



2016

**FINANCIAL STATEMENTS
AND
ANNUAL REPORT**

The Board of Directors invites you
to attend the ANNUAL MEETING
Tuesday, March 14, 2017 at 1:30 p.m.

Vauxhall Legion Hall

Please bring this report with you.

FINANCIAL STATEMENT AND ANNUAL REPORT 2016

“INDEX”

Directors and Staff of the BRID.....	Page 2
Chairman’s Report.....	Page 4
Board Remunerations Report.....	Page 6
Report on Adding and Removing Parcels.....	Page 7
General Manager’s Report.....	Page 8
Maintenance Report.....	Page 10
Operations Report.....	Page 12
District Rehabilitation Program (IRP) Report.....	Page 15
Notices and Announcements	Page 17
Agenda for March 14, 2017 Annual Meeting	Page 18
March 15, 2016 Previous Annual Meeting Minutes	Page 19
Financial Statements - October 31, 2016	Page 25
Management’s Responsibility	Page 26
Auditor’s Report	Page 27
Statement of Financial Position.....	Page 28
Statement of Operations and Change in Fund Balances.....	Page 29
Statement of Combined Cash Flows.....	Page 30
Notes to the Financial Statements	Page 31
Schedule of Operating Expenses	Page 41
Form-Nomination for Director of the Bow River Irrigation District...	Page 43

**2016 DIRECTORS AND STAFF OF THE
BOW RIVER IRRIGATION DISTRICT
VAUXHALL, ALBERTA**

****BOARD OF DIRECTORS****

Harold Unruh, Chairman -District #6	John DeVries, Director -District #4
Ron Schlaht, Vice-Chairman -District #2	Vic VanDyk, Director -District #5
Glenn Logan, Director -District #1	Walter Unruh, Director -District #7
James Larson, Director -District #3	

****STAFF****

Administration/Engineering

Richard Phillips, P.Eng.	General Manager
Jessica Teasdale, CPA, CA	District Accountant
Sharon Lukacs, CPA, CMA	Relief District Accountant
Rolf Schwabe	Executive Assistant
Glen Brown	Land Administrator
Ray Nickel	Landman
Muriel Golby	Accounts Payable
Edith Stevens	Accounts Receivable
Laurie Gallup	Receptionist/Secretary
Darryl Row	Computer Technologist/Draftsman
Noel Going	Engineering Technologist
Evan Blindback	Draftsman/Engineering Technologist

Operations/Maintenance

Bill Skelly	Superintendent of Maintenance
Rod Lowen	Shop and Equipment Foreman
Denis Odland	Operations Supervisor
Butch Porter	Maintenance Supervisor
Marlin Hill	Survey Crew Chief
Ernie Crowson	Weed Control Operator/Welder
Kelly Howg	Ditchrider
Vince Row	Ditchrider
Conrad Cazemier	Ditchrider
Lonnie Howg	Ditchrider - Seasonal

Ray Friesen	Ditchrider
Richard Church	Ditchrider
Gerald Drist	Ditchrider – Seasonal
Stan Kurek	Ditchrider - Seasonal
Matt Coster	Headworks Operator
Louise Christie	Assistant Headworks Operator - Seasonal
Adrian Oostlander	Inventory Storekeeper
Nick May	Mechanic
Dennis Brouwers	Semi Tractor Operator
Allan Friesen	Tandem Gravel Truck Operator
Tim Gow	Equipment Operator
Keith Gertzen	Equipment Operator
Kevin Jorgensen	Equipment Operator
Kelvin Wright	Equipment Operator
Rob Zalik	Equipment Operator
Jaarno Van Der Wielen	Equipment Operator
George Thiessen	Equipment Operator
Koos Van Der Wielen	Buildings Maintenance
Art Carlson	Groundskeeper – Seasonal
Ivan Bolen	Labourer
Westin Hlatky	Labourer

(Staff hired casual/part-time on an as needed basis and released as work requirements dictate are not included on the above list.)

CHAIRMAN'S REPORT

To: The Irrigators of the Bow River Irrigation District

These are some of the things which your Board worked on this past year.

License Issues:

1. 52,000 acre foot license - This has been an ongoing issue for the last 25 years. Back in 1991 our District was promised an additional 52,000 acre foot license as soon as our headworks canal would be upgraded. That canal has been finished for eight years. This year, after remodeling the perceived needs of our District, the Department of Environment and Parks of Alberta granted us a 40,000 acre license. Our Board does not agree with this decision and so is taking it to a judicial review for a judgment.
2. Transfer of 220 acre foot license to Okotoks – We held an information meeting about this on July 6th – one water user showed up. The plebiscite was on the same day with nine votes cast. The result was clearly in favor of moving ahead with this. The only way it will happen, however, is if the water broker can give us an equal amount of license of similar or better priority than the license we are giving to Okotoks. The reason for this complicated process - they are trying to wiggle a path through the bureaucracy of government regulations.

Studies:

1. Water quality – For the last five years the Alberta government has been doing water quality testing throughout the districts. That program came to an end and they were not going to renew it. The districts felt it was a very important work to do as more industries are wanting to know what the quality of the water was like on the crop that was grown for them. Therefore, we decided to do a smaller version of the study – less sites and not as many things tested for. This will still cost \$.09/acre across all district assessed acres.
2. Main canal structures – We have some 30 structures in our main canals. Most of them were built by PFRA in the early 1950's. The cost of replacing these can range from a million to three or four million dollars each for the large chutes. The Board hired a consulting firm with expertise in concrete structures to evaluate all these structures this winter and advise us on a priority list to replace these. We are saving a lot of the money from our last expansion to do this work.
3. Potential dam sites – Interestingly, there is an appetite for building more water storage in the province right now. We hired a consultant to explore the possibilities of building a dam and the costs involved in doing that.

Potential Developments on BRID Lands:

1. Pheasant production – We had an inquiry come in to develop a pheasant facility where they could bring in day-old chicks and raise them till fall when they would be released during the hunting season. This would have required a lot of net covered runs.
2. Solar power – This has been a big topic this year. We have had requests come in to develop small sites all over the District. We have also had requests to develop some large sites that are close to the electrical sub-stations.

3. Peters Energy Solutions – Our Board decided we should get some help in dealing with the solar development. We hired Peters Energy Solutions from Calgary to guide us through this process.

Tours:

1. IPEX – Several Directors and two staff members went up to Edmonton to tour the factory where the pipes for all our pipelines are made. It was good to see the vigorous testing that each pipe goes through before it leaves the plant. The machinery was very impressive too – especially for making 60” pipe. IPEX was kind enough to pay for our food and lodging up there. We thank them for the tour.
2. Badger Reservoir – The Board wanted to see firsthand the environmental issues around the lake. Of concern too, were the access places for camping.
3. Lost Lake development – We toured the area along the north drainage channel and viewed the new swale to the east put in to drain that land better. We looked too at the best way to set up our new pivot there and if there was some potential for wildlife habitat in that area.
4. Irrigation Council tour – We tried something new this year –a virtual tour. We simply sat in comfort in our boardroom & looked at pictures of some of the issues we are dealing with. This saved hours of driving as well as being much safer than flying down gravel roads in vans. It was well received by Council.
5. MLA tour – AIPA toured some of the new NDP MLAs through irrigation country. I was fortunate to go on the bus part of the tour. On an individual basis, these NDP MLAs are very fine people. They are so eager to learn and so anxious to find places where they can help us. If only they could back off on some of their corporate goals, such as climate change and carbon control.

