



2017

**FINANCIAL STATEMENTS
AND
ANNUAL REPORT**

The Board of Directors invites you
to attend the ANNUAL MEETING
Tuesday, March 13, 2018 at 1:30 p.m.

Vauxhall Legion Hall

Please bring this report with you.

Pipeline Inlet Inline Screen



B Pipeline Construction

FINANCIAL STATEMENT AND ANNUAL REPORT 2017

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**2017 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

Some of the things which your Board worked on this past year were:

Water on Demand:

This concept has been tried in some areas of our district for the last few years with some success. Unfortunately, everybody now thinks they have this service. This is not true! It only works on the pipelines coming off of the main canal above Scope Reservoir and the Lomond main canal above Badger Reservoir. All other areas need to order and cancel water like they did before: one to two days before you need it. Water needs to be turned down laterals for it to be available to the water user. This takes time. If you simply take water without ordering it, you will run the water user down stream on the lateral out of water – which does not make them happy at all.

The Board requests that all water users communicate clearly with your ditch riders. You have to order water; whether it is with water on demand or regular ordering. Ditch riders have to know how much water they need for their area. The Operations Supervisor needs to know how much water to turn down the main canals. You also need to cancel your water when you are done using it. If not, the records will show that you kept using your water – which will cause you to reach your maximum allotment that much sooner, and all further water deliveries to you will be stopped. All of our ditch riders have cell phones and can be reached by phone call or texting.

Expansion:

I wrote last year that our Board was considering another expansion. The first step in this process was to do some modeling to determine the levels of risk to the District – how often and how severely we would run short of water. Our Alberta Government does this modeling for us. We just saw the results of this at our January 2018 meeting. The results showed that we can expand another 75,000 acres with minimal risk to the water users. Since the last expansion we have received an additional 40,000-acre foot license, and storage in Little Bow Reservoir has increased by another 20,000-acre feet. The Board has decided to hold the mandatory informational meetings and plebiscite next fall (the timelines were too tight to get it done for this coming water season, with the proper planning and preparation it requires). We would welcome comments from our water users as to the size of our expansion and the appropriate water right charges for these acres. Come to the Annual Meeting or talk to a Director.

Renewable Energy:

This has been the big topic for the Board this past year. I believe it was on every meeting's agenda. We dealt with three different kinds of renewable energy:

1. Solar – We have talked about solar for a couple of years. This year it got serious. We put a few of our good potential sites on BRID land out for

tender. Some excellent bids came in. SolarKrafte was selected to develop two projects: a smaller one to the southwest of the Vauxhall sugar beet dump, and a larger one on lands to the west of the beet dump. The smaller one should be going in to construction this coming summer. The larger one is still in process. There has been more interest in some of our other lands again. We will continue to work on these.

2. Hydro – The Board had a meeting with a hydro company that wanted to develop some of our major structures on the main canal. The concept sounds good; however, everything relies on a suitable price for the power. We are in the process of signing an option with them.
3. Wind – We met with a company that wanted to develop wind power on some of our land. Adjacent land owners were comfortable with the idea of having windmills near their property. Aerial spraying companies were more concerned and said they kept a two-mile buffer zone between their spraying and the windmills. This would affect the agricultural land around these sites, and therefore, the Board decided not to pursue wind power. Our main focus is agriculture – not power generation.

Good Deeds:

1. The Vauxhall and District Regional Water Services Commission wants to expand the reservoirs on the north edge of Vauxhall. This is in an effort to attract more businesses, such as processing, to the area. The water plant has sufficient capacity, but the current reservoirs are too small. Our local water users would benefit from such development. We gave them a 19-acre triangular piece of land just to the north of the existing reservoirs.
2. The Department of Environment and Parks of Alberta needed a winter training facility for their mussel sniffer dog program. This has been an excellent program not only for identifying boats coming in to the province with mussels attached to them, but also for raising the public awareness of the potential mussel problem. We are letting them use the shop at the Enchant Camp for this training.
3. Habitat development has been important to the Board, as we want to do our part in maintaining the environment. We partnered with Alberta Conservation Association (ACA) to develop another six habitat sites. These were signed for a minimum ten-year lease.

License Issues:

I reported last year that we had a 52,000-acre foot license that we had applied for in 1992; but when they finally issued it to us, they gave us only 40,000-acre feet. We did not agree with that and therefore took it to a judicial review for a judgment. We lost that one. Our opinion was that justice had not been done and so we are appealing that decision. This appeal should be heard later in 2018, probably in the fall.

Conclusion:

We had another good water year again. It was hot and dry but our District came through it in fine shape. We thank our staff for the excellent job you did in getting us through this year and making sure the water users had sufficient water when they needed it. We thank the Department of Agriculture and Forestry for your continued support of the Irrigation Rehabilitation Program and for your help in doing your share of the modeling for the expansion of our District. We thank the Department of Environment and Parks of Alberta for your share of the modeling done for our expansion. We thank you too for finishing the work on the headworks of our District. We have a truly amazing district now with all the available storage sitting above the vast majority of our water users.

Congratulations to our District in excelling in so many areas. We finished in first place in 2016 (the 2017 statistics aren't available yet for all districts), as compared to the other twelve districts in:

1. Highest % of land irrigated with pivots at 92.4%
2. Highest % of land growing specialty crops at 37.3% (90,472 acres)
3. Most assessed acres per km of conveyance system at 264 acres/km
4. Most acres added to the assessment roll since 2000 at 49,000 acres (from 211,000 – 260,000 acres currently)

We live and farm in a very good part of the world.

We wish you all a successful year in 2018.

Respectfully Submitted,

Harold Unruh
Chair, Board of Directors

**BOARD OF DIRECTORS REMUNERATIONS REPORT
NOVEMBER 1, 2016 - OCTOBER 31, 2017**

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 \$375 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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Directors' Fees	\$84,811	\$70,267	\$ 60,638	\$61,903	\$ 62,739
Miscellaneous	<u>20,008</u>	<u>18,664</u>	<u>20,213</u>	<u>10,734</u>	<u>12,558</u>
TOTAL:	<u>\$104,819</u>	<u>\$88,931</u>	<u>\$ 80,851</u>	<u>\$72,637</u>	<u>\$75,297</u>

<u>Director</u>	<u>Fees</u>	<u>Mileage</u>	<u>Expense</u>	<u>Total</u>
John DeVries	\$ 6,000	\$ 355	\$ 780	\$ 7,135
James Larson	11,250	1,107	1,980	14,337
Glenn Logan	7,500	1,255	1,764	10,519
Ron Schlaht	8,638	1,690	736	11,063
Harold Unruh	11,475	806	819	13,099
Walter Unruh	10,500	1,507	838	12,845
Vic Van Dyk	<u>12,375</u>	<u>572</u>	<u>2,865</u>	<u>15,812</u>
TOTALS:	<u>\$67,738</u>	<u>\$7,291</u>	<u>\$ 9,782</u>	<u>\$84,811</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 2017:

