

# **UNITED IRRIGATION DISTRICT**

## **ANNUAL REPORT**

### **YEAR ENDING DECEMBER 31, 2014**

**Annual Meeting: Wednesday, March 18, 2015 1:00 P.M.  
Hill Spring Community Hall  
Hill Spring, Alberta**

# UNITED IRRIGATION DISTRICT

## BOARD OF DIRECTORS

Duane Nelson	Chairman
James Woolf	Vice-Chairman
Robert Wynder	Director
David Layton	Director
Daniel Hunsperger	Director

## STAFF

Fred W. Rice	District Manager
B. Craig Smith	Assistant District Manager
Steve Lybbert	Ditchrider/Operator
Jared Nelson	Ditchrider/Operator
Neil Allred	Operator/Maintenance
Lawrence Draper	Operator/Construction

## Engineer for the District – 2014

Wilde Brothers Engineering Ltd. – Darin Wilde

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

Wednesday, March 18, 2015, 1:00 P.M.

Hill Spring Community Hall, Hill Spring, Alberta

**AGENDA**

- 1.0 Welcome and Opening Remarks – Mr. Duane Nelson, Chairman, Board of Directors
- 2.0 Appointment of a Meeting Chairperson
- 3.0 Adoption of Agenda
- 4.0 Reading and Approval of the Minutes of the last Annual Meeting: March 19, 2014
- 5.0 Business Arising from the Minutes: March 19, 2014
- 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 Rod Bennett – AARD - Pipeline Pressure Benefits at the Farm Gate
- 10.0 New Business
- 11.0 Adjournment

UNITED IRRIGATION DISTRICT  
Wednesday, March 19, 2014  
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 19, 2014, commencing at 1:00 p.m.

The following were in attendance:  
UNITED IRRIGATION DISTRICT

Duane Nelson – Chairman  
Jim Woolf – Vice-Chairman  
David Layton - Board Member  
Robert Wynder - Board Member  
Daniel Hunsperger - Board Member  
Fred Rice - District Manager  
B. Craig Smith – Assistant District Manager  
Steve Lybbert - Ditchrider  
Jared Nelson - Ditchrider

Irrigation Council  
Richard Stamp

Alberta Agriculture and Rural Development  
Jennifer Nitshelm  
Bob Riewe  
Larry Kwasny  
Alan Efethe

Alberta Environment and Sustainable Resource  
Lawrence Wegwitz  
Dennis Matis

Skoien Professional Corporation  
Hakon Skoien

Wilde Brothers Engineering Ltd.  
Darin Wilde

Total attendance – 16 water users and 9 guests

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

Duane Nelson called for nominations for Chairman. Robert Wynder nominated Jim Woolf. Jim Woolf nominated David Layton. Robert Wynder MOVED nominations cease. Jim Woolf voted in and took the chair.

### ADOPTION OF THE AGENDA

Jim Woolf called for a motion to adopt the agenda. David Layton MOVED to adopt the agenda.

### MINUTES OF LAST MEETING

The Minutes of March 20, 2013 were read by B. Craig Smith. Brian Hamilton questioned if the lease versus purchase of the water licence had been looked into with the South East Alberta Water Co-op Ltd. In response to the question it was indicated that the UID had approached them with this alternative but they would not consider it. Dwain Shipley MOVED to accept the Minutes as read, SECONDED by Daniel Hunsperger. ...CARRIED

### 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, 2013. 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, 2013 in accordance with Canadian accounting standards for not-for-profit organizations. Larry Gibb asked for an explanation of the balance between short and long-term investments. Brian Hamilton asked what the management/expense cost was on the mutual funds. It was thought to be about 1.8%. Al McEwen asked in the 2013 annual meeting about the cost of operations and maintenance without IRP funding. He expressed disappointment that this had not been identified for the 2014 meeting. He would prefer that the rate payers pay the full amount to cover these costs and not rely on government funding. Brian Hamilton felt the District could find an accounting package that would allow breakout of these departments to allow better reporting. Jim Woolf requested that the auditor number the lines of the report so it would be easier for the rate payers to follow the financial presentation.

