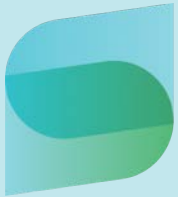


ST. MARY RIVER IRRIGATION DISTRICT

2023

ANNUAL REPORT & FINANCIAL STATEMENT



SMRID
ST. MARY RIVER IRRIGATION DISTRICT

ANNUAL GENERAL MEETING

APRIL 3, 2024 AT 1:30 PM

AGRI-FOOD HUB LETHBRIDGE, AB



VISION | MISSION | VALUES

Vision

Supporting sustainable Communities,
Environment and Agriculture with water.

Mission

We will build on the Legacy of Irrigation for Future Generations. We will be collaborative, supportive, and innovative.

We will accomplish this through the improvement of infrastructure, improved water management and financial security for sustainability of the district to benefit communities, environment and agriculture.

Values

DO THE RIGHT THING
SHOW WE CARE
AIM HIGHER
WORK BETTER TOGETHER



BOARD OF DIRECTORS 2023



Grant Henderson
Division 1

Lands south of Highway 4 and lands within Range 21 and north of Highway 4 and south of Highway No. 61 and lying to the west of Range 14, W4th.



Brian Ober
Division 2

Lands within Ranges 18, 19 & 20 which are north of Highway 4 and north of Highway 61 and south of Highway 3, does not include irrigators obtaining their water from the Main Canal in Twp. 9, Range 18, W4th.



George Lohues
Chairman - Division 3

Lands within Ranges 18, 19 & 20 which are north of Highway 3 and includes irrigators obtaining their delivery from the Main Canal in Twp. 9 Range 18, W4th.



Alex Ostrop
Division 4

Lands within Ranges 13, 14, 15, 16 & 17, W4th.



Cory Nelson
Vice Chairman - Division 5

Lands within Ranges 11 & 12, W4th



Gerard Oosterhuis
Division 6

Lands within Ranges 8, 9 & 10, W4th and lands within Twps. 10 and 11 of Range 7, W4th.



Roland Kappel
Division 7

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.



Kyle Gouw
Division 8

Lands between the Oldman River and the St. Mary Main Canal; East of Bountiful Coulee and West of Range Road 160, inclusive of lands in sections 14 to 16, 22 and 23 of Township 10, Range 18 W4th.



Mike Wind
Division 9

Lands between the Oldman River and the St. Mary Main canal; East of Range Road 160 and West of Purple Springs.

CHAIRMAN'S REPORT 2023

Plan for drought but hope for rain. Some of our recent farm periodicals have printed articles that have criticized the concept of “hope” when planning for drought. Clearly these individuals are not farmers. From the moment I started farming in 1980 I have been hoping for good weather. Over the years we have been frosted out, hailed out, and drowned out far more frequently than dried out. We know that we cannot control the weather, so we plan accordingly. In recent weeks I've had the opportunity to speak with many of our irrigators. I am so impressed with their acceptance of the situation we are in, and even heard a few who were excited about the challenge of growing a crop with reduced water.



2023 was a year of drought and a year of learning. I would like to take a moment to explain how the Board determines allocation. Every spring, Alberta Agriculture and Irrigation provide us with monthly Farm Gate Allocation Forecasts. These reports provide forecasted amounts of the net water volume that would be available at the farm gate for the irrigation districts receiving water from the Southern Tributaries (Belly, St. Mary and Waterton Rivers). This is a complex document and among other things assumes that weather and precipitation will be within the historical range of probability. This is where things went sideways for us in 2023. Our initial allocation of 15" would have worked out had we had average weather. The unrelenting heat and lack of rain forced a reduction in allocation to 14". In late August Agriculture and Irrigation requested that “all Irrigation Districts please conduct fall operations with the spirit of water conservation, including minimizing post-harvest irrigation of unseeded acres and to consider not using your full water allocation if not required on your farm this season”. The Board felt that working with GOA through collaborative agreements was the wise path to avoid a Level 5 state of emergency. We made the difficult decision to drop to 13" as we felt that the value of retaining water for 2024 startup was in the best interest of our District. As we moved into September, it became clear that we would have to limit supply to one in four irrigation systems and to end the season early on September 22.

The challenge facing the Board when determining an allocation for any given year is that you want to be conservative enough to have adequate water to the end of the season yet not too conservative to cause farmers to change their seeding plans. As we plan for the 2024 season, we will consider our experience in 2023 and adopt a more conservative approach. Because we do not have the luxury of full reservoirs that could otherwise buffer a lack of rain, we will assume that we will experience similar dry and hot weather as last year. We will communicate more effectively and provide scheduled updates. If we are fortunate to receive rain, we will adjust the allocation accordingly. Plan for the worst and hope for the best.

In 2023 a historic agreement was reached between RID and the SMRID. This agreement replaces the 2006 Main Canal Agreement between RID, TID and SMRID. We are now in a position where all irrigators in the St. Mary Project, from Raymond to Medicine Hat, share the benefits of Reservoir storage along with the accompanying costs related to the main canal and reservoirs. This simple and fair agreement gives stability to our region and will serve us well into the future.

CHAIRMAN'S REPORT 2023

Irrican

Irrican continued to perform well in 2023, despite reduced flows, and generated the second highest recorded revenue of \$13.542 M. This is a great time to be generating renewable energy, yet the recent threat of rotating blackouts demonstrated the downside of Solar and Wind renewables. We are proud to be a part of one of the strategies to help mitigate these events. We have entered into an agreement with Teric Power and Urica Energy Management to install a 15 MW Battery storage project at the Raymond Hydro site. This project will be our contribution to stabilizing the grid and shows excellent projected revenue for Irrican, thus providing welcome income to SMRID and RID to assist with the rising costs of maintaining our districts.

In 2023 we once again saw inflation drive up the costs to operate our farms and our District. Our Board made the decision to increase water rates for the 2024 season by \$3 per acre bringing revenue in line with expenses. Our Board is committed to operating a strong and healthy organization that can supply our members with excellent service, now and in the future. We will be holding open houses in the fall to explain the effects of inflation on both our operating costs and the AIM projects we have undertaken. Everything we have experienced in 2023 reinforces the need for more storage in our District as we doggedly carry on with our plan to increase the capacity of the Chin Reservoir. Please take time to attend these open houses to learn about our plans for the future.



I would like to thank all the staff in the SMRID for stepping up and meeting the added workload that we have experienced these last few years. A special nod to David Westwood who has elevated his game every time he is challenged. We are all very fortunate to have David as captain of our team and appreciate his leadership.

I would also like to thank my fellow Board members for their dedication and willingness to tackle all the challenges that have been placed on our table. After 12 years of dedicated service, Gerard Oosterhuis is retiring from our Board. We have all been beneficiaries of one of the keenest business minds in our industry. When Gerard gives his opinion, we listen. We will miss him on our Board but take comfort knowing that he is now a lifetime member of a group of old friends that will undoubtedly get together often to reminisce about the challenges we faced on our time serving the SMRID.

Respectfully submitted,
George Lohues
Chairman

Thank you



GENERAL MANAGER'S REPORT 2023



The St. Mary River Irrigation District had a very busy and challenging year in 2023. We held our irrigation expansion lottery, completed a hectic construction season and dealt with drought conditions for the entire irrigation season. Our Team rallied together to ensure we stayed true to our Vision of Supporting Sustainable Communities, Environment and Agriculture with water. In February we received 360 applications for 33,000 acres of new irrigation expansion that were entered into our Phase 1 irrigation expansion. 15,000 acres were selected by lottery to receive the first new acres since our most recent expansion which commenced in 2011. Our Land Team worked diligently with hopeful irrigators to meet the requirements of adding these new acres to our assessment roll.