N.E. 35-11-17-W4M	N.E. 5-13-13-W4M
S.E. 2-12-17-W4M	N.W. 29-12-13-W4M
N.W. 6-14-18-W4M	S.E. 31-12-13-W4M
N.W. 22-12-16-W4M	S.W. 32-12-13-W4M
N.E. 22-12-16-W4M	S.E. 14-13-16-W4M
N.W. 33-13-17-W4M	S.W. 14-13-16-W4M
N.E. 33-13-17-W4M	N.W. 14-13-16-W4M
Portion N.W. 16-14-17-W4M	S.E. 15-13-16-W4M
N.E. 7-15-19-W4M	N.W. 15-13-16-W4M
S.E. 7-13-13-W4M	S.E. 22-13-16-W4M
S.W. 7-13-13-W4M	S.W. 22-13-16-W4M
N.W. 6-13-13-W4M	S.E. 23-13-16-W4M
N.E. 6-13-13-W4M	S.W. 23-13-16-W4M
S.E. 5-13-13-W4M	S.W. 9-17-18-W4M
S.W. 5-13-13-W4M	Plan 0211912 Block 1 Lot 1
N.W. 5-13-13-W4M	S.W. 9-15-21-W4M

No parcels were removed from the Bow River Irrigation District in 2017.

GENERAL MANAGER'S REPORT

Water Operations

The 2017 irrigation season was exceptionally hot and dry, but we were able to deliver all of the water required, and we ended the season with more water stored in reservoirs than we had at the beginning of the season.

Although it was dry across most of southern Alberta in 2017, it looks like Vauxhall had the lowest recorded precipitation of any of the numerous weather stations reported by the Alberta Climate Information Service, with only 124 mm from April 1 through October 31. Most other locations in southern Alberta had at least 160 mm, with over 200 mm at several locations, for that period. Only 11 mm of precipitation was recorded at Vauxhall from June 15 to August 12, compared to the long term average of 83 mm, and this lack of rain through the peak of the growing season resulted in unusually high demand for water.

Our daily diversion out of Little Bow Reservoir exceeded the long term daily average on 154 of the 165 days we delivered water, and our total diversion out of Little Bow was 351,500 acre feet, which is 34% above the average for the previous 25 years. This was our fourth highest total ever, behind 2001 (427,000 acre feet), 1988 (391,000 acre feet) and 2000 (375,000 acre feet). Our peak daily diversion was 2,356 cubic feet per second (cfs) on July 9, which is the highest it has been since 1990, when the record of 2,476 cfs was set, but well below the 3,100 cfs design capacity of the Little Bow outlet and the main canal below Little Bow Reservoir. The total diversion from the Bow River at Carseland was 422,000 acre feet, which is 77.5% of the total licenced allocation and within 1,000 acre feet of the all-time high in 1988. The diversion from the river was high, relative to our diversion out of Little Bow, because Travers and Little Bow Reservoir levels were low at the beginning of the year due to construction last winter, but there was sufficient water in the river to refill the reservoirs, along with meeting all demands for water. Total storage in McGregor, Travers, and Little Bow reservoirs increased from approximately 300,000 acre feet at the beginning of the year to 393,000 acre feet in mid-June, and declined to 308,000 acre feet in early October before recovering to 316,000-acre feet when we ended diversion from the river on October 20. The maximum acceptable total summer storage is 397,000 acre feet, and the new winter target is 322,000 acre feet. Prior to the recent expansion of Little Bow Reservoir, the winter storage target was 316,000 acre feet.

Flow in the river was very good through early July, but after that it was lower than normal due to very low rainfall in the mountains, which made it challenging for all water users on the river. The major water users (BRID, EID, WID, TransAlta, and the City of Calgary) have a weekly conference call with Alberta Environment to discuss water operations, which helps ensure that everyone gets sufficient water.

Main Canal Structure Replacements

Most of the concrete drop structures and check structures on our main canal and Lomond Lateral were constructed by the PFRA in the 1950's, and some are in poor condition. We had a consultant inspect and evaluate these structures, and they recommended that the three largest drop structures on our main canal be replaced within the next five years. Drop 5, located directly south of Enchant, and Drop 7, located approximately 1.5 miles east of Drop 5, are the highest priority. We hope to replace Drop 5 in the fall of 2018, and Drop 7 in the fall of 2019. However, Drop 5 is extremely close to Range Road 18-4, and in order to replace it, the bridge across the canal will need to be replaced at the same time. The M.D. of Taber is trying to obtain funding for the bridge replacement for construction in 2018. The bridge and drop structure will likely be combined into a single structure, which will reduce costs for the BRID and the M.D. If bridge funding cannot be obtained, we will replace Drop 7 in 2018. Replacement of these drop structures will be funded from our reserves, at an estimated cost of around \$3 million per structure.

Headworks Rehabilitation

The removal of the old irrigation outlet structure on Travers dam that controlled flow into Little Bow was completed in the spring of 2017, combining Travers and Little Bow into a single reservoir. This was the final major item in the rehabilitation of the headworks. It allows the Travers/Little Bow spillway system to function safely in any flood, makes it easier to adjust flow in our main canal, and increases storage in Little Bow. It is great to finally have the headworks rehabilitation program completed.

Invasive Mussels

The provincial government and irrigation districts continue to actively attempt to prevent the introduction of invasive mussels and to determine how to control them if they are introduced. Boat inspections are a key element of the prevention program, and roughly 17,000 boats were inspected this year, with 19 of them requiring decontamination due to suspected mussels. A report addressing the risk of a mussel infestation and assessing treatment options concluded that although reservoirs are at great risk, the annual dewatering of canals and pipelines should be effective in preventing severe problems with mussels in those systems.

Staff Changes

Two of our ditchriders, Gerald Drist and Stan Kurek, retired at the end of the 2017 irrigation season. Gerald started his career with the BRID in 1985, and Stan started in 1999. Their replacements will be hired in early 2018.

Respectfully submitted,

Richard J. Phillips, P. Eng.
General Manager

MAINTENANCE REPORT

Even with the extreme hot and dry weather, the maintenance department of the BRID experienced a normal year. Aquatic weeds and algae continue 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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$276,881	\$269,657	\$323,367	\$315,702	\$163,178

Two major maintenance projects were completed this year: more riprap was added along the south dam of Badger Reservoir for erosion protection and the D-2 Pipeline was extended in the Vauxhall area.

Through the Irrigation Rehabilitation Program (IRP), the district with its own forces undertook the rehabilitation of Lateral B (Phase1) and Lateral B-3 in the Enchant area. These projects consisted of PVC pipeline, a cast-in-place inlet structure, turnout installations, and a twin inline self-cleaning screen.