Ron Archibald MOVED to accept the Auditor's Report, SECONDED by Craig B. Smith. ...CARRIED

### MANAGER AND CHAIRMAN REPORT

This Board of Directors and Managers report was read by Board Chairman Duane Nelson and 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. Robert Wynder MOVED to accept the reports; SECONDED by Lawrence Draper. ...CARRIED

### NEW BUSINESS

Ron Archibald asked if there was a formula in place to allocate water in the event of a drought. Duane said that the District was not happy with the 2001 formula. Ron indicated he had it figured out for next time and would contact Duane. Len Ring was involved in the 2001 agreements and indicated that other Districts had the advantage of storage and it was agreed that this needed to be accounted for in any new arrangements. Fred noted that he was not sure how new rationing would be implemented in this situation. Jennifer Nischelm was asked about the water storage report and said the final report was not ready yet. Dennis Matis was asked about the snow pack. He reported that Akimina was at 132% of long term average; Flattop was at 122% and Many Glaciers was at 121%. Ground water reserves are estimated at average to above average. It appears there should not be any shortfalls given the present conditions. Darcy Barfuss MOVED that the meeting be adjourned at 2:20 P.M. SECONDED by Dwain Shipley.

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Duane Nelson – Chairman

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Fred W. Rice – District Manager

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

We are pleased to report on the operations of the United Irrigation District for the 2014 year. Water diversion started on May 20 and ended October 10, 2014. Total water diverted in 2014 was 16,565 acre feet. The snow pack in 2014 was above the upper end of the long term median for Akimina and Flat Top recording points providing adequate flow for irrigation needs throughout the year from the Belly. Only a few days of access to the Waterton Licence were needed. Rainfall throughout the growing season was timely as well. Unofficially rainfall and equivalent with the early fall snow was 17.2 inches at the UID yard.

The Board of Directors met in 12 regular board meetings. Three of the Board members attended the November Alberta Irrigation Projects Association Annual Conference in Calgary.

The Lateral D4 closed pipeline (1 mile west of Glenwood, 3 miles north, 2 miles east, 1 mile north across Hwy 810 and then north to Shipley's and Riverside Colony land next to the Waterton River) and the Lateral D3 closed pipeline (1 mile west of Glenwood running east along Twp Rd 51, south at Chris Layton property to Doug Smith property, east across Rg. Rd 270 branching south and east) projects were substantially completed in 2014 with only minor clean up and landscaping remaining to be done in the next construction period. Both projects were completed under budget. This allowed work to be mostly completed on the Lateral B9 project in the Hartley area (across Hengerer Farms Ltd. and Daniel Hunsperger land) in 2014. This project was under the Seepage Control Plan. More engineering was done on IRP 2263, Lateral E, a seepage control project, in 2014. Construction on Lateral E will commence in 2015. Funding for IRP projects in 2015 is subject to the Provincial budget uncertainty; however, Irrigation Council has indicated they are expecting funding to be the same as for 2014 until further notice is given.

The plebiscite of the irrigators was held April 2, 2014 for the sale of 222 acre feet of water licence to the South East Alberta Water Co-op. The vote was 61 voting in favour and 21 voting against the question in a very good turnout by the irrigators. At this time the proposed transfer is still on the desk of Alberta Environment in the Lethbridge office pending approval as their priority has been the 2013 and 2014 flood damage in Southern Alberta. They have indicated they will contact us when our turn has come.

In 2012, the Board of Directors initiated a scholarship award to Glenwood and Hill Spring graduating Grade 9 students and to a graduating Grade 12 student living within the UID boundaries. In 2013, Hunter Rice was awarded a \$500 scholarship for Grade 12, Maryn Cherniawsky received \$125 for a graduating Grade 9 student from Hill Spring and Jenae Hunsperger, a graduating Grade 9 student from Glenwood also received \$125. We would like to promote more interest in the award going forward. The Board will continue with the scholarship in 2015.