Approximately 1,100 new acres were added in 2023 with the remaining 13,900 expected to be added in 2024. Seven Alberta Irrigation Modernization (AIM) projects were completed in 2023 taking the total AIM Program to 16 of the 30 Modernization projects completed.

We started the 2023 irrigation season with dry conditions in the western part of our district and ice and snow cover in the eastern portion from Bow Island to Sauder Reservoir. Crews worked around the clock on Easter weekend removing ice from the Main Canal to try and avoid over topping of the canal. Due to low water supply resulting from a below average snow pack and the St. Mary Reservoir not starting at Full Supply Limit (FSL), we starting the season with a 15-inch farm gate water allocation. The delayed start to the season quickly turned into unseasonably warm temperatures in late April and May. The early warm temperatures led to the snowpack melting over a month early and being depleted by the end of May. Strong Irrigation demand resulting from the early heat and lack of precipitation, led to rapid reduction of water supply. This continued throughout the entire growing season. Due to dwindling water supply caused by ongoing drought conditions, the Board made the difficult decision to reduce water allocation from 15 inches to 14 inches and then finally landing at 13 inches per acre to end the season. We needed to end the irrigation season early on September 22, 2023. This was difficult for our irrigators but some timely rains in early October helped to complete harvest. Our total water use was 631,400 acre feet with 127,400 acre feet coming from our internal reservoir storage.

Irrican

Despite our water supply challenges, Irrican ended with the second highest revenue year to date after the record setting year of 2022. The operating season started with strong production but as water supply continued to decrease during the irrigation season, so did plant production. Power generation decreased to 83 Million KWh vs 124 Million KWh in 2022. Average 2023 power pool revenue was \$159 per KWh which was down from the remarkable \$189 per KWh set in 2022. These combined factors led to a total revenue of \$13.542 Million vs 2022's record breaking revenue of \$23.607 Million. This is a 43% decrease from 2022 and more in line with 2021 revenue of \$ 12.473 Million. Our Earnings Before Interest, Depreciation and Amortization remained strong at \$11.961 Million.

I would like to thank all staff for their dedication and execution this past year. We achieved remarkable accomplishments.

Respectfully submitted,

David Westwood
General Manager

BOARD OF DIRECTORS FEES AND EXPENSES 2023

NAME	TITLE	NO. OF DAYS	PER DIEM	MILEAGE	REIMBURSED EXPENSES	DISTRICT EXPENSE
GEORGE LOHUES	Chairman	39	\$16,798	\$1,324	\$629	\$18,750
CORY NELSON	Vice-Chairman	37.25	\$14,140	\$227	\$761	\$15,128
GRANT HENDERSON	Board Member	36.25	\$13,625	\$1,351	\$906	\$15,882
BRIAN OBER	Board Member	35.75	\$13,425	\$1,319	\$689	\$15,432
ALEX OSTROP*	Board Member	38.50	\$14,463	\$1,984	\$598	\$17,045
GERARD OOSTERHUIS	Board Member	28	\$10,675	\$1,706	\$987	\$13,367
ROLAND KAPPEL	Board Member	15.75	\$6,300	\$1,464	\$400	\$8,164
GARY FRANZ**	Board Member	30.75	\$11,353	\$2,044	\$351	\$13,747
KYLE GOUW	Board Member	29	\$11,198	\$0	\$629	\$11,826
MIKE WIND	Board Member	35.50	\$13,473	\$1,316	\$569	\$15,357
TOTAL		325.75	\$125,448	\$12,734	\$6,516	\$144,697

AIDA REPRESENTATIVE *
SRSWDC REPRESENTATIVE **

2023 SMRID SCHOLARSHIP RECIPIENTS

KEITH FRANCIS SCHOLARSHIP

Tuscany Richards
Kaylee Moorhead
Kevin Camps
Brady Lehman

PETER LANGEMANN SCHOLARSHIP

Indira Brouwer
Claudia Van Diemen
Nikolai Westwood
Kyra Lam

JONNIE POPEL SCHOLARSHIP

Hallie Horvath
Megan Curran
Janine Jonker
Kyle Crooymans

WATER COORDINATORS

WESTERN DIVISION

Brad Brouwer	403-332-2203
Rex Janes	403-332-2204
James Strachan	403-332-2205
Michael Sorgard	403-332-2206
Pete Beauregard	403-332-2207
Ryan Stafford	403-332-2210

CENTRAL DIVISION

Clay Sparks	403-393-2147
John Beers	403-393-2143
Braden Gardner	403-393-2144
Denver Terry	403-393-2145
Glen Wada	403-393-2146
Mike Munroe	403-332-2221

EASTERN DIVISION

Stacy Thistlethwaite	403-581-6923
Tanner Holmes	403-581-6924
Ken Friesen	403-581-6925
Darcy Friesen	403-581-6926
George Meagher	403-581-6927
Murray Vair	403-581-6930
Todd Van Maarion	403-581-6932
Mike Curran	403-581-6933

PETITIONED PARCELS

SW 12-09-09-W4

SE 18-10-13-W4

SE 31-08-16-W4

Plan

SW 15-09-15-W4

1512240;30;10

Parcels Deleted from SMRID in 2023

No parcels were removed from the District in 2023

HAPPY Retirement!

2023 RETIREES

2023 marked the retirement of Roxanne Janecke who left the organization after 26 years at the end of July. Roxanne's welcoming smile and dedication to customer service was exemplary. We wish her joy in the next chapter of her life.

Over 120 year of combined experience

Dale Pickering from the West, Fred Williams, Randy Sparks and Kevin Kraemer from our Central Offices Retire in 2023. With over 120 years of combined experience, their knowledge and commitment to the District will definitely be missed. We wish all four of you the very best in your retirement.



Kevin Kraemer



Dale Pickering



Fred Williams



Randy Sparks

2023 LONG TERM SERVICE REWARDS

Devin Collett

15 Years

Isaac Dyck

5 Years

Tim Smith

15 Years

Matthew Krahn

5 Years

Michael Derzaph

10 Years

Paul Fontaine

5 Years

Michael Zmurchyk

10 Years

Peter Peters

10 Years

Travis Geremia

10 Years



ENGINEERING AND TECHNICAL SERVICES REPORT 2023



West Medicine Hat Lateral 2

*Contracted by
LBCO Construction*

Installation of the precast pipeline
inlet structure (supplied by Precon)



Alberta Irrigation Modernization Program (AIM)

SMRID accessed funding in 2023 for infrastructure improvements through the Alberta Irrigation Modernization Program. The Alberta Provincial Government is providing 30% of the required funding as a grant and SMRID is contributing 20%. The remaining 50% is being financed as a long-term, low interest loan with the Canada Infrastructure Bank (CIB). The modernization projects are focused on increasing water conveyance efficiency and enhancing water security. Table 1 shows the value of the projects that are currently under construction and will be substantially complete by spring 2024. Table 2 on the following page provides a summary of AIM costs to year-end Oct. 31st, 2023, as well as the total budget for all projects with any incurred costs for project development and engineering, including the proposed expansion of off-stream storage at Chin Reservoir. Details for 2023/2024 projects are listed in Table 2 and the location of 2023/2024 construction presented in the attached figure 1.