The BRID spent approximately \$306,000 on Special Projects this year. Under the 2017 Special Projects program the BRID installed three deflectors, three-drop leaf gates, automated three structures, and installed the J-2 Pipeline in the Lomond area.

Under the domestic relocation program, the district completed four farmer-initiated projects at a total cost of \$11,878. The BRID provides \$3,000 towards each domestic relocation, to a maximum of 10 relocations per year on existing canals or pipelines.

Under the canal relocation program, the district completed one and started another farmer-initiated project at a total cost of \$180,350. The district provides 75% of the cost for the relocation to a maximum of \$60,000.

Canal Relocation Projects completed in 2016/2017 were as follows:

Location	BRID Contribution	Farmer Contribution	Total Costs
Drain D (W.B.) NE 7-15-18-4	\$60,000	\$47,465	\$107,465

Canal Relocation Projects started in 2016/2017 and those to be completed in 2017/2018 are as follows:

Location	BRID Contribution	Farmer Contribution	Total Costs
Drain R-11 (Hays) Parcel 270	\$54,664	\$18,221	\$72,885
2016/17 TOTALS:	\$114,664	\$65,686	\$180,350

Following is a list of routine maintenance performed by the BRID in 2017:

Canal Banks Sprayed with Boom or Spot Treated by Hand Gun	365	km
Ditch Channel Cleaned	2	km
Ditch Cleaned with Herder (Cattails)	30	km
Ditch Banks Mowed	721	km
Ditch Banks Leveled	3	km
Ditch Banks Graveled	78	km
Ditch Banks Graded	58	km
Ditch Closed	7	km
Ditch Channel Dragging	3	km
Fence Installed, Removed or Replaced	4	km
Rock, Gravel and Armour Placement (includes IRP projects)	15,296	m ³
Structures Repaired	6	units
Structures Removed	14	units
Farm Turnouts Installed in Laterals	8	units
Farm Turnouts Repaired	17	units
Turnouts Removed	8	units
Pipeline Turnouts Installed	3	units
Domestic Turnouts Installed	6	units
Standpipes Installed or Repaired	9	units
Farm or Lateral Crossings Replace or Repaired	4	units
Road Crossings Installed or Repaired	3	units
Canal Washouts Repaired (Structures & Culverts)	7	units
Beaver Dams & Weed Jams Removed	6	units
Drain Inlets Installed	7	units
Pipeline Turnouts Fabricated	39	units
Pipeline Screens Fabricated and Installed	3	units
Turnout Screen Fabricated	6	units
Catwalks & Handrails Fabricated and Installed	9	units
Tileline Repair	2	units
Texas Gates Installed or Removed	1	unit
Pipeline Repairs (above ground)	47	units
Pipeline Repairs (below ground)	7	units
Pipeline Screen Modifications	6	units

Respectfully submitted,

Bill Skelly
 Superintendent of Maintenance

OPERATIONS REPORT

Water Diversions

Water diversions from the Bow River at Carseland began on April 12, 2017 and ceased on October 20, 2017. A total of 422,000 acre feet was diverted this season. McGregor, Travers and Little Bow Reservoirs started the season with 300,000 acre feet total storage and ended the season at 316,000 acre feet storage.

Water diversions into our main canal at Little Bow Reservoir began on April 27th, and ceased on October 10th. Water use was 34% above the 25 year average for the entire season. A total of 351,500 acre feet of water was diverted into our main canal at Little Bow Reservoir in 2017, which is the fourth highest diversion on record. The return flow was 46,182 acre feet, which was returned to the river through the District's drainage system.

The Lost Lake pumps returned 5,861 acre feet into the main canal. This year the Vauxhall Research Station recorded 124 mm of precipitation between April 1st and October 31st, which is 48% of the average.

COMPARISION 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)
2017	422,000	351,500	242,150	245,224	124 mm
2016	328,085	262,391	226,566	242,598	281 mm
2015	331,900	298,800	226,042	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

The assessment roll at the close of the 2017 irrigation season was 258,620.71 acres. The expansion limit of the district is 260,000 acres.

Monthly Little Bow Diversions with comparison to 2016 and the last 25 Year Average (in acre feet):

	<u>2017</u>	<u>2016</u>	<u>25 Year Average</u>
April	5,603	14,608	2,171
May	45,519	43,393	33,669
June	63,758	77,686	51,860
July	114,995	55,935	83,688
August	63,863	35,405	49,150
September	48,440	28,906	33,400
October	9,322	6,458	8,139
Total	<u>351,500</u>	<u>262,391</u>	<u>262,077</u>

These totals include all water uses downstream of Little Bow Reservoir, as well as water which is not used, and 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: four agricultural users (intensive feeding operations), one municipal (colony), two commercial (gravel washing operation and a resort) and one habitat enhancement project

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</u>	<u>Acres</u>	<u>Crop</u>	<u>Acres</u>
Hard Spring Wheat	49,707	Green Feed	909
Canola	19,928	Lentils	764
Alfalfa Seed	19,862	Triticale	692
Dry Peas	17,663	Miscellaneous	511
Dry Beans	17,020	Faba Beans	392
Alfalfa	14,705	Oats Silage	290
Canola Seed	13,608	CPS Wheat	212
Durum wheat	11,950	Mint	197
Potatoes	10,703	Summer Fallow	171
Tame Pasture	10,680	Soybeans	160
Barley	10,348	Miscellaneous - Yards	147
Sugar Beets	9,997	Safflower	136
Hemp	6,467	Mustard	135
Hay - Timothy & Brome	5,285	Turf Sod	133
Flax	4,800	Canary Seed	132
Corn Silage	4,484	Milk Vetch	132
Grain Corn	4,035	Grass Seed	63
Barley Silage	2,469	Radish	59
Soft Wheat	2,351	Rye	58
Winter Wheat	1,656	Seed Potatoes	40
Oats	1,142	Market Gardens	13
Sunflower	1,016	Hops	3
			245,224

The methods of irrigation and acres of each are:

	<u>% of Total:</u>	<u>Acres:</u>
Pivot	93.0%	228,218
Gravity (Flood)	4.3%	10,458
Wheel Move / Hand Move Sprinklers	2.6%	6,353
Subsurface Drip	0.1%	195
	100.0%	245,224

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 2017 for rehabilitation projects were as follows:

2017 IRP Base Funds

Provincial Government Contribution (75%)	\$3,040,059
BRID Contribution (25%)	<u>\$1,013,353</u>
TOTAL:	\$4,053,412

Brief descriptions of projects that were completed last year, those that are now under construction, and those that are planned for next year follow. IRP 2319 Lateral B (West Block) is a large project, which is being constructed over three years. Construction began in the fall of 2016 and will be completed in the spring of 2019. It includes three separate pipelines: B-3, B-5 and B. In 2016/2017, the B-3 pipeline was completed and the first 1.1 km of pipe was installed on both the B-5 and B pipelines. The approved cost shown for Phase 2 covers the work included in the first two phases of the project.

Projects Completed in the 2016/2017 Construction Season

<u>Project Description</u>	<u>Estimated Final Cost</u>
IRP 2309 Badger Reservoir Dam Safety Review	\$ 49,000
IRP 2319 Lateral B (West Block) Engineering and Phase 1 Construction	\$2,800,000

Projects to be Completed in the 2017/2018 Construction Season

<u>Project Description</u>	<u>Approved Cost</u>
IRP 2319 Lateral B (West Block) Phase 2 – B-5 Pipeline	\$7,569,000

Projects to be Completed in the 2018/2019 Construction Season

<u>Project Description</u>	<u>Preliminary Cost Estimate</u>
IRP 2319 Lateral B (West Block) Phase 3 – B Pipeline	\$7,150,000

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. A portion of Lateral B 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

2018 BOARD ELECTIONS

Elections for two (2) electoral divisions are scheduled for Tuesday, March 20, 2018 (providing there are enough nominees to hold an election).

The electoral divisions up for election this year are:

Division #1: Current Director Glenn Logan

Division #7: Current Director Walter Unruh

Electoral Division 1 - Term Expires 2021

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

Electoral Division 7 - Term Expires 2021

Includes all parcels of land with irrigation acres recorded on the assessment roll of the Bow River Irrigation District situated to the east of the west boundary of Range 14 West of the Fourth Meridian excepting out that portion described as lying north of Highway #524 and west of Highway #875.

Nominations will close at 4:00 p.m. Tuesday, February 27, 2018.

A nomination form may be found on Page 47 of this report.

LONG TERM IRRIGATORS

As of the 2017 irrigation season, the following are recognized as **40 year irrigators**:

Pete Enns	R & A Farms Ltd	Ron Schlaht
David & Fran Geremia	Elizabeth Ruggles	Myrna Strom
Karl Kallen	Randy Schlaht	Linda Thompson
Harry Pickering		

As of the 2017 irrigation season, the following are recognized as **50 year irrigators**:

John & Giselle Cailliau	McNiven Excavating Ltd.	Ionne Skretting
Emelson (Ed) Estate	Larry Nolan	Art & Linda Thiessen
Huvenaars Farms Ltd.		

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

**TUESDAY, MARCH 13, 2018
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 14, 2017
5. Business from the Minutes of Last Year's Meeting
6. Auditor's Report and Review of Financial Statements
Period Ending October 31, 2017
- District Accountant – Jessica Teasdale, CPA, CA
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 14, 2017
VAUXHALL LEGION HALL, 1:30 PM**

Following are minutes of the Annual Meeting of the Board of Directors and the irrigators of the Bow River Irrigation District, held on Tuesday, March 14, 2017, in the Vauxhall Legion Hall.

Attendance included 16 irrigators, 7 Board members, 4 BRID staff members, 1 representative from Irrigation Council, 1 AIPA representative, 1 representative from Avail CPA, 3 provincial government staff, and 6 others, for a total of 39 attendees.

The meeting was called to order at 1:38 P.M. by General Manager Richard Phillips.

1. Welcoming Remarks - General Manager - Richard Phillips, P. Eng.

In opening the meeting, Richard Phillips introduced staff present, welcomed all irrigators to the meeting and asked all attendees to introduce themselves. He also introduced Jennifer Schafer, CPA, CGA, of Avail CPA, who would be presenting the auditor's report and the review of financial statements in the absence of Sharon Lukacs, CPA, CMA.

Richard Phillips reported that the 2017 Board elections saw two incumbents returned to the Board by acclamation: Ron Schlaht and John DeVries.

2. Appointment of a Meeting Chairperson

Richard Phillips introduced Ron Schlaht, Vice Chairman of the Board, whom the board had previously appointed as Chairman of the meeting.

3. Adoption of Agenda

Ron Schlaht asked attendees to review the agenda as noted on page 18 of the Annual Report and asked if there were any items to add. Doug Stanko asked the board if they had any plans to pressurize pipelines. Ron Schlaht said that this could be brought up as new business. As there were no items to be added, he then requested a motion to accept the agenda.

Moved by Henry Wiebe that the agenda in the Annual Report be accepted as printed.
CARRIED

4. **Approval of the Minutes of Last Annual Meeting: March 15, 2016**

Ron Schlaht requested that attendees review the minutes of last year's annual meeting on pages 19 through 24 of the report and inquired whether there were any errors, omissions, or corrections required. None were noted. A motion to accept the minutes of the March 15, 2016, annual meeting was requested.

Moved by Doug Stanko that the minutes of the March 15, 2016 Annual Meeting as printed and circulated in the 2017 annual report be accepted.

CARRIED

5. **Business from the Minutes of Last Year's Meeting**

Ron Schlaht asked if 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, 2016 - Jennifer Schafer, CPA, CGA, Avail CPA
Jennifer Schafer directed attention to the Financial Statements starting on page 25 of the Annual Report. The 2016 year end statements were then reviewed. Items noted:

- irrigation rates income is up and contributions from farmers income is down due to increased assessed acreage and fewer irrigation acres sold
- there is a drop in excess of revenues over expenses
- total yearly expenses are up

Ron Schlaht invited any questions relating to the Auditor's Report and Review of Financial Statements. None were raised. A motion to accept the statements and report was requested.

Moved by Jake Rozendaal that the financial statements and auditor's report for the year ending October 31, 2016, be accepted as presented.

CARRIED

7. **Chairman of the Board's Report - Chairman Harold Unruh**

Harold Unruh introduced the board members and informed attendees that BRID hats and pens were available to everyone. He then presented a summary of his written report as it appeared in the annual report. Items highlighted were:

- license issues. The district received a 40,000 acre foot licence instead of the anticipated 52,000 acre foot licence. The board disagrees with the decision, so a judicial review of it is scheduled for September 12th.
- transfer of 200 acre foot licence to Okotoks. Okotoks in turn has to replace our licences. This may be complete by August 2017.
- water quality study

- Main Canal structures. These were mostly built by the PFRA at the same time and may all wear out at the same time. Consultants have been hired to evaluate the structures and recommend a replacement schedule.
- potential dam sites - there is one in the district
- pheasant production - there no longer seems to be any interest
- solar power - we hired a consultant to guide us through the process
- tours - completed five tours this past year
- expansion - we are considering expansion again. We expected to receive our modelling sooner but we have been assured that we are first on the list. After completion of the modelling, we will be holding public meetings and a plebiscite.
- wind power - we have been approached to allow wind power development on some BRID lands. Due to negative comments and proximity to residences, the board had no interest in wind power development.