Expansion:

Our Board is considering another expansion. With the new license that we have been granted, we feel it is time to look at doing one more round. There is a lot of interest out there for more irrigation acres as we have a substantial waiting list already. We have asked the Alberta government to do the modeling for our District again to see what the risks are for another expansion. Unfortunately, this modeling will not be done till spring sometime, so the expansion will not be happening this coming summer. It will require public meetings and a plebiscite again.

Conclusion:

We thank our waters users for another good year again. Your cooperation in water order communications is much appreciated. We thank our staff too for keeping our District in good shape and making sure the water is there when the farmer needs it. We thank our Departments of Agriculture and Forestry, and Environment and Parks for all the help you give to our District.

We wish you all a successful year in 2017.

Respectfully submitted,

Harold Unruh
Chair, Board of Directors

BOARD OF DIRECTORS REMUNERATIONS REPORT
NOVEMBER 1, 2015 - OCTOBER 31, 2016

Members of the Board of Directors of the Bow River Irrigation District receive remuneration for their time spent in attendance at meetings, and compensation for whatever expenses are incurred in attending those meetings, such as meals and mileage. For attendance at meetings, directors receive \$325 per day. The board chairman receives an extra \$50 per day for each board meeting and for each day of official district business when specifically performing duties of board chairman. The board member who reviews the monthly bank reconciliations and investment summaries receives an extra \$25 per day for each board meeting.

The following is a listing of fees incurred through operations of the Board of Directors of the Bow River Irrigation District:

<u>Year</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Directors' Fees	\$70,267	\$ 60,638	\$61,903	\$ 62,739	\$ 55,144
Miscellaneous	<u>\$18,664</u>	<u>\$ 20,213</u>	<u>\$10,734</u>	<u>\$12,558</u>	<u>\$6,673</u>
TOTAL:	<u>\$88,931</u>	<u>\$80,851</u>	<u>\$72,638</u>	<u>\$75,297</u>	<u>\$ 61,817</u>

<u>Director</u>	<u>Fees</u>	<u>Mileage</u>	<u>Expense</u>	<u>Total</u>
John DeVries	\$ 5,375	\$ 180	\$ 574	\$ 6,129
James Larson	7,150	720	349	8,219
Glenn Logan	3,650	560	0	4,210
Ron Schlaht	11,525	2,913	445	14,883
Harold Unruh	12,900	661	568	14,129
Walter Unruh	11,487	1,718	722	13,927
Vic Van Dyk	7,800	460	510	8,770
TOTALS:	<u>\$59,887</u>	<u>\$7,212</u>	<u>\$3,168</u>	<u>\$70,267</u>

REPORT ON ADDING AND REMOVING PARCELS

Section 46(1)(d) of the IRRIGATION DISTRICTS ACT states that each district must report all parcels added to or removed from the district; the following parcels have been added to the Bow River Irrigation District in 2016:

East ½ N.E. 3-12-17-W4M

N.W. 3-16-21-W4M

N.E. 3-16-21-W4M

S.E. 10-16-21-W4M

S.W. 10-16-21-W4M

N.W. 10-16-21-W4M

N.E. 10-16-21-W4M

S.E. 26-12-17-W4M

S.E. 13-13-18-W4M

S.W. 13-13-18-W4M

N.W. 13-13-18-W4M

N.E. 13-13-18-W4M

S.W. 29-13-17-W4M

Plan 1512490 Block 1 Lot 3 (included for non-irrigation purposes)

Plan 4603HX Block 78

Plan 4603HX Block 79

No parcels were removed from the Bow River Irrigation District in 2016.

GENERAL MANAGER'S REPORT

To the Board of Directors and Irrigators of the Bow River Irrigation District:

Water Operations

Last year started out unusually hot and dry, with high water use until significant rain finally came in early July. From then on, there was low water demand, resulting in total water use for the year out of Little Bow Reservoir almost exactly equal to the average for the last 25 years. A total of 328,000 acre feet was diverted from the river at Carseland this year, which is slightly above the long term average. Approximately 90% of the river diversion is allocated to the BRID's licences, which total 490,000 acre feet. There is just over 44,000 acre feet of water allocated to other licenses, which is also included in the Carseland diversion. McGregor Reservoir was at the normal winter level at the end of the season, with Travers and Little Bow reservoirs 13,000 acre feet below normal winter levels due to construction.

Headworks Rehabilitation

Work is progressing well on the completion of the upgrades at Little Bow and Travers dams. The enlargement of Little Bow dam was completed last spring. This allowed Travers and Little Bow Reservoirs to operate as a single reservoir through most of 2016, with the gates between the two reservoirs left wide open once Little Bow filled to match the level of Travers.

This winter the existing outlet control structure at Travers is being removed, completing the merging of Travers and Little Bow into a single reservoir, and some clay lining is being placed in the canal near the Travers outlet. All work will be complete for the spring of 2017, with the Travers spillway system then able to handle any flood safely, and over 20,000-acre feet of additional water storage available for our use. This will bring the total potential useable storage in the three headworks reservoirs to over 400,000 acre feet.

Invasive Mussels

All of the irrigation districts and our provincial government continue to try to prevent the introduction of invasive mussels, and to prepare to deal with them if they are ever introduced. Mussel larvae were found in Tiber reservoir near Shelby, Montana in 2016, despite efforts to prevent their introduction. This does not necessarily increase the risk to Alberta, as it would already be easy for live mussels or larvae to be transported to Alberta from any of the many infested lakes elsewhere in Canada or the U.S., but it illustrates how quickly they can spread. Tiber Dam is 700 miles from the closest lake that was known to contain mussels, and it is impossible to know where the mussels in Tiber came from. The risk to Alberta remains high, whether mussels are 100 miles away in Montana or 800 miles away in Manitoba or Utah.

Alberta operated 11 watercraft inspection stations this year, inspecting over 19,000 boats. Mussels were found on 17 of those boats. Boats inspected came from 42 states in the U.S., and from every province except P.E.I. Hopefully no mussels made it through, but not every point of entry to the province has an inspection station, and the stations do not operate 24 hours per day.

Alberta Agriculture did some excellent work last year to determine how to control mussels in pipelines using liquid potash, which is lethal to mussels. They have been working on methods of preparing liquid potash, and conducted tests in the Eastern Irrigation District to confirm that an appropriate concentration of potash can be achieved in a pipeline. This work will continue this year.

The BRID has agreed to provide our Enchant shop as a training facility for the dogs that are being used to detect mussels. Alberta Environment and Parks were looking for an appropriate facility for year round training.

Pipeline Maintenance

Reduced maintenance, compared to canals, is one of the many advantages of pipelines, but providing adequate screening at the inlet and keeping the inlet screens clean is a challenge. Almost all of our pipelines, which serve more than four or five parcels, now have automated screen cleaners. Build up of minerals and algae on the inlet screens has been an issue, so we purchased a large portable high pressure washer which we now use to routinely clean all screens between water seasons. This works very well.

Staff Changes

There were few staff changes in 2016. We hired Nick May as our mechanic and Westin Hlatky as a full-time labourer, and none of our staff left.

Respectfully submitted,

Richard J. Phillips, P. Eng.
General Manager
Bow River Irrigation District

MAINTENANCE REPORT

The maintenance department of the BRID experienced a normal year. Aquatic weeds and algae continues to be the biggest maintenance problem the district faces. Regular scheduled Magnacide H treatments will continue in the upcoming year on the canal system.

Magnacide H Chemical Costs:

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$269,657	\$323,367	\$315,702	\$163,178	\$163,270

In the Lost Lake area the BRID partially backfilled two dugouts, dug a surface drain and installed a turnout to accommodate the two new pivots that were set up this past spring on BRID land.

Through the Irrigation Rehabilitation Program (IRP), the district with its own forces undertook the rehabilitation of Lateral H-6-3 in the Enchant area, and Laterals K-11-A, K-11-B, K-11-C, K-11-D & K-11-E in Vauxhall area and Lateral C-7 in the Hays area. These projects consisted of PVC pipeline, precast concrete inlet structures, turnout installations, two self-cleaning screen cleaners, and three punch plate screens.

The BRID spent approximately \$351,000 on Special Projects this year. Under the 2016 Special Projects program the BRID installed one inline screen cleaner, one deflector, three-drop leaf gates, automated three structures, and ungraded one Langemann gate.

Under the domestic relocation program, the district completed three farmer initiated projects at a total cost of \$9,000. The BRID provides \$3,000 towards each domestic relocation, to a maximum of 10 relocations per year on existing canals or pipelines.

Following is a list of routine maintenance performed by the BRID in 2016:

Canal Banks Sprayed with Boom or Spot Treated by Hand Gun	380	km
Ditch Channel Cleaned	11	km
Ditch Cleaned with Herder (Cattails)	25	km
Ditch Banks Mowed	980	km
Ditch Banks Leveled	7	km
Ditch Banks Graveled	90	km
Ditch Banks Graded	90	km
Ditch Closed	1	km
Fence Installed, Removed or Replaced	1	km
Rock, Gravel and Armour Placement (includes IRP projects)	12,885	m ³
Structures Repaired	10	units
Structures Removed	2	units
Farm Turnouts Installed in Laterals	5	units
Farm Turnouts Repaired	16	units
Turnouts Removed	7	units
Pipeline Turnouts Installed	4	units
Domestic Turnouts Installed	4	units
Standpipes Installed or Repaired	17	units
Farm or Lateral Crossings Replace or Repaired	6	units
Road Crossings Installed or Repaired	4	units
Canal Washouts Repaired (Structures & Culverts)	14	units
Beaver Dams & Weed Jams Removed	3	units
Drain Inlets Installed	10	units
Pipeline Turnouts Fabricated	43	units
Pipeline Screens Fabricated and Installed	9	units
Catwalks & Handrails Fabricated and Installed	6	units
Tile line Repair	3	units
Texas Gates Installed or Removed	2	units
Pipeline Repairs (above ground)	28	units
Pipeline Repairs (below ground)	9	units
Pipeline Screen Modifications	4	units

Respectfully submitted,

Bill Skelly
Superintendent of Maintenance

OPERATIONS REPORT

Water Diversions

Water diversions from the Bow River at Carseland began on April 1, 2016 and ceased on October 7th, 2016. A total of 328,085 acre feet was diverted this season. McGregor, Travers and Little Bow Reservoirs started and ended the season with approximately 303,000 acre feet storage.

Water diversions into our main canal at Little Bow Reservoir began on April 22, 2016 and ceased on October 7, 2016. Water use was above normal until mid-July, and below normal for the rest of the year. A total of 262,391 acre feet of water was diverted into our main canal at Little Bow Reservoir in 2016 with 62,000 acre feet returned to the river through the District's drainage system. The return flow included 11,000 acre feet of intentional spill in the fall to draw the reservoirs down to winter levels, as well as any runoff from rainfall that enters our drains.

The Lost Lake pumps returned 6,018 acre feet into the main canal. This year the Vauxhall Research Station recorded 281 mm of precipitation between April 1st and October 31st, which is 109% of the average.

COMPARISON OF PREVIOUS YEARS:

Year	Carseland Diversion (acre feet)	Little Bow Diversion (acre feet)	Acres Irrigated	Irrigation Acres & Annual Acres with Systems	Precipitation @ Vauxhall (April 1 to October 31)
2016	328,085	262,391	241,819	242,598	281 mm
2015	331,900	298,800	238,656	239,957	156 mm
2014	222,191	231,167	224,942	232,422	256 mm
2013	240,000	238,995	216,571	225,222	247 mm
2012	260,000	230,618	208,217	217,218	305 mm
2011	151,700	214,666	202,478	216,375	289 mm
2010	156,116	163,603	182,483	216,285	363 mm
2009	295,557	244,573	211,577	215,183	282 mm
2008	238,000	217,179	206,283	213,951	314 mm
2007	256,518	247,527	201,286	211,060	250 mm
2006	210,741	208,567	198,111	208,378	299 mm
2005	182,819	204,713	192,899	206,452	521 mm

Monthly Little Bow Diversions with comparison to 2015 and the last 25 year average (in acre feet):

	<u>2016</u>	<u>2015</u>	<u>25 Year Average</u>
April	14,608	3,443	1,449
May	43,393	53,871	31,687
June	77,686	78,040	51,787
July	55,935	81,991	85,829
August	35,405	43,043	49,822
September	28,906	29,574	35,057
October	6,458	8,876	8,566
Total	<u>262,391</u>	<u>298,838</u>	<u>264,197</u>

These totals include all water uses downstream of Little Bow Reservoir, as well as water which is not used but spilled as return flow.

In addition to irrigation, the BRID supplied water to farmsteads, acreages, small livestock operations, grazing associations, the East Sundial Water Users and the Retlaw Water Users Co-op, drilling rigs and small wildlife habitat projects controlled by the Alberta Conservation Association.

The BRID has agreements for uses other than irrigation under its amended licence: two agricultural users (intensive feeding operations), one colony, and one gravel washing operation.

Water was also conveyed to many other users, who have their own water licences. These include the communities of Hays, Vauxhall and Enchant (through the Vauxhall and District Regional Water System), and Lomond; the Vauxhall Agricultural Research Station and numerous livestock operations. The District conveyed licensed industrial water used by Prairie Gold Produce. Our district also conveyed water for several wildlife habitat projects controlled by Ducks Unlimited, and for use by recreation areas and parks including the Vauxhall and Enchant golf courses and the Enchant Park.

Crop Records

Crops on parcels with irrigation systems

<u>CROP TYPE</u>	<u>AREA (Acres)</u>	<u>CROP TYPE</u>	<u>AREA (Acres)</u>
Hard Spring Wheat	40,851	Green Feed	1,341
Alfalfa Seed	17,825	Oats	1,197
Alfalfa	16,888	Fresh Peas	1,058
Canola	15,716	Sunflowers	1,053
Durum Wheat	15,353	Lentils	922
Canola Seed	14,967	Miscellaneous	638
Dry Peas	14,672	Rye	624
Dry Beans	12,788	Triticale	556
Barley	12,376	Mint	406
Sugar Beets	11,971	Mustard	299
CPS Wheat	10,617	Grass Hay	280
Potatoes	10,104	Timothy Hay	273
Tame Pasture	9,838	Oats Silage	242
Corn Silage	4,739	Turf Sod	184
Hay Grass –Timothy Brome	4,546	Miscellaneous -Yards	136
Grain Corn	4,521	Safflower	135
Winter Wheat	3,576	Milk Vetch	132
Barley Silage	3,313	Grass Seed	73
Hemp	3,039	Summer Fallow	39
Flax	2,303	Market Gardens	28
Soft Wheat	1,587	Buckwheat	14
Faba Beans	1,378		
		<hr/>	
		TOTAL	242,598

The methods of irrigation and acres of each are:

	% of Total:	Acres:
Pivot	92.5%	224,464
Wheel Move/ Hand Move Sprinklers	2.9%	7,073
Gravity (Flood)	4.6%	11,061
<hr/>		
100.0%		242,598

DISTRICT REHABILITATION PROGRAM REPORT

Rehabilitation of the BRID's irrigation works is funded primarily through the provincial government's Irrigation Rehabilitation Program (IRP), which requires the district to provide 25% of the cost, with the government providing the remaining 75%. IRP funds are used only on projects which are approved by Irrigation Council. Funds added to the district's IRP account in 2016 for rehabilitation projects were as follows:

2016 IRP Base Funds

Provincial Government Contribution (75%)	\$3,029,222
BRID Contribution (25%)	<u>\$1,009,741</u>
TOTAL:	\$4,038, 963

Brief descriptions of projects which were completed last year, those which are now under construction, and those which are planned for next year follow. All of the canals listed here are being replaced with pipelines:

Projects Completed in the 2015/2016 Construction Season

<u>Project Description</u>	<u>Estimated Final Cost</u>
IRP 2297 Lateral C-7 (Hays Block) Rehabilitation	\$920,000
IRP 2299 Laterals H-6-3 (West Block) and K-11-A, K-11-B, K-11-C, K-11-D & K-11-E (Vauxhall Block) Rehabilitation	\$2,650, 000
IRP 2317 Aerial Photography 2015	\$26,000

Projects to be Completed in the 2016/2017 Construction Season

<u>Project Description</u>	<u>Approved Cost</u>
IRP 2309 Badger Reservoir Dam Safety Review	\$ 60,000
IRP 2319 Lateral B (West Block) Engineering and Phase 1 Construction	\$2,789,000

Projects to be Completed in the 2017/2018 Construction Season

<u>Project Description</u>	<u>Preliminary Cost Estimate</u>
IRP 2319 Lateral B (West Block) Phase 2 – B-5 Pipeline	\$4,603,000

Under Section 164 of the Irrigation Districts Act, the District is able to be exempted from sections of the act dealing with claims for seepage damage by submitting five year plans which specify canals to be rehabilitated with seepage control included. Lateral K-11-A is included in the 2013 to 2017 plan. A pipeline will eliminate seepage on this system.

I wish to thank all those involved in the projects which have been completed and which are underway, including the BRID staff, the Board of Directors, the irrigators, contractors, suppliers, Irrigation Council, the Irrigation Secretariat, and Alberta Agriculture and Forestry.

Respectfully submitted,

Richard J. Phillips, P. Eng.

General Manager
Bow River Irrigation District

NOTICES AND ANNOUNCEMENTS

2017 BOARD ELECTIONS

Elections for two (2) electoral divisions are scheduled for Tuesday, March 20, 2017 (providing there are enough nominees to hold an election).

The electoral divisions up for election this year are:

Division #2:	Current Director Ron Schlaht
Division #4:	Current Director John DeVries

Electoral Division 2 - Term Expires 2020

Includes all parcels of land with irrigation acres recorded on the assessment roll of the Bow River Irrigation District situated within Range 19 West of the Fourth Meridian.

Electoral Division 4 - Term Expires 2020

Includes all parcels of land with irrigation acres recorded on the assessment roll of the Bow River Irrigation District situated within Township 14, Range 16 and 17 West of the Fourth Meridian and also Townships 15, 16 and 17, Range 16 West of the Fourth Meridian.

Nominations will close at 4:00 p.m. Monday, February 27, 2017.

A nomination form may be found on Page 43 of this report.

LONG TERM IRRIGATORS

As of the 2016 irrigation season, the following are recognized as **40 year irrigators**:

Lloyd Armstrong	Ian McCallum
Murray & Dani Brown	John McNiven
Dragan Colic	Olfert Acres Ltd.
Elmer & Marilyn Doerksen	Prairieview Seed Potatoes Ltd.
East Arrow Farms Ltd.	Richard & Cinda Sander
Don & Cheryl Hobberstad	Earl Skidmore
Hans Langemann	Vic & Jeany VanDyk
Darrell Maronda	John & Bonnie VanNistelrooy

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

**TUESDAY, MARCH 14, 2017
VAUXHALL LEGION HALL, 1:30 PM**

"AGENDA"

1. Welcoming Remarks - General Manager - Richard Phillips, P. Eng.
2. Appointment of a Meeting Chairperson
3. Adoption of Agenda
4. Approval of the Minutes of the last Annual Meeting: March 15, 2016
5. Business from the Minutes of Last Year's Meeting
6. Auditor's Report and Review of Financial Statements
Period Ending October 31, 2016
- District Accountant – Sharon Lukacs, CMA
7. Chairman of the Board's Report - Chairman - Harold Unruh
8. General Manager's Report - General Manager- Richard Phillips, P. Eng.
9. Annual Maintenance of Irrigation Works Report
- Superintendent of Maintenance - Bill Skelly
10. Presentations
11. New Business
12. Recognition
13. Adjournment

**ANNUAL MEETING OF THE BOARD OF DIRECTORS
AND IRRIGATORS OF THE
BOW RIVER IRRIGATION DISTRICT**

**TUESDAY, MARCH 15, 2016
VAUXHALL LEGION HALL**

Following are the minutes of the Annual Meeting of the Board of Directors and the irrigators of the Bow River Irrigation District, held on Tuesday, March 15, 2016 in the Vauxhall Legion Hall.

Attendance included 8 irrigators, 6 Board members, 4 BRID staff, 1 representative from Irrigation Council, 1 representative from ATB Investment Management, 3 Provincial Government staff, 1 AIPA representative and 1 representative from Young Parkyn McNab LLP for a total of 25 attendees.

The meeting was called to order at 1:38 PM by the General Manager, Richard Phillips.

1. Welcoming Remarks –Richard Phillips, P. Eng., General Manager
In opening the meeting, Richard Phillips introduced staff present, welcomed all irrigators to the meeting and asked all attendees to introduce themselves.

It was reported to the irrigators that the 2016 Board elections saw 3 incumbents return to the Board of Directors by acclamation: James Larson, Vic Van Dyk and Harold Unruh.

2. Appointment of a Meeting Chairperson
Richard Phillips then introduced Ron Schlaht, Vice-Chairman of the Board, whom the Board had previously appointed as Chairman for the meeting.

3. Adoption of Agenda
At this time, Ron Schlaht invited everyone to review the agenda as noted on Page 17 of the annual report sent to all irrigators and asked if there were any items to be added. As there were no items to be added, he then requested a motion to accept the agenda.

Moved by Mr. Brian Witdouch that the agenda in the Annual Report be accepted as printed.

CARRIED

4. Approval of the Minutes of Last Year's Meeting
The minutes of the March 19, 2015 annual meeting, on pages 18 through 23 of the annual report were reviewed. Ron Schlaht inquired whether there were any errors or omissions. None were noted.

Moved by Mr. Nick Kuipers that the minutes of the March 19, 2015 Annual Meeting as printed and circulated in the 2016 Annual Report be accepted.

CARRIED

5. Business From the Minutes of Last Year's Meeting
Ron Schlaht inquired whether there was any business from the minutes of last year's meeting. None was noted.

6. Auditor's Report and Review of Financial Statements
Period Ending October 31, 2015- District Accountant – Mrs. Jessica Teasdale, CPA,CA

Ron Schlaht introduced the District Accountant, Jessica Teasdale, CPA,CA.

Jessica Teasdale directed attention to the Financial Statements starting on page 27 of the Annual Report. The 2015 year-end statements were then reviewed. Items noted:

- lease revenues are up-largely due to the Y pastures lease income
- interest earnings down as interest rates are low
- income is down overall, mainly due to fewer sales of irrigation acres compared to the prior year
- the district's cash balance is down

Ron Schlaht invited any questions relating to the Review of Financial Statements.

Q. Mr. Marcel VandenDungen asked for an explanation of the unrealized loss on investments.

A. The loss is unrealized, as the investment has not been sold. It relates mainly to the \$4 million recently invested in portfolios containing equities.

Moved by Mr. Marcel VandenDungen that the financial statements and auditor's report for the year ending October 31, 2015, be accepted as presented.

CARRIED

7. Chairman of the Board's Report–Chairman–Harold Unruh

Harold Unruh introduced the Board of Directors in attendance and then presented a summary of his written report as it appeared in the annual report. Items presented were:

- Aquatic invasive species-mussels
- Water quality testing
- Fraud prevention policy
- Extra water license still unresolved. Harold Unruh announced that the board will meet with the director responsible for issuing licenses on March 24th.
- Attendance at biodiversity workshop.

Harold Unruh asked the irrigators present if the option to purchase additional water for flood irrigation over the 24" per acre limit should be removed from the district bylaw.

- Q. Mr. Peter Pepneck asked if there was any cost to leaving this provision in the bylaw. If not, it could be left in.
- A. Richard Phillips stated that there is no cost and due to the ability of water users to pool their allotment, no irrigators have needed it.
- Q. Mr. Marcel VandenDungen asked if there would be enough water for flood irrigation in a dry year.
- A. Richard Phillips stated that the 24" per acre limit is generous for crop requirements and the allotment can be moved as needed if an irrigator has multiple parcels.

Mr. Marcel VandenDungen stated that he feels the provision should be left in the bylaw and that he has no concerns as long as the limit is 24" per acre.

Harold Unruh concluded by thanking the irrigators, staff and all the branches of government that the district works with for their efforts and cooperation and wished all a good year in 2016.

Ron Schlaht invited any further questions relating to the Chairman's report. None were raised.

Moved by Mr. Nick Kuipers that the Chairman's Report for 2015 be approved.

CARRIED

8. General Manager's Report –Richard Phillips, P. Eng., General Manager
Richard Phillips presented the General Manager's report as written in the 2015 annual report. Items presented were:

- 2015 was a dry year and a valuable test of the system
- prior to the implementation of the 24" per acre limit, irrigators could order water and not notify their ditchrider when they were shutting off. The limit has saved water due to irrigators having to order turn-ons and turnoffs.
- upgrades at Little Bow and Travers Reservoirs are progressing. The flood of 2013 has raised dam safety issues.
- the campground at Little Bow Reservoir has an improved boat launch.

Richard Phillips stated that he is on the executive committee of AIPA and they have been busy with government relations. Meetings have been held with the Minister of Agriculture and Forestry and the Minister of Environment. Both appear to support irrigation and rehabilitation of the irrigation infrastructure.

Ron Schlaht invited any questions relating to the General Manager's Report. No questions were raised.

Moved by Mr. Peter Pepneck that the report of the General Manager be accepted as presented.

CARRIED

9. Annual Maintenance of Irrigation Works Report –Bill Skelly - Superintendent of Maintenance

Bill Skelly reviewed the Annual Maintenance Report as outlined in the 2015 Annual Report.

Ron Schlaht invited any questions relating to the Superintendent of Maintenance's Report.

- Q. Mr. Brian Witdouck asked what maintenance measures the district takes to control mussels.
- A. The district has pipe substrates in water bodies that are checked regularly for the presence of mussels. Signage has been installed to make the public aware of mussels and the problems they may present.
- Q. Mr. Brian Witdouck asked what the district plans to do when mussels are found in the system.
- A. Richard Phillips stated that prevention is critical. Ideally they should be kept out of the area forever. Provinces and states bordering Alberta are considered mussel free; inspection of any boats entering Alberta is very important.

Some substances are lethal to mussels but their use is not legal in Canada in flowing waters. Potash has been proven as lethal and is currently being tested and a research permit has been issued. Liquid potash injected into pipelines is being examined as a control measure. Chlorine is also toxic to mussels. Copper is toxic to mussels but it would be difficult to obtain a permit to apply it in flowing waters. Work is taking place to develop a mussel control technique that is hopefully never needed.

Moved by Mr. Brian Witdouck that the annual maintenance report be accepted as presented.

CARRIED

10. Presentations

The following reports were presented:

Irrigation Rehabilitation Program Report - Richard Phillips, P. Eng., General Manager.

Ron Schlaht invited any questions relating to the Irrigation Rehabilitation Program Report.

Q. Mr. Marcel VandenDungen asked what percentage of the district's distribution system is pipeline.

A. Pipelines constitute 54-55% of the system by length. When all canals that can be replaced by pipelines are rehabilitated, over 70% of the distribution system will be pipeline.

2015 Water Operations Report –Richard Phillips, P. Eng., General Manager and Rolf Schwabe, C.E.T., Executive Assistant

Ron Schlaht invited any questions relating to the Water Operations Report. No questions were raised.

Rolf Schwabe presented the latest snowpack information. Ron Schlaht invited any questions relating to the snowpack information.

Q. Mr. Peter Pepneck asked what the snowpack levels were in the more southerly regions of the province.

A. Mr. Ron McMullin stated that the snowpack is 80% of the long term average.

Ron Schlaht invited any further questions relating to the 2015 Water Operations Report. No further questions were raised.

Ron Schlaht then introduced Mr. Rod Bennett from Alberta Agriculture and Forestry. Mr. Bennett administers the Growing Forward program, which provides grants for improving irrigation efficiencies. He explained that the program is in its third year of 5 years. It provides funding to help upgrade systems to low pressure pivots from flood, wheels or high pressure pivots. It also provides for upgrades to center pivot control panels and variable-rate irrigation system components. No pre-approval is required, and it applies to equipment purchased after April 1, 2013.

An application needs to be filled out, along with a Long Term Irrigation Management Plan, both of which are available online. Applicants may be eligible for reimbursement of their costs to a maximum of \$15,000.00. Program funding has been augmented this year. Applicants may be eligible for one grant payment each fiscal year if the applications are for different systems and/or parcels. No questions were raised after this presentation.

11. New Business

Ron Schlaht opened the floor to new business. There was no new business.

12. Recognition

Harold Unruh, Chairman of the Board, read a list of irrigators receiving long term irrigator awards, with a presentation of embroidered hats and \$100 restaurant gift cards made to those in attendance.

FORTY (40) YEAR AWARDS

-Chris and Deanna Nelson
-Peter and Glenna Pepneck
-Mel Williamson

FIFTY (50) YEAR AWARDS

-Keith Wolfer
-P & F Farms Ltd.

Mr. Peter Pepneck and Mr. Marcel VandenDungen (P & F Farms Ltd.) were the only recipients in attendance and received hats and gift cards.

Director Vic Van Dyk received a certificate recognizing 5 years of service on the BRID board.

13. Adjournment

The meeting was adjourned at 2:55 PM on a motion by Mr. Nick Kuipers.

CARRIED

BOW RIVER IRRIGATION DISTRICT

FINANCIAL STATEMENTS

OCTOBER 31, 2016

Management's Responsibility	26
Auditor's Report	27
Statement of Financial Position.....	28
Statement of Operations and Changes in Fund Balances	29
Statement of Combined Cash Flows.....	30
Notes to the Financial Statements	31
Schedule of Operating Expenses	41

MANAGEMENT RESPONSIBILITY STATEMENT

The financial statements are the responsibility of the management of the Bow River Irrigation District.

These financial statements have been prepared from information provided by management. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

The elected Board of Directors of the Bow River Irrigation District is responsible for ensuring that management fulfils its responsibilities for financial statements. The Board carries out its responsibility principally through the Audit Committee.

The Board meets annually with management and the external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. The Board also considers the engagement or re-appointment of the external auditors. The Board reviews the monthly financial reports.

The financial statements have been audited by Avail LLP, Chartered Professional Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Board. Avail LLP has full and free access to the Board.



General Manager

January 25, 2017



INDEPENDENT AUDITOR'S REPORT

To the Irrigators of
Bow River Irrigation District

We have audited the accompanying financial statements of Bow River Irrigation District, which comprise the statements of financial position as at October 31, 2016 and the statements of operations and changes in fund balances and cash flows for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Bow River Irrigation District as at October 31, 2016, and the results of its operations, changes in fund balances and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Lethbridge, Alberta
January 25, 2017



Chartered Professional Accountants



Claresholm Fort Macleod Lethbridge Milk River Pincher Creek Taber Vauxhall

BOW RIVER IRRIGATION DISTRICT
Statement of Financial Position
As at October 31, 2016

	General Fund	Irrigation Works	2016	2015
ASSETS				
CURRENT ASSETS				
Cash	\$ 3,687,565	\$ 19,647,152	\$ 23,334,717	\$ 12,998,958
Short-term investments (Note 3)	41,477	2,235,000	2,276,477	11,861,916
Accounts receivable (Note 4)	660,781	84,858	745,639	892,097
Materials and supplies, at cost	653,785	-	653,785	913,638
Prepaid expenses	71,357	-	71,357	78,763
Work in process	-	1,426,257	1,426,257	1,989,997
Due from funds	-	695,901	695,901	371,620
	<u>5,114,965</u>	<u>24,089,168</u>	<u>29,204,133</u>	<u>29,106,989</u>
LONG-TERM INVESTMENTS (Note 3)	325,592	8,714,925	9,040,517	8,609,121
PROPERTY AND EQUIPMENT (Note 5)	3,477,357	-	3,477,357	3,154,740
IRRIGATION WORKS (Note 5)	-	110,064,484	110,064,484	110,935,889
	<u>8,917,914</u>	<u>142,868,577</u>	<u>151,786,491</u>	<u>151,806,739</u>
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Accounts payable and deferred revenue (Note 9)	488,804	687,122	1,175,926	3,291,034
Due to funds	695,901	-	695,901	371,620
	<u>1,184,705</u>	<u>687,122</u>	<u>1,871,827</u>	<u>3,662,654</u>
COMMITMENTS (Note 10)				
CONTINGENCIES (Note 11)				
FUND BALANCES				
Invested in capital assets (Note 5)	3,477,357	110,064,484	113,541,841	114,090,629
Externally restricted (Note 6)	-	5,058,410	5,058,410	4,604,584
Internally restricted (Note 6)	-	27,058,561	27,058,561	24,729,877
Unrestricted	4,255,852	-	4,255,852	4,718,995
	<u>7,733,209</u>	<u>142,181,455</u>	<u>149,914,664</u>	<u>148,144,085</u>
	<u>\$ 8,917,914</u>	<u>\$ 142,868,577</u>	<u>\$ 151,786,491</u>	<u>\$ 151,806,739</u>

The accompanying notes and schedules are part of these financial statements.


General Manager


Chairman of the Board

BOW RIVER IRRIGATION DISTRICT
Statement of Operations and Changes in Fund Balances
For the Year Ended October 31, 2016

	General Fund	Irrigation Works	2016	2015
REVENUE				
WATER EARNINGS				
Irrigation rates (Note 7)	\$ 4,178,771	\$ -	\$ 4,178,771	\$ 4,153,543
Water supply rentals	77,033	-	77,033	89,516
Sale of excess and domestic water	73,280	-	73,280	68,800
Discounts and penalties, net	-178,644	-	-178,644	-176,135
	4,150,440	-	4,150,440	4,135,724
LEASE REVENUE, NET	926,945	-	926,945	871,639
INTEREST EARNINGS	43,730	523,649	567,379	502,523
UNREALIZED GAIN (LOSS) ON INVESTMENTS	-885	114,200	113,315	-95,093
PROVINCE OF ALBERTA	-	3,059,222	3,059,222	2,909,770
CONTRIBUTIONS FROM FARMERS	-	2,524,911	2,524,911	3,211,760
MISCELLANEOUS	76,952	-	76,952	86,268
	5,197,182	6,221,982	11,419,164	11,622,591
EXPENSES				
OPERATING EXPENSES (SCHEDULE 1)	4,327,967	26,755	4,354,722	3,721,813
AMORTIZATION OF IRRIGATION WORKS	-	5,310,507	5,310,507	5,228,375
CONSULTING FEES (REVENUE)	-	-16,644	-16,644	9,637
	4,327,967	5,320,618	9,648,585	8,959,825
EXCESS OF REVENUE OVER EXPENSES	869,215	901,364	1,770,579	2,662,766
PROVISION FOR IRRIGATION WORKS (Note 8)	-1,009,741	1,009,741	-	-
	-140,526	1,911,105	1,770,579	2,662,766
FUND BALANCES, beginning of year	7,873,735	140,270,350	148,144,085	145,481,319
FUND BALANCES, end of year	\$ 7,733,209	\$ 142,181,455	\$ 149,914,664	\$ 148,144,085

BOW RIVER IRRIGATION DISTRICT
Statement of Combined Cash Flows
For the Year Ended October 31, 2016

	2016	2015
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 1,770,579	\$ 2,662,766
Items not involving cash:		
Amortization of property and equipment	428,715	359,047
Amortization of irrigation works	5,310,507	5,228,375
Gain on sale of property and equipment	-7,346	3,985
	<u>7,502,455</u>	<u>8,254,173</u>
Net change in non-cash working capital balances		
Accounts receivable	146,458	308,077
Materials and supplies, at cost	259,853	-203,377
Prepaid expenses	7,406	-39,433
Accounts payable and deferred revenue	-2,115,108	-499,715
	<u>5,801,064</u>	<u>7,819,725</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	-803,058	-413,735
Proceeds on disposal of capital assets	59,072	4,395
Expenditures on irrigation works	-4,439,102	-6,799,497
Change in work in process	563,740	146,296
Change in long-term investments	-431,396	-2,544,159
	<u>-5,050,744</u>	<u>-9,606,700</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	750,320	-1,786,975
CASH AND CASH EQUIVALENTS, beginning of year	<u>24,860,874</u>	<u>26,647,849</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>25,611,194</u></u>	<u><u>24,860,874</u></u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash	23,334,717	12,998,958
Short-term investments	2,276,477	11,861,916
	<u>\$ 25,611,194</u>	<u>\$ 24,860,874</u>

BOW RIVER IRRIGATION DISTRICT

Notes to Financial Statements

For the Year Ended October 31, 2016

1. Purpose of the Organization

The Bow River Irrigation District ("the District") is charged with the responsibility of efficient and economical distribution of water to users in the District and operates as a not-for-profit organization under the Irrigation Districts Act, Chapter 1-11, Revised Statutes of Alberta 2000.

The District is considered a tax-exempt Government of Alberta agency and as a result pays no income taxes or Goods and Services Tax (GST) on purchases but is still required to collect and remit GST.

2. Accounting Policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations including the following significant accounting policies:

Fund Accounting

The activities of the District have been disclosed as two distinct funds – the General Fund and the Irrigation Works Fund:

General Fund – Discloses the water management and delivery operations and land lease operations of the District, as well as certain special projects as designated by the Board of Directors from time to time. The general fund includes management of equipment and personnel, the costs of which are billed to the irrigation works fund to the extent they relate to construction activities.

Irrigation Works Fund – Discloses receipts and expenditures for new irrigation works and interest earned on such monies. Costs incurred in constructing new irrigation works and in replacing and rehabilitating existing structures are provided for from this fund. It includes funds provided by the Province of Alberta for the Irrigation Rehabilitation Program. The Province contributes 75% of the funds for this program and the District contributes 25%. This IRP fund can only be used for projects approved by Irrigation Council.

Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

BOW RIVER IRRIGATION DISTRICT

Notes to Financial Statements

For the Year Ended October 31, 2016

2. Accounting Policies (continued)

Cash and Cash Equivalents

The District considers cash on hand, in banks and term deposits that mature within twelve months of year-end as cash and cash equivalents.

Inventory

Purchased materials and supplies inventory are valued at the lower of cost or net realizable value with cost determined by the average cost method.

Work in progress is stated at cost and capitalized as specific projects are completed.

Property and Equipment

Property and equipment are recorded at cost. Amortization of buildings and equipment is provided using the declining balance method at rates intended to amortize the cost of these assets over their estimated useful lives. The annual rates are as follows:

Office shop complex	3%
Buildings	5%
Other equipment	10%
Power equipment	15%
Trucks	20%
Computer equipment	25%

Irrigation works assets are recorded at cost to the District. Items capitalized include the cost of easements and rights of way purchased. Irrigation works are amortized on a straight-line basis over their estimated average useful lives of 40 years.

Pension

Expenditures: Employee benefits include pension costs which comprise the cost of pension obligations earned by employees during the year.

BOW RIVER IRRIGATION DISTRICT

Notes to Financial Statements

For the Year Ended October 31, 2016

2. Accounting Policies (continued)

Measurement Uncertainty

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. 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 this estimate.

Long-lived Assets

Long-lived assets consists of property, buildings and equipment and irrigation works. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The District performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may be unrecoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in income for the year.

Financial Instruments

The District recognizes its financial instruments when the District becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recognized at their fair value, including financial assets and liabilities originated.

At initial recognition, the District may irrevocably elect to subsequently measure any financial instrument at fair value. The District has not made an election during the year.

BOW RIVER IRRIGATION DISTRICT

Notes to Financial Statements

For the Year Ended October 31, 2016

2. Accounting Policies (continued)

The District subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

Financial Asset Impairment

The District assesses impairment of all of its financial assets measured at cost or amortized cost. The District groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the District determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the District reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The District reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment was recognized. The amount of the reversal is recognized in the excess of revenues over expenses in the year the reversal occurs.

BOW RIVER IRRIGATION DISTRICT
Notes to Financial Statements
For the Year Ended October 31, 2016

3. Investments

	2016	2015
Managed portfolios (cost - \$4,000,000)	\$ 4,027,178	\$ 3,908,798
GICs	5,610,443	14,385,573
Fixed income (cost - \$1,683,702)	1,679,373	2,176,666
	11,316,994	20,471,037
Less: short term	-2,276,477	-11,861,916
Long term investments	<u>\$ 9,040,517</u>	<u>\$ 8,609,121</u>

Short-term investments totalling \$2,276,477 (2015- \$11,861,916) mature in the next year. They include GICs, term deposits and bonds at interest rates varying from 2.00% to 4.75%. Long term investments totalling \$9,040,517 (2015 - \$8,609,121) mature in one to eight years. They includes GICs, term deposits and bonds at varying interest rates from 1.90% to 10.22% and equities.

4. Accounts Receivable

	2016	2015
Water rates and charges	\$ 477,980	\$ 562,356
Leases	61,243	10,855
Sundry	118,680	116,812
Accrued interest	87,736	202,074
	<u>\$ 745,639</u>	<u>\$ 892,097</u>

BOW RIVER IRRIGATION DISTRICT

Notes to Financial Statements

For the Year Ended October 31, 2016

5. Property and Equipment

<u>General</u>	2016		2015	
	Cost	Accumulated Amortization	Net	Net
Office shop complex	\$ 2,346,687	\$ 986,631	\$ 1,360,056	\$ 1,402,120
Buildings	193,354	139,310	54,044	56,889
Trucks	1,742,958	1,265,027	477,931	343,031
Power equipment	2,812,620	1,639,830	1,172,790	996,683
Computers	251,530	199,676	51,854	51,695
Other equipment	1,031,826	671,144	360,682	304,322
	<u>\$ 8,378,975</u>	<u>\$ 4,901,618</u>	<u>\$ 3,477,357</u>	<u>\$ 3,154,740</u>

<u>Irrigation Works</u>	2016	2015
Irrigation works opening balance	\$ 217,327,902	\$ 210,528,405
Additions to irrigation works		
External goods and services	2,891,296	5,230,624
Internal (District) goods and services	1,547,806	1,568,873
	<u>221,767,004</u>	<u>217,327,902</u>
Irrigation works at end of year		
Amortization opening balance	106,392,013	101,163,638
Disposals	-	-
Current year amortization	5,310,507	5,228,375
	<u>111,702,520</u>	<u>106,392,013</u>
Amortization at end of year		
Irrigation works closing balance	<u>\$ 110,064,484</u>	<u>\$ 110,935,889</u>

BOW RIVER IRRIGATION DISTRICT

Notes to Financial Statements

For the Year Ended October 31, 2016

6. Restricted Fund Balances

The District has funds contributed by Alberta Agriculture (externally restricted) and by the District (internally restricted) for use in addition to and/or rehabilitating irrigation works. The District also has funds contributed by Alberta Environment (externally restricted) to secure right of way for deficiencies existing prior to 1974.

	Internal District	External Right of Way	Cost Share	2016	2015
Opening fund balance	\$ 24,729,877	\$ 32,176	\$ 4,572,408	\$ 29,334,461	\$ 28,300,426
<u>Add:</u>					
Contributions new parcels	2,491,703	-	-	2,491,703	3,121,632
Province of Alberta	30,000	-	3,029,222	3,059,222	2,909,770
District	1,009,741	-	1,009,741	2,019,482	2,339,846
Contributions from farmers	45,708	-	-	45,708	157,180
Interest earnings	488,518	234	34,897	523,649	446,809
Unrealized gain (loss)	114,200	-	-	114,200	-95,093
	28,909,747	32,410	8,646,268	37,588,425	37,180,570
<u>Deduct:</u>					
Additions to capital works (Note 5)	818,834	-	3,620,268	4,439,102	6,799,497
Consulting fees (revenue)	-16,644	-	-	-16,644	9,637
Investment fees	26,755				
Payments to water users	12,500	-	-	12,500	29,318
Drain relocations	-	-	-	-	37,734
Transfer to cost share	1,009,741	-	-	1,009,741	969,923
	\$ 27,058,561	\$ 32,410	\$ 5,026,000	\$ 32,143,726	\$ 29,334,461

BOW RIVER IRRIGATION DISTRICT

Notes to Financial Statements

For the Year Ended October 31, 2016

7. Irrigation Rates

Irrigation rates, net, consist of:		2016
257,459.97 acres	at \$16.00 per acre	\$ 4,119,360
450.59 acres	at \$400.00 per parcel minimum 52 parcels at 25 acres minimum	20,800
240.93 acres	at \$19.00 per acre, terminable	4,578
		4,144,737
39.50 acres	at \$38.00 per acre, conservation	1,501
1,543.84 acres	at \$19.00 per acre, annual	29,333
56.31 acres	at \$400.00 per parcel minimum, annual	3,200
		<u>\$ 4,178,771</u>

8. Provision for Irrigation Works

	2016	2015
Contribution to cost share reserve	\$ 1,009,741	\$ 969,923
Transfer surplus to reserves	0	400,000
	<u>\$ 1,009,741</u>	<u>\$ 1,369,923</u>

BOW RIVER IRRIGATION DISTRICT

Notes to Financial Statements

For the Year Ended October 31, 2015

9. Accounts Payable and Deferred Revenue

Included in accounts payable is deferred revenue of \$473,436 representing deposits on expansion acres and goods and services taxes payable of \$165,370.

10. Commitments

The District has commitments in an estimated amount of \$504,724 (2015 - \$589,058) in respect of uncompleted work on approved cost sharing projects.

11. Contingencies

The District is involved in various minor litigation, regulatory and environmental matters in the ordinary course of business. In management's opinion, an adverse resolution of these matters would not have a material impact on operations or the District's financial position.

12. Local Authorities Pension Plan

Employees of the District participate in the Local Authorities Pension Plan (LAPP), which is covered by the Public Sector Pension Plans Act. It is financed by employer and employee contributions and investment earnings of the LAPP fund. The District is required to make current service contributions to the plan of 11.39% of pensionable earnings up to the Canada Pension Plan's Maximum Pensionable Earnings and 15.84% for the excess. Total current service contributions by the employees of the District to LAPP in 2016 were \$270,421 (2015 - \$282,780) and the contributions made by the District to the plan in 2016 were \$294,287 (2015 - \$307,628). At December 31, 2015 the Plan served about 244,621 people (2014 - 237,612) and 426 employers (2014 - 423) and it disclosed an actuarial deficiency of \$923 million (2014 - \$2.45 billion).

13. 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 interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

BOW RIVER IRRIGATION DISTRICT

Notes to Financial Statements

For the Year Ended October 31, 2016

13. Financial Instruments (continued)

Fair value of financial instruments

The carrying value of current financial assets and liabilities approximates their fair values due to the short-term nature of these instruments.

The fair value of the District's long-term investments consisting of fixed income bonds, term deposits and equities are \$9,040,517 (2015 - \$8,609,121).

Credit concentration

The District does not have significant exposure to risk from any individual customer. The District 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.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The District does not have any specific exposure to interest rate risk.

14. Related Parties

During the year the District received revenues of \$119,364 (2015 - \$116,509) for irrigation water rates, water supply and cultivation leases from members of the Board of Directors. These transactions are in the normal course of operations and are measured at the exchange amounts outlined in the District's by-laws.

15. Comparative Figures

The comparative figures have been reclassified where necessary to conform to the 2015-16 presentation.

16. Approval of Financial Statements

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

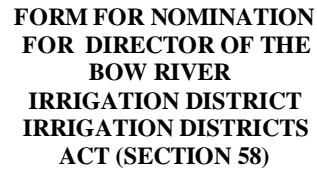
BOW RIVER IRRIGATION DISTRICT

Schedule of Operating Expenses

For the Year Ended October 31, 2016

Schedule 1

	2016				2015
	Maintenance & Equipment	Water Delivery	Administration	Total	Total
EXPENSES					
Salaries and wages	\$ 1,446,734	\$ 410,565	\$ 827,450	\$ 2,684,749	\$ 2,742,355
Employee benefits	340,057	65,204	188,475	593,736	598,712
Materials and supplies	541,397	243	53,596	595,236	409,448
Equipment operations & maintenance	546,017	0	1,754	547,771	645,505
Amortization	409,662	0	19,053	428,715	359,047
Weed and pest control	7,668	269,657	0	277,325	336,040
Delivery pumps	21,323	159,980	0	181,303	190,434
Association fees	0	0	104,218	104,218	80,179
Board of Directors fees and expenses	0	0	88,931	88,931	80,851
Insurance	47,694	0	5,820	53,514	64,011
Professional fees	0	0	35,634	35,634	20,750
Contracted services	0	0	28,103	28,103	6,230
Telephone	0	8,533	11,594	20,127	21,512
Equipment rent	13,604	0	0	13,604	15,331
Advertising	0	0	13,198	13,198	24,533
Postage	0	0	7,313	7,313	6,500
Land titles charge	0	0	3,578	3,578	2,639
Conference and seminars	3,522	160	811	4,493	6,536
Travel	473	0	2,930	3,403	1,589
Bank charges	0	0	1,933	1,933	1,707
Allowance for doubtful accounts	0	0	0	0	0
Gain (loss) on disposal of equipment	(7,346)	0	0	(7,346)	3,985
Labour recoveries	(251,519)	(83,172)	(180,343)	(515,034)	(698,661)
Equipment recoveries	(851,097)	97,739	19,359	(733,999)	(1,156,860)
Building occupancy costs, net	(125,029)	0	0	(125,029)	(34,682)
Custom work recoveries	(5,334)	0	0	(5,334)	(13,791)
Miscellaneous	998	249	26,578	27,825	7,913
General Fund operating expenses	2,138,824	929,158	1,259,985	4,327,967	
Irrigation Works investment expenses				26,755	
TOTAL 2016	\$ 2,138,824	\$ 929,158	\$ 1,259,985	\$ 4,354,722	\$ -
TOTAL 2015	\$ 1,603,223	\$ 1,001,067	\$ 1,117,523	\$ -	\$ 3,721,813



Name (Please Print)

WITNESSED by our hands this ____ day of _____, A.D. 2017.

I hereby consent to being nominated as a candidate for election of Director for the Board of the Bow River Irrigation District, and hereby agree, if elected to serve as a member of the Board for the term for which I am elected.

- 43 -