The UID continued to cooperate with Alberta Agriculture and Alberta Environment in 2014 in an effort to educate the boating public about the danger of aquatic invasive species coming into the waterways of Alberta. The UID contributed \$2,407.50 towards a program headed up by the AIPA to educate and assist with detection last year. The UID will contribute again in 2015 to this

very important prevention activity. The staff of UID helped monitor the Waterton Reservoir in 2014 but did have some problems with reading the substrate as the dock was inaccessible most of the season and the other site was under water. There were no sightings of mussels in the waterways in 2014. Fred Rice has been appointed to a steering committee on emergency response planning for mussels in irrigation reservoirs of the Oldman river basin.

We congratulate Fred Rice who has now been with the UID for 30 years.

We express appreciation once again to the Provincial Government and Alberta Agriculture and Rural Development, 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 ARD Water Division and Alberta Environment and Sustainable Resource Development 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 2014. We extend wishes for a successful 2015.

Duane Nelson  
Chairman, Board of Directors

Fred W. Rice  
District Manager

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

Based on the 2014 Irrigation Season

### Assessment Roll:

Permanent acres:	33,087.81
Terminable acres:	478.81
Minimum Parcel Acres (Permanent):	<u>828.26</u>
Total Acres:	34,392.88

## Total U.I.D. Water Diversion - 2014

Belly River Water Licence	- 49,210.32 acre feet
Belly River Diversion 2014	- 16,161.18 acre feet
Waterton to Cochrane Licence	- 17,000.00 acre feet
Waterton to Cochrane Lake 2014	- 403.32 acre feet
Total Diversion 2014	- 16,564.50 acre feet

## 2014 UID Method of Irrigation

Gravity	- 40.2%
Pivot	- 54.6%
Wheel Move	- 4.7%
Other	- 0.5%

## Operations/Maintenance/Rehabilitation/Seepage Control Report

### Operations & Maintenance

Early in the year the UID moved 3,000 yards of screened rock to the UID yard for better access to the inventory as needed. General maintenance in 2014 included cleaning and landscaping areas of Lateral C, Da, F13, F15. There was also significant flood damage on Lateral D and Lateral F that required O&M rehabilitation. There was some digging of dugouts, repairing and cleaning of trash racks, and mowing weeds on the main canal right of ways by Hill Spring. The usual spraying of the main canal systems of the District occurred in June. Mitch and Karen Merrill participated with the UID to increase the length of the culverts on Lateral A to improve safety of access to their home property.

### Break-down

Materials	\$ 17,853.12
Equipment Pool	\$ 77,953.16
Labor	<u>\$ 6,807.46</u>
<b>Total</b>	<b>\$ 102,613.74</b>



## **IRP Rehabilitation**

### **Income:**

2014 Alberta Agricultural Funding	\$ 536,307.00
2014 UID Match Money	<u>\$ 178,769.00</u>
Total	\$ 715,076.00

### **Expenditures 2014:**

Beginning 2014 - Owing for Work done in 2013	\$ 137,884.31
IRP No. 2162 – Lateral D4	\$ 52,798.03
IRP No. 2158 – Lateral D3 & D3a	\$ 399,818.72
IRP No. 2263 – Lateral E	\$ 61,308.24
IRP No. 2160 – Lateral B9	\$ 103,932.66
Ending 2014 - Owing for Work Done in 2014	\$ 40,205.51

Lateral D4, D3 and B9 Projects are nearly completed with D4 and D3 substantially complete. The as constructed drawings have been submitted to Irrigation Secretariat on these two projects. There has been allowance in the Three Year Plan for landscaping and other minor work in 2015 on all three projects. Lateral D4 will be around \$125,000 under budget; Lateral D3 will be around \$70,000 under budget; Lateral B9 will be close to budget at completion in 2015. Daniel and Diane Hunsperger contributed funds to have Lateral B9 extended in their property in 2014. In 2015 the IRP rehabilitation will focus on Lateral E along with some initial engineering to be done on Lateral A1d which is a New Year One project located on the NW 17-4-27-W4.