Harold Unruh said that the policy for the water turn-on date has been changed. If conditions warrant, the earliest date for turning water into the Main Canal at Little Bow Reservoir is now April 15th.

Due to lack of interest, the recognition for long term irrigators is in its last year. The deadline for submissions to be included in the board meeting agenda is the Thursday prior to the board meeting. No last minute additions will be accepted.

Harold Unruh concluded by thanking the irrigators, staff and all branches of government that the district works with for their efforts and cooperation and wished all a good year in 2017. Ron Schlaht asked if there were any questions or comments relating to the Chairman's report.

- Q. John Kolk asked if the board has examined the possibility of power generation when main canal structures are replaced.
- A. Harold Unruh said that this has been looked at in the past. In general, the district does not run water long enough for economical power generation. If water flowed all year we could generate some income rather than just for a 5 month period. It could be looked at again. Ron Schlaht said that we could revisit it to see if technology has changed.
- Q. John Kolk asked if going to court regarding the additional 12,000 acre foot licence could jeopardize our 40,000 acre foot licence. Harold Unruh said that we have been guaranteed the 40,000 acre foot increase and have the licence in our possession.

A. Richard Phillips said that our lawyer stated legislation did not allow the director to issue the licence as is. They claimed that 40,000 acre feet is sufficient for our needs. Our position is that it has always been reserved for us. It appears the most we could lose by pursuing this is legal costs.

Q. Greg Stamp asked if we would be pursuing an expansion like the EID.

A. Harold Unruh said that the board had discussed this earlier. A potential for a large intensification demand was discovered.

Q. Brian Witdouck asked if you have solar or wind power projects on BRID lands, do you have the same protection if the company is bankrupted as you do with well sites?

A. Harold Unruh said that the solar company we are dealing with now assured us that a large German company backed them. We will do the best that we can if we can get several years out of the project.

Q. Brian Witdouck asked if anything has been signed.

A. Harold Unruh said that the district has signed a contract with a solar developer. Ron Schlaht said that the agreement was signed last week and the company has until August 18, 2017 to show intent.

Q. Doug Stanko asked the location of the parcels.

A. Harold Unruh said that they were northwest of Vauxhall, a total of six quarter sections.

Ron Schlaht invited any further questions relating to the Chairman's report. None were raised. A motion to approve the Chairman's report was requested.

Moved by John Kolk that the Chairman's report for 2016 be approved. **CARRIED**

8. General Manager's Report - General Manager- Richard Phillips, P. Eng.
Richard Phillips presented the General Manager's report as written in the 2016 annual report. Items presented were:

- water operations. 2016 started hot and dry and July brought rains. 328,000 acre feet were diverted from the river. At the end of the season Lake McGregor Reservoir was at winter levels. This will be the final year of drawdowns for construction.

-This is the final year for headworks rehabilitation. It will be complete in just a few weeks. The structure between Little Bow and Travers Reservoirs was removed. Raising the dam at Little Bow Reservoir gained the district 20,000 acre feet of storage. The district is in excellent shape regarding water supply.

- invasive mussels. As far as known, there are none in Alberta yet. They are expanding across the continent from the east. They are also moving across the southern part of the continent and moving north. Zebra mussels were discovered at the Tiber Dam, in northern Montana, last year. Their discovery raises awareness of how real the threat is. In Arizona and California where mussels are already established they do not appear to be a problem, perhaps due to their warmer water. Our water chemistry is favorable for mussels. Alberta Agriculture has been working on treatment for mussel control: liquid potash in pipelines. A research project in the EID proved that a lethal level of potash can be delivered. A research project may take place in the BRID this year and irrigators will be informed when and where it is taking place. The Enchant shop was made available for a training facility for mussel sniffer dogs.

- Pipeline maintenance -The district has a mobile high-pressure washer to clean pipeline screens.

- Staff changes - No staff left in 2016. The district hired Nick May as our mechanic and Westin Hlatky as a full time laborer.

Ron Schlaht invited any questions relating to the General Manager's report.

Q. Jake Rozendaal asked if the potash infused water could be used to irrigate.

A. Richard Phillips stated that it is similar to a low level fertilizer. If we proceed with the trial, any affected irrigators would be notified prior to the test.

Q. Jake Rozendaal asked if the pipeline would have to be shut down.

A. Richard Phillips said that the pipeline needs water to flow through and then 24 to 48 hours of holding the potash water in the pipeline. Ron McMullin said that potash is not yet registered for mussel control. Richard Phillips said that it is not registered but Alberta Agriculture has a research permit. Registration is a slow process. Products have to be tested to ensure that they are safe to use. We can hope for emergency registration if it is needed.

Q. Henry Wiebe asked if potash is lethal to other animals.

A. Richard Phillips said that it is lethal to crustaceans, such as fresh water clams and molluscs. Potash is still a relatively safe treatment method for the control of mussels.

Ron Schlaht invited any further questions relating to the General Manager's report. None were raised. A motion to accept the General Manager's report was requested.

Moved by David Cailliau that the General Manager's report be accepted as presented.
CARRIED

9. **Annual Maintenance Report** -Superintendent of Maintenance -Bill Skelly
Bill Skelly reviewed the Annual Maintenance Report as outlined in the 2016 Annual Report. He said that the district used less Magnacide in 2016 than in 2015, for a difference of 20 cylinders. At a treatment rate of 5 to 6 parts per million a good weed kill is still achieved. The Main Canal is never treated, as the flow rate is too high. It would cost approximately \$90,000 to treat the main canal only one time at a low flow of 100 cfs.

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

Q. Doug Stanko asked how many pipeline inlets are not screened.

A. Bill Skelly said that if there were only one or two irrigators on a pipeline it would not be screened.

Q. John Kolk asked what might have caused a large weed jam on the Main Canal on a bridge south of Enchant.

A. Bill Skelly said that they must have just happened to get caught by a bridge pillar.

Moved by Louis Klassen that the annual maintenance report be accepted as presented.
CARRIED

10. **Presentations**

The following reports were presented:

Richard Phillips presented photographs of the recent headworks rehabilitation work at Travers/Little Bow Reservoirs, focussing on the removal of the old outlet structures. He stated that the reservoir is now controlled by one set of gates.

Doug Stanko asked whether anything can be done if something happens to Little Bow Reservoir. Richard Phillips said that there is a provision to drop bulkheads at the road crossing and save the water in Travers Reservoir. The crossing was meant to be only a crossing but the ability to drop bulkheads gives it the purpose of a backup dam for emergencies.

Irrigation Rehabilitation Program Report – presented by Richard Phillips, P. Eng., General Manager

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

- Q. Brian Witdouck asked if the Lateral B pipeline project cost is \$7 million.
- A. Richard Phillips said the cost of the project is approximately \$13 million.

- Q. Doug Stanko asked if the BRID would be moving towards pressurizing pipelines. The BRID should be, as it would be more cost effective. Pipe sizes could be reduced resulting in savings.
- A. Richard Phillips said that is complicated. Energy costs at the source of the pipeline would be billed to the irrigators. You also do not want too high of a velocity in the pipelines as a result of pressurizing; in some of our pipelines the velocities are already near the limit. In most cases, economy is achieved by installing larger pipe than you would with a pressurized system and depending on gravity to deliver water to the turnouts. When you are installing pipelines in an area with a good slope, you cannot go wrong with a gravity system. Flatter areas can increase the costs of a gravity system. The velocity is good in the Lateral B project, currently under construction.

Doug Stanko said that the district should price it out to let irrigators know what the comparison in costs would be between installing a pressurized system and gravity system. Actual energy costs should be calculated.

Richard Phillips stated that in a typical large pipeline, the static pressure is often in the 20 p.s.i. range at many turnouts. We could install a pump with smaller pipe but that would be contrary to normal procedures. Irrigators do not normally set up their systems with small mainlines and large pumps. It is better to install large pipe once, and pay the extra costs over smaller pipe, as opposed to having to pay extra energy costs continuously.

Harold Unruh said that pressurized pipelines were discussed at the last board meeting. One question raised is who would be responsible for the whole system-the district or the individual irrigators?

2016 Water Operations Report – presented by Rolf Schwabe, C.E.T., Executive Assistant

Ron Schlaht invited any questions relating to the Water Operations Report.

Q. John Kolk asked how many acres of subsurface irrigation there were in the BRID.

A. Rolf Schwabe stated that he believed there were less than 15 acres of subsurface irrigation.

Q. Ron McMullin asked what percentage of winter storage the district is at.

A. Richard Phillips stated we are at 96% of winter storage levels.

Ron Schlaht invited any further questions relating to the 2016 Water Operations Report. No further questions were raised. He then introduced Rod Bennett, Alberta Agriculture and Forestry. Mr. Bennett administers the Growing Forward 2 program, which provides grants for improving irrigation efficiencies.

Rob Bennett explained that the program offers grants of up to \$5,000 or 40% of eligible costs for equipment upgrades and up to \$15,000 of eligible costs for an upgrade from a gravity or side-wheel system or high-pressure center pivot to a new low-pressure center pivot system. The upgrade from a high pressure to a low-pressure pivot was added as of November 2, 2016. A major change was changing eligibility from one upgrade per year per irrigator to allowing applications for an upgrade to each parcel or system. Expansion of the system is not eligible. The equipment must have been purchased after April 1, 2013. 500 parcels were upgraded last year. He invited any interested irrigators to speak to him.

Q. John Kolk asked why subsurface irrigation applications are not being accepted. What can be done to make this possible?

A. Rod Bennett said that a research project on this topic was initiated 2 years ago. There are concerns about salinization. This is not yet considered a proven technology.

Q. Doug Stanko asked if PDMI (precision mobile drip irrigation) is being considered.

A. Rod Bennet said that it has potential but is not a proven technology. It is being researched at Lethbridge College. The length of the hoses could be a concern with crops like canola or corn.

Rod Bennett said that new pivot nozzles are more efficient. The package can be replaced on a pivot and receive a grant of up to 40% of the cost or \$5,000. Retrofitting a high-pressure pivot to a low-pressure pivot makes it eligible for up to \$5,000. \$3.1 million was paid out in grants over the last 11 ½ months. Next year the money will be less but there will be a supplement from the carbon levy.

11. **New Business**

Ron Schlaht opened the floor to new business.

Q. Brian Witdouck asked if there were any new dam sites planned.

A. Harold Unruh said that Deadhorse Coulee was currently being investigated. Richard Phillips said that the site is south of Lost Lake. The district's main canal flows through a natural coulee. Various areas of impoundment have been investigated with the largest providing 22,000 acre feet of storage. Any option would require a large dyke to contain the reservoir.

Ron Schlaht asked if there were any further comments regarding the dam or any new business. No comment or new business was offered.

12. **Recognition**

Harold Unruh, Chairman of the Board, presented hats and \$100 restaurant gift cards to the 40 year irrigators in attendance: Ron Olfert (Olfert Acres Ltd.) and Vic Van Dyk. Director Ron Schlaht received a framed print (photograph) recognizing 15 years on the BRID board.

13. **Adjournment**

The meeting was adjourned at 3:02 P.M., on a motion by David Cailliau.

BOW RIVER IRRIGATION DISTRICT

FINANCIAL STATEMENTS

OCTOBER 31, 2017

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CHARTERED PROFESSIONAL ACCOUNTANTS

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.

A handwritten signature in black ink, appearing to be "D. J. Smith", is written over a horizontal line.

General Manager

February 28, 2018



CHARTERED PROFESSIONAL ACCOUNTANTS

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, 2017 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 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, 2017, 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

February 28, 2018

Chartered Professional Accountants

BOW RIVER IRRIGATION DISTRICT

Statement of Financial Position

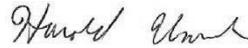
As at October 31, 2017

	General Fund	Irrigation Works	2017	2016
ASSETS				
CURRENT ASSETS				
Cash	3,887,561	21,540,739	25,428,300	23,334,717
Short-term investments (Note 3)	76,781	2,003,865	2,080,646	2,276,477
Accounts receivable (Note 4)	656,728	85,622	742,350	745,639
Materials and supplies, at cost	702,708	-	702,708	653,785
Prepaid expenses	86,800	-	86,800	71,357
Work in process	-	2,181,641	2,181,641	1,426,257
Due from funds	-	275,731	275,731	695,901
	<u>5,410,577</u>	<u>26,087,598</u>	<u>31,498,176</u>	<u>29,204,133</u>
LONG-TERM INVESTMENTS (Note 3)	298,421	8,780,606	9,079,027	9,040,517
PROPERTY AND EQUIPMENT (Note 5)	3,298,292	-	3,298,292	3,477,357
IRRIGATION WORKS (Note 5)	-	108,635,548	108,635,548	110,064,484
	<u>9,007,291</u>	<u>143,503,752</u>	<u>152,511,043</u>	<u>151,786,491</u>
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Accounts payable and deferred revenue (Note 9)	837,990	1,466,624	2,304,614	1,175,926
Due to funds	275,731	-	275,731	695,901
	<u>1,113,721</u>	<u>1,466,624</u>	<u>2,580,345</u>	<u>1,871,827</u>
COMMITMENTS (Note 11)				
CONTINGENCIES (Note 12)				
FUND BALANCES				
Invested in capital assets (Note 5)	3,298,292	108,635,548	111,933,840	113,541,841
Externally restricted (Note 6)	-	6,116,577	6,116,577	5,058,410
Internally restricted (Note 6)	-	27,285,003	27,285,003	27,058,561
Unrestricted	4,595,278	-	4,595,278	4,255,852
	<u>7,893,570</u>	<u>142,037,128</u>	<u>149,930,698</u>	<u>149,914,664</u>
	<u>9,007,291</u>	<u>143,503,752</u>	<u>152,511,043</u>	<u>151,786,491</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, 2017

	General Fund	Irrigation Works	2017	2016
REVENUE				
WATER EARNINGS				
Irrigation rates (Note 7)	4,182,055	-	4,182,055	4,178,771
Water supply rentals	122,977	-	122,977	77,033
Sale of excess and domestic water	76,480	-	76,480	73,280
Discounts and penalties, net	-172,602	-	-172,602	-178,644
	<u>4,208,910</u>	<u>-</u>	<u>4,208,910</u>	<u>4,150,440</u>
LEASE REVENUE, NET	1,062,795	-	1,062,795	926,945
INTEREST EARNINGS	41,118	564,718	605,836	567,379
UNREALIZED GAIN ON INVESTMENTS	-	106,925	106,925	113,315
PROVINCE OF ALBERTA	-	3,136,023	3,136,023	3,059,222
CONTRIBUTIONS FROM FARMERS	-	501,034	501,034	2,524,911
WATER LICENSE TRANSFER (Note 10)	200,000	-	200,000	-
MISCELLANEOUS	45,487	-	45,487	76,952
	<u>5,558,310</u>	<u>4,308,700</u>	<u>9,867,010</u>	<u>11,419,164</u>
EXPENSES				
OPERATING EXPENSES (SCHEDULE 1)	4,384,596	37,000	4,421,596	4,354,722
AMORTIZATION OF IRRIGATION WORKS	-	5,381,496	5,381,496	5,310,507
CONSULTING FEES (REVENUE)	-	47,884	47,884	-16,644
	<u>4,384,596</u>	<u>5,466,380</u>	<u>9,850,976</u>	<u>9,648,585</u>
EXCESS OF REVENUE OVER EXPENSES	1,173,714	-1,157,680	16,034	1,770,579
PROVISION FOR IRRIGATION WORKS (Note 8)	-1,013,353	1,013,353	-	-
	<u>160,361</u>	<u>-144,327</u>	<u>16,034</u>	<u>1,770,579</u>
FUND BALANCES, beginning of year	<u>7,733,209</u>	<u>142,181,455</u>	<u>149,914,664</u>	<u>148,144,085</u>
FUND BALANCES, end of year	<u>7,893,570</u>	<u>142,037,128</u>	<u>149,930,698</u>	<u>149,914,664</u>

BOW RIVER IRRIGATION DISTRICT**Statement of Combined Cash Flows
For the Year Ended October 31, 2017**

	2017	2016
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenue over expenses	16,034	1,770,579
Items not involving cash:		
Amortization of property and equipment	389,237	428,715
Amortization of irrigation works	5,381,496	5,310,507
Loss (gain) on sale of property and equipment	2,846	-7,346
	<u>5,789,613</u>	<u>7,502,455</u>
Net change in non-cash working capital balances		
Accounts receivable	3,289	146,458
Materials and supplies, at cost	-48,923	259,853
Prepaid expenses	-15,443	7,406
Accounts payable and deferred revenue	1,128,688	-2,115,108
	<u>6,857,224</u>	<u>5,801,064</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	-227,804	-803,058
Proceeds on disposal of capital assets	14,787	59,072
Expenditures on irrigation works	-3,952,561	-4,439,102
Change in work in process	-755,384	563,740
Change in long-term investments	-38,510	-431,396
	<u>-4,959,472</u>	<u>-5,050,744</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,897,752	750,320
CASH AND CASH EQUIVALENTS, beginning of year	<u>25,611,194</u>	<u>24,860,874</u>
CASH AND CASH EQUIVALENTS, end of year	<u>27,508,946</u>	<u>25,611,194</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash	25,428,300	23,334,717
Short-term investments	2,080,646	2,276,477
	<u>27,508,946</u>	<u>25,611,194</u>

BOW RIVER IRRIGATION DISTRICT

Notes to Financial Statements

For the Year Ended October 31, 2017

1. Purpose of the Organization

The Bow River Irrigation District (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, 2017

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, 2017

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, 2017

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, 2017

3. Investments

	2017	2016
Managed portfolios (cost - \$4,000,000)	4,175,658	4,027,178
GICs	5,223,059	5,610,443
Fixed income (cost - \$1,759,142)	<u>1,760,956</u>	<u>1,679,373</u>
	11,159,673	11,316,994
Less: short term	<u>-2,080,646</u>	<u>-2,276,477</u>
Long term investments	<u>9,079,027</u>	<u>9,040,517</u>

Short-term investments totalling \$2,080,646 (2016- \$2,276,477) mature in the next year. They include GICs, term deposits and bonds at interest rates varying from 1.35% to 2.53%. Long term investments totalling \$9,079,027 (2016 - \$9,040,517) mature in one to six years. They includes GICs, term deposits and bonds at varying interest rates from 1.35% to 10.22% and equities.

4. Accounts Receivable

	2017	2016
Water rates and charges	516,419	477,980
Leases	29,947	61,243
Sundry	107,995	118,680
Accrued interest	<u>87,990</u>	<u>87,736</u>
	<u>742,350</u>	<u>745,639</u>

BOW RIVER IRRIGATION DISTRICT
Notes to Financial Statements
For the Year Ended October 31, 2017

5. Property and Equipment

<u>General</u>	2017		2016	
	Cost	Accumulated Amortization	Net	Net
Office shop complex	2,373,953	1,028,251	1,345,703	1,360,056
Buildings	193,354	142,012	51,342	54,044
Trucks	1,742,958	1,360,614	382,345	477,931
Power equipment	2,867,770	1,810,131	1,057,639	1,172,790
Computers	246,863	195,400	51,463	51,854
Other equipment	1,091,579	681,779	409,801	360,682
	<u>8,516,478</u>	<u>5,218,186</u>	<u>3,298,292</u>	<u>3,477,357</u>

<u>Irrigation Works</u>	2017	2016
Irrigation works opening balance	221,767,004	217,327,902
Additions to irrigation works		
External goods and services	2,831,082	2,891,296
Internal (District) goods and services	1,121,478	1,547,806
Irrigation works at end of year	<u>225,719,565</u>	<u>221,767,004</u>
Amortization opening balance	111,702,520	106,392,013
Disposals	-	-
Current year amortization	<u>5,381,496</u>	<u>5,310,507</u>
Amortization at end of year	<u>117,084,016</u>	<u>111,702,520</u>
Irrigation works closing balance	<u>108,635,548</u>	<u>110,064,484</u>

BOW RIVER IRRIGATION DISTRICT

Notes to Financial Statements

For the Year Ended October 31, 2017

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		External		2017	2016
	District	Right of Way	Cost Share			
Opening fund balance	27,058,561	32,410	5,026,000		32,143,726	29,334,461
<u>Add:</u>						
Contributions new parcels	230,193	-	-		230,193	2,491,703
Province of Alberta	95,963	-	3,040,060		3,136,023	3,059,222
District	1,013,353	-	1,013,353		2,026,706	2,019,482
Contributions from farmers	281,769	-	83,800		365,569	45,708
Interest earnings	514,854	298	49,567		564,719	523,649
Unrealized gain (loss)	106,925	-	-		106,925	114,200
	29,301,617	32,708	9,212,780		38,573,860	37,588,425
<u>Deduct:</u>						
Additions to capital works (Note 5)	823,649	-	3,128,911		3,952,561	4,439,102
Consulting fees (revenue)	47,884	-	-		47,884	-16,644
Investment fees	37,000	-	-		37,000	26,755
Payments to water users	34,728	-	-		34,728	12,500
Drain relocations	60,000	-	-		60,000	-
Transfer to cost share	1,013,353	-	-		1,013,353	1,009,741
	27,285,003	32,708	6,083,869		33,428,335	32,116,971

BOW RIVER IRRIGATION DISTRICT
Notes to Financial Statements
For the Year Ended October 31, 2017

7. Irrigation Rates

Irrigation rates, net, consist of:	<u>2017</u>
257,395.89 acres at \$16.00 per acre	4,118,334
506.63 acres at \$400.00 per parcel minimum 53 parcels at 25 acres minimum	21,200
240.93 acres at \$19.00 per acre, terminable	<u>4,578</u>
	4,144,112
1,807.53 acres at \$19.00 per acre, annual	34,343
56.31 acres at \$400.00 per parcel minimum, annual	<u>3,600</u>
	<u><u>4,182,055</u></u>

8. Provision for Irrigation Works

	<u>2017</u>	<u>2016</u>
Contribution to cost share reserve	1,013,353	1,009,741
Transfer surplus to reserves	<u>-</u>	<u>-</u>
	<u><u>1,013,353</u></u>	<u><u>1,009,741</u></u>

BOW RIVER IRRIGATION DISTRICT

Notes to Financial Statements

For the Year Ended October 31, 2017

9. Accounts Payable and Deferred Revenue

Included in accounts payable is deferred revenue of \$470,960 representing deposits on expansion acres and goods and services taxes payable of \$177,705.

10. Water License Transfer Income

The District received \$200,000 from Water Transfer Alberta for transferring 200 acre-feet of the District's water license allocation to the Town of Okotoks. The District also received 200 acre-feet of licenses transferred from other parties as compensation for this transfer.

11. Commitments

The District has commitments in an estimated amount of \$568,422 (2016 - \$504,724) in respect of uncompleted work on approved cost sharing projects.

12. 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.

13. 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 2017 were \$274,072.53 (2016 - \$270,421) and the contributions made by the District to the plan in 2017 were \$293,921.19 (2016 - \$294,287). At December 31, 2016 the Plan served about 253,862 people (2015 - 244,621) and 417 employers (2015 - 426) and it disclosed an actuarial deficiency of \$637 million (2015 - \$923 million).

BOW RIVER IRRIGATION DISTRICT

Notes to Financial Statements

For the Year Ended October 31, 2017

14. 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.

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 \$9,079,027 (2016 - \$9,040,517).

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.

15. Related Parties

During the year the District received revenues of \$102,033 for irrigation water rates 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.

16. Approval of Financial Statements

These financial statements were approved by management and the board of directors.

17. Comparative Figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

BOW RIVER IRRIGATION DISTRICT**Schedule of Operating Expenses****For the Year Ended October 31, 2017****Schedule 1**

	2017				2016
	Maintenance & Equipment	Water Delivery	Administration	Total	Total
EXPENSES					
Salaries and wages	1,524,382	403,837	834,027	2,762,246	2,684,749
Employee benefits	339,282	78,885	180,382	598,549	593,736
Equipment operations & maintenance	488,389	-	5,641	494,030	539,972
Materials and supplies	387,722	3,422	60,586	451,730	505,053
Amortization	370,492	-	18,745	389,237	428,715
Weed and pest control	11,142	278,844	-	289,986	277,325
Delivery pumps	3,899	168,081	-	171,980	181,303
Contracted services	-	-	170,514	170,514	28,103
Association fees	-	23,381	85,962	109,343	104,218
Board of Directors fees and expenses	-	-	104,819	104,819	88,931
Insurance	59,548	-	5,933	65,481	61,313
Equipment rent	45,402	-	-	45,402	13,604
Professional fees	-	-	35,640	35,640	35,634
Telephone	-	8,429	13,739	22,168	20,127
Miscellaneous	2,060	349	13,152	15,561	27,825
Conference and seminars	5,452	720	3,428	9,600	4,493
Postage	-	-	5,292	5,292	7,313
Advertising	-	-	5,174	5,174	13,198
Land titles charge	-	-	3,101	3,101	3,578
Loss (gain) on disposal of equipment	-	-	2,846	2,846	-7,346
Bank charges	-	-	2,099	2,099	1,933
Travel	510	-	636	1,146	3,403
Allowance for doubtful accounts	-	-	36	36	-
Custom work recoveries	-8,418	-	-	-8,418	-5,334
Building occupancy costs, net	-38,826	-	-	-38,826	-34,846
Labour recoveries	-237,998	-104,733	-208,553	-551,284	-515,034
Equipment recoveries	-882,666	101,286	8,523	-772,857	-733,999
General Fund operating expenses	2,070,373	962,501	1,351,722	4,384,596	4,327,967
Irrigation Works investment expenses	-	-	-	37,000	26,755
TOTAL	2,070,373	962,501	1,351,722	4,421,596	4,354,722



**FORM FOR NOMINATION
FOR DIRECTOR OF THE
BOW RIVER
IRRIGATION DISTRICT
IRRIGATION DISTRICTS
ACT (SECTION 58)**

We, the undersigned Irrigators in the Bow River Irrigation District,
hereby nominate:

Name (Please Print)

Resident Land Location

as candidate for the election now to be held for Electoral Division # _____.

WITNESSED by our hands this ____ day of _____, A.D. 2018.

To be signed by at least two (2) } _____
 Irrigators of the Bow River }
 Irrigation District who are } _____
 eligible to vote. } _____

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.

To be signed by Candidate

Badger Reservoir Erosion Protection



Main Canal Drop #5



Bow River Irrigation District
P.O. Box 140
Vauxhall, AB T0K 2K0

CANADA		POSTES
POST		CANADA
	Postage paid	Port payé
	Personalized Mail	Courrier personnalisé
		
	0001619873	