

# **UNITED IRRIGATION DISTRICT**

## **ANNUAL REPORT**

### **YEAR ENDING DECEMBER 31, 2017**

**Annual Meeting: Wednesday, March 21, 2018 1:00 P.M.  
Glenwood Community Hall  
Glenwood, Alberta**

# UNITED IRRIGATION DISTRICT

## BOARD OF DIRECTORS

Duane Nelson	Chairman
Daniel Hunsperger	Vice-Chairman
Jim Woolf	Director
Brandon Gibb	Director
Craig B. Smith	Director

## STAFF

Fred W. Rice	District Manager
Viera Ducky	Assistant District Manager
Steve Lybbert	Ditchrider/Operator
Jared Nelson	Ditchrider/Operator
Neil Allred	Operator/Maintenance
Lawrence Draper	Operator/Construction
Byran Cahoon	Operator/Construction
Lloyd Smith	Labor

## Engineer for the District – 2017

Wilde Brothers Engineering Ltd. – Darin Wilde

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

Wednesday, March 21, 2018, 1:00 P.M.

Glenwood Community Hall, 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 22, 2017
- 5.0 Business Arising from the Minutes: March 22, 2017
- 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
- 10.0 Adjournment

UNITED IRRIGATION DISTRICT  
Wednesday, March 22, 2017  
ANNUAL MEETING MINUTES

These are the Minutes of the Annual Meeting of the United Irrigation District held in Hill Spring, Alberta at the Hill Spring Community Hall on Wednesday, March 22, 2017, 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
Brandon Gibb	- Board Member
Fred Rice	- District Manager
B. Craig Smith	– Assistant District Manager
Viera Ducky	- Assistant Manager in Training
Steve Lybbert	- Ditchrider
Jared Nelson	- Ditchrider

Irrigation Council  
Herb Wall

Alberta Agriculture and Forestry  
Rebecca Fast  
Jollin Charest  
Colin Langhorn  
Adele Harding

Alberta Environment and Parks  
Lawrence Wegwitz

Skoien Professional Corporation  
Hakon Skoien

Wilde Brothers Engineering Ltd.  
Darin Wilde

Blood Tribe Land Management  
Marsha Heavy Head

Total attendance – 23 water users, 9 guests and 3 employees

Duane Nelson called the meeting to order at 1:00 p.m. and thanked everyone for attending. He then asked guests to introduce themselves and to tell which organization they represented.

NOMINATION FOR CHAIRMAN

Jim Woolf had been previously appointed to be Chairman of the Meeting in the Regular Board Meeting March 22, 2017.

### ADOPTION OF THE AGENDA

Jim Woolf called for a motion to adopt the agenda. Darcy Barfuss MOVED to adopt the agenda. Lloyd Smith SECONDED the motion. ...CARRIED

### MINUTES OF LAST MEETING

The Minutes of March 16, 2016 were read by B. Craig Smith. Daniel Hunsperger MOVED to accept the Minutes as read, SECONDED by Gary Folsom. ...CARRIED

### BUSINESS ARISING FROM THE MINUTES

A significant concerns about Quagga and Zebra Mussels in our waters were noted by Jim Woolf. These invasive species have already turned up in the Tiber Reservoir in Montana. He mentioned the snowpack is at the top end of the average range for the Belly River and Waterton and above average for Many Glaciers.

### 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, 2016. It was noted that the District is in good financial condition and that in the opinion of Skoien Professional Corporation the financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2016 in accordance with Canadian accounting standards for not-for-profit organizations. He indicated that the District is well managed financially.

There was a question from audience about the amount of \$462,674 for Materials and supplies from pg.12. Mr. Skoien explained that difference between 2016 and 2015 is all in amount spent for pipes for our next project.

Monty Gibb MOVED to accept the Auditor's Report, SECONDED by Al McEwen. ...CARRIED

### MANAGER AND CHAIRMAN REPORT

The Board of Directors and Managers report was read by Board Chairman Duane Nelson. The Operations and Maintenance Report, the Seepage Control Plan, the IRP Work Report and general information to irrigators was read by District Manager Fred Rice and Brandon Gibb read the Notes of Interest and Policy Reminders.

