



**ST. MARY RIVER IRRIGATION DISTRICT**

---

**FINANCIAL STATEMENT  
AND ANNUAL REPORT 2010**

---

**ANNUAL MEETING, WEDNESDAY, MARCH 30, 2011  
HERITAGE INN, TABER, ALBERTA. 1:30 P.M.**

## ELECTORAL DIVISIONS



### **Division 4 - LeRon Torrie, Chairman**

Those lands situated within Ranges 13, 14, 15, 16 and 17, W4th.



### **Division 5 - Bob Dykstra, Vice Chairman**

Those lands situated within Ranges 11 and 12, W4th.



### **Division 1 - Gary Tokariuk**

Those lands situated south of Highway No.4 and those lands within Range 21 and lying to the north of Highway 4 and south of Highway 61 and lying to the west of range 14.



### **Division 2 - R. James Csabay**

Those lands within Ranges 18, 19 and 20 which are situated to the North of Highway 4 and to the South of Highway 3, but does not include those irrigators obtaining their water from the Main Canal in Twp. 9, Rge. 18, W4th.



### **Division 3 - Les Enns**

Those lands within Ranges 18, 19 and 20 which are situated to the North of Highway 3 and also includes those water users obtaining their delivery from the Main Canal in Twp. 9 Rge. 18, W4th.



### **Division 6 - Gary Bierback**

Those lands situated within Ranges 8, 9 and 10, W4th and shall also include those lands lying within Twps. 10 and 11 of Range 7, W4th.



### **Division 7 - Gary Franz**

Those lands situated within Ranges 5 and 6, W4th and shall also include those lands lying within Twps. 12 and 13 of Range 7, W4th.



**LeRon Torrie**

*Chairman*

**2010** was the year of the "Perfect Storm" or Storms for SMRID. The melt from the heavy snowfall over the winter caused significant runoff concerns and flooding in the spring. The above-average rainfall that followed continued to stress our system.

Due to the saturated condition of the main canal banks and the lower than normal level of water flows for much of the season, the main canal sustained significant damage in the Lethbridge and Coaldale area as the armor had slumped down into the bottom. The cost of repairing the damage has been estimated at \$6 million dollars, far in excess of the reserves set aside for contingencies. We are very grateful to the Province for providing Disaster Funding to assist us. The repairs started last fall and will continue for several years but the canal is operational. Some lateral structures were also washed out and had to be repaired.

The combination of above average spring runoff plus spring and summer rainfall caused all of our reservoirs to fill to Full Supply Levels or over, a very worrisome situation in terms of Dam Safety. In conjunction with Alberta Environment, our engineers are exploring possible emergency spillway sites to the river and funding to construct them. Such spillway capacity would also allow the use of more of the reservoir storage in the standard operating scenario.

The huge amount of water conveyed to the river in 2010 also dramatically demonstrated the need for more storage to hold some of this water for the dry years which inevitably will come. SMRID, TID and RID are beginning a joint lobbying effort in combination with some of our MLA's to address this need.

Despite the runoff carried away by our canal networks, the overall total main canal volume was only about 50% of average. This resulted in a very poor financial year for Irrican because of lack of generation. The net result was that Irrican is unable to meet its current loan payments on our generation plants. This is the first time this has happened. However, situations such as this were foreseen and have been planned for. This shortfall in Irrican revenue has had no impact on SMRID and its finances and has been addressed internally. On a positive note, the first two power plants, Chin and Raymond, are scheduled to make their last external debt

payments in 2018.

SMRID entered into a historic agreement with the Town of Coaldale, the County of Lethbridge, the Alberta Government and some affected landowners to coordinate and rehabilitate the Malloy Drain which drains about 53,000 acres in the Coaldale area. There has been significant flooding there in the past during high rainfall events. Phase 1 of construction began last fall and will conclude this spring.

We are also pleased to announce that, in 2010, the County of 40 Mile assumed operation of the 40 Mile Park on a long term basis, freeing the Board from significant ongoing involvement. However, we will continue to make sure the integrity of our reservoir and our operations are maintained. As a result of this development and other Board initiatives, I am pleased to announce that Board expenses decreased dramatically over the previous year. I am satisfied that our level of involvement in the many arenas where we represent SMRID interests is still adequate.

By now you should be aware that the SMRID Board will conduct a plebiscite during the latter part of March for approval of a phased 10% expansion of 40,000 acres. The Board feels the expansion has great merit and will benefit not only the District as a whole but all of our ratepayers individually. I urge each of you to carefully study the booklet you received in the mail with the details of the expansion proposal, come to the information meeting in your area, and then vote for what you think is best for SMRID. The results will be announced at our March 30, 2011 AGM.

On behalf of all SMRID Irrigators, I would like to take this opportunity to express my gratitude to the great people who keep SMRID running. That begins with our Manager, Tom Crooks, and extends to every single member of our staff, inside and outside. All, working together, play an important role in the smooth and ongoing functioning of SMRID to deliver water to us when we need it, and that is really what counts most!

Respectfully submitted,

**LeRon Torrie**, *Chairman*

# PROPOSED IRRIGATION EXPANSION

## PROPOSED IRRIGATION EXPANSION

The Board of Directors have decided to take a proposal for a 40,000 acre expansion to the irrigators of the St. Mary River Irrigation District (SMRID) in the form of a plebiscite vote planned for March 29, 2011, based on the following rationale.

- Water-use efficiency gains off-setting expansion water demands
- Rate stabilization and increase in revenues from expansion acres
- Accelerated rehabilitation
- Retention of licensed allocations
- Increase Irrican Power production
- Attract secondary value-adding industry and supporting production

Voting regulations for a plebiscite are identical to the election process for Directors. Generally each irrigator is allowed one vote. If two or more individuals have their names on one title of a single irrigated parcel, then only one of them can vote. If two or more individuals have their names on more than one irrigated parcel, then both or all can vote depending on the number of individuals and parcels. Companies are allowed one vote by a designated representative. There is no proxy voting.

The **plebiscite vote** will be held at polling stations convened on:

**Date: March 29, 2011**

**Locations: Lethbridge and Bow Island District Offices and Seven Persons Community Hall**

**Time: 10:00 a.m. to 8:00 p.m.**

**Advance polls will be held from 3:00 p.m. to 5:00 p.m.** after each of the public information meetings, which will be held as outlined in the following.

The Board of Directors will hold public information meetings for all irrigators prior to the plebiscite vote. These meetings will be held on:

**Date: March 23, 2011**

**Location: Seven Persons Community Hall**

**Time: 1:30 p.m.**

**Date: March 24, 2011**

**Location: Bow Island Legion Hall**

**Time: 1:30 p.m.**

**Date: March 25, 2011**

**Location: Coaldale Community Center**

**Time: 1:30 p.m.**

All irrigators are strongly urged to attend one of the meetings, at a location convenient to them, in order to hear the information presentation, gain a better understanding and to ask any pertinent questions on the expansion proposal.

January 23, 2010

MOVED that we waive the 2010 rates on 8.42 acres (\$168.40) in the NW 21-11-10-4 due to flooding from a pipeline break in the spring of 2010.

MOVED that we waive the 2010 rates on 12 acres on the NE 9-9-11-4 due to seepage.

WATER COORDINATORS  
**WATER COORDINATORS**

Western Water Coordinators	
#3 Brad Wiebe 403-332-2203	#6 Len Young 403-332-2206
#4 Garry Miller 403-332-2204	#7 Garry Sindlinger 403-332-2207
#5 Glen Olson 403-332-2205	#10 (Vacant) 403-332-2210
Eastern Water Coordinators	
#21 Kevin Kraemer 403-332-2221	#27 Gordon McCormick 403-581-6927
#23 Walter Krysiak 403-581-6923	#30 Miles Kallenberger 403-581-6930
#24 Tim Smith 403-581-6924	#31 Mike Curran 403-581-6931
#25 Roy Becker 403-581-6925	#32 Rodney Seitz 403-581-6932
#26 Dallas Beierbach 403-581-6926	#33 Alan Sackman 403-581-6933

BOARD OF DIRECTORS FEES AND EXPENSES  
**BOARD OF DIRECTORS FEES AND EXPENSES**

BOARD OF DIRECTORS FEES AND EXPENSES  
 FOR THE YEAR ENDED OCTOBER 31, 2010

NAME	TITLE	NO. OF DAYS	PER DIEM	MILEAGE	REIMBURSED EXPENSES	DISTRICT EXPENSE
LERON TORRIE	CHAIRMAN	48.75	\$17,008	\$2,784	\$947	\$20,738
ROBERT DYKSTRA	VICE-CHAIRMAN	46.00	\$16,115	\$3,150	\$856	\$20,121
GARY BIERBACK	BOARD MEMBER	50.00	\$17,500	\$2,904	\$807	\$21,211
JIM CSABAY	BOARD MEMBER	64.75	\$23,093	\$1,322	\$980	\$25,395
LES ENNS	BOARD MEMBER	42.50	\$14,875	\$1,774	\$1,271	\$17,920
GARY FRANZ	BOARD MEMBER	36.50	\$12,775	\$3,553	\$910	\$17,238
WALTER GENESIS**	BOARD MEMBER	9.50	\$3,415	\$97	\$404	\$3,916
GARY TOKARIUK*	BOARD MEMBER	16.00	\$5,600	\$101	\$300	\$6,001
				\$110,380	\$15,686	\$6,474
				\$110,380	\$15,686	\$132,540

\*April to October 2010

\*\*November 2009 to April 2010

*One Vision*

*One Team*

*And an extraordinary commitment to managing water*

After one year of working for SMRID I can literally tell you I have had my feet wet. This past year has been a very interesting wet and trouble related year for all of us. With so much rain our water demand was down and our reservoirs were full, limiting our ability to hold runoff flows. As a result SMRID was required to spill a lot of water this year. Our spillage this year equated to Ridge reservoir. The extreme weather conditions also cause extensive flooding and damage within our systems. Severe spring storms, lightning strikes, downed power poles and high water levels also affected Irrican's power production this year.

With such a wet year and being inundated with problems, we learned a lot about our irrigation system and strengthened our working relationships with Alberta Environment, Agriculture and all the municipalities that fall within our district. This new found knowledge will be incorporated into our systems to help us improve our irrigation systems even more. Some of the issues that we learned were that our irrigation system didn't have adequate emergency measures in place to return excess water to the river, excess water accumulating on the outside of our canal banks causes slumping of the canal banks and additional water storage is vital for southern Alberta and the need for expansion of the district is vital to the long term success of SMRID. It also drove home the fact that all of us need to work together and operate as one team with one vision.

This past year I have had the ability of meeting several of you and have had the chance to learn from you some of the issues that are affecting you. I am hopeful that this coming year I will be able to meet more of you.

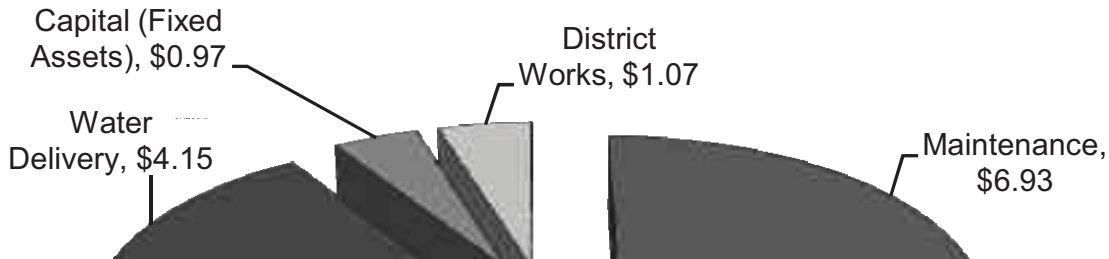
As I look back over the past year, I am extremely thankful and proud of what SMRID has achieved in 2010. It has been an outstanding year and I am grateful to the many people who make this organization a success. I want to thank the SMRID Board of Directors, staff, partners and advertisers and most importantly you, our water users. Your dedication and commitment throughout the year contribute to the success of many SMRID initiatives.

In closing, I want you to know that the SMRID staff and board are an awesome group of experienced and dedicated individuals that are truly the heart and soul of the organization. I am privileged to have the opportunity of working with each and every one of these individuals and am looking forward to continuing to build our relationship with our partners and communities.

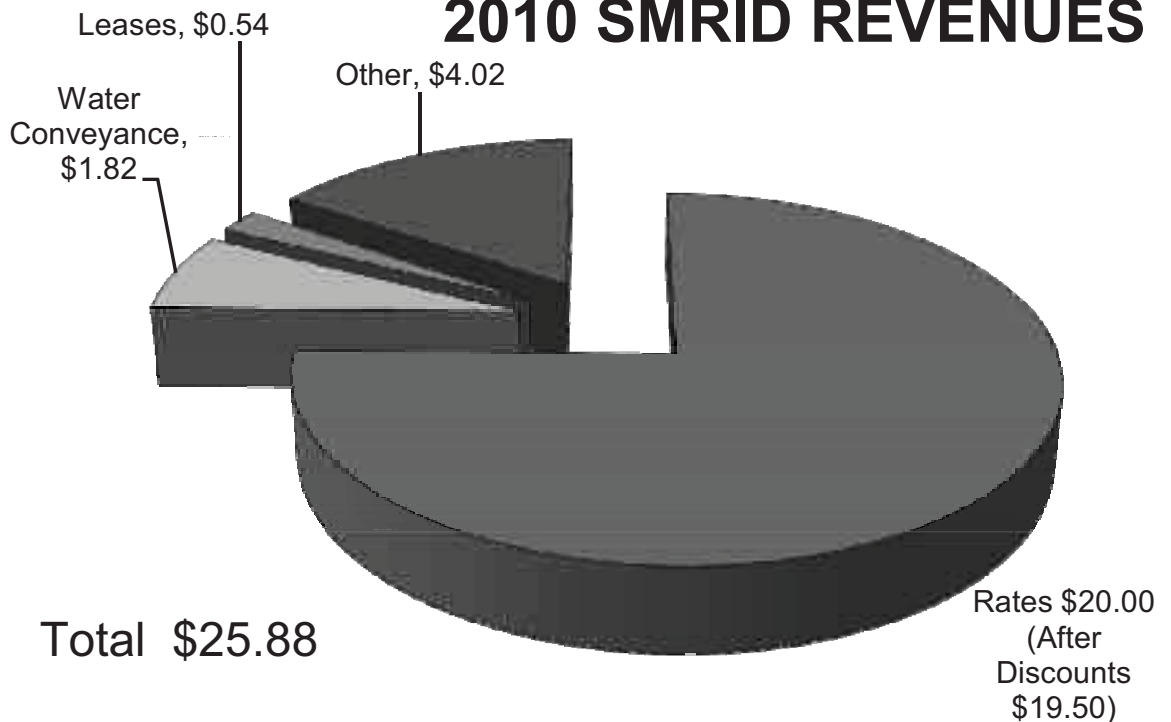
**Tom Crooks, M.Ed., B.Admin., CHRP**

GENERAL MANAGER

## 2010 SMRID EXPENDITURES



## 2010 SMRID REVENUES



ST. MARY RIVER IRRIGATION DISTRICT  
I.R.P. ACCOUNT

To Oct 31, 2010  
(2010/2011 IRP Year )

TABLE 1

Job Description	Job Number	TOTAL Cost to Date	Estimated Cost to October-31-11	Estimated Total Cost to October-31-11	2010/2011 Fund Allocation Subsequent to October 31, 2011
<b>Division 1</b>					
Main Canal Lateral 4	820 256	5,270,635	\$18,886	5,289,521	0
Sunnyside	820 266	11,370	\$24,071	35,441	
<b>Division 2</b>					
Chin Lateral 11	820 265	58,540	\$1,331,460	1,390,000	
Coaldale Sublaterals	820 263	157,174	\$598,826	756,000	0
<b>Division 3</b>					
N. Lateral Armour (Km 17.3-34.1)	820 232	956,913	\$933,727	1,890,640	0
NE Reservoir Inlet Gates	840 264	61,148	\$50,579	111,727	0
NE Lateral Section 15	840 281	102,029	\$279,971	382,000	
<b>Division 4</b>					
Yellow Lake Lateral 4	820 254	7,175,881	\$1,032,277	8,208,158	915,603
South Grassy Main	820 274	34,908	\$15,092	50,000	0
<b>Division 5</b>					
Bow Island Lateral 10D	820 270	452,117	\$1,066,892	1,519,009	299,004
Bow Island 10-H1	820 262	1,133,350	\$6,752	1,140,102	0
Yellow Lake Lateral 13	820 269	8,959	\$36,041	45,000	0
<b>Division 6</b>					
Bl Lateral 26	820 223	5,404,811	\$1,701,256	7,106,067	
West Medicine Hat Lateral 16	820 260	17,521	\$32,479	50,000	
<b>Division 7</b>					
West Medicine Hat Lateral 6	820 253	5,498,992	\$268,061	5,767,053	0
West Medicine Hat Lateral 2	820 268	158,163	\$1,755,000	1,913,163	0
South Medicine Hat 18,19M	820 234	4,590,768	\$8,459	4,599,227	
SMRID Aerial Photography	820 267	42,543	\$5,790	48,333	0
SMRID Aquatic Weed and Algae Control (ph 1)	820 273	197,239	\$4,106	201,345	0
Aquatic Weed and Algae Control Structure (ph 2)	820 277	24,241	\$175,759	200,000	0
Sauder Control Gate	840 259	280,344	\$4,441	284,785	0
Murray Reservoir - Dam Safety Review	840 271	44,485	\$105,302	149,787	0
Chin Reservoir Flood Handling Study	840 272	27,010	\$42,990	70,000	0
Cross Coulee	840 275	60,000	\$60,000	60,000	0
Master Planning	820 276	80,872	\$69,128	150,000	0
Scada Upgrade	820 279	51,764	\$8,236	60,000	
<b>Total Active Projects</b>		<b>31,841,777</b>	<b>9,635,581</b>	<b>41,477,358</b>	<b>1,214,607</b>

Including Allocations subsequent to Oct 31, 2011: \$173,835



**Trevor Helwig, P. Eng.**  
*District Engineer*

**IRRIGATION REHABILITATION PROGRAM**

The St. Mary River Irrigation District and the Alberta Provincial Government entered into an Irrigation Rehabilitation Financing Agreement for the rehabilitation of capital works projects for the 2010/2011 fiscal year. A total of \$8,388,141 was made available. The fund was comprised of contributions of \$6,291,106 from the Alberta Provincial Government and \$2,097,035 from the St. Mary River Irrigation District, representing 75% and 25% respectively.

Table 1 shows capital works charges for 2010/2011 will result in a carryover of allocated and unallocated funds totalling \$1,388,442 (as of Oct. 31st, 2010). This amount will be forwarded to the 2011/2012 Irrigation Rehabilitation Program (IRP).

The St. Mary River Irrigation District is proposing to enter into an \$8,250,000 Irrigation Rehabilitation Financing Agreement with the Alberta Provincial Government for the 2011/2012 fiscal year.

Therefore, including the \$1,388,442 carried forward from 2010/2011, a total of \$9,638,442 will be available in the 2011/2012 IRP year. Table 2 shows the proposed IRP for the 2011/2012 fiscal year. This will result in no surplus or deficit for the 2010/2011 fiscal year. Figure 1 shows the location of the proposed projects.

**SEEPAGE CONTROL PLAN**

Within the current seepage control plan, the St. Mary River Irrigation District completed work on the following: North Lateral Km 17.3 - 34.1, S 1/2 Sec. 17-10-20-W4M; Chin Lateral 11, E 1/2 24-8- 19 W4.

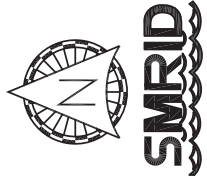
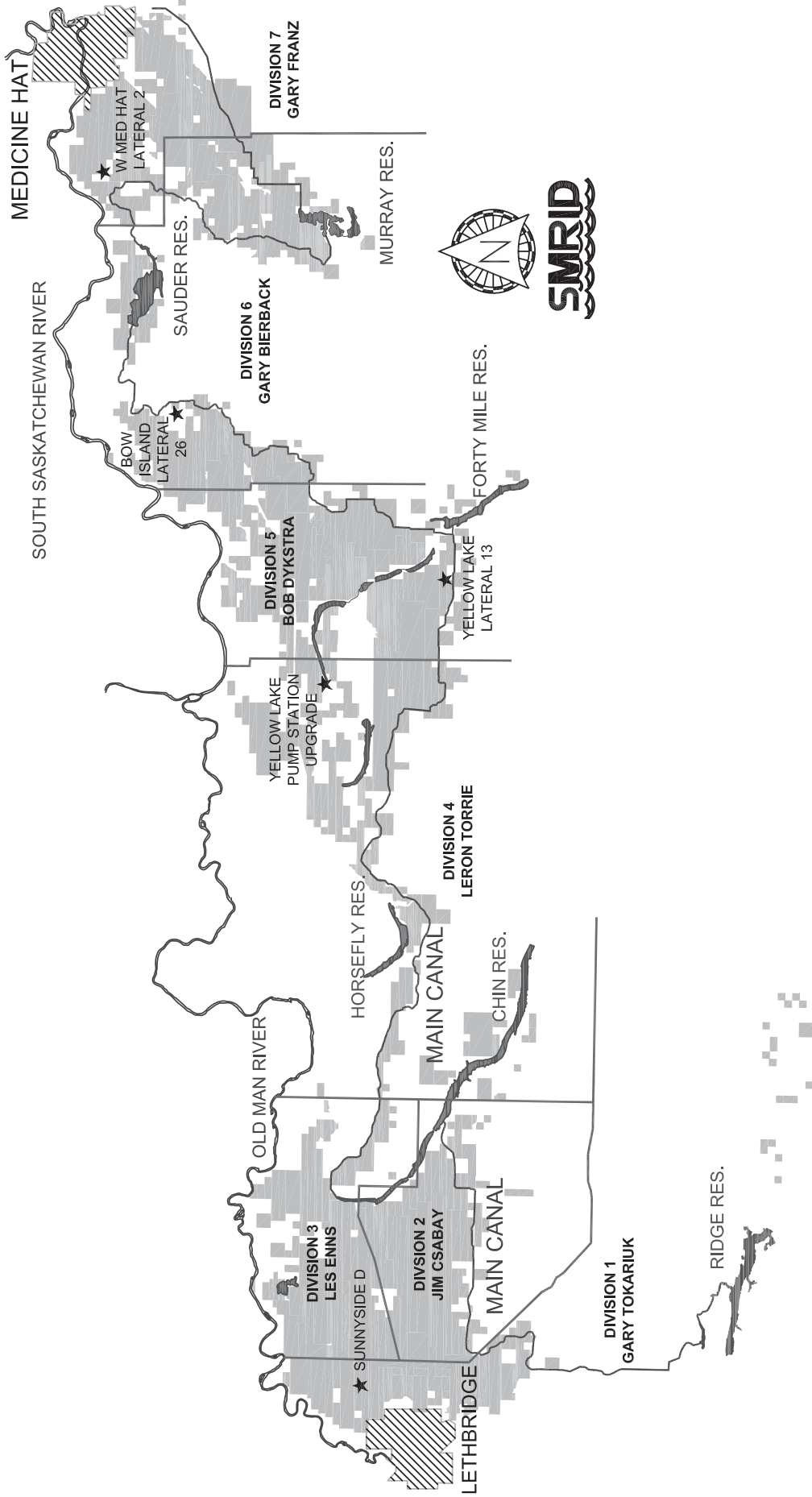
PROPOSED IRRIGATION REHABILITATION PROGRAM 2010/2011  
**PROPOSED IRRIGATION REHABILITATION PROGRAM 2010/2011**

**TABLE 2 PROPOSED IRRIGATION REHABILITATION PROGRAM 2010/2011**

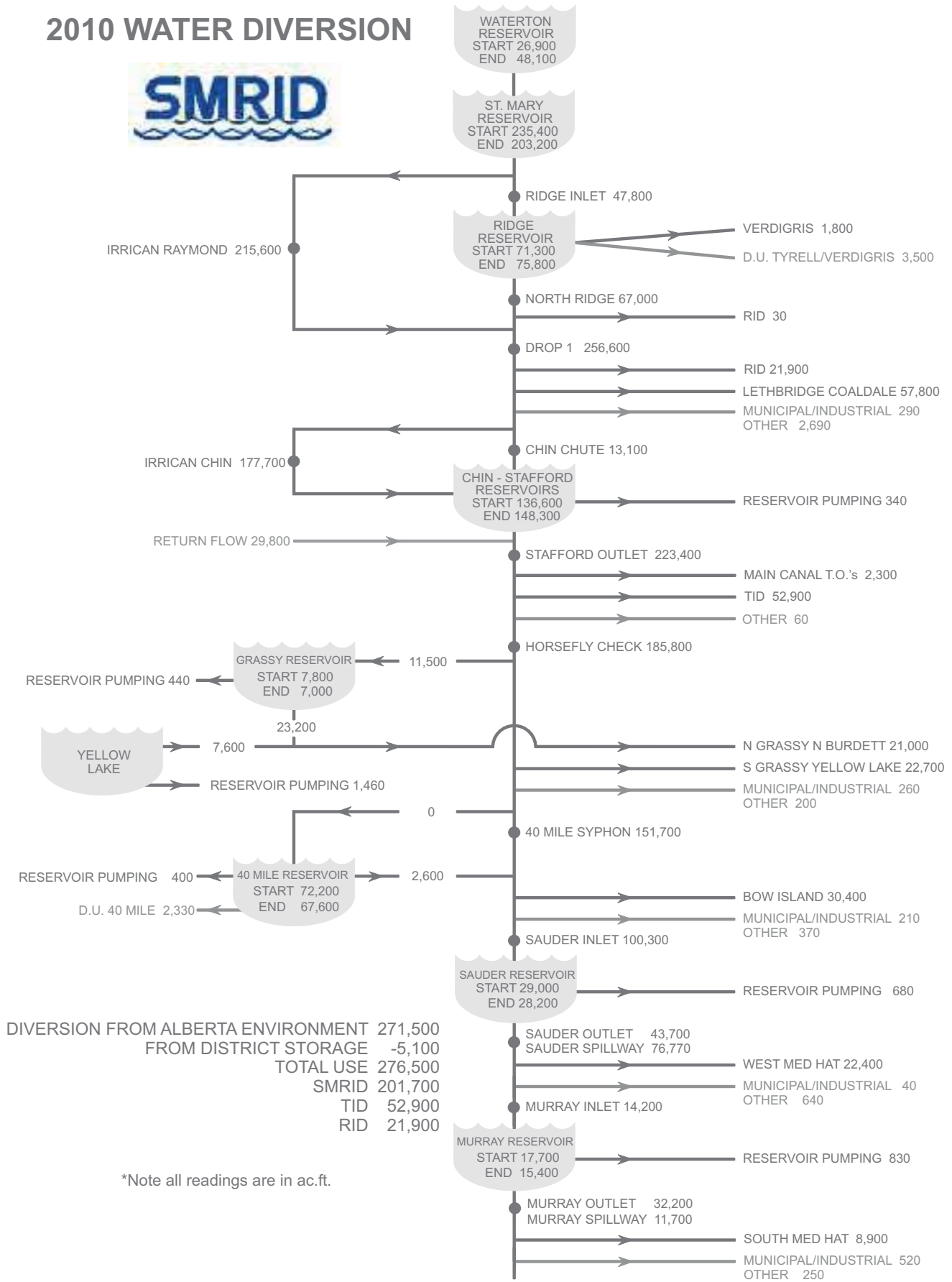
<b>Project Name</b>	<b>Project Description</b>	<b>Estimated Cost</b>	<b>Location</b>
Bow Island Lateral 26	Pipeline	\$1,249,094	East
West Med. Hat Lateral 2 (upstream)	Pipeline	\$1,249,094	East
Yellow Lake Lateral 13	Pipeline	\$4,094,795	East
Chin Reservoir East Dam Safety Review	Dam Safety (engineering study)	\$60,000	West
Sunnyside Lateral D	Pipeline	\$1,615,459	West
Aquatic Weed and Algae Control Structures	Weed/algae exclusion structures	\$200,000	District- wide
Yellow Lake Pump Station Upgrade	Upgrade of pump station	\$1,170,000	East
<b>Total</b>		<b>\$9,638,442</b>	

FIGURE 1

# PROPOSED IRRIGATION REHABILITATION PROGRAM 2011/2012



## 2010 WATER DIVERSION



\*Note all readings are in ac.ft.

# 2010 WATER DELIVERIES



Water Coordinator	Assessed Acres	Ac-Ft Used	Acres Irrigated	Ac-Ft / Acre	Land Use Factor
Selman, J. David	2,219.08	17.65	77.50	0.23	0.03
Wiebe, Brad	22,405.64	3,880.42	21,454.11	0.18	0.96
Miller, Garry	20,863.21	4,235.27	18,733.76	0.23	0.90
Olson, Glen	27,608.24	6,409.83	25,992.90	0.25	0.94
Young, Len	23,676.74	3,257.05	14,273.28	0.23	0.60
Sindlinger, Garry	28,780.38	5,404.30	26,801.37	0.20	0.93
Marose, Scott	23,188.09	2,756.95	22,383.29	0.12	0.97
Selman, J. David	2,924.75	535.11	2,406.00	0.22	0.82
Kraemer, Kevin	20,675.98	7,887.24	20,467.81	0.39	0.99
Mitchell, Richard	23,965.20	6,463.05	23,408.90	0.28	0.98
Krysiak, Walter	21,706.86	6,534.37	20,459.22	0.32	0.94
Smith, Tim	25,548.63	10,435.22	25,203.13	0.41	0.99
Becker, Roy	18,061.77	5,951.36	17,266.07	0.34	0.96
Beierbach, Dallas J.	22,260.72	6,678.57	21,277.28	0.31	0.96
McCormick, Gordon	21,088.80	7,814.70	20,258.50	0.39	0.96
Kallenberger, Miles	15,647.28	6,479.36	13,705.55	0.47	0.88
Curran, Mike	12,712.60	4,441.68	10,422.93	0.43	0.82
Seitz, Rodney	20,852.64	7,576.32	18,660.60	0.41	0.89
Sackman, Alan	18,869.43	6,258.84	16,825.33	0.37	0.89
	<b>*373,056.04</b>	<b>**103,017.29</b>	<b>340,077.53</b>	<b>0.30</b>	<b>0.86</b>

\* includes 489.29 acres for Minimum Annual Agreements and 1,396.79 acres for Annual Agreements

\*\* Ac-Ft used at farm gate

# 2010 CROP SUMMARY

Crop Name	Irrigated Crop Area	Non Irrigated Crop Area	ANS Crop Area	Total
ALFALFA	14,358.84	1,551.46	903.03	16,813.33
ALFALFA 2 CUT	15,854.20	1,751.53	644.56	18,250.29
ALFALFA 3 CUT	594.10	0.00	54.80	648.90
ALFALFA SEED	40.00	0.00	0.00	40.00
ALFALFA SILAGE	1,479.78	0.00	184.10	1,663.88
BARLEY	24,597.54	2,574.61	1,081.44	28,253.59
BARLEY SILAGE	9,877.01	481.55	555.27	10,913.83
BARLEY SILAGE UNDERSEED	701.00	14.00	0.00	715.00
BROME HAY	454.00	5.00	0.00	459.00
CANARY SEED	133.00	0.00	0.00	133.00
CANOLA	57,079.48	1,770.29	828.94	59,678.71
CARROTS	124.00	0.00	0.00	124.00
CATNIP	130.00	0.00	0.00	130.00
CHICK PEAS	362.00	0.00	0.00	362.00
CORN SILAGE	18,829.17	0.00	620.11	19,449.28
CPS WHEAT	85.00	0.00	0.00	85.00
DILL	1,003.00	70.00	0.00	1,073.00
DRY BEANS	28,490.11	139.00	23.00	28,652.11
DRY PEAS	3,192.90	156.00	220.30	3,569.20
DRY YELLOW PEAS	247.00	0.00	0.00	247.00
DURUM WHEAT	14,014.75	175.80	324.44	14,514.99
FABA BEANS	91.00	0.00	10.90	101.90
FLAX	1,689.71	0.00	0.00	1,689.71
FRESH CORN (SWEET)	1,233.30	0.00	0.00	1,233.30
FRESH PEAS	1,174.20	0.00	0.00	1,174.20
GOLF COURSE	190.40	0.00	0.00	190.40
GRAIN CORN	4,451.60	0.00	0.00	4,451.60
GRASS HAY	5,527.86	1,314.10	1,142.66	7,984.62
GREEN FEED	1,175.00	223.90	12.00	1,410.90
HARD SPRING WHEAT	55,099.64	3,807.79	2,334.90	61,242.33
HEMP	2,816.21	65.00	0.00	2,881.21
ITALIAN GRASS	338.50	0.00	0.00	338.50
LENTILS	130.00	0.00	0.00	130.00
MALT BARLEY	93.90	0.00	0.00	93.90
MARKET GARDENS	219.40	30.00	0.00	249.40
MINT	4,053.00	10.00	0.00	4,063.00
MISC.	1,361.20	151.40	295.19	1,807.79
MUSTARD	590.50	0.00	0.00	590.50
NATIVE PASTURE	3,540.10	581.80	144.87	4,266.77
NON CROP	10.00	342.00	101.50	453.50
NURSEY	332.36	15.00	2.00	349.36
OATS	1,552.73	449.50	54.60	2,056.83
OATS SILAGE	522.20	70.00	32.80	625.00
ONIONS	10.00	0.00	0.00	10.00
POTATO	14,968.74	212.50	18.00	15,199.24
RYE	223.00	0.00	0.00	223.00
SAFFLOWER	63.00	0.00	0.00	63.00
SEED POTATOES	8.00	0.00	0.00	8.00
SMALL FRUIT	69.50	10.60	0.00	80.10
SOFT WHEAT	7,151.50	588.91	147.90	7,888.31
SORGHUM SUDAN GRASS	204.00	0.00	0.00	204.00
SOYBEANS	1,246.40	0.00	0.00	1,246.40
SUGAR BEETS	11,114.91	361.50	22.00	11,498.41
SUMMER FALLOW	1,395.75	1,162.50	1,300.30	3,858.55
SUNFLOWER	561.50	0.00	0.00	561.50
TAME PASTURE	9,971.40	1,624.79	1,350.31	12,946.50
TIMOTHY HAY	4,212.20	15.00	69.69	4,296.89
TRITICALE	2,012.20	65.00	21.00	2,098.20
TRITICALE SILAGE	1,154.50	0.00	22.70	1,177.20
TURF SOD	386.34	65.00	0.00	451.34
WINTER WHEAT	7,484.90	421.94	177.73	8,084.57
<b>Totals</b>	<b>340,077.53</b>	<b>20,277.47</b>	<b>12,701.04</b>	<b>373,056.04</b>

# 2010 MAINTENANCE REPORT



The St. Mary River Irrigation District has extensive infrastructure for supply and delivery of water. The District is committed to maintaining this infrastructure to ensure that it is operational and that it meets its design life.

The following table outlines maintenance items for 2010.

**Jan Tamminga, C.E.T.**  
*Manager of Operations*

Item	WESTERN DIVISION			EASTERN DIVISION			Grand Total
	Main Canal	Canals, Pipelines & Drains	Total	Main Canal	Canals, Pipelines & Drains	Total	
Right of Way Mowing (km)	240	400	640	320	308	628	1,268
Canal Cleaning (km)	25	28	53	8	117	125	178
Silt Removal (m3)			0	8,500	900	9,400	9,400
Armour Hauled (m3)	4,000	1,000	5,000	2,236		2,236	7,236
Concrete Canal Maint. (m)		1,500	1,500		200	200	1,700
Operating Road Grading (km)	300	260	560	225	150	375	935
Operating Road Graveling (km)	15	10	25	25	12	37	62
Pipeline Installation (m)		6,000	6,000		700	700	6,700
Structure Repairs	250	380	630	120	400	520	1,150
Weed Control Aquatic (km)	45	724	769	220	615	835	1,604
Weed Control Non-Aquatic (ac)	1,060	500	1,560	1,800	600	2,400	3,960

GABION WALLS



INFILTRATION GALLERY



# NOTICE OF WEED CONTROL TREATMENTS

## NOTICE OF WEED CONTROL TREATMENTS

The St. Mary River Irrigation District will be controlling broadleaf weeds along its right of ways for the 2011 irrigation season. The District will use 2,4-D and glyphosate for weed control on driving banks and reed canary grass control along canals. This spray program will be starting in May of 2011 and will continue to the end of the irrigation season.

Also included in this weed control program will be the treatments for aquatic weeds. **To control these aquatic weeds, the St. Mary River Irrigation District may be treating the canals, as required, as noted below on a regular two week interval for the 2011 irrigation season.** The canals will be treated with Magnacide H (Acrolein, stabilized) to control the growth of aquatic weeds and algae.

### Year 2011 Aquatic treatment locations and dates.

#### **Grassy Lake / Burdett / Bow Island area.**

NORTH GRASSY MAIN	TP 10/11	RGE 13
NORTH BURDETT MAIN	TP 10/11	RGE 12/13
SOUTH BOW ISLAND LAT 2B	TP 9	RGE 11
BOW ISLAND LAT 22	TP 11	RGE 10
SOUTH GRASSY MAIN	TP 9/10	RGE 14
YELLOW LAKE LAT 13	TP 8/9	RGE 12
BOW ISLAND LAT 26	TP 11	RGE 10
BOW ISLAND LAT 10	TP 10	RGE 11

**May 3, 17, 31 June 14, 28 July 12, 26 Aug 9, 23 Sept 6, 20**

#### **Seven Persons / North Seven Persons area.**

MAIN CANAL BELOW MURRAY	TP 10/11	RGE 6/7
WEST MED. HAT LATERAL #2	TP12	RGE 6/7
MED. HAT LATERALS #10 & #13	TP 11/12	RGE 6/7
BOW ISLAND LATERAL 34	TP 12	RGE 8

**May 4, 18 June 1, 15, 29 July 13, 27 Aug 10, 24 Sept 7, 21**

#### **Seven Persons / South Medicine Hat / Grassy Lake / Burdett Area**

MAIN CANAL BELOW MURRAY	TP 10/11	RGE 6/7
SOUTH MED. HAT LATERAL #3	TP 11/12	RGE 5/6
N. GRASSY / N. BURDETT LAT.	TP 10/11	RGE 12/13

**May 11, 25 June 8, 22 July 6, 20 Aug. 3, 17, 31 Sept 14, 28**

#### **Main canal Treatments.**

MAIN CANAL SAUDER RES. TO MURRAY RES.	TP 10/11/12	RGE 7/8
---------------------------------------	-------------	---------

**June 2, 16, 30 July 14, 28 Aug 11, 25 Sept 8, 22**

MAIN CANAL STAFFORD RES. TO SAUDER RES.	TP 8/9/10/11/12	RGE 10/11/12/13/14/15/16/17/18/19
---	-----------------	-----------------------------------

**June 24 & 25 All laterals will be affected.**

#### **Lethbridge and Area**

CHIN LATERAL # 10	TP 7/8	RGE 18/17
CHIN LATERAL # 2	TP 8	RGE 20
COALDALE LATERAL	TP 9	RGE 19/20
VERDIGRIS	TP 4	RGE 16/17
CHIN LATERAL 4	TP 8	RGE 20
CHIN LATERAL 5	TP 8	RGE 19/20

**May 10, 24 June 7, 21 July 5, 19 Aug 2, 16, 30 Sept. 13, 27**

#### **Lethbridge and Area**

EAST LATERAL	TP 9	RGE 19/20
CAMERON EXTENSION	TP 10	RGE 19/20
CAMERON LATERAL	TP 9	RGE 19/20
NORTHEAST LATERAL	TP 9/10	RGE 20/21
NORTH LATERAL	TP 8/9/10	RGE 20/21

**May 12, 26 June 9, 23 July 7, 21 Aug 4, 18 Sept 1, 15, 29**

All sub-laterals that take water from the above noted laterals may/will be affected by these treatments. Information material will be supplied, upon request if you have land affected by these treatments.

This weed control program is administered by licensed applicators that are under approval from Alberta Environmental Protection.

Manager of Operations

**ST. MARY RIVER IRRIGATION DISTRICT  
CONSOLIDATED FINANCIAL STATEMENTS**  
*For the year ended OCTOBER 31, 2010*

# MANAGEMENT'S RESPONSIBILITY

## MANAGEMENT'S RESPONSIBILITY

To the Board of Directors of St. Mary River Irrigation District:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the District. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the District's external auditors.

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by the directors to audit the financial statements and report directly to the board of directors; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

February 4, 2011



---

Tom Crooks - General Manager

## AUDITORS' REPORT

To the Board of Directors of the  
St. Mary River Irrigation District

We have audited the consolidated statement of financial position of the St. Mary River Irrigation District as at October 31, 2010 and the consolidated statements of operations and fund balances, cash flows - General Operations Fund and Irrican Fund and related schedules for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the District as at October 31, 2010 and the consolidated results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Meyers Norris Penny LLP*

Chartered Accountants

February 4, 2011  
Lethbridge, Alberta



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

OCTOBER 31, 2010

	2010			2009	
	General Operations	Irrigation Works	Irrican	Total	Total
<b>Current assets</b>					
Cash	\$ 3,541,924	\$ 12,205,957	\$ 1,902,110	\$ 17,649,991	\$ 21,344,105
Committed cash (note 3)	-	-	-	-	1,492,620
Accounts receivable (note 4)	3,683,390	95,798	290,444	4,069,632	3,754,480
Materials and supplies	161,489	295,938	-	457,427	443,130
Prepaid expenses	136,052	-	128,636	264,688	272,334
Due from (to) funds (note 5)	<u>(178,006)</u>	<u>1,921,742</u>	<u>(1,743,736)</u>	<u>-</u>	<u>-</u>
	7,344,849	14,519,435	577,454	22,441,738	27,306,669
<b>Due from (to) funds (note 5)</b>	15,016,515	-	(15,016,515)	-	-
<b>Property, buildings &amp; equipment (note 6)</b>	2,714,788	-	47,772,948	50,487,736	52,000,265
<b>Long-term prepaid expenses</b>	27,842	-	-	27,842	31,735
<b>Cash reserves (note 3)</b>	-	-	4,400,000	4,400,000	4,400,000
<b>Investments (note 7)</b>	-	3,546,420	-	3,546,420	2,570,712
<b>Deferred development costs</b>	-	-	37,840	37,840	37,840
<b>Work in progress</b>	-	33,256,240	-	33,256,240	24,697,144
<b>Irrigation Works (note 8)</b>	74,407	356,885,070	-	356,959,477	358,779,976
<b>Future income taxes (note 9)</b>	-	-	2,552,003	2,552,003	1,544,723
	<u>\$ 25,178,401</u>	<u>\$408,207,165</u>	<u>\$ 40,323,730</u>	<u>\$473,709,296</u>	<u>\$471,369,064</u>
<b>Current Liabilities</b>					
Accounts payable	\$ 1,535,430	\$ 667,759	\$ 199,160	\$ 2,402,349	\$ 3,313,481
Goods and services tax	142,551	-	1,000	143,551	243,961
Deferred revenue	66,924	-	-	66,924	56,399
Term debt (note 11)	1,432,500	-	7,225,000	8,657,500	9,113,750
Current portion of long-term debt (note 13)	<u>1,466,998</u>	<u>-</u>	<u>580,548</u>	<u>2,047,546</u>	<u>1,874,049</u>
	4,644,403	667,759	8,005,708	13,317,870	14,601,640
<b>Due to Districts (note 12)</b>	-	-	5,661,437	5,661,437	4,269,395
<b>Long-term debt (note 13)</b>	<u>13,799,825</u>	<u>-</u>	<u>7,446,996</u>	<u>21,246,821</u>	<u>24,532,417</u>
	<u>18,444,228</u>	<u>667,759</u>	<u>21,114,141</u>	<u>40,226,128</u>	<u>43,403,452</u>
<b>Commitments (note 17)</b>					
<b>Fund balances</b>					
Invested in capital assets	2,789,195	390,141,310	-	392,930,505	386,278,538
Externally restricted surplus (note 14)	-	10,913,175	4,400,000	15,313,175	18,305,765
Internally restricted surplus (note 14)	528,419	6,484,921	14,809,589	21,822,929	19,987,875
Unrestricted surplus	<u>3,416,559</u>	<u>-</u>	<u>-</u>	<u>3,416,559</u>	<u>3,393,434</u>
	<u>6,734,173</u>	<u>407,539,406</u>	<u>19,209,589</u>	<u>433,483,168</u>	<u>427,965,612</u>
	<u>\$ 25,178,401</u>	<u>\$408,207,165</u>	<u>\$ 40,323,730</u>	<u>\$473,709,296</u>	<u>\$471,369,064</u>

# CONSOLIDATED STATEMENT OF OPERATIONS AND FUND BALANCES

## FOR THE YEAR ENDED OCTOBER 31, 2010

	2010			2009
	General Operations	Irrigation Works	Irrican	Total
<b>Revenue</b>				<b>Total</b>
<b>Water earnings</b>				
Irrigation rates, net (note 15)	\$ 7,484,995	\$ -	\$ -	\$ 7,484,995
Conveyance of commercial water	350,443	-	-	350,443
Conveyance of household purposes water	327,954	-	-	327,954
Oilwell drilling water	59,000	-	-	59,000
Penalties	<u>39,826</u>	<u>-</u>	<u>-</u>	<u>39,826</u>
	8,262,218	-	-	8,262,218
<b>Less: Discounts</b>	<u>(212,463)</u>	<u>-</u>	<u>-</u>	<u>(212,463)</u>
	8,049,755	-	-	8,049,755
Lease revenue, net	200,530	-	-	200,530
Miscellaneous	1,346,505	-	-	1,346,505
Interest	1,468,926	-	527,873	1,996,799
Gain (loss) on sale of assets	25,379	-	-	25,379
Service fee income	29,694	-	-	29,694
Irrigation works fund revenues (note 14)	-	7,116,544	-	7,116,544
Power generation revenues (schedule 1)	<u>-</u>	<u>-</u>	<u>4,018,652</u>	<u>4,018,652</u>
	<u>11,120,789</u>	<u>7,116,544</u>	<u>4,546,525</u>	<u>22,783,858</u>
				<u>26,341,297</u>
<b>Expenditures</b>				
Operating expenditures (schedule 2)	5,929,785	-	-	5,929,785
Interest on long-term debt	1,450,596	-	-	1,450,596
Cost of water rights sold	-	-	-	-
Irrigation works expenditures (note 14)	-	121,134	-	121,134
Operating project costs	-	-	-	-
Write-off of Irrigation Works	979	218,539	-	219,518
Amortization of Irrigation Works	-	4,810,643	-	4,810,643
Power generation expenditures (schedule 1)	-	-	5,559,147	5,559,147
Administration expenditures (schedule 1)	-	-	182,759	182,759
Future income tax recovery (schedule 1)	<u>-</u>	<u>-</u>	<u>(1,007,280)</u>	<u>(1,007,280)</u>
	<u>7,381,360</u>	<u>5,150,316</u>	<u>4,734,626</u>	<u>17,266,302</u>
				<u>17,944,947</u>
<b>Excess of revenue over expenditures</b>	3,739,429	1,966,228	(188,101)	5,517,556
Provision for Irrigation Works (note 14)	(3,751,435)	3,751,435	-	-
Interfund transfer (note 14)	<u>-</u>	<u>(319,367)</u>	<u>319,367</u>	<u>-</u>
	(12,006)	5,398,296	131,266	5,517,556
				8,396,350
<b>Fund balances, beginning of the year</b>	<u>6,746,179</u>	<u>402,141,110</u>	<u>19,078,323</u>	<u>427,965,612</u>
<b>Fund balances, end of the year</b>	<u>\$ 6,734,173</u>	<u>\$ 407,539,406</u>	<u>\$ 19,209,589</u>	<u>\$ 427,965,612</u>

# CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED OCTOBER 31, 2010

	2010			2009	
	General Operations	Irrigation Works	Irrican	Total	Total
<b>Operating activities</b>					
Excess of revenues over expenditures	\$ 3,739,429	\$ 1,966,228	\$ (188,101)	\$ 5,517,556	\$ 8,396,350
Items not involving cash					
Amortization expense	460,424	4,810,643	1,426,879	6,697,946	6,678,328
Write-off of irrigation works	979	218,539	-	219,518	23,508
Gain on sale of capital assets	(25,379)	-	-	(25,379)	17,402
Future income taxes (recovery)	-	-	(1,007,280)	(1,007,280)	(388,979)
	<u>4,175,453</u>	<u>6,995,410</u>	<u>231,498</u>	<u>11,402,361</u>	<u>14,726,609</u>
Changes in non-cash working capital items					
Accounts receivable	(751,243)	104,364	331,727	(315,152)	835,172
Materials and supplies	(102,595)	88,298	-	(14,297)	(120,120)
Prepaid expenses	(4,464)	-	12,110	7,646	27,590
Accounts payable	218,299	(902,267)	(227,164)	(911,132)	37,335
Goods and services tax	(10,816)	-	(89,594)	(100,410)	90,218
Deferred revenue	31,003	(20,478)	-	10,525	(32,329)
Long-term prepaid expenses	3,893	-	-	3,893	17,988
	<u>3,559,530</u>	<u>6,265,327</u>	<u>258,577</u>	<u>10,083,434</u>	<u>15,582,463</u>
<b>Investing and financing activities</b>					
Proceeds from sale of capital assets	49,300	-	-	49,300	26,876
Additions to capital assets	(398,695)	-	-	(398,695)	(642,949)
Purchase of Irrigation Works	-	(3,209,662)	-	(3,209,662)	(491,319)
Work in progress	-	(8,559,096)	-	(8,559,096)	(9,091,819)
Committed cash	-	-	1,492,620	1,492,620	3,184,139
Repayment of term debt	(243,750)	-	(212,500)	(456,250)	(456,250)
Repayment of long-term debt	(1,349,367)	-	(1,762,732)	(3,112,099)	(2,886,713)
Due to Districts	-	-	1,392,042	1,392,042	(1,984,050)
Decrease (increase) in investments	-	(975,708)	-	(975,708)	(141,515)
	<u>(1,942,512)</u>	<u>(12,744,466)</u>	<u>909,430</u>	<u>(13,777,548)</u>	<u>(12,483,600)</u>
Change in cash resources for the year	1,617,018	(6,479,139)	1,168,007	(3,694,114)	3,098,863
<b>Cash resources, beginning of the year</b>	<b>2,220,501</b>	<b>16,123,604</b>	<b>7,400,000</b>	<b>25,744,105</b>	<b>22,645,242</b>
Provision for capital additions and irrigation works	(3,751,435)	3,751,435	-	-	-
Interfund transfers	3,455,840	(870,576)	(2,585,264)	-	-
Interfund transfers - Irrigation Works	-	(319,367)	319,367	-	-
<b>Cash resources, end of the year</b>	<b>\$ 3,541,924</b>	<b>\$ 12,205,957</b>	<b>\$ 6,302,110</b>	<b>\$ 22,049,991</b>	<b>\$ 25,744,105</b>
<b>Cash resources represented by:</b>					
Cash	\$ 3,541,924	\$ 12,205,957	\$ 1,902,110	\$ 17,649,991	\$ 21,344,105
Term deposits and cash reserves	-	-	4,400,000	4,400,000	4,400,000
	<u>\$ 3,541,924</u>	<u>\$ 12,205,957</u>	<u>\$ 6,302,110</u>	<u>\$ 22,049,991</u>	<u>\$ 25,744,105</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

OCTOBER 31, 2010

## 1. Nature of operations

The St. Mary River Irrigation District is responsible for the efficient and economical distribution of water for irrigators of the District. The District operates under the authority of the Irrigation Districts Act, Chapter I-11.7, which became effective April 29, 1999.

The District owns a 75% interest in Irrigation Canal Power Co-operative Ltd. ("Irrican"), which was incorporated on December 18, 1990 in order to combine the efforts of its membership in the design, construction, operation and maintenance of hydro-developments and power plants in association with irrigation works in the St. Mary River Irrigation Project Headworks and St. Mary River Irrigation Project area. The purpose of Irrican is the generation and supply of electrical energy for the use and benefit of all irrigators in the St. Mary River Irrigation District, Taber Irrigation District and the Raymond Irrigation District. Irrican receives its revenue through a marketing agreement with Transalta Utilities under the Small Power Research and Development Act of Alberta and through the sale of power through the power pool.

## 2. Significant accounting policies

The District prepares its financial statements in accordance with Canadian generally accepted accounting principles, including the following significant accounting policies:

### **Fund Accounting**

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts are maintained on a fund accounting basis. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the contributors or in accordance with the directives issued by the Board of Directors. These consolidated financial statements have been prepared in accordance with the restricted fund method of accounting for contributions.

Three funds are maintained: General Operating Fund, Irrigation Works Fund and Irrican Fund.

The General Operations Fund accounts for the District's administrative and operating activities and the assets, liabilities, revenue and expenses related to the District's property, buildings and equipment.

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

The Irrican Fund reports the assets, liabilities, revenues and expenses related to Irrigation Canal Power Co-operative Ltd.

### **Consolidation**

The District has consolidated the assets, liabilities, revenues and expenses of Irrican after elimination of intercompany transactions and balances. The consolidated financial statements include the accounts of the District and 100% of Irrican. The non-consolidated statements of Irrican report a deficit; therefore, the consolidated statements do not report any minority interests.

### **Cash and cash equivalents**

The District considers unrestricted cash on hand, in banks and in term deposits that mature within six months of year-end as cash and cash equivalents. Irrican cash subject to restrictions that prevent its use for current purposes is included in cash reserves.

### **Cash reserves and committed cash resources**

Cash reserves and committed cash resources consist of guaranteed investments certificates, money market funds, fixed income bonds and term deposits recorded at fair value.

**2. Significant accounting policies (continued)**

***Inventories***

***Materials and supplies*** - Purchased materials and supplies inventories are valued at the lower of cost or net realizable value with cost determined by the first-in, first-out method.

***Irrigation acres*** - Irrigation acres held for resale are valued at the lower of cost and net realizable value with cost determined on a specific item basis.

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

***Property, buildings and equipment***

Property, buildings and equipment are amortized on a straight-line basis over the estimated useful life of the asset class as follows:

Buildings	60 years
Heavy equipment – non power	15 years
Heavy equipment – power	10 years
Shop equipment and furniture and fixtures	10 years
Auto equipment and large tools	7 years
Light duty vehicles and computers and electronics	5 years

Amortization on other items is determined as follows:

- i) Communications equipment is amortized on a 10% declining balance basis.
- ii) Long-term prepaid expenses are amortized on a straight-line basis over 5 years.
- iii) Patents are amortized on a straight-line basis over their remaining life.
- iv) Irrigation works are amortized on a straight-line basis over their estimated average useful life of 80 years. As work-in-progress is capitalized, original irrigation works are replaced at the rate of 5% of the cost of the new irrigation works.
- v) Irrican buildings and equipment at the Chin, Raymond and Drop 4, 5, 6 hydro-development sites are amortized on a straight-line basis over their estimated useful life of 40 years.

***Future income taxes***

St. Mary River Irrigation District is exempt from income taxes under section 149 1(l) of the income tax act.

Irrican follows the asset and liability method of accounting for future income taxes. Under this method, future income tax assets and liabilities are recorded based on temporary differences between the carrying amount of balance sheet items and their corresponding tax bases. In addition, the future benefits of income tax assets, including unused tax losses, are recognized, subject to a valuation allowance, to the extent that it is more likely than not that such future benefits will ultimately be realized. Future income tax assets and liabilities are measured using enacted tax rates and laws expected to apply when the tax liabilities or assets are to be either settled or realized.

***Revenue Recognition***

Revenue from general operations is recognized when billing occurs.

Revenue from irrigation works is recognized when funding is received. Irrican recognizes revenue from electrical energy sales at the time of generation and delivery to the purchasing utility, as metered at the point of interconnection with the transmission system.

**2. Significant accounting policies (continued)**

***Measurement Uncertainty***

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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 will differ from those estimates.

Management has estimated the average useful life of irrigation works in the District to be 80 years, and buildings to be 60 years. Management has estimated the useful life of hydro-development sites to be 40 years. Amortization of irrigation works, buildings and power plants is based on these estimates. In addition, management has estimated that as rehabilitation of the District irrigation works proceeds, original irrigation works are replaced at the rate of 5% of the cost of any additions.

These estimates and assumptions are reviewed periodically and as adjustments become necessary they are reported in earnings in the periods in which they become known.

***Deferred development costs - future sites***

The costs associated with the study of future hydroelectric sites will be capitalized on commencement of operations of the future power plants, or written off as an expense in the year that such sites are determined to have no potential for development.

***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 not be recoverable. 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 loss for the year.

***Classification of demand non-revolving debt***

The District classifies callable debt obligations as a current liability, to reflect the creditor's legal right pursuant to the credit facility to demand repayment of the debt, regardless of repayment schedules and compliance with covenants.

***Financial Instruments***

***Held for trading:***

Any financial instrument whose fair value can be reliably measured may be designated as held for trading on initial recognition or adoption of CICA 3855 Financial Instruments – Recognition and Measurement, even if that instrument would not otherwise satisfy the definition of held for trading. The District has classified the following financial assets and liabilities as held for trading: cash, term deposits, short-term investments and investment in money market funds (note 7). The District has designated term deposits, short-term investments and investment in money market funds on initial recognition as held for trading as the instruments are evaluated on a fair value basis in accordance with the District's documented risk management strategy and reported to key management personnel on that basis. These instruments are initially recognized at their fair value determined by published price quotations in an active market. Transactions to purchase or sell these items are recorded on the trade date, and transaction costs are immediately recognized in income.

Held for trading financial instruments are subsequently measured at their fair value. Net gains and losses arising from changes in fair value and are recognized immediately in income.

**2. Significant accounting policies (continued)*****Financial Instruments (continued)******Available for sale:***

The District does not currently have any financial instruments classified as available for sale.

***Loan and receivables:***

The District has classified accounts receivable as loans and receivables. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date, and transaction costs directly attributable to their acquisition are included in the fair value cost of these assets, while transaction costs arising from their disposal are immediately recognized in income. Total interest income, calculated using the effective interest rate method, is recognized in net income.

Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability. Net gains and losses arising from changes in fair value and are recognized in net income upon derecognition or impairment.

***Held to maturity:***

The District has classified investments in fixed income bonds (notes 3 & 7) as held to maturity. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date, and transaction costs directly attributable to their acquisition are included in the fair value cost of these assets, while transaction costs arising from their disposal are immediately recognized in income. Total interest income, calculated using the effective interest rate method, is recognized in net income.

Held to maturity financial assets are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability. Net gains and losses arising from changes in fair value are recognized in net income upon derecognition or impairment.

***Other financial liabilities:***

The District has classified the following financial liabilities as other financial liabilities: accounts payable and accruals, term debt, long-term debt, and advances from irrigation districts. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties and exchange amounts agreed upon by related parties. Transactions to purchase or sell these items are recorded on the trade date, and transaction costs directly attributable to their issue are included in the fair value cost of these liabilities, while transaction costs arising from their disposal are immediately recognized in income. Total interest expense, calculated using the effective interest rate method, is recognized in net income.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Net gains and losses arising from changes in fair value are recognized in net income upon derecognition or impairment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## OCTOBER 31, 2010

### 2. Significant accounting policies (continued)

#### *Financial Instruments (continued)*

##### *Liabilities and equity:*

The District classifies financial instruments based on the substance of the instrument. The corresponding interest, dividends, losses and gains relating to a financial instrument or component that is classified as a financial liability is recorded in net income. The distributions that have been given to holders of the instruments classified as equity instruments have been recorded by the District directly in equity.

##### *Comprehensive income (loss):*

Comprehensive income (loss) includes all changes in equity of Irrican, except those resulting from investments by members and distributions to members. Comprehensive income (loss) is the total of net income (loss) and other comprehensive income (loss). Other comprehensive income (loss) comprises revenues, expenses, gains and losses that, in accordance with Canadian generally accepted accounting principles, require recognition, but are excluded from net income (loss). Irrican's other comprehensive income (loss) represents adjustments to the fair value of available-for-sale financial assets.

### 3. Cash and cash equivalents, committed cash resources and cash reserves

#### *Irrican Fund:*

As a condition of the Alberta Capital Finance Authority (ACFA) loans to the Irrigation Districts, which are secured by Irrican fund assets as disclosed in note 13, certain amounts of cash are required to be set aside in a reserve, either in Irrican or in the Irrigation Districts themselves. The Irrican fund is required to provide minimum reserve balances on October 31 of one year's loan payments to the ACFA of \$3,400,000

ATB Financial requires a minimum reserve of \$1,000,000 for the ATB Financial loan disclosed in note 11.

Composition of cash, committed cash resources and cash reserves	<u>2010</u>	<u>2009</u>
Cash	\$ 1,254,355	\$ 284,078
Term deposits	-	4,161,084
Money market funds	21,972	21,905
Guaranteed investment certificates	879,677	838,265
Fixed income bonds	<u>4,146,106</u>	<u>3,587,288</u>
	6,302,110	8,892,620
Less:		
Committed cash resources	<u>-</u>	<u>1,492,620</u>
	<u>6,302,110</u>	<u>7,400,000</u>
Less:		
Cash reserves required by ACFA	3,400,000	3,400,000
Cash reserves required by ATB Financial	<u>1,000,000</u>	<u>1,000,000</u>
	<u>4,400,000</u>	<u>4,400,000</u>
Cash and cash equivalents	<u>\$ 1,902,110</u>	<u>\$ 3,000,000</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

OCTOBER 31, 2010

## 4. Accounts receivable

### *General Operations Fund:*

	2010	2009
Water rates and charges	\$ 2,937,144	\$ 2,883,655
Sundry debtors	746,321	48,492
	\$ 3,683,465	\$ 2,932,147

### *Irrigation Works Fund:*

Balances owing on irrigation works sold, special construction for irrigators, and water right charges	\$ 95,798	\$ 200,162
---	-----------	------------

### *Irrican Fund:*

Trade receivables	\$ 288,566	\$ 610,187
Accrued interest	1,878	11,984
	\$ 290,444	\$ 622,171

## 5. Due from (to) funds

The General Operations Fund borrowed money from external lenders and advanced these amounts to the Irrican fund. The repayment terms of Irrican mirror the obligation of the General Operations Fund to its creditors as disclosed in notes 11 and 13.

## 6. Property, buildings and equipment

### *General Operations Fund*

	2010			2009
	Cost	Accumulated Amortization	Net	Net
	\$ 168,960	\$ -	\$ 168,960	\$ 168,960
Buildings	1,338,546	549,268	789,278	816,114
Heavy Equipment - non power	127,395	89,195	38,200	42,845
Heavy Equipment - power	3,053,707	2,254,579	799,128	791,858
Shop equipment, furniture and fixtures	548,404	401,488	146,916	119,277
Communications equipment	687,366	557,741	129,625	146,833
Auto equipment and large tools	177,425	141,099	36,326	24,786
Light duty vehicles	1,492,055	885,700	606,355	689,765
	\$ 7,593,858	\$ 4,879,070	\$ 2,714,788	\$ 2,800,438

### *Irrican Fund*

	2010			2009
	Cost	Accumulated Amortization	Net	Net
Drops 4,5,6 hydroelectric power generation site	\$ 14,840,690	\$ 2,349,421	\$ 12,491,269	\$ 12,862,337
Raymond Reservoir hydroelectric power generation site	26,814,979	5,629,925	21,185,054	21,819,021
Chin Chute hydroelectric power generation site	17,835,959	3,739,334	14,096,625	14,518,469
	\$ 59,491,628	\$ 11,718,680	\$ 47,772,948	\$ 49,199,827

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## OCTOBER 31, 2010

### 7. Investments

Investments, which consist of guaranteed Provincial bonds, are considered to be of a long-term nature. The investments are required to meet the District's obligations and to fund internally restricted amounts.

<b><i>Irrigation Works Fund:</i></b>	<u>2010</u>	<u>2009</u>
Fixed income bonds	\$ <u>3,546,420</u>	\$ <u>2,570,712</u>

The fair market value of the investment as at October 31, 2010 in the Irrigation Works fund was \$3,546,420 (2009 - \$2,576,134).

### 8. Irrigation Works

	<u>2010</u>		<u>2009</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Right of way	\$ 6,338,173	\$ -	\$ 6,338,173	\$ 6,338,173
Irrigation works	<u>473,864,779</u>	<u>123,317,882</u>	<u>350,546,897</u>	<u>352,366,417</u>
	<u>\$ 480,202,952</u>	<u>\$ 123,317,882</u>	<u>\$ 356,885,070</u>	<u>\$ 358,704,590</u>

### 9. Income Taxes

<b><i>Future income tax assets:</i></b>	<u>2010</u>	<u>2009</u>
Opening balance	\$ 1,544,723	\$ 1,155,744
Changes in timing differences	1,007,280	388,979
Change in effective tax rate on future income taxes	-	-
<b><i>Net future income tax asset</i></b>	<u>\$ 2,552,003</u>	<u>\$ 1,544,723</u>

The variance between the provision calculated at the statutory income tax rate and Irrican's provision is explained as follows:

	<u>2010</u>	<u>2009</u>
Net loss before tax	\$ (4,029,124)	\$ (1,555,916)
Change in temporary differences on building and equipment	1,426,879	1,523,657
Non-capital losses applied against income	<u>2,602,245</u>	<u>32,259</u>
Current income tax expense	<u>\$ -</u>	<u>\$ -</u>

***Irrican's effective tax rate is as follows:***

	<u>2010</u>	<u>2009</u>
Combined federal and provincial business income tax rate for the current year	28.20	29.00
Combined federal and provincial business income tax rate for future income taxes	25.00	25.00

**10. Operating lines of credit**

***General Operations Fund***

At the year end, the District had available short-term bank lines of credit amounting to \$3,000,000 (2009 - \$3,000,000) none of which was drawn down. These revolving demand ATB Financial loans bear interest at prime minus 0.25% and are secured by By-Law #R2006-3 from the District respecting borrowings for operations and maintenance.

***Irrican Fund***

On October 22, 2010, the Irrican fund signed a loan agreement for a non-revolving reducing loan facility in the amount of \$2,775,000 at an interest rate of prime plus 0.5%. As at October 31, 2010, the Irrican fund has not drawn on the loan.

**11. Term debt**

***General Operations Fund***

	<u>2010</u>	<u>2009</u>
Prime minus .25% ATB Financial demand loan, secured by all present and after acquired property and the assignment of Irrican's interest in the Small Power Producer's Contracts, repayable in annual principal installments of \$243,750, with interest payable monthly, maturing April 30, 2011.	\$ <u>1,432,500</u>	\$ <u>1,676,250</u>

The amount has been disclosed as a current liability to reflect ATB Financial's legal right to demand repayment. At October 31, 2010, the ATB Financial prime rate was 3.00 %.

***Irrican Fund***

	<u>2010</u>	<u>2009</u>
Prime plus 0.5% ATB Financial demand loan, secured by a demand promissory note, general security agreement covering all present and after acquired property forming part of the Drop 4, 5, 6 project and a third fixed charge over all other present and after acquired property of Irrican. It is also secured by a \$10 million demand debenture in respect of Drop 4, 5, 6 project leasehold interest, proceeds of insurance, postponement of claim from each Irrigation District, assignment of leases and assignment of future power contracts relating to the Drop 4, 5, 6 project. The loan is repayable in annual principal payments of \$212,500 and a lump sum payment of \$1,000,000 July, 2014 from the reserve account, with interest paid monthly, maturing March 31, 2011.	\$ <u>7,225,000</u>	\$ <u>7,437,500</u>

The amount has been disclosed as a current liability to reflect ATB Financial's legal right to demand repayment.

**12. Due to Districts**

	<u>2010</u>	<u>2009</u>
Taber Irrigation District	\$ <u>3,396,862</u>	\$ 2,567,907
Raymond Irrigation District	<u>2,264,575</u>	<u>1,701,488</u>
	\$ <u>5,661,437</u>	\$ <u>4,269,395</u>

These amounts bear interest at 10.25% and have no fixed terms of repayment. The security is the same as that detailed for the loans of the Irrican Fund in note 13. These amounts have been classified as long-term because the Irrigation Districts have agreed to waive their right to demand repayment for the coming year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## OCTOBER 31, 2010

### 13. Long-term debt

#### *General Operations Fund*

8.25% - 8.875% Alberta Capital Finance Authority Debentures, secured by the assets of Irrican, and a general security agreement over all assets of the District relating to the hydroelectric projects, repayable in blended annual installments of \$2,798,032, due 2017 – 2018  
Less current portion

	<u>2010</u>	<u>2009</u>
	\$ 15,266,823	\$ 16,616,190
	<u>1,466,998</u>	<u>1,349,368</u>
	<u>\$ 13,799,825</u>	<u>\$ 15,266,822</u>

#### *Irrican Fund*

##### *Due to Taber Irrigation District*

10.25% - 10.875% loans, repayable in blended annual installments of \$650,895, due 2017 – 2018  
10.25% demand loan repayable in blended annual installments of \$113,162, maturing in 2018  
Prime plus 2.25% demand loan, interest only payable annually until further terms are negotiated

	\$ 3,306,642	\$ 3,574,431
	598,254	645,275
	<u>911,745</u>	<u>1,669,842</u>
	<u>4,816,641</u>	<u>5,889,548</u>

##### *Due to Raymond Irrigation District*

10.25% - 10.875% loans, repayable in blended annual installments of \$433,970, due 2017 – 2018  
10.25% demand loan, repayable in blended annual installments of \$75,441, maturing in 2018  
Prime plus 2.25% demand loan, interest only payable annually until further terms are negotiated

	2,204,237	2,383,057
	398,836	430,183
	<u>607,830</u>	<u>1,087,488</u>
	<u>3,210,903</u>	<u>3,900,728</u>
	<u>8,027,544</u>	<u>9,790,276</u>
	<u>580,548</u>	<u>524,681</u>
	<u>\$ 7,446,996</u>	<u>\$ 9,265,595</u>

Less current portion

The above loans are secured by all present and after acquired property and the assignment of Irrican's interest in the Small Power Producer's Contracts. These amounts have been classified as long-term because the Irrigation Districts have agreed to waive their right to demand repayment for the coming year. The aggregate amount of principal payments required to meet these obligations in the next five fiscal years, using currently established repayment terms:

	General Operations Fund	Irrican Fund
2011	\$ 1,466,998	\$ 580,548
2012	1,594,890	642,368
2013	1,733,939	710,774
2014	1,885,121	786,470
2015	<u>2,049,494</u>	<u>870,233</u>
	<u>\$ 8,730,442</u>	<u>\$ 3,590,393</u>

**14. Externally and internally restricted surplus**

***General Operations Fund***

Internally restricted surplus represent amounts set aside by the Board of Directors for various specific purposes detailed below.

Internally restricted surplus:	<u>2010</u>	<u>2009</u>
40 Mile pumping reserve:		
Opening balance	\$ 434,000	\$ 434,000
Amount restricted during the year	<u>24,000</u>	<u>-</u>
	<u>458,000</u>	<u>434,000</u>
40 Mile safety reserve:		
Opening balance	42,919	62,336
Amount restricted during the year	27,500	27,500
Project costs incurred	<u>-</u>	<u>(46,917)</u>
	<u>70,419</u>	<u>42,919</u>
	<u>\$ 528,419</u>	<u>\$ 476,919</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## OCTOBER 31, 2010

### 14. Externally and internally restricted surplus (continued)

#### *Irrigation Works Fund*

These surplus amounts are restricted by the Province of Alberta (externally restricted) and by the District (internally restricted) for use in adding to and/or rehabilitating irrigation works.

	2010		2009
	District	Province of Alberta Cost Sharing	Total
<b>Restricted surplus – Irrigation Works Fund, beginning of the year</b>	\$ 4,832,633	\$ 13,905,765	\$ 18,738,398
<b>Add:</b>			
Contributions received from the Province of Alberta			
General Revenue Fund	-	6,291,106	6,291,106
Contributions for new parcels and irrigation works, net	672,628	-	672,628
Interest earnings	73,391	58,079	131,470
Langemann gate royalties	21,340	-	21,340
Transfer from District to Province of Alberta Cost Sharing	(2,097,035)	2,097,035	-
<b>Total Irrigation Works Fund Revenues</b>	<b>(1,329,676)</b>	<b>8,446,220</b>	<b>7,116,544</b>
Provision for irrigation works	3,751,435	-	3,751,435
Transfer to/from other funds	(319,367)	-	(319,367)
<b>Total additions</b>	<b>2,102,392</b>	<b>8,446,220</b>	<b>10,548,612</b>
<b>Deduct:</b>			
Farmer Construction	-	-	-
Aquatic weed control	-	-	89,670
Patent maintenance fees	3,110	-	3,110
Electricity Bow Island Lateral 12	118,024	-	118,024
Irrigation Works Expenditures	121,134	-	121,134
Purchase of irrigation acres	-	-	13,200
Additions to Irrigation Works	328,970	11,438,810	11,767,780
<b>Total deductions</b>	<b>450,104</b>	<b>11,438,810</b>	<b>11,888,914</b>
<b>Restricted surplus – Irrigation Works Fund, end of the year</b>	<b>\$ 6,484,921</b>	<b>\$ 10,913,175</b>	<b>\$ 17,398,096</b>

The internally restricted surplus shown in the District column above include reserves for the main canal with a year-end balance of \$2,939,416 (2009 - \$2,886,260), as well as surplus held in the contingency reserve, miscellaneous capital reserve, Bow Island Lateral 12 reserve, and the concrete reserve.

#### *Irrican Fund*

Externally restricted funds of \$4,400,000 (2009 - \$4,400,000) represent amounts required by Alberta Capital Finance Authority and ATB Financial to be set aside as a condition of their financing agreements with the District.

On a non-consolidated basis, Irrican has a deficit which is eliminated on consolidation by the reversal of transactions with St. Mary River Irrigation District. The consolidated surplus is internally restricted to cover working capital requirements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

OCTOBER 31, 2010

## 15. Irrigation Rates, Net

Irrigation rates, net, consist of:

		2010	
	369,905.20 Irrigation Acres at \$20.00 per Acre		\$ 7,398,104
	1,264.76 Minimum Charge Irrigation Acres at \$400.00 per Parcel		42,400
	- Terminable Acres at \$32.00 per Acre		-
	- Minimum Charge Terminable Refused Acres at \$640.00 per Parcel		-
	1,358.79 Annual Acres at \$20.00 per Acre		27,176
	<u>489.29</u> Minimum Charge Annual Acres at \$400.00 per Parcel		<u>19,600</u>
	<u>373,018.04</u> Total Assessed Acres		<u>7,487,280</u>
	Reclassifications and deferments		<u>(2,285)</u>
			<u>\$ 7,484,995</u>
		2009	
	369,647.67 Irrigation Acres at \$19.00 per Acre		\$ 7,023,306
	1,316.31 Minimum Charge Irrigation Acres at \$380.00 per Parcel		41,420
	935.57 Terminable Acres at \$31.00 per Acre		29,003
	53.85 Minimum Charge Terminable Refused Acres at \$620.00 per Parcel		3,100
	680.20 Annual Acres at \$19.00 per Acre		12,924
	<u>458.77</u> Minimum Charge Annual Acres at \$380.00 per Parcel		<u>17,480</u>
	<u>373,092.37</u> Total Assessed Acres		<u>\$ 7,127,233</u>
	Reclassifications and deferments		<u>599</u>
			<u>\$ 7,127,832</u>

## 16. Supplementary cash flow information

	2010	2009
Interest paid - General Operations Fund	\$ 1,447,866	\$ 1,569,258
Interest paid - Irrican Fund	<u>570,163</u>	<u>866,368</u>
	<u>\$ 2,018,029</u>	<u>\$ 2,435,626</u>

## 17. Commitments

The District has capital projects under construction of \$33,256,240 (2009 – \$24,697,144) shown as Work in progress. In addition, the District has commitments estimated to be \$7,113,515 (2009 - \$8,068,932) in respect of incomplete work under contract on these capital projects. Amounts are added to Irrigation Works on a project by project basis as they reach substantial completion.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## OCTOBER 31, 2010

### 18. Related party transactions

During the year, the Taber and Raymond Irrigation Districts, who are minority shareholders in Irrican, charged Irrican interest on loans as follows:

	<u>2010</u>	<u>2009</u>
Taber Irrigation District	\$ 799,849	\$ 871,638
Raymond Irrigation District	<u>530,413</u>	<u>579,553</u>
	<u>\$ 1,330,262</u>	<u>\$ 1,451,191</u>

As at year end, \$196,672(2009 - \$219,322) relating to these charges by the Districts is included in accounts payable.

### 19. Capital management

The District's objective when managing capital is to safeguard the entity's ability to continue as a going concern.

The District sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets, as well as with consideration of externally imposed capital requirements.

The District manages the following as capital:

	<u>2010</u>	<u>2009</u>
Invested in capital assets	\$ 392,930,505	386,278,539
Invested in other funds	<u>40,552,663</u>	<u>41,687,073</u>
	<u>\$ 433,483,168</u>	<u>427,965,612</u>

Irrican is subject to a capital requirement imposed by ATB Financial with regards to maintaining a capital balance of \$8,600,000. During the year ended October 31, 2010, Irrican complied with the capital requirements.

### 20. Economic dependence

Irrican is economically dependent on Transalta Utilities Corporation (TAU), who currently purchase 80% of Irrican's power production. Irrican is party to a contract with TAU to sell TAU all the power production from the Raymond and Chin plants. The contract terminates if Irrican's allocation of capacity under the Small Power Research and Development Act is withdrawn, if the Act is repealed, or if TAU ceases to be designated under the Act as a utility to which the Act applies.

### 21. Local Authorities Pension Plan

Employees of the St. Mary River Irrigation 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 9.06% of pensionable earnings up to the Canada Pension Plan's Maximum Pensionable Earnings and 12.53% for the excess. Total current service contributions by the employees of the District to the Local Authorities Pension Plan in 2010 were \$247,351 (2009 - \$237,186) and the contributions made by the District to the Local Authorities Pension Plan in 2010 were \$274,420 (2009 - \$265,366). At December 31, 2009, the Plan serves about 199,849 people (2008 - 189,149) and 418 employers (2008 - 411) and it disclosed an actuarial deficiency of \$3,999 million (2008 - \$4,414 million).

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

The carrying value of the District's floating rate term debt approximates its fair value because interest charges under the terms of the debt are based upon current Canadian bank prime rates. The fair value of the District's fixed rate long-term debt and amounts Due to Districts is also approximated by its carrying value as there have been no significant changes in lending rates or other conditions. The fair value of the fixed income bonds is \$7,692,526 (2009 - \$6,163,422).

**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.

Irrican is exposed to credit risk on its accounts receivable. The credit risk is concentrated because Irrican has only two customers, one of whom it is economically dependent upon (see note 20). The risk is considered minimal, as the accounts receivable are current and the customers are financially stable.

**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 has acquired a significant amount of debt that bears interest at floating rates, and as such, is exposed to interest rate risk. The District has mitigated this risk by negotiating the option to fix its interest rate if it deems appropriate.

**23. Comparative figures**

Certain of the 2009 comparative figures have been reclassified to conform with the presentation used in 2010.

**24. Approval of financial statements**

These consolidated financial statements have been approved by management.

# CONSOLIDATED SCHEDULE OF REVENUE AND EXPENDITURES – IRRICAN FUND

FOR THE YEAR ENDED OCTOBER 31, 2010

Schedule 1

	2010			2009	
	Raymond Site	Chin Site	Drop 4,5,6 Site	Total	Total
<b>Power generation revenue</b>	\$ 2,037,127	\$ 1,513,099	\$ 468,426	\$ 4,018,652	\$ 6,638,482
<b>Power generation expenditures</b>					
Water usage fees	13,290	7,600	-	20,890	19,846
Repairs, maintenance and supplies	46,359	27,681	199,599	273,639	425,817
Operating costs	147,328	147,328	73,663	368,319	256,754
Insurance	48,875	32,508	27,050	108,433	110,268
Telephone and utilities	46,593	29,789	25,731	102,113	115,251
Interest on term debt	-	-	225,671	225,671	245,237
Interest on long-term debt	1,403,240	935,222	441,215	2,779,677	2,879,708
Municipal taxes	115,696	66,532	71,298	253,526	264,659
Amortization	633,967	421,844	371,068	1,426,879	1,426,879
	<u>2,455,348</u>	<u>1,668,504</u>	<u>1,435,295</u>	<u>5,559,147</u>	<u>5,744,419</u>
<b>Surplus (deficit) from operations</b>	\$ (418,221)	\$ (155,405)	\$ (966,869)	(1,540,495)	894,063
<b>Miscellaneous revenue</b>				527,873	547,774
<b>Surplus (deficit) before administrative expenditures</b>				<u>(1,012,622)</u>	<u>1,441,837</u>
<b>Administrative expenditures</b>					
Administration fees				108,347	96,892
Insurance				39,443	39,603
Travel				3,363	38,128
Professional fees				31,606	42,767
				<u>182,759</u>	<u>217,390</u>
<b>Excess (deficiency) of revenue over expenditures before income taxes</b>				(1,195,381)	1,224,447
<b>Income taxes (recovery) - future</b>				<u>(1,007,280)</u>	<u>(388,979)</u>
<b>Excess (deficiency) of revenue over expenditures for the year</b>				<u>\$ (188,101)</u>	<u>\$ 1,613,426</u>

**CONSOLIDATED SCHEDULE OF OPERATING EXPENDITURES –  
GENERAL OPERATIONS FUND  
FOR THE YEAR ENDED OCTOBER 31, 2010**

Schedule 2

	2010					Total
	Equipment	Maintenance of Irrigation Works	Water Delivery	Administration and General	Engineering	Total
Salaries and wages	\$ 87,736	\$ 1,268,629	\$ 1,158,203	\$ 697,772	\$ 574,541	\$ 3,786,881
WCB assessments and employee benefits	-	158,538	202,008	128,083	106,361	594,990
Amortization of equipment	369,343	56,780	-	14,921	19,380	460,424
Equipment maintenance	321,068	22,172	-	1,439	460	345,139
Weed and willow control	-	124,103	445,679	-	-	569,782
Automotive equipment expense	198,077	-	-	-	-	198,077
Professional fees	-	78,955	-	108,950	-	187,905
Buildings, net	-	89,633	-	89,489	45	179,167
Board of Directors' fees and expenses	-	-	-	143,343	-	143,343
Association fees	-	-	-	81,557	2,118	83,675
Electricity - pumps and control structures	-	36,957	130,765	-	-	167,722
Telephone	-	20,042	30,519	20,683	4,306	75,550
Materials and supplies	412	26,353	260	23,581	4,388	54,994
Advertising and promotion	-	-	-	49,146	-	49,146
Insurance	67,291	41,044	6,458	16,630	374	131,797
Computer fees	-	-	9,298	17,614	3,760	30,672
Travel	-	2,398	771	4,977	4,870	13,016
Postage and courier	-	2,535	1,110	7,843	-	7,843
Fees - staff training and education	-	5,867	-	2,831	1,243	7,719
Main Canal Advisory Committee	-	-	-	-	-	5,867
Bad debt	-	-	-	-	-	-
Miscellaneous	-	22,026	-	(16,219)	-	5,807
Land titles fees	-	-	-	2,071	-	2,071
Repairs and maintenance	-	2,873,882	-	-	-	2,873,882
Salary and wage charge out	-	(880,736)	(446,759)	(53,826)	(434,191)	(1,815,512)
Overhead charge out	-	(66,977)	(47,853)	(13,819)	(100,511)	(229,160)
Equipment pool charge out - operations	(669,462)	139,305	-	-	-	(530,157)
Equipment pool charge out - capital	(1,156,810)	58,964	215,735	9,695	9,831	(862,585)
Employee benefit charge out	-	(285,913)	(158,260)	(19,735)	(154,158)	(618,066)
Custom work charges	-	-	-	-	9,796	9,796
	<u>\$ (782,345)</u>	<u>\$ 3,794,557</u>	<u>\$ 1,547,934</u>	<u>\$ 1,317,026</u>	<u>\$ 52,613</u>	<u>\$ 5,929,785</u>
Total 2009	<u>\$ (674,295)</u>	<u>\$ 3,400,971</u>	<u>\$ 1,587,476</u>	<u>\$ 1,423,925</u>	<u>\$ 44,842</u>	<u>\$ 5,782,919</u>



# St. Mary River Irrigation District

1210- 36 Street North

Lethbridge, Alberta

Phone 403-328-4401

Fax 403-328-4460

Email: [smrid@smrid.ab.ca](mailto:smrid@smrid.ab.ca)

Web Site: [www.smrid.ab.ca](http://www.smrid.ab.ca)

## ADMINISTRATION

Tom Crooks

Derick Jaffray

John Belanger

General Manager

Land and District Service Administrator

District Accountant

## ENGINEERING DIVISION

Trevor Helwig, P. Eng.

David Joachim, C.E.T.

Chris Gallagher, P. Eng.

District Engineer

Project Coordinator

Design Engineer

## OPERATIONS DIVISION

Jan Tamminga, C.E.T.

Craig Orr

Manager of Operations

Assistant Manager of Operations



**St. Mary River Irrigation District**  
**NOTICE OF NOMINATION**

**FORM 2**

**NOTICE OF NOMINATION**  
**LOCAL AUTHORITIES ELECTION ACT**  
(Section 26)

**ST. MARY RIVER IRRIGATION DISTRICT**, Province of Alberta

Notice is hereby given that nominations for the election of candidates for the following offices will be received at the location of the local jurisdiction office set out below until 4:00 p.m. on Thursday, March 24<sup>th</sup>, 2011.

Office	Number of Vacancies	Electoral Division Number
Board Member	1	2
Board Member	1	5
Board Member	1	7

<b>DIVISION 2</b>	Those lands within Ranges 18, 19 and 20 which are situated to the north of Highway 4 and to the south of Highway 3, but does not include those water users obtaining their delivery from the main canal in Twp. 9, Range 18, W4th.
<b>DIVISION 5</b>	Those lands situated within Ranges 11 and 12, W4th.
<b>DIVISION 7</b>	Those lands situated within Ranges 5 and 6, W4th and shall also include those lands lying within Twp. 12 and 13 of Range 7, W4th.

Location (Address) of Local Jurisdiction Office:

St. Mary River Irrigation District  
1210- 36 Street North  
Lethbridge, AB T1J 3Y7

St. Mary River Irrigation District  
705 Centre Street  
Bow Island, AB TOK OGO

Dated at the City of Lethbridge in the Province of Alberta, this 16<sup>th</sup> day of February, 2011.

Tom Crooks  
Returning Officer