Table 1. 2023-2024 Construction, Alberta Irrigation Modernization (AIM) Projects

Project Name	Engineer	Contractor	Project Cost, \$
South Medicine Hat Lateral 3	Stantec	BYZ Enterprises	\$9.2 M
Sauder Lateral 34	MPE	BYZ Enterprises	\$7.9 M
Lateral M Big Bend	WSP	Dennis Dirtworx	\$7.8 M
W. Med Hat Lat 2 Phase 2 (Contract 3)	MPE	Whitefox/Bullin Construction	\$18.5 M
W. Med Hat Lat 2 Phase 2 (Contract 4)	MPE	Industrial Backhoe	
W. Med Hat Lat 2 Phase 2 (Contract 5)	MPE	LCBO	
TOTAL			\$43.4 M



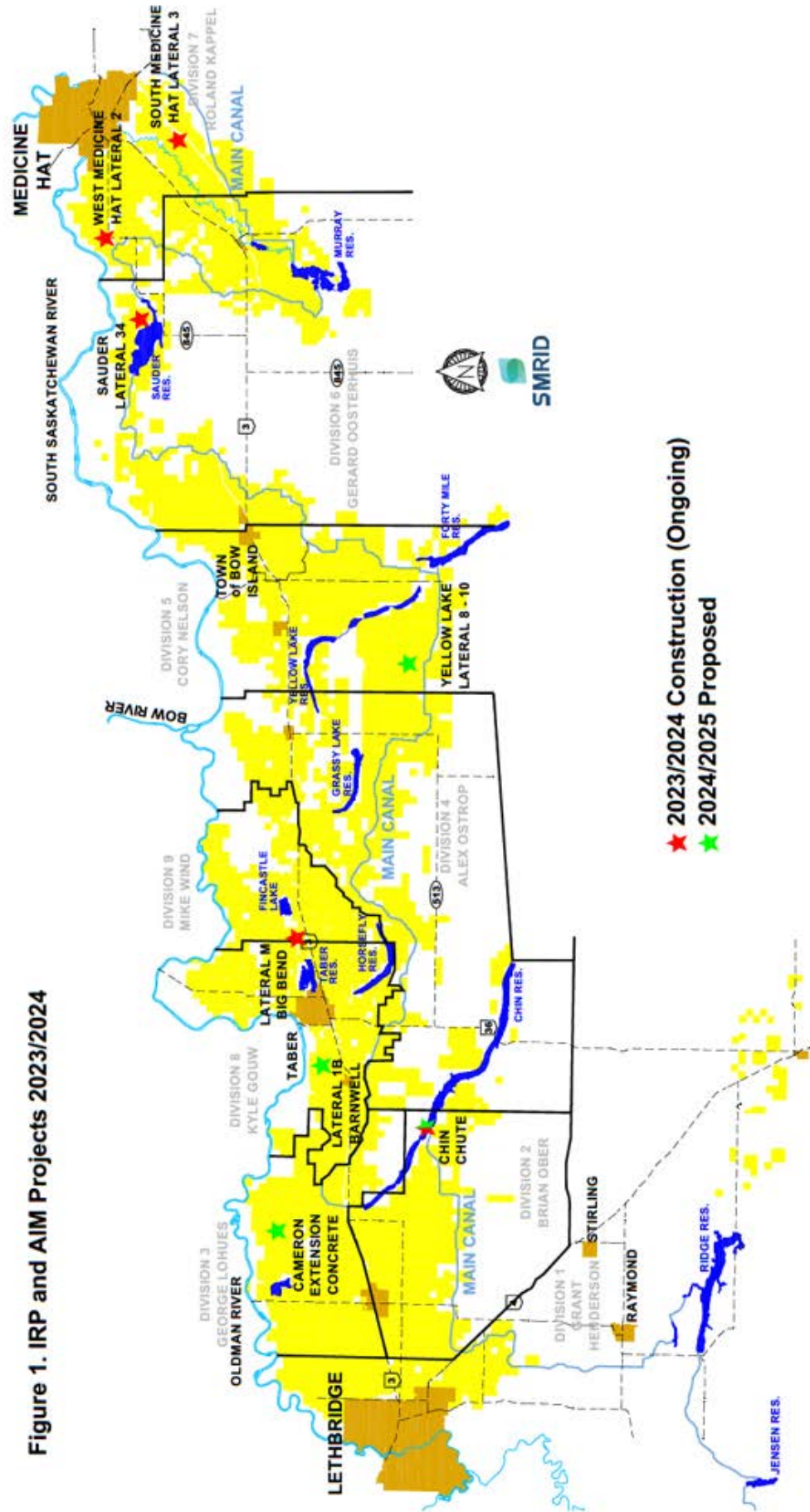
Alberta Irrigation Modernization Program (AIM)

Table 2 – SMRID AIM Account as of Oct. 31st, 2023

Job Description	Costs Incurred for 2023 Fiscal Year	Costs to Date to Oct. 31, 2023	Total Costs Approved
SAUDER CHUTE REHABILITATION	\$28,114	\$10,706,047	\$10,775,005
SAUDER LATERAL 34	\$3,677,181	\$3,969,095	\$4,170,000
WEST MED HAT LATERAL 31	\$82,091	\$4,902,918	\$5,401,216
WEST MED HAT LATERAL 38	\$50,291	\$1,352,061	\$1,434,393
SOUTH MED HAT LATERAL 3	\$3,643,757	\$4,056,693	\$5,850,000
WHOOOP UP LATERAL	\$222,522	\$5,829,211	\$5,850,000
MAIN CANAL LATERAL 7	\$31,799	\$1,526,169	\$1,570,927
JAIL ROAD CONCRETE	\$11,690	\$3,406,115	\$3,474,263
BOW ISLAND LATERAL 10	\$15,907,916	\$19,545,332	\$19,656,000
WEST MEDICINE HAT LATERAL 2	\$7,157,974	\$16,975,144	\$18,500,000
CHIN 2-2	\$5,947	\$1,051,313	\$1,065,799
CAMERON LATERAL PHASE 5	\$3,541,684	\$5,027,391	\$7,000,000
CHIN 4 - CHIN 5	\$3,192,367	\$4,565,647	\$5,148,000
BOW ISLAND LATERAL 22	\$6,196,803	\$6,542,732	\$5,525,000
NORTH LATERAL - BACZUK PIPELINE	\$3,406	\$16,369	\$1,950,000
NORTH BURDETT LATERAL 5	\$933,775	\$992,385	\$2,340,000
YELLOW LAKE LATERAL 10	\$538,988	\$658,069	\$2,340,000
CAMERON EXTENSION 1-7	\$60,771	\$73,583	\$9,750,000
WEST MEDICINE HAT 10/13	\$43,650	\$53,114	\$14,625,000
HORSEFLY 6	\$395	\$395	\$975,000
NORTH FINCASTLE WEST	\$3,426,729	\$5,385,124	\$4,800,000
LATERAL 1B BARNWELL	\$265,675	\$265,675	\$1,007,000
BIG BEND MAIN PIPELINE	\$898	\$1,405	\$30,663,000
M BIG BEND PIPELINE	\$524,506	\$525,310	\$6,016,000
CHIN RESERVOIR - EXPANSION	\$2,031,466	\$6,476,847	\$133,000,000
TOTAL ACTIVE PROJECTS	\$51,580,395	\$103,904,144	\$302,886,603

IRP and AIM Projects 2023/2024

Figure 1. IRP and AIM Projects 2023/2024



Irrigation Rehabilitation Program (IRP)

SMRID and the Alberta Provincial Government entered into a Financing Agreement for the rehabilitation of capital works for the 2023/2024 fiscal year. A total of \$5,707,148 was made available to the SMRID. This fund was made up by contributions of \$4,280,361 from the Provincial Government and \$1,426,787 from the District, representing 75% and 25%, respectively.