### **SEEPAGE CONTROL PLAN**

The District is experiencing very little seepage. Lateral B9, IRP Project No. 2160, a seepage control plan project, was nearly completed in 2014 with new pipeline installed. Construction work will begin on Lateral E, IRP Project No. 2263, a seepage control plan project, in 2015.

### **Changes to the Tax Assessment Roll for 2014:**

There were no changes to the assessment roll for 2014.

### **NOTES OF INTEREST AND POLICY REMINDERS**

1. Today is the last day for nominations for one board member – the terms for Duane Nelson and Daniel Hunsperger are up for election. Nominations close at 4:00 P.M. today.
2. 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.
3. 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.
4. 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.
5. 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.
6. The Three Year Plan for work to be done under the Irrigation Rehabilitation Program has been approved by Irrigation Council.
7. 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.
8. 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 Rural Development for the continued funding for rehabilitation of the District. The expertise provided through the Irrigation and Farm Water Division and Alberta Environment and Sustainable Resource 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.
9. The Board of Directors has approved a policy of modified rates involving UID equipment and labour charged for work done for rate payers within the District. Please contact the UID office for details on this change of policy.
10. 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.
11. **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.”**

**CROPS GROWN WITHIN THE UNITED IRRIGATION DISTRICT  
2014**

		<b>ACRES ACTUALLY IRRIGATED</b>	<b>ACRES ASSESSED BUT NOT IRRIGATED</b>	<b>TOTAL</b>
<b>CEREALS</b>	Malt Barley	50.00	0.00	50.00
	Hard spring wheat	3574.80	2062.11	5636.91
	Winter wheat	1828.50	316.50	2145.00
	Rye	135.00	0.00	135.00
	Barley	3084.3	1690.10	4774.40
	CPS Wheat	258.00	2522.60	2780.60
<b>Forages</b>	Green Feed	27.00	99.40	126.40
	Barley Silage	493.00	37.20	530.20
	Alfalfa hay	3326.70	1563.60	4890.30
	Grass hay	495.10	243.20	738.30
	Tame pasture	772.10	1212.10	1984.20
	Timothy hay	1046.10	140.99	1187.09
	Native pasture	2090.80	1447.50	3538.30
<b>OIL SEED</b>	Canola	3085.40	1721.78	4807.18
	Mustard	0.00	0.00	0.00
<b>OTHERS</b>	Peas	265.00	245.00	510.00
	Grass Seed	135.00	0.00	135.00
	Market Garden	3.00	0.00	3.00
	Potatoes	5.00	0.00	5.00
	Miscellaneous	61.20	46.80	108.00
	Faba Beans	293.00	0.00	293.00
	Turf Sod	15.00	0.00	15.00
	<b>TOTAL</b>	<b>21044.00</b>	<b>13350.88</b>	<b>34392.88</b>

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

IRP No.	Project Name		Estimated Expenditure By Construction Year			
			Year One* 2015/16	Year Two 2016/17	Year Three 2017/18	Additional Years (If Required)
<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)		Original Approval Date	Year One* 2015/16	Year Two 2016/17	Year Three 2017/18	Additional Years (If Required)
**2162	Lat D4	Feb24/09	\$ 5,000.00		\$ -	\$ -
**2158	Lat. D3 & D3a	Feb24/09	\$ 5,000.00			\$ -
2160	Lat. B9	Feb24/09	\$ 11,117.09			
2263	Lateral E	Feb20/13	\$ 688,982.91	\$ 189,117.56	\$ 5,000.00	
<b>New Year One Projects (Projects Not Yet Approved by Irrigation Council)</b>						
2300	French/Wynder/Gibb - Lateral A1d		\$ 5,000.00	\$ 53,418.71		
<b>Proposed Year Two Projects (Projects Not Yet Approved by Irrigation Council)</b>						
2301	Wynder/Wynder - Lateral A1		<del>\$ 395,000.00</del>	\$ 395,000.00		
2298	Lateral B8		<del>\$ 77,563.73</del>	\$ 77,563.73	\$ 667,436.27	\$ 5,000.00
			<del></del>			
			<del></del>			
			<del></del>			
<b>Proposed Year Three Projects (and beyond) (Projects Not Yet Approved by Irrigation Council)</b>						
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			<del></del>	<del></del>		
			<del></del>	<del></del>		
			<del></del>	<del></del>		
<b>Total Estimated Expenditures per Year</b>			\$ 715,100.00	\$ 715,100.00	\$ 672,436.27	\$ 5,000.00

# **UNITED IRRIGATION DISTRICT**

## **Financial Statements**

**For the Year Ended December 31, 2014**

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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, 2014, 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, 2014 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 23, 2015

**SKOIEN PROFESSIONAL CORPORATION  
CHARTERED ACCOUNTANT**

## UNITED IRRIGATION DISTRICT

Statement of Financial Position as at December 31, 2014

	Ref.	General Fund	District Capital	Irrigation Works	2014	2013 (restated)
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and term deposits	1	\$ 420,057	\$ 170,000	\$ 6	\$ 590,063	\$ 433,822
Accounts receivable	2	191	-	-	191	11,334
Inventory	3	29,810	-	-	29,810	38,180
Prepaid expenses and deposits	4	18,029	-	-	18,029	13,466
Current portion of investments (Note 6)	5	-	-	-	-	539,669
		<u>468,087</u>	<u>170,000</u>	<u>6</u>	<u>638,093</u>	<u>1,036,471</u>
INTERFUND RECEIVABLES (PAYABLES) (Note 13)	6	40,549	-	(40,549)	-	-
INVESTMENTS (Note 6)	7	1,205,404	-	-	1,205,404	598,131
PATRONAGE RESERVES	8	10,036	-	-	10,036	10,157
PROPERTY AND EQUIPMENT (Note 7)	9	-	598,658	-	598,658	624,188
IRRIGATION WORKS (Note 10)	10	-	-	13,750,185	13,750,185	13,717,527
	11	<u>\$ 1,724,076</u>	<u>\$ 768,658</u>	<u>\$ 13,709,642</u>	<u>\$ 16,202,376</u>	<u>\$ 15,986,474</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>CURRENT LIABILITIES</b>						
Accounts payable and accrued liabilities	12	\$ 24,028	\$ -	\$ -	\$ 24,028	\$ 12,438
	13	<u>24,028</u>	<u>-</u>	<u>-</u>	<u>24,028</u>	<u>12,438</u>
<b>FUND BALANCES</b>						
Unrestricted net assets	14	1,700,048	-	-	1,700,048	1,670,082
Internally restricted (Note 8)	15	-	170,000	-	170,000	100,000
Net assets invested in property and equipment (Note 8)	16	-	598,658	-	598,658	624,188
Irrigation works fund (Note 9, Schedule 3)	17	-	-	(40,543)	(40,543)	(137,761)
Equity in irrigation works	18	-	-	13,750,185	13,750,185	13,717,527
	19	<u>1,700,048</u>	<u>768,658</u>	<u>13,709,642</u>	<u>16,178,348</u>	<u>15,974,036</u>
	20	<u>\$ 1,724,076</u>	<u>\$ 768,658</u>	<u>\$ 13,709,642</u>	<u>\$ 16,202,376</u>	<u>\$ 15,986,474</u>

**UNITED IRRIGATION DISTRICT**  
**Statement of Operations and Changes in Fund Balances**  
**For the Year Ended December 31, 2014**

	<i>Ref.</i>	General Fund	District Capital	Irrigation Works	2014	2013 <i>(restated)</i>
<b>REVENUE</b>						
<b>WATER EARNINGS</b>						
Irrigation rates (Note 11)	1	\$ 373,101	\$ -	\$ -	\$ 373,101	\$ 374,079
Conveyance of commercial water	2	11,521	-	-	11,521	11,521
Conveyance of agricultural domestic water	3	1,700	-	-	1,700	1,350
Penalties	4	196	-	-	196	417
	5	<u>386,518</u>	<u>-</u>	<u>-</u>	<u>386,518</u>	<u>387,367</u>
INVESTMENT INCOME	6	43,842	-	-	43,842	21,524
UNREALIZED GAIN ON INVESTMENTS	7	26,961	-	-	26,961	18,094
IRRIGATION WORKS FUND REVENUE	8	-	-	536,307	536,307	559,935
OTHER	9	2,637	-	20,000	22,637	17,209
	10	<u>459,957</u>	<u>-</u>	<u>556,307</u>	<u>1,016,264</u>	<u>1,004,129</u>
<b>EXPENDITURES</b>						
OPERATING EXPENDITURES (Schedule 1)	11	204,202	-	-	204,202	108,267
AMORTIZATION OF IRRIGATION WORKS	12	-	-	605,199	605,199	589,866
LOSS ON DISPOSAL OF PROPERTY AND EQUIPMENT	13	2,551	-	-	2,551	-
PROVISION FOR IRRIGATION WORKS	14	178,769	-	(178,769)	-	-
	15	<u>385,522</u>	<u>-</u>	<u>426,430</u>	<u>811,952</u>	<u>698,133</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	16	74,435	-	129,877	204,312	305,996
<b>FUND BALANCE, beginning of year</b>						
As previously reported	17	1,670,082	693,653	13,579,765	15,943,500	15,668,040
Prior period adjustments (Note 12)	18	-	30,536	-	30,536	-
Restated	19	<u>1,670,082</u>	<u>724,189</u>	<u>13,579,765</u>	<u>15,974,036</u>	<u>15,668,040</u>
INTERFUND TRANSFERS	20	(44,469)	44,469	-	-	-
FUND BALANCE, end of year	21	<u>\$ 1,700,048</u>	<u>\$ 768,658</u>	<u>\$ 13,709,642</u>	<u>\$ 16,178,348</u>	<u>\$ 15,974,036</u>



# UNITED IRRIGATION DISTRICT

## Statement of Cash Flows

For the Year Ended December 31, 2014

	2014	2013 <i>(restated)</i>
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	\$ 204,312	\$ 305,996
Items not involving cash:		
Amortization of property and equipment	68,380	73,704
Amortization of irrigation works	605,199	589,866
Loss (gain) on sale of property and equipment	2,551	-
Unrealized gain (loss) on fair value change in investments	(26,961)	(18,094)
	<u>853,480</u>	<u>951,472</u>
Net change in non-cash working capital balances		
Accounts receivable	11,143	3,247
Inventory	8,370	(2,631)
Prepaid expenses	(4,563)	926
Accounts payable and accrued liabilities	11,590	(2,795)
	<u>880,020</u>	<u>950,219</u>
INVESTING ACTIVITIES		
Purchase of investments	(40,643)	(20,851)
Decrease in patronage reserves	121	1,752
Purchase of property and equipment	(45,400)	(11,685)
Purchase of irrigation works	(637,858)	(848,287)
	<u>(723,779)</u>	<u>(879,071)</u>
NET INCREASE (DECREASE) IN CASH	156,241	71,148
CASH, beginning of year	<u>433,822</u>	<u>362,674</u>
CASH, end of year	<u>\$ 590,063</u>	<u>\$ 433,822</u>
SUPPLEMENTARY CASH FLOW INFORMATION		
Operating activities include the following:		
	2014	2013
Interest received	<u>\$ 39,879</u>	<u>\$ 16,617</u>

# UNITED IRRIGATION DISTRICT

## Notes to Financial Statements

For the Year Ended December 31, 2014

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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 Districts 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, 2014

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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 the 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 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%
General equipment	10%
Power equipment	10%
Trucks	15%
Furniture and fixtures	10%
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, 2014**

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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 liabilities measured at amortized cost include accounts payable and government remittances payable.

*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; the valuation allowances for accounts receivable 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, 2014

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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 for the 2013 year have been reclassified to conform with 2014 financial statement presentation. These changes do not affect prior year earnings.

### 6. Investments

	2014	2013
Money Market Mutual Funds	\$ 116,410	\$ 115,413
Mutual Funds	1,009,794	529,123
Guaranteed investment certificates	-	424,255
Preferred shares	79,200	69,008
	<u>1,205,404</u>	<u>1,137,800</u>
Current Portion	-	539,669
	<u>\$ 1,205,404</u>	<u>\$ 598,131</u>

The book value of investments at year-end is \$1,106,238.

# UNITED IRRIGATION DISTRICT

## Notes to Financial Statements

For the Year Ended December 31, 2014

### 7. Property and Equipment

	2014			2013
	Cost	Accumulated Amortization	Net	Net <i>(restated)</i>
Land	\$ 13,666	\$ -	\$ 13,666	\$ 13,666
Buildings	134,435	100,294	34,141	35,938
Power equipment	878,516	490,592	387,924	431,026
General equipment	76,432	53,491	22,940	25,489
Trucks	500,720	365,671	135,049	112,026
Furniture and fixtures	15,722	13,288	2,434	2,705
Computer equipment	11,028	8,525	2,503	3,337
	<u>\$ 1,630,519</u>	<u>\$ 1,031,861</u>	<u>\$ 598,658</u>	<u>\$ 624,188</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 rehabilitations-to-date and charges-to-date for amortization, as described in Note 2.

	2014			2013
	Cost	Accumulated Amortization	Net	Net
Irrigation Works	<u>\$24,876,373</u>	<u>\$11,126,188</u>	<u>\$13,750,185</u>	<u>\$13,717,527</u>

# UNITED IRRIGATION DISTRICT

## Notes to Financial Statements

For the Year Ended December 31, 2014

### 11. Irrigation Rates

Irrigation rates, net, consist of:

	2014	2013
33,088 acres @ \$11 per acre (2013 - 32,343 acres @ \$11 per acre)	\$ 363,900	\$ 355,708
479 acres @ \$12 per acre, terminable (2013 - 1,213 acres @ \$12 per acre)	5,746	14,554
828 acres; minimum charge @ \$250 per parcel (2013 - 837 @ \$250 per parcel)	20,000	20,250
34,395 acres (2013 - 34,393 acres)	389,646	390,512
Discounts	(16,545)	(16,433)
	<u>\$ 373,101</u>	<u>\$ 374,079</u>

### 12. Change in Accounting Policy

During the year the Board of Directors approved a decrease in the amortization rates of power equipment from 15% to 10% and trucks from 20% to 15%. The new rates have been applied retroactively back to 2013; it was deemed impracticable to apply the changed rates further back than this.

The result of this policy change was a \$6,590 increase in the 2013 carrying value of trucks, a \$23,946 increase in the 2013 carrying value of power equipment, a \$30,536 decrease in 2013 amortization expense, a \$30,536 increase in net assets invested in property and equipment, and a \$30,536 increase in unrestricted net assets.

### 13. Interfund Balances

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

### 14. Related Party Transactions

Equipment pool recoveries includes \$2,215 in custom work for members of the Board of Directors. Other revenue in the Irrigation Works Fund includes \$20,000 of rate payer contributions from a member of the Board of Directors. These transactions were made at fair market value and were in the normal course of operations.

### 15. Approval of Financial Statements

The management of the United Irrigation District approved these financial statements on February 23, 2015.

# UNITED IRRIGATION DISTRICT

## Schedule of Operating Expenditures For the Year Ended December 31, 2014

Schedule 1

	2014				2013
	Operations & Maintenance	Water Delivery	Administration and General	Total	Total (restated)
<b>EXPENDITURES</b>					
Salaries	\$ 126,378	\$ 38,175	\$ 129,253	\$ 293,806	\$ 303,123
Amortization	68,380			68,380	73,704
Fuel	36,259			36,259	35,366
Materials and supplies	28,121		2,123	30,244	37,702
Insurance			20,440	20,440	21,070
Association fees, dues			12,966	12,966	8,791
Equipment maintenance	12,271			12,271	14,183
Board of Directors - fees and expenses			10,975	10,975	11,101
Travel expenses		7,640	1,123	8,763	19,146
Professional fees			7,725	7,725	10,313
Office			6,633	6,633	8,377
Utilities			5,621	5,621	4,393
Miscellaneous			4,946	4,946	3,726
Conferences			2,737	2,737	1,400
Telephone		240	2,266	2,506	2,471
Advertising and promotions			602	602	328
	271,409	46,055	207,409	524,873	555,193
<b>RECOVERIES</b>					
Equipment pool recoveries (Note 14)	(320,671)	-	-	(320,671)	(446,926)
<b>TOTAL 2014</b>	<b>\$ (49,262)</b>	<b>\$ 46,055</b>	<b>\$ 207,409</b>	<b>\$ 204,202</b>	<b>\$ -</b>
<b>TOTAL 2013</b>	<b>\$ (160,890)</b>	<b>\$ 64,496</b>	<b>\$ 204,661</b>	<b>-</b>	<b>\$ 108,267</b>



# UNITED IRRIGATION DISTRICT

## Schedule of Irrigation Works Expenditures

For the Year Ended December 31, 2014

Schedule 2

	2014		2013	
	District	Province of Alberta	Total	Total
<b>EXTERNAL GOODS AND SERVICES</b>				
Materials and supplies	\$ -	\$ 277,572	\$ 277,572	\$ 376,917
Contract services - engineering	-	53,299	53,299	31,408
Miscellaneous	-	15,672	15,672	35,775
	-	346,543	346,543	444,100
<b>INTERNAL GOODS AND SERVICES</b>				
Labour recovery - construction	-	37,342	37,342	34,853
Equipment pool recoveries	-	231,567	231,567	348,422
Overhead	-	22,406	22,406	20,912
	-	291,315	291,315	404,187
<b>TOTAL 2014</b>	\$ -	\$ 637,858	\$ 637,858	\$ -
<b>TOTAL 2013</b>	\$ -	\$ 848,287	-	\$ 848,287

# UNITED IRRIGATION DISTRICT

## Schedule of Changes in Fund Balance - Irrigation Works Fund For the Year Ended December 31, 2014

Schedule 3

	2014			2013
	District	Province of Alberta	Total	Total
FUND BALANCE, beginning of year	\$ -	\$ (137,761)	\$ (137,761)	\$ (36,054)
ADDITIONS:				
Contribution from Province of Alberta	-	536,307	536,307	559,935
Interest earned	-	-	-	-
Contribution from rate payer	-	20,000	20,000	-
Contributions for irrigation works	178,769	-	178,769	186,645
Transfer to Cost-sharing	(178,769)	178,769	-	-
	-	735,076	735,076	746,580
DEDUCTIONS:				
Irrigation works expenditures (Schedule 2)	-	637,858	637,858	848,287
FUND BALANCE, end of year	\$ -	\$ (40,543)	\$ (40,543)	\$ (137,761)