Larry Gibb's question was about funds – how much in investments the UID had and how much we have spent on purchasing pipes. Mr. Skoien indicated they were mostly mutual funds and preferred shares as outlined in Note 6 of the Statement. Darcy Barfuss asked what impact on UID will have new 2017-18 Alberta Budget recently released. There will be no changes as our budget was created based on those numbers.

Alberta Agriculture and Forestry representative, Jolin Charest, indicated that they would be willing to assist with the flow meters and calibration for better results.

Barry Laing MOVED to accept Board of Directors and Manager's Report, SECONDED by Larry Gibb. ...CARRIED

### Wilde Brothers Engineering Ltd. Presentation on The Belly River Flood Mitigation and Storage

Darin Wilde showed the presentation he and his staff had put together at the request of the United Irrigation District Board of Directors to assess the feasibility of on-stream water storage on the Belly River. This presentation was presented at the Annual Conference of the Alberta Irrigation Project Association in November 2016. The study shows there could be up to 55,000 acre feet of water storage that would benefit not only the water users of the United Irrigation District but also SMRID, RID, MID and TID. He also mentioned that this is Long term Project.

Marsha Heavy Head, Environmental Technician, of the Blood Tribe Land Management indicated that a bull trout spawning ground in the area would likely be affected but also requested that the presentation be made to the Blood Tribe Chief and Council.

NEW BUSINESS

Adele Harding from Alberta Agriculture and Forestry advised the irrigators that Growing Forward 2 irrigation funding for upgrading to low pressure pivots is still accepting applications for program which covers all upgrades made after April 2013. They are accepting even retroactive applications, although program covers only new pivots, not those bought as second hand. She suggested doing it as soon as possible as future funding for these projects is not certain.

Jim Folsom asked about Election 2017, when and where it will be and who Nominees are. Those Nominees who were present at the annual meeting introduced themselves.

Lawrence Wegwitz addressed the snow pack levels indicating all are above normal ranges.

Lisa Welch, one of our rate payers, spoke to her concerns about small parcel rates being too high. She noted that the sale of the water licence proceeds the UID has received in the last year should be used to keep rates down rather than increase the rates. Discussions and explanations addressing her concerns followed. Jim Woolf explained how rates are covering only maintenance of irrigation unit not initial cost. Herb Wall from Irrigation Council also mentioned that for his opinion our rate payers are paying reasonable price compared to other districts. Mrs. Welch would also like the annual meetings and some board meetings to be in the evenings, so those who are working during day can attend.

Bruce Wynder had some concerns about spraying weeds on the canal below Cochrane Lake indicating that he had done some control of burdock. He also asked if there were any studies being done on drainage from relief wells. At the end Mr. Wynder expressed appreciation to the employees and the Board of Directors for the work done in the past year.

Jim Woolf thanked everyone for their attendance and participation.

Daniel Hunsperger MOVED that the meeting be adjourned at 3:00 P.M. SECONDED by Bruce Wynder.

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Duane Nelson – Chairman

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Fred W. Rice – District Manager

## **BOARD OF DIRECTORS AND MANAGER'S REPORT**

We are pleased to report on the operations of the United Irrigation District for the 2017 year. Water diversion started on May 15 and ended October 13, 2017. Total water diverted in 2017 was 31,350 acre feet, 21,700 acre feet from the Belly River and 9,650 acre feet from the Waterton Dam through the Environment Canal. The snow pack in 2017 was above normal for Akimina and Flat Top recording points. The low flow in Belly River required careful monitoring of water diversion on the Belly license for the months of August, September and October. The UID appreciates the cooperation of Alberta Environment and Parks in diversion scheduling to maintain adequate flow past the UID headworks on the Belly River. Diversion from the Waterton license occurred in August and September to meet demand. Rainfall throughout the growing season was limited in May, June, July and August. Early maturing crops in 2017 saved irrigation demand later in the season. The river flow was adjusted daily and sometimes twice a day.

The Board of Directors met in 11 regular and 2 special board meetings in 2017. Fred, Duane, Jim, Craig and Viera attended the Alberta Irrigation Projects Association Annual Conference in Lethbridge in November 2017. An election was held on April 12, 2017. Brandon Gibb and Craig Smith were elected to the Board of Directors of the United Irrigation District.

In 2017 IRP No.2320 -Lateral A1 was completed. Just the outlet structures and landscaping was done in 2017. This rehabilitation was in Curtis and Robert Wynder's land. The District started on Project No. 2331, Emergency Overflow for Leveling Pond. We installed the entire pipe in fall 2017, only the inlet and outlet structures needs to be installed and landscaping completed this year.

All of the above projects were part of the UID's Seepage Control Plan. Some engineering was done on Lateral B8. Lateral B8 land owners that will benefit from rehabilitation include Marjorie Ryan, Doug Carlson, Daniel Husperger, John Kobza, Hannelore Hammoser, Douglas French, Larry Lybbert, Betty Starke, Barrie Oviatt and Hengerer Farms Ltd. After initial engineering it was decided to put in a closed system pipeline.

The Board of Directors scholarship award in 2017 went to Jenae Hunsperger of the Cardston High School graduating Grade 12 class and to Trista Layton from Grade 9 of the Spring Glen Junior High School in Hill Spring.

The UID continued to cooperate with Alberta Agriculture and Forestry and Alberta Environment and Parks in 2017 in an effort to educate the boating public about the danger of aquatic invasive species coming into the waterways of Alberta. There is concern about veligers that have been found in Montana at Tiber Reservoir. However there is no evidence of the species and it might be a false positive test from the year before. The Eastern Irrigation District did some testing of potash for control of invasive mussel species in pipelines in 2017. The research was positive in controlling the mussels, however, the use of potash has not yet received regulatory approval for these purposes.

We express appreciation once again to the Provincial Government and Alberta Agriculture and Forestry, for the 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 the 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 2017. We extend wishes for a successful 2018.

Duane Nelson  
Chairman, Board of Directors

Fred W. Rice  
District Manager



**Total U.I.D. Assessment Roll Acreage**

Based on the 2017 Irrigation Season

**Assessment Roll:**

Permanent acres:	33,047.97
Terminable acres:	478.81
Minimum Parcel Acres (Permanent):	<u>863.99</u>
Total Acres:	34,390.77

**Total U.I.D. Water Diversion - 2017**

Belly River Water Licence	- 48,988.32 acre feet
Belly River Diversion 2017	- 21,700.00 acre feet
Waterton to Cochrane Licence	- 17,000.00 acre feet
Waterton to Cochrane Lake 2017	- 9,650.00 acre feet
Total Diversion 2017	- 31,350.00 acre feet

**2017 UID Method of Irrigation**

Gravity	- 37.3%
High Pressure Pivot	- 3.6%
Low Pressure Pivot	- 53.3%
Wheel Move	- 5.2%
Other	- 0.6%

## Operations/Maintenance/Rehabilitation/Seepage Control Report

### Operations & Maintenance

General maintenance in 2017 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 in June and July.

#### Break-down

Materials	\$ 39,923.39
Equipment Pool	\$ 118,470.33
Labor	\$ 18,973.15
<b>Total</b>	<b>\$ 177,366.87</b>

### IRP Rehabilitation

#### **Income:**

2017 Alberta Agricultural Funding	\$ 499,595.00
2017 UID Match Money	\$ 166,532.00
Other	\$ 7,940.00
<b>Total</b>	<b>\$ 674,067.00</b>

#### **Expenditures 2017:**

Beginning 2017 - Owing for Work done in 2016	\$ 244,677.00
IRP No. 2263 – Lateral E	\$ 12,748.50
IRP No. 2298 – Lateral B8	\$ 45,922.39
IRP No. 2301 – Lateral A1	\$ 29,769.77
IRP No. 2320 – Lateral A4.5	\$ 1,558.66
IRP No. 2331 – Overflow Pond	\$ 311,655.56
Total Work Done in 2017	\$ 401,649.88
Ending 2017 Cost Share Account	\$ 27,740.00

Lateral E, Lateral A4.5 and Lateral A1 Projects are now substantially completed. All of these projects included some seepage control rehabilitation. Engineering work is being done on Lateral B8 and we started on Project # 2331 the Emergency overflow for the Leveling Pond.  $\frac{3}{4}$  of the project is already completed. Inlet and outlet structures to be installed in spring 2018.

### SEEPAGE CONTROL PLAN

The District is experiencing very little seepage. As noted above work has been done on this plan for Laterals E – 5 acres (600 meters), A4.5 – 5 acres (100 meters) and A1 – 2 acres (200 meters), Lateral B8 – 13 acres (500 meters).

### Changes to the Tax Assessment Roll for 2017:

There were no changes to the assessment roll for 2017. A complete review of the assessment roll was completed in 2016. Total assessed acres in the District are 34,390.77.

## 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 Husperger are up for election. Nominations close at 4:00 P.M. today.
2. **Rate payers are responsible for ordering water to fill dugouts and for notifying Ditchriders to turn off the water when the dugouts are full. Ditchriders are not responsible for 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 ditch riders 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.
8. The UID Water License is designated for Agricultural Use and for 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. 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 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.

**CROPS GROWN WITHIN THE UNITED IRRIGATION DISTRICT  
2017**

<b>CROPS GROWN</b>	<b>EAST BLOCK</b>	<b>WEST BLOCK</b>	<b>TOTAL</b>
Barley	3,034.24	2,769.17	5,803.40
Hard Spring Wheat	4,192.20	90.12	4,282.32
Malt Barley	0.00	152.00	152.00
Winter Wheat	728.86	0.00	728.86
Alfalfa 2 CUT	510.25	2,224.09	2,734.34
Alfalfa 3 CUT	1,533.23	1,040.81	2,574.04
Alfalfa Hay	8.00	70.50	78.50
Barley Silage	433.00	1,200.29	1,633.29
Barley Silage Underseed	0.00	115.00	115.00
Grass Hay	285.50	627.66	913.16
Green Feed	42.2	197.38	239.58
Native Pasture	1,631.57	1,539.43	3,171.00
Tame Pasture	222.60	1,631.60	1,854.20
Timothy Hay	1,169.15	324.87	1,494.02
Miscellaneous	55.81	63.75	119.56
Canola	3,520.88	3,546.60	7,067.48
Dry Peas	1,126.50	111.97	1,238.47
Grass Seed	135.00	0.00	135.00
Market Garden	11.00	0.00	11.00
Potato	3.00	0.00	3.00
Mustard	38.82	0.00	38.82
Non crop	3.72	0.00	3.72
<b>TOTAL</b>	<b>18,685.53</b>	<b>15,705.24</b>	<b>34,390.77</b>

**United Irrigation District**  
**Annual Rolling Three-Year Plan**  
**Summary of Estimated Expenditures**

IRP No.	Project Name	Estimated Expenditure By Construction Year				Additional Years (If Required)
		Original Approval Date	Year One*	Year Two	Year Three	
<b>Continuing Projects</b>						
Also include any Substantially Completed Projects** that will have funds expended for any final clean-up, etc. (Projects Already Approved by Irrigation Council)						
2331	Leveling Pond	24-Jun-16	\$ 89,165.52	\$ -		\$ -
2298	Lateral B8	11-Feb-16	\$ 573,727.48	\$ 415,050.14		\$ -
			\$ -	\$ -		
			\$ -	\$ -		
			\$ -	\$ -		
			\$ -	\$ -		
<b>New Year One Projects</b> (Projects Not Yet Approved by Irrigation Council)						
2340	Lateral F7		\$ 5,000.00	\$ 252,842.86	\$ 270,467.87	
<b>Proposed Year Two Projects</b> (Projects Not Yet Approved by Irrigation Council)						
<b>Proposed Year Three Projects (and beyond)</b> (Projects Not Yet Approved by Irrigation Council)						
	Lateral A1e				\$ 216,590.00	
	Lateral D1				\$ 180,835.13	\$ 60,164.87
<b>Total Estimated Expenditures per Year</b>			\$ 667,893.00	\$ 667,893.00	\$ 667,893.00	\$ 60,164.87

# **UNITED IRRIGATION DISTRICT**

## **Financial Statements**

**For the Year Ended December 31, 2017**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of United Irrigation District:

I have audited the accompanying financial statements of United Irrigation District, which comprise the statement of financial position as at December 31, 2017, and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations (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.

***Auditor's Responsibility***

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian auditing standards. Those standards require that I 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 controls 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

***Opinion***

In my opinion, these financial statements present fairly, in all material respects, the financial position of United Irrigation District as at December 31, 2017 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Cardston, Alberta  
February 20, 2018

  
SKOIEN PROFESSIONAL CORPORATION  
CHARTERED ACCOUNTANT

**UNITED IRRIGATION DISTRICT**  
**Statement of Financial Position as at December 31, 2017**

	Ref.	General Fund	District Capital	Irrigation Works	2017	2016
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and term deposits	1	\$ 664,072	\$ 170,000	\$ 41,592	\$ 875,664	\$ 750,357
Accounts receivable	2	14,948	-	-	14,948	6,097
Inventory	3	40,964	-	-	40,964	38,210
Prepaid expenses and deposits	4	13,951	-	-	13,951	13,766
	5	733,935	170,000	41,592	945,527	808,430
INTERFUND RECEIVABLES (PAYABLES) (Note 12)	6	13,852	-	(13,852)	-	-
INVESTMENTS (Note 6)	7	1,545,776	-	-	1,545,776	1,467,096
PATRONAGE RESERVES	8	8,636	-	-	8,636	8,604
PROPERTY AND EQUIPMENT (Note 7)	9	-	478,562	-	478,562	512,293
IRRIGATION WORKS (Note 10)	10	-	-	13,774,509	13,774,509	14,037,425
	11	\$ 2,302,199	\$ 648,562	\$ 13,802,249	\$ 16,753,010	\$ 16,833,848
<b>LIABILITIES AND FUND BALANCES</b>						
<b>CURRENT LIABILITIES</b>						
Accounts payable and accrued liabilities	12	\$ 25,717	\$ -	\$ -	\$ 25,717	\$ 20,145
	13	25,717	-	-	25,717	20,145
<b>FUND BALANCES</b>						
Unrestricted net assets	14	2,276,482	-	-	2,276,482	2,338,662
Internally restricted (Note 8)	15	-	170,000	-	170,000	170,000
Net assets invested in property and equipment	16	-	478,562	-	478,562	512,293
Irrigation works fund (Note 9, Schedule 3)	17	-	-	27,740	27,740	(244,677)
Equity in irrigation works	18	-	-	13,774,509	13,774,509	14,037,425
	19	2,276,482	648,562	13,802,249	16,727,293	16,813,703
	20	\$ 2,302,199	\$ 648,562	\$ 13,802,249	\$ 16,753,010	\$ 16,833,848

Chairman

Director



# UNITED IRRIGATION DISTRICT

## Statement of Operations and Changes in Fund Balances

For the Year Ended December 31, 2017

	Ref.	General Fund	District Capital	Irrigation Works	2017	2016
<b>REVENUE</b>						
<b>WATER EARNINGS</b>						
Irrigation rates, net (Note 11)	1	\$ 391,754	\$ -	\$ -	\$ 391,754	\$ 373,336
Conveyance of commercial water	2	16,829	-	-	16,829	13,771
Conveyance of agricultural domestic water	3	2,900	-	-	2,900	1,450
Penalties	4	520	-	-	520	833
	5	412,003	-	-	412,003	389,390
INVESTMENT INCOME	6	70,325	-	2,185	72,510	46,888
UNREALIZED GAIN ON INVESTMENTS	7	18,378	-	-	18,378	39,768
GAIN ON DISPOSAL OF PROPERTY AND EQUIPMENT	8	-	1,708	-	1,708	16,197
IRRIGATION WORKS FUND REVENUE	9	-	-	499,595	499,595	500,920
OTHER	10	1,797	-	5,755	7,552	510,383
	11	502,503	1,708	507,535	1,011,746	1,503,546
<b>EXPENDITURES</b>						
OPERATING EXPENDITURES (Schedule 1)	12	379,389	-	-	379,389	255,933
AMORTIZATION	13	-	54,201	664,566	718,767	678,959
PROVISION FOR IRRIGATION WORKS	14	166,532	-	(166,532)	-	-
	15	545,921	54,201	498,034	1,098,156	934,892
EXCESS OF REVENUE OVER EXPENDITURES	16	(43,418)	(52,493)	9,501	(86,410)	568,654
FUND BALANCE, beginning of year	17	2,338,662	682,293	13,792,748	16,813,703	16,245,049
INTERFUND TRANSFERS	18	(18,762)	18,762	-	-	-
FUND BALANCE, end of year	19	\$ 2,276,482	\$ 648,562	\$ 13,802,249	\$ 16,727,293	\$ 16,813,703

# UNITED IRRIGATION DISTRICT

## Statement of Cash Flows

For the Year Ended December 31, 2017

	2017	2016
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenditures	\$ (86,410)	\$ 568,654
Items not involving cash:		
Amortization	718,767	678,959
Unrealized (gain) loss on fair value change in investments	(18,378)	(39,768)
(Gain) loss on sale of property and equipment	(1,708)	(16,197)
	<u>612,271</u>	<u>1,191,648</u>
Net change in non-cash working capital balances		
Accounts receivable	(8,851)	3,186
Inventory	(2,754)	3,810
Prepaid expenses	(185)	779
Accounts payable and accrued liabilities	5,572	(544)
	<u>606,053</u>	<u>1,198,879</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(60,302)	(237,108)
Decrease in patronage reserves	(32)	(32)
Proceeds on disposal of property and equipment	15,238	19,840
Purchase of property and equipment	(34,000)	(22,316)
Purchase of irrigation works	(401,650)	(771,537)
	<u>(480,746)</u>	<u>(1,011,153)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>125,307</b>	<b>187,726</b>
<b>CASH, beginning of year</b>	<b>750,357</b>	<b>562,631</b>
<b>CASH, end of year</b>	<b>\$ 875,664</b>	<b>\$ 750,357</b>
<b>SUPPLEMENTARY CASH FLOW INFORMATION</b>		
Operating activities include the following:		
	2017	2016
Interest received	<u>\$ 33,457</u>	<u>\$ 20,373</u>

# UNITED IRRIGATION DISTRICT

## Notes to Financial Statements

For the Year Ended December 31, 2017

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### 1. Nature of Operations

The United Irrigation District (the "District"), an organization which operates under the authority of the Irrigation Districts Act of the Province of Alberta and as such is exempt from income tax, operates and maintains the irrigation system to distribute water to water rate payers 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 (ASNFPO), *CICA 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.

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.

# UNITED IRRIGATION DISTRICT

## Notes to Financial Statements

For the Year Ended December 31, 2017

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### 2. Summary of Accounting Policies (continued)

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. Maintenance projects are expensed to operations.

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.

# UNITED IRRIGATION DISTRICT

## Notes to Financial Statements

For the Year Ended December 31, 2017

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### 2. Summary of Accounting Policies (continued)

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 net income.

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

Financial investments in equity instruments are measured at fair market value.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

*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 net income.

*Transactions costs*

The District recognizes its transaction costs in net income 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, issuance or assumption.

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.

# UNITED IRRIGATION DISTRICT

## Notes to Financial Statements

For the Year Ended December 31, 2017

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### 3. Economic Dependence

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

### 4. Financial Instruments

#### *Risk and Concentrations*

The District is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at the balance sheet date.

#### *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.

#### *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 risks related to its accounts receivable. The District provides credit to its clients in the normal course of its operations.

### 5. 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.

### 6. Investments

	2017	2016
Mutual Funds	1,076,684	994,536
Principal Protected Notes	208,528	215,260
Preferred shares	260,564	257,300
	<u>\$ 1,545,776</u>	<u>\$ 1,467,096</u>

The book value of investments is \$1,395,313 (2016 - \$1,348,338).

# UNITED IRRIGATION DISTRICT

## Notes to Financial Statements

For the Year Ended December 31, 2017

### 7. Property and Equipment

	2017			2016	
	Cost	Accumulated Amortization	Net	Net	
Land	\$ 13,666	\$ -	\$ 13,666	\$ 13,666	
Buildings	137,165	105,365	31,800	33,474	
Power equipment	857,448	550,344	307,104	341,226	
General equipment	78,236	59,970	18,266	20,296	
Trucks	489,720	386,834	102,886	97,573	
Furniture and fixtures	15,722	13,947	1,775	1,972	
Computer equipment	15,064	11,999	3,065	4,086	
	<u>\$ 1,607,021</u>	<u>\$ 1,128,459</u>	<u>\$ 478,562</u>	<u>\$ 512,293</u>	

### 8. 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.

### 9. 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.

### 10. 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.

	2017			2016	
	Cost	Accumulated Amortization	Net	Net	
Irrigation Works	<u>\$26,807,053</u>	<u>\$13,032,544</u>	<u>\$13,774,509</u>	<u>\$14,037,425</u>	

**UNITED IRRIGATION DISTRICT**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2017**

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**11. Irrigation Rates**

Irrigation rates, net, consist of:

	2017	2016
33,043 acres @ \$11.50 per acre (2016 - 33,084 acres @ \$11 per acre)	\$ 379,961	\$ 363,924
479 acres @ \$13 per acre, terminable (2016 - 479 acres @ \$12 per acre)	6,225	5,746
864 acres; minimum charge @ \$275 per parcel (2016 - 820 acres @ \$250 per parcel)	23,100	20,000
<hr/>		
34,386 acres (2016 - 34,382 acres)	409,286	389,670
Discounts	(17,532)	(16,334)
	<u>\$ 391,754</u>	<u>\$ 373,336</u>

**12. 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.

**13. Approval of Financial Statements**

The management of the United Irrigation District approved these financial statements on February 20, 2018.



**UNITED IRRIGATION DISTRICT****Schedule of Operating Expenditures  
For the Year Ended December 31, 2017**

Schedule 1

	2017			2016	
	Operations & Maintenance	Water Delivery	Administration and General	Total	Total
<b>EXPENDITURES</b>					
Salaries	\$ 110,660	\$ 71,491	\$ 159,065	\$ 341,216	\$ 362,966
Fuel	24,888			24,888	30,664
Materials and supplies	77,081		2,661	79,742	47,721
Insurance			20,684	20,684	21,372
Association fees, dues			13,604	13,604	13,608
Equipment maintenance	31,222			31,222	18,239
Board of Directors - fees and expenses			13,387	13,387	11,518
Travel expenses		18,774	1,826	20,600	19,534
Professional fees			8,626	8,626	7,625
Office			13,622	13,622	14,856
Utilities			4,208	4,208	4,647
Miscellaneous			6,323	6,323	11,889
Conferences			2,177	2,177	1,628
Telephone		240	2,273	2,513	2,502
Advertising and promotions			705	705	664
	243,851	90,505	249,161	583,517	569,433
<b>RECOVERIES</b>					
Equipment pool recoveries	(204,128)	-	-	(204,128)	(313,500)
<b>TOTAL 2017</b>	<b>\$ 39,723</b>	<b>\$ 90,505</b>	<b>\$ 249,161</b>	<b>\$ 379,389</b>	<b>\$ -</b>
<b>TOTAL 2016</b>	<b>\$ (60,853)</b>	<b>\$ 77,111</b>	<b>\$ 239,675</b>	<b>-</b>	<b>\$ 255,933</b>

# UNITED IRRIGATION DISTRICT

## Schedule of Irrigation Works Expenditures

For the Year Ended December 31, 2017

Schedule 2

	2017			2016
	District	Province of Alberta	Total	Total
<b>EXTERNAL GOODS AND SERVICES</b>				
Materials and supplies	\$ -	\$ 250,805	\$ 250,805	\$ 462,674
Contract services - engineering	-	29,459	29,459	36,308
Miscellaneous	-	2,541	2,541	4,346
	-	282,805	282,805	503,328
<b>INTERNAL GOODS AND SERVICES</b>				
Labor recovery - construction	-	10,469	10,469	28,465
Equipment pool recoveries	-	102,095	102,095	222,665
Overhead	-	6,281	6,281	17,079
	-	118,845	118,845	268,209
<b>TOTAL 2017</b>	\$ -	\$ 401,650	\$ 401,650	\$ -
<b>TOTAL 2016</b>	\$ -	\$ 771,537	-	\$ 771,537

**UNITED IRRIGATION DISTRICT****Schedule of Changes in Fund Balance - Irrigation Works Fund****For the Year Ended December 31, 2017**

Schedule 3

	2017			2016
	District	Province of Alberta	Total	Total
FUND BALANCE, beginning of year	\$ -	\$ (244,677)	\$ (244,677)	\$ (141,033)
ADDITIONS:				
Contribution from Province of Alberta	-	499,595	499,595	500,920
Interest earned	-	2,185	2,185	-
Other contributions	-	5,755	5,755	-
Contributions for irrigation works	166,532	-	166,532	166,973
Transfer to Cost-sharing	(166,532)	166,532	-	-
	-	674,067	674,067	667,893
DEDUCTIONS:				
Irrigation works expenditures (Schedule 2)	-	401,650	401,650	771,537
FUND BALANCE, end of year	\$ -	\$ 27,740	\$ 27,740	\$ (244,677)