Including unspent monies (carry-over) from the prior year, Table 4 shows that a total of \$6,594,329 was available and budgeted at year-end (October 31st, 2023) towards 2023/2024 IRP projects. Most of the IRP budget is being allocated towards the Chin chute rehabilitation project but some funding is being set aside for preliminary engineering work for Bow Island lateral 2 and NE Sublateral 1.

SMRID is expecting to enter into a \$7.4 M Irrigation Financing Agreement for the 2024/2025 IRP Year.

Table 3. 2023/2024 IRP Project Details

Project	Contractor	Project Components	Expenditures
Chin Chute Rehabilitation	Dennis Dirtworx	Cast-in-place concrete chute rehabilitation	\$17.1 M

It is schedule to execute \$17.1 M of construction for the rehabilitation of Chin Chute this summer (2024-2025). Several year's IRP funding is being pooled to complete the work, as shown in table 4. The overage will be covered by the District and settled in 2025-2026 per table 4.

The project has a total cost of \$24.5 M and is being cost-shared with the Raymond Irrigation District (RID), per the terms of the Main Canal Infrastructure Sharing Agreement with SMRID paying 90% (\$22.05 M) and the RID 10% (\$2.45 M), respectively.

Seepage Control

Per section 164 of the Irrigation Districts Act, SMRID is exempted from seepage claims, provided that the District submits Five Year Seepage Control Plans. Within the current seepage control plan, the St. Mary River Irrigation District completed work on the following areas: S ½ 34-11-6 W4, S ½ 35-11-6 W4



Fall of 2023, Construction of the settling pond for Sauder Lateral 34, by BYZ Enterprises. Location is just north of Sauder reservoir.



September 2023, Chin Chute Refurbishment Site Grading and Construction of cofferdam.

Irrigation Rehabilitation Program (IRP)

Table 4 - SMRID IRP Account as of Oct. 31, 2023 and future commitments for Chin Chute Rehab

Job Description	Costs Incurred 2023 Fiscal Year	Allocated IRP 2023-2024	IRP Budget 2024-2025	Chin Chute 2025-2026	Total Project Cost \$
Chin Lateral 10	\$10,096	\$0	\$0		
Bow Island Lateral 2	\$0	\$37,595	\$25,000		
NE Sublat. 1	\$0	\$6,479	\$25,000		
Sauder Dam Stabilization	\$526	\$0	\$0		
Chin Chute Rehabilitation	\$4,936,897	\$6,550,255	\$7.35 M	\$3.2 M	\$22 M
TOTAL ACTIVE PROJECTS	\$4,947,519	\$6,594,329	\$7.4 M		



Fall 2023, Geotechnical investigation for planned refurbishment and raising of Chin West Dam. Amphibious drilling program



January 4, 2024 Looking east from Range Road 164A at the twin outlet of the 3 m x 3 m precast concrete box culvert in the foreground, which conveys water under Range Road 164A and two cast-in-place concrete drop structures in the background aligned along the spillway channel.



Fall 2023, Geotechnical investigations for Chin West Dam Refurbishment and drilling program. Drone photo taken at Chin reservoir



January 4, 2024 Drone photo of the 'Coulee' section of the spillway channel construction. DeGraaf Excavating was preparing the channel excavation for riprap and bedding material placement.

MAINTENANCE REPORT 2023

The operation and maintenance (O&M) of the St. Mary River Irrigation District for the year in 2023 was the first full year of operation as an amalgamated District. The sharing of knowledge, skills, labour, equipment and expertise truly benefited our irrigators, growers, producers and the District as a whole. Our O&M Team stepped up to the challenges, difficulties and changes that occurred in one of the driest years on record. The maintenance season beginning on November 1, 2022 through to irrigation start up in the spring of 2023 had both SMRID crews and contractors busy repairing, maintaining and upgrading the Districts extensive infrastructure.



Work began on many projects following the winterizing of pipelines and the draining of canals. A mild fall allowed staff to replace faulty valves and air/vac reliefs, remove drop leaf overshot gates for refurbishment or replacement before spring, screener maintenance, silt removal, armour, canal bank and structure repairs.

Work on the main canal structures between Ridge and Chin reservoirs continued with slab replacements, crack, and shallow depth repairs on Drops 4 & 5. These repairs will extend the life of the structures, adding years to the service life before needing full structure replacement.

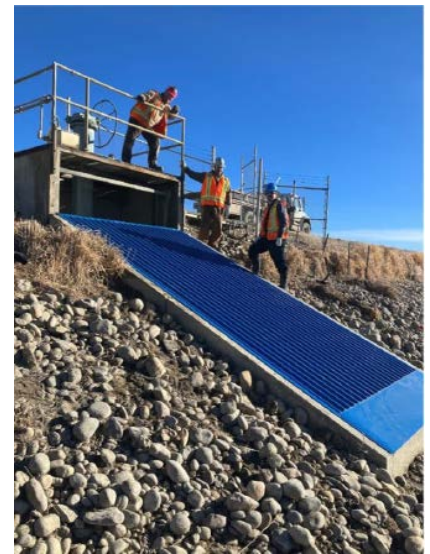
SMRID's commitment to automation continued with upgrades to structures 6 & 8 Below Murray Canal (BMC) replacing the worn-out gates with automated drop leaf overshot gates. Interim automation upgrades on the East Horsefly Main (EHM) gates involving MPE Engineering and SMRID East and West electricians were made this spring to increase accuracy in readings and efficiency in making changes in flows. The automation for the Cameron Check on the NE Lateral was completed this year improving the flow adjustments and monitoring of the Cameron Lateral Pipeline.



May 8, 2023 – Staff from SMRID, MPE, and Instream are reviewing automation and controls at the Big Bend Main Canal headworks structure.

Gabion walls were installed on smaller laterals throughout the District this off season; in the East, Central and West. These walls have become the preferred method for weed and algae control in settling ponds and canals for the pipeline turnouts. The Cameron Lateral Pipeline is scheduled to have a gabion wall installed in the upcoming off season after several years of poor performance by the mechanical screener.

Staff from all 3 Divisions were involved with the fabrication of steel fittings, railings, pouring of precast concrete pads for the IAI/IRP contracts, all components that are needed for the AIM Projects and the many Farmer Projects for Expansion. The fabrication teams comprised of Water Coordinators and Maintenance staff who built these items in our shops over the winter months. Additionally, the shops were busy all winter fabricating walkways, gates, screens, other fittings and materials to improve safety, efficiency and ease of operation for our staff. The paint booth at the Taber shop was well utilized this year for coating and painting of the components, eliminating outsourcing to paint shops.



The arrival of spring and the quick melt of the snow that had accumulated on the prairies from Taber east to Bow Island and Medicine Hat had SMRID crews and contractors dealing with ice jams, overtopping of canals and some flooding in low lying areas of adjacent farmland. In the weeks prior to the run off SMRID excavators and hired contractors removed as much snow as possible from the canals that were full in both the Taber area and on the main canal downstream of 40 Mile for the entire length to Sauder, Murray and Bullshead reservoirs.



The Bow Island/Medicine Hat areas of the District went from dealing with the ice and snow, the runoff and the repairs needed after to running water 3 weeks later. The County of 40 Mile cooperated with the District by allowing us to hold off pumping out of Yellow Lake after the level had risen from the runoff until the water could be used for flushing and irrigating.

Startup of the main canals began the week of April 24th with flushing and checking up later that week to allow flushing of smaller laterals and filling of pipelines allowing all farmers to have water on or before May 8th.

