funding. These balances are unsecured, non-interest bearing, with no set terms of repayment.

10. Investments

	2020	2019
GIC	146,850	137,184
Preferred shares	283,376	256,344
Principal protected notes	147,561	141,484
Mutual funds	1,206,547	1,131,455
	<u>1,784,334</u>	<u>1,666,467</u>
Patronage reserves	8,675	8,665
	<u>\$ 1,793,009</u>	<u>\$ 1,675,132</u>

The book value of investments is \$1,530,178 (2019 - \$1,491,832).

11. Property and Equipment

	2020		2019	
	Cost	Accumulated Amortization	Net	Net
Land	\$ 13,666	\$ -	\$ 13,666	\$ 13,666
Buildings	137,165	109,900	27,265	28,700
Power equipment	931,911	550,635	381,276	423,641
General equipment	89,231	65,470	23,761	14,796
Trucks	514,709	431,876	82,833	97,450
Furniture and fixtures	15,722	14,428	1,294	1,437
Computer equipment	15,064	13,771	1,293	1,724
	<u>\$ 1,717,468</u>	<u>\$ 1,186,080</u>	<u>\$ 531,388</u>	<u>\$ 581,414</u>

12. Irrigation Works

Irrigation works have been valued for balance sheet purposes at the recorded cost of the system as at December 31, 1977, together with additions and rehabilitations-to-date and charges-to-date for amortization, as described in Note 2.

	2020		2019	
	Cost	Accumulated Amortization	Net	Net
Irrigation Works	<u>\$28,577,678</u>	<u>\$14,980,555</u>	<u>\$13,597,123</u>	<u>\$13,288,530</u>

UNITED IRRIGATION DISTRICT

Notes to Financial Statements

For the Year Ended December 31, 2020

13. Long-term Debt

	2020	2019
John Deere Canada fixed rate instalment contract, bearing interest at 0%, repayable in equal, annual, principal only payments of \$47,078, with the first payment due March 1, 2019 and the last payment due March 1, 2022. Loan is secured by specified equipment with a net book value of \$187,229.	\$ 94,156	\$ 141,235
Less: current portion	47,078	47,078
	<u>\$ 47,078</u>	<u>\$ 94,157</u>

14. Irrigation Rates

Irrigation rates, net, consist of:

	2020	2019
33,030 acres @ \$12.88 per acre (2019 - 32,915 acres @ \$12.50 per acre)	\$ 425,429	\$ 411,732
479 acres @ \$14.94 per acre, terminable (2019 - 479 acres @ \$14.50 per acre)	7,153	6,943
872 acres; minimum charge @ \$324.45 per parcel (2019 - 970 acres @ \$315.00 per parcel)	25,307	26,460
34,381 acres (2019 - 34,364 acres)	457,889	445,135
Discounts	(20,273)	(19,979)
	<u>\$ 437,616</u>	<u>\$ 425,156</u>

15. Related Party Transactions

During the year, the District purchased inventory for \$4,773 (2019 - \$1,206) and rented equipment for \$4,605 (2019 - NIL) from a corporation that is controlled by a key employee of the District. The transactions were carried out in the normal course of operations. They are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. At year end, no amounts were due from or to said corporation (2019 - NIL).

16. Approval of Financial Statements

The Board of Directors and management of the United Irrigation District approved these financial statements on February 22, 2021.

UNITED IRRIGATION DISTRICT

Schedule of Operating Expenditures For the Year Ended December 31, 2020

Schedule 1

	2020			2019	
	Operations & Maintenance	Water Delivery	Administration and General	Total	Total
EXPENDITURES					
Salaries	\$ 145,013	\$ 69,306	\$ 154,801	\$ 369,120	\$ 316,023
Fuel	27,233			27,233	24,875
Materials and supplies	38,556		2,584	41,140	48,848
Insurance			24,453	24,453	24,129
Association fees, dues			13,710	13,710	13,569
Equipment maintenance	84,936			84,936	15,133
Board of Directors - fees and expenses			14,994	14,994	16,300
Travel expenses		21,787	1,756	23,543	24,300
Professional fees			7,500	7,500	9,650
Office			13,631	13,631	15,782
Utilities			5,447	5,447	5,817
Miscellaneous			19,331	19,331	57,447
Conferences			1,881	1,881	1,191
Telephone			2,371	2,371	2,369
Advertising and promotions			196	196	635
	295,738	91,093	262,655	649,486	576,068
RECOVERIES					
Equipment pool recoveries	(134,780)			(134,780)	(2,256)
Labor recovery - construction	(29,117)			(29,117)	(5,930)
Overhead	(17,470)			(17,470)	(3,558)
Custom work	(87,191)			(87,191)	(66,581)
	(268,558)	-	-	(268,558)	(78,325)
TOTAL 2020	\$ 27,180	\$ 91,093	\$ 262,655	\$ 380,928	\$ -
TOTAL 2019	\$ 98,733	\$ 88,548	\$ 310,462	-	\$ 497,743

UNITED IRRIGATION DISTRICT

Schedule of Irrigation Works Expenditures For the Year Ended December 31, 2020

Schedule 2

	2020			2019
	District	Province of Alberta	Total	Total
EXTERNAL GOODS AND SERVICES				
Materials and supplies	\$ 236,086	\$ 467,330	\$ 703,416	\$ 8,885
Contract services - engineering	20,500	12,733	33,233	7,703
Contract services - construction	24,685	2,021	26,706	-
Miscellaneous	-	3,007	3,007	1,005
	<u>281,271</u>	<u>485,091</u>	<u>766,362</u>	<u>17,593</u>
INTERNAL GOODS AND SERVICES				
Equipment pool recoveries	32,294	104,369	136,663	2,256
Labor recovery - construction	10,861	18,256	29,117	5,930
Overhead	6,516	10,954	17,470	3,558
	<u>49,671</u>	<u>133,579</u>	<u>183,250</u>	<u>11,744</u>
TOTAL 2020	<u>\$ 330,942</u>	<u>\$ 618,670</u>	<u>\$ 949,612</u>	<u>\$ -</u>
TOTAL 2019	<u>\$ -</u>	<u>\$ 29,337</u>	<u>-</u>	<u>\$ 29,337</u>

UNITED IRRIGATION DISTRICT

Schedule of Changes in Fund Balance - Irrigation Works Fund For the Year Ended December 31, 2020

Schedule 3

	2020			2019
	District	Province of Alberta	Total	Total
FUND BALANCE, beginning of year	\$ -	\$ 199,891	\$ 199,891	\$ (265,737)
ADDITIONS:				
Contribution from Province of Alberta	-	262,043	262,043	371,149
Transfer from District general fund	78,349	-	78,349	-
Contributions from rate payers	252,593	-	252,593	-
Interest earned	-	2,438	2,438	100
Contributions for irrigation works	87,348	-	87,348	123,716
Transfer to Cost-sharing	(87,348)	87,348	-	-
	330,942	351,829	682,771	494,965
DEDUCTIONS:				
Irrigation works expenditures (Schedule 2)	330,942	618,670	949,612	29,337
FUND BALANCE, end of year	\$ -	\$ (66,950)	\$ (66,950)	\$ 199,891