The dedication of SMRID staff showed up when shortly after start up it was necessary to shutdown one of our concrete canals after the bituminous geomembrane liner began lifting. This created a situation that needed repair and it was all hands on deck for a full day to fasten the membrane down over 1600 meters of canal.

There was collaboration in the District during the season with West and Central sharing the magnicide schedule after the untimely departure of the East Vegetation Control Specialist. Further instances of a District wide team were apparent with the transition of Area (Ride) 21 and the water coordinator operating out of Taber and the Central division. The SMRID is continuing to work towards the setup of water coordinator teams (of three) to create and sustain a skilled and knowledgeable workforce for years to come.

The hot, dry growing season made for a difficult decision to lower the allocation from 15" to 14" and later in August a further drop to 13". Those decisions were made to have enough water to finish the season and in doing so saved approximately 85,000 acft of water for the 2024 growing season.

Allocation transfers allowed irrigators to move water to valuable high water use crops, 717 transfers were processed and more transfers within a farming entity being handled directly with the water coordinator.

Other items to note, the launching of the Ecompliance safety software program and the Stay Safe Work Alone app. The increased frequency of measuring main canal flows with the Streamflow device to collect data to improve the accuracy of the programming of our automated flow measurement devices. Our locate team processed 3329 requests to locate SMRID pipelines. The Irrigation Districts Water Quality (IDWQ) program involving District staff, implemented by the AIDA, to collect water samples throughout the season to allow AG&I to test and monitor water quality.

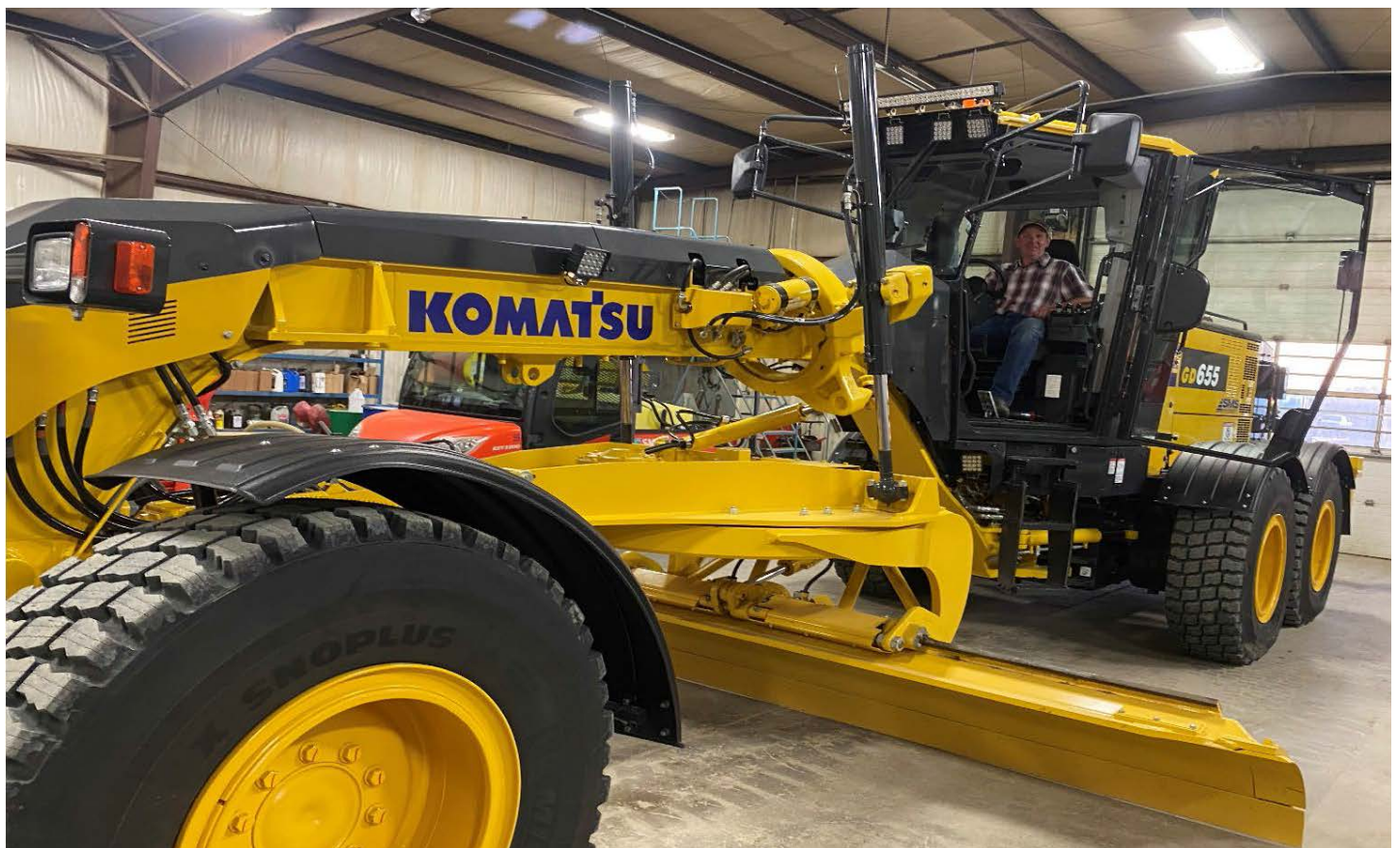


April 27, 2023 – Power cabinets and control panels set up at the Big Bend Main Canal headworks structure

The Connectivity Project funded by the federal government with input from Alberta Conservation Association (ACA) continued with fencing, cattle crossings, solar waterers and seeding projects to enhance riparian areas and decrease the impacts of livestock on the water.

Equipment purchases for 2023 to maintain efficiency in operating the District included 2 compact track loaders, one for the East and one for Central complete with several attachments. One grader to replace the old grader in the West and 3 fleet vehicles as noted in the chart below.

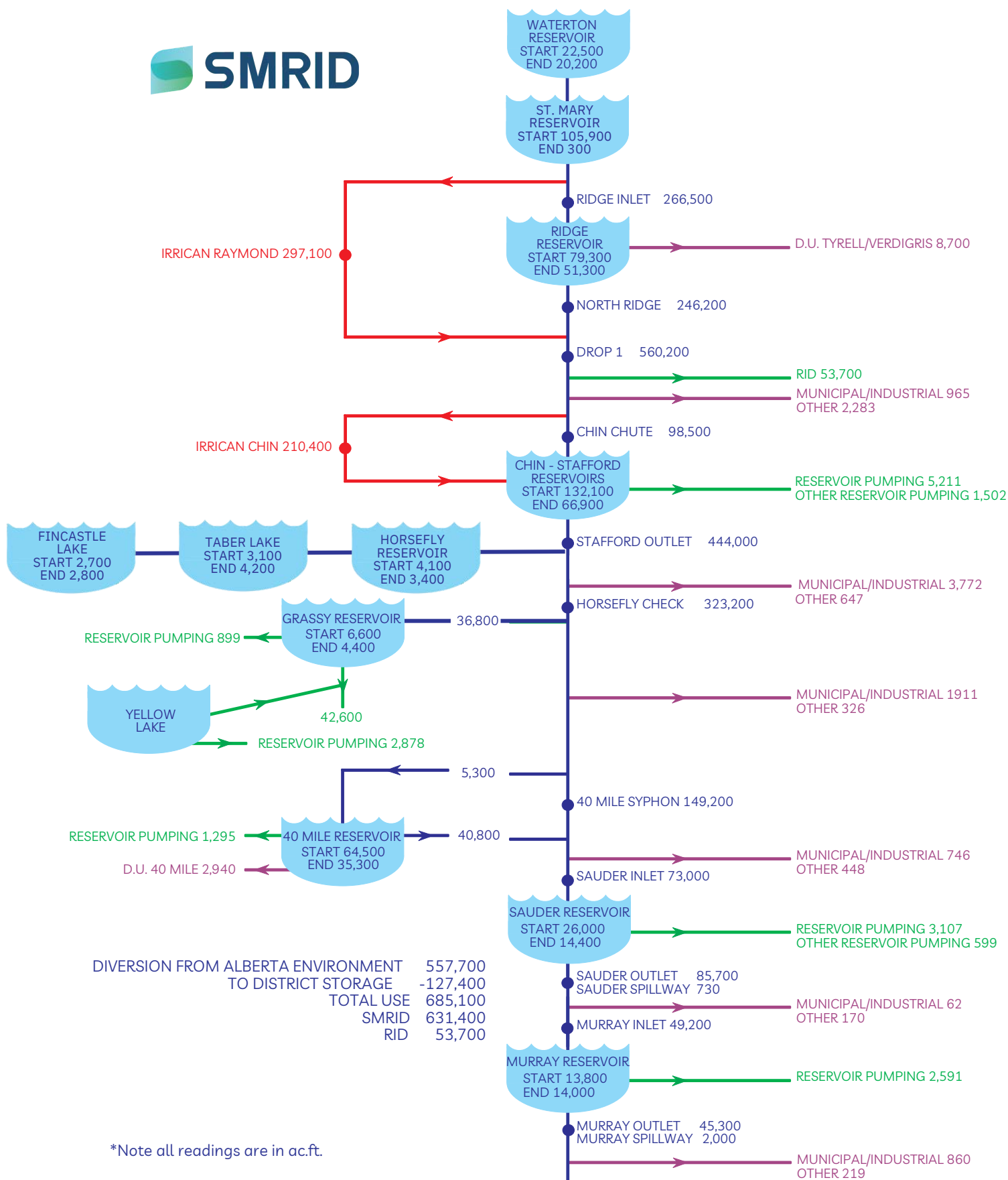
Richard Oliver	Chevrolet 1500 4x4 Double Cab	Central	2023
Chris Fleck	Dodge RAM 3500 CREW cab 4x4	East	2023
Service Vehicle	Dodge Ram 4500 Crew 4x4	East	2023
Motor Grader	2023 Komatsu Grader	West	2023
Compact Track Loader	John Deere 333G	Central	2023
Compact Track Loader	John Deere 332G	East	2023
Service Vehicle	Dodge Ram 4500 Crew 4x4	Central	2023
Wheeled Tractor (Loader)	John Deere 615E	East	2023



MAINTENANCE REPORT 2023

	Western Division				Central Division				Eastern Division			
Item	Main Canal	Canals, Pipelines & Drains	Total		Main Canal	Canals, Pipelines & Drains	Total		Main Canal	Canals, Pipelines & Drains	Total	Grand Total
Right of Way Mowing (km)	208	246	454			598	598		378	315	693	1,745
Canal Cleaning/Weed Cutting (km)	6	32	38			42	42		35	118	153	233
Silt Removal (m3)		3100	3100			1665	1665		4200		4200	8965
Armour & Rip Rap Hauled (m3)	1178	1146	2324			468	468		2500	1045	3545	6337
Soil Hauled (m3)	328	3691	4019			846	846			50	50	4915
Gabion Rock Hauled (m3)		141	141			112	112					253
Trash/Debris/Steel Hauled (m3)		60	60			232	232					292
Concrete Rubble Hauled (m3)						100	100		640		640	740
Concrete Canal Maint. (m)		710	710			20	20					730
Operating Road Grading (km)	170	94	264		64	84	148		415	113	528	940
Operating Road Graveling (km)	12	15	27		10	40	50		100	50	150	227
Pipeline Installation (m)												0
Structure Repairs	1	28	29			3	3		5		5	37
Pipeline Repairs		2	2			4	4			3	3	9
Air Relief Valves	4	60	64			84	84			43	43	191
Valves	3	32	35			46	46			37	37	118
Leak Repairs		2	2			2	2			4	4	8
Replacement/New Farm Turnouts	1	8	9			19	19		3	6	9	37
Replacement/New Road Crossings		2	2									2
Gates, Hoists and Screeners	2	12	14			3	3					17
Repairs to Pumps	1	2	3			5	5			6	6	14
Repairs/Maintenance to												0
Water Meters											3	3
Hydrometric Stations												0
Weed Control Aquatic (km)		640	640			947	947		50	2186	2236	3823
Weed Control Non-Aquatic (ac)	728	484	1,212			478	478		126	43	169	1859
Grass Seeding (ac)		101	101			32	32					133

WATER DIVERSION 2023



*Note all readings are in ac.ft.

2023 WATER DELIVERIES

Water Coordinator	Assessed Acres *	Acre-Feet Used **	Acres Irrigated	Acre-Feet per Acre	Land Use Factor
Brouwer, Brad	22,121.13	16,356.43	20,474.81	0.80	0.93
Janes, A. Rex	21,456.65	23,384.47	19,193.26	1.22	0.89
Strachan, James	35,794.41	35,766.32	33,769.46	1.06	0.94
Sorgard, Michael	23,441.56	19,293.97	21,472.19	0.90	0.92
Beauregard, Peter	28,723.86	21,003.98	26,934.06	0.78	0.94
Stafford, Ryan	30,286.25	21,920.50	28,639.64	0.77	0.95
Stafford, Ryan	4,539.75	3,953.47	4,453.75	0.89	0.98
Munroe, Mike	31,003.71	30,316.75	30,086.13	1.01	0.97
Thistlethwaite, Stacy	31,905.98	32,528.25	30,769.71	1.06	0.96
Holmes, Tanner	30,592.83	25,550.43	29,619.60	0.86	0.97
Friesen, Kenneth	24,733.96	25,881.01	24,107.75	1.07	0.97
Friesen, Darcy	29,654.04	24,800.52	28,815.94	0.86	0.97
Meagher, George	25,129.30	22,569.76	24,405.05	0.92	0.97
Vair, Murray	24,892.71	25,787.42	23,655.38	1.09	0.95
VanMaarion, Todd	26,914.33	25,967.88	25,018.37	1.04	0.93
Curran, Mike	24,478.35	25,283.58	23,442.25	1.08	0.96
Sparks, Clay	16,674.00	14,961.64	15,552.36	0.96	0.93
Beers, John	16,023.00	15,652.42	14,312.00	1.09	0.89
Gardner, Braden	21,972.00	23,546.75	21,012.20	1.12	0.96
Sparks, Randy	17,963.00	19,360.86	17,000.50	1.14	0.95
Wada, Glen	16,608.00	17,457.97	16,062.00	1.09	0.97
	504,908.82	471,344.35	478,796.41	0.99	0.95

*Includes 1,786.08 acres for Minimum Annual and Annual Agreements, 2,416.20 acres for Annual Spill Agreements, 767.39 acres for Leases and 579 acres for Terminable

**AC-FT used at farm gate

2023 CROP SUMMARY

Crop Name	Irrigated Crop Area	Non Irrigated Crop Area	ANS Crop Area	Total
ALFALFA	16,992.14	88.00	2,733.01	19,813.15
ALFALFA 2 CUT	2,691.10	0.00	26.50	2,717.60
ALFALFA 3 CUT	10,549.99	239.00	10.00	10,798.99
ALFALFA SEED	752.71	0.00	0.00	752.71
ALFALFA SILAGE	4,462.57	86.00	208.45	4,757.02
BARLEY	31,980.98	225.70	1,324.19	33,530.87
BARLEY MALT	143.00	0.00	0.00	143.00
BARLEY SILAGE	9,096.09	140.60	236.12	9,472.81
BARLEY SILAGE UNDERSEED	412.00	0.00	0.00	412.00
BEANS - DRY	27,947.66	56.00	627.30	28,630.96
BEANS - FABA	1,108.00	0.00	35.50	1,143.50
CANARY SEED	337.42	0.00	5.00	342.42
CANOLA	48,392.40	48.60	1,134.74	49,575.74
CANOLA SEED	21,026.26	133.00	443.54	21,602.80
CARROTS	604.10	0.00	0.00	604.10
CATNIP	180.00	0.00	0.00	180.00
CORN - FRESH (SWEET)	2,689.00	58.00	77.00	2,824.00
CORN - GRAIN	6,506.57	0.00	248.65	6,755.22
CORN SILAGE	34,971.27	154.00	1,104.00	36,229.27
DILL	1,054.00	0.00	13.00	1,067.00
FLAX	3,943.70	52.00	64.80	4,060.50
GARLIC	6.25	0.00	0.00	6.25
GOLF COURSE	435.40	0.00	0.00	435.40
GRASS - CRESTED WHEAT	0.00	0.00	86.50	86.50
GRASS - GRASS SEED	1,108.00	0.00	3.00	1,111.00
GRASS - ITALIAN	166.00	0.00	0.00	166.00
GRASS - SORGHUM SUDAN	260.00	0.00	0.00	260.00
GREEN FEED	3,410.90	0.00	130.00	3,540.90

Crop Name	Irrigated Crop Area	Non Irrigated Crop Area	ANS Crop Area	Total
HAY - BROME	235.00	0.00	3.00	238.00
HAY - GRASS HAY	9,393.50	191.00	757.76	10,342.26
HAY - TIMOTHY	11,119.24	40.00	403.78	11,563.02
HEMP	3,259.50	0.00	83.00	3,342.50
INCOMPLETE - UNKNOWN	148.40	0.00	309.31	457.71
LENTILS	1,928.70	20.00	18.00	1,966.70
MARKET GARDENS	539.55	0.00	0.00	539.55
MINT	4,090.00	0.00	18.00	4,108.00
MISC.	1,397.94	24.10	327.63	1,749.67
MUSTARD	1,453.12	0.00	40.00	1,493.12
NON CROP	795.69	400.24	3,014.21	4,210.14
NURSEY	452.90	97.00	25.00	574.90
OATS	1,410.75	46.00	303.60	1,760.35
OATS SILAGE	248.00	0.00	10.00	258.00
ONIONS	1,301.00	0.00	13.00	1,314.00
PASTURE - NATIVE	3,525.25	253.00	598.93	4,377.18
PASTURE - TAME	8,090.90	623.24	1,026.25	9,740.39
PEAS - CHICK	996.00	0.00	0.00	996.00
PEAS - DRY	7,231.92	128.50	94.50	7,454.92
PEAS - DRY YELLOW	1,554.16	0.00	28.00	1,582.16
PEAS - FRESH	4,070.00	0.00	15.00	4,085.00
POTATO	41,283.87	285.00	859.03	42,427.90
PUMPKINS	431.00	0.00	20.00	451.00
RYE	3,358.83	0.00	64.45	3,423.28
RYE - FALL	2,762.00	0.00	0.00	2,762.00
SMALL FRUIT	29.00	20.00	0.00	49.00
SUGAR BEETS	12,514.49	0.00	139.54	12,654.03
SUMMER FALLOW	536.30	48.50	1,133.89	1,718.69
SUNFLOWER	1,462.50	0.00	33.00	1,495.50
TRITICALE	2,905.70	0.00	6.00	2,911.70
TRITICALE SILAGE	963.10	0.00	0.00	963.10
TURF SOD	180.00	0.00	0.00	180.00

Crop Name	Irrigated Crop Area	Non Irrigated Crop Area	ANS Crop Area	Total
WHEAT - CPS	3,724.14	0.00	141.70	3,865.84
WHEAT - DURUM	47,204.71	295.00	1,265.74	48,765.45
WHEAT - FEED WHEAT	836.00	0.00	6.00	842.00
WHEAT - HARD SPRING	37,947.82	72.60	2,096.87	40,117.29
WHEAT - SOFT WHEAT	12,617.22	158.00	336.74	13,111.96
WHEAT - WINTER WHEAT	15,570.70	21.00	405.10	15,996.80
TOTAL	478,796.41	4,004.08	22,108.33	504,908.82



2024 NOTICE OF WEED CONTROL TREATMENTS

The St. Mary River Irrigation District will be controlling broadleaf weeds along its right of ways for the 2024 irrigation season. The District will use 2,4-D, Milestone, Dicamba and Glyphosate for weed control on driving banks and reed canary grass control along canals. This spray program will be starting in April of 2024 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 2024 irrigation season. The canals will be treated with Magnacide H (Acrolein, stabilized) to control the growth of aquatic weeds and algae.

YEAR 2024 AQUATIC TREATMENT LOCATIONS AND DATES

Lethbridge / Coaldale Area	North Lateral TP 8/9/10 RG 20/21 - Verdigris TP 4 RG 16/17	Apr 30 May 7, 14, 21 or 28 June 4, 11, 18 or 25 July 2, 9, 16, 23 or 30 Aug 6, 13, 20 or 27 Sept 3, 10, 17 or 24
North Coaldale Area	East Lateral TP 9 RG 19/20 - North East Lateral TP 8/9/10 RG 20/21 Coaldale Lateral TP 9 RG 19/20 - Lethbridge Main TP 8 RG 20/21	May 1, 8, 15, 22 or 29 June 5, 12, 19 or 26 July 3, 10, 17, 24 or 31 Aug 7, 14, 21 or 28 Sept 4, 11, 18 or 25
South Coaldale Area	Chin Lateral 2 TP 8 RG 20 – Chin 10 Lateral 10 TP 7/8 RG 18 - Cameron Extension TP 10 RG 19/20	May 2, 9, 16, 23 or 30 June 6, 13, 20 or 27 July 4, 11, 18 or 25, Aug 1, 8, 15, 22 or 29 Sept 5, 12, 19 or 26
Taber Main Canal & Lateral 17	TP 9/10 RG 16/17	May 8, 22 June 12 July 3, 24 Aug 14 Sept 4, 25
Big Bend Main	TP 10/11 RG 16	May 9, 23 June 13 July 4, 25 Aug 15 Sept 5, 26
South Grassy Main & Taber Lake Lateral	TP 10 RG 13/15 TP 10 RG 15/16	May 14, 28 June 18 July 9, 30 Aug 20, Sept 10
Lateral 2 & Lateral 20 & Lateral 7	TP 9/10 RG 15/16	May 16, 30 June 20 July 11 Aug 1, 22 Sept 12
North Fincastle East	TP10/11 RG 14/15	May 7, 21 June 11, July 2, 23 Aug 13 Sept 3, 24
East Horsefly Main	TP 9/10 RG 14/15	May 15, 29 June 19 July 10, 31 Aug 21 Sept 11
North Grassy, North & South Burdett	Grassy Outlet TP 9/10 RG 13 - N. Grassy Main TP 10/11 RG 13 - N. Burdett Main TP 10/11 RG 12/13	Apr 30 May 7, 14, 21 or 28 Jun 4, 11, 18 or 25 July 2, 9, 16, 23 or 30 Aug 6, 13, 20 or 27 Sept 3, 10, 17 or 24
Burdett / Bow Island Area	Yellow Lake Lat 8, 9B, 9 & 10 TP 8/9 RG 12/13 - Bow Island Lat 2B TP 9 RG 11	May 1, 8, 15, 22 or 29 June 5, 12, 19 or 26 July 3, 10, 17, 24 or 31 Aug 7, 14, 21 or 28 Sept 4, 11, 18 or 25
South Medicine Hat & North Seven Persons	Main Canal Below Murray TP 10/11 RG 6/7 - Med. Hat Laterals 10 & 13 TP 11/12 RG 6	Apr 25 May 2, 9, 16, 23 or 30 June 6, 13, 20, or 27 July 4, 11, 18 or 25 Aug 1, 8, 15, 22 or 29 Sept 5, 12, 19 or 25
West Medicine Hat	Main Canal Sauder Res. To Murray Res. TP 10/11/12 RG 7/8 Med. Hat Laterals 10 & 13 TP 11/12 RG 6 <small>*Med Hat Laterals 10&13 can be interchangeable with either South Med Hat or West Med Hat if needed due to schedule changes</small>	May 3, 10, 17, 24 or 31 June 7, 14, 21 or 28 July 5, 12, 19 or 26 Aug 2, 9, 16, 23 or 30 Sept 6, 13, 20 or 27
Main Canal	Stafford Res. To Sauder Res. TP 8/9/10/11/12 RG 10/11/12/13/14/15/16/17/18/19/20	Only one of the following weeks: June 3 to 7 or June 17 to 21 or July 2 to 5 ALL LATERALS WILL BE AFFECTED

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 and Protected Areas.

2023

FINANCIAL STATEMENT



“Workers preparing for a concrete thrust block installation. Water hammer can cause leaks at tees and elbows. A standard industry practice is to brace these fittings with concrete thrust blocks to prevent movement and separation of gasketed joints at these key points. A common practice is to wrap plastic around the pipe / fitting so that the concrete does not contact the pipe directly or adhere to the pipe. This allows for minor settlement and movement at the thrust block and reduces the potential for damage and surface abrasion of the pipe and tee from the concrete.”

St. Mary River Irrigation District
Consolidated Financial Statements
For the year ended October 31, 2023

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 consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations 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 consolidated 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 consolidated 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.

MNP LLP is appointed by the directors to audit the consolidated financial statements and report directly to them; 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 28, 2024


David Westwood - General Manager

To the Members of St. Mary River Irrigation District:

Opinion

We have audited the consolidated financial statements of St. Mary River Irrigation District and its subsidiaries (the "District"), which comprise the consolidated statement of financial position as at October 31, 2023, and the consolidated statements of operations and changes in net assets, cash flows and the related schedules for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the District as at October 31, 2023, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the District in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises of the information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement of this other information, we are required to report the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the District's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the District's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the District to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Lethbridge, Alberta

February 28, 2024

MNP LLP

Chartered Professional Accountants

St. Mary River Irrigation District

Consolidated Statement of Financial Position

As at October 31, 2023

	<i>General Operations</i>	<i>Irrigation Works</i>	<i>Irrican</i>	2023	2022
Assets					
Current					
Cash and cash equivalents	9,641,415	32,466,905	21,819,020	63,927,340	51,014,460
Accounts receivable (Note 3)	3,723,459	1,064,785	1,055,604	5,843,848	8,253,676
Materials and supplies	1,303,156	890,815	-	2,193,971	1,613,235
Prepaid expenses and deposits	90,489	659,491	244,747	994,727	692,269
Due from (to) funds (Note 4)	1,497,654	-	(1,497,654)	-	-
	16,256,173	35,081,996	21,621,717	72,959,886	61,573,640
Due from (to) funds (Note 4)	(28,021,743)	7,887,827	20,133,916	-	-
Capital assets (Note 5)	13,773,899	-	37,626,301	51,400,200	47,802,625
Investments (Note 6)	-	79,780,663	4,979,205	84,759,868	87,456,815
Work in progress (Note 17)	-	115,864,452	-	115,864,452	90,888,451
Irrigation works (Note 7)	61,679	449,179,874	-	449,241,553	429,655,313
	2,070,008	687,794,812	84,361,139	774,225,959	717,376,844

Continued on next page

St. Mary River Irrigation District
Consolidated Statement of Financial Position

As at October 31, 2023

	<i>General Operations</i>	<i>Irrigation Works</i>	<i>Irrican</i>	2023	2022
Liabilities					
Current					
Accounts payable	7,946,446	2,902,478	328,875	11,177,799	11,571,048
Goods and services tax	501,187	-	(164,415)	336,772	677,466
Deferred revenue (Note 9)	352,205	6,898,180	-	7,250,385	436,988
Current portion of due to districts (Note 10)	-	-	32,895	32,895	221,960
Current portion of long-term debt (Note 12)	-	4,116,000	251,223	4,367,223	245,027
Term loans due on demand (Note 11)	-	-	2,635,000	2,635,000	5,226,667
	8,799,838	13,916,658	3,083,578	25,800,074	18,379,156
Due to Districts (Note 10)	-	-	4,136,885	4,136,885	4,416,163
Long-term debt (Note 12)	-	42,003,755	3,255,125	45,258,880	27,579,422
Future income taxes (Note 13)	-	-	3,238,842	3,238,842	1,480,953
	8,799,838	55,920,413	13,714,430	78,434,681	51,855,694
Commitments (Note 17)					
Subsequent events (Note 21)					
Net Assets					
Invested in capital assets	13,836,536	565,043,347	27,315,173	606,195,056	569,442,869
Externally restricted assets (Note 14)	-	6,575,501	-	6,575,501	5,345,357
Internally restricted assets (Note 14)	-	17,180,626	-	17,180,626	15,325,352
Internally restricted expansion	-	98,144,246	-	98,144,246	94,654,012
Unrestricted surplus (deficit)	(20,566,366)	-	44,330,754	23,764,388	16,707,493
Internally restricted Irrigating Alberta Inc.	-	(55,069,321)	-	(55,069,321)	(35,439,933)
Non-controlling interest	-	-	(999,218)	(999,218)	(514,000)
	(6,729,830)	631,874,399	70,646,709	695,791,278	665,521,150
	2,070,008	687,794,812	84,361,139	774,225,959	717,376,844

Approved on behalf of the Board


Director

The accompanying notes are an integral part of these consolidated financial statements

St. Mary River Irrigation District

Consolidated Statement of Operations and Changes in Net Assets

For the year ended October 31, 2023

	General Operations	Irrigation Works	Irrican	2023	2022
Revenue					
Irrigation rates, net (Note 16)	12,899,603	-	-	12,899,603	11,721,479
Conveyance of commercial water	1,174,626	-	-	1,174,626	1,116,849
Conveyance of household purposes water	766,058	-	-	766,058	695,604
Oilwell drilling water	-	-	-	-	6,000
Penalties	75,554	-	-	75,554	60,005
Discounts	(164,024)	-	-	(164,024)	(147,751)
	14,751,817	-	-	14,751,817	13,452,186
Lease revenue, net	506,712	-	-	506,712	339,883
Irrigation works expansion revenue	-	4,116,000	-	4,116,000	-
Investment and other income	1,188,694	2,501,708	1,559,922	5,250,324	7,642,449
Unrealized gains (losses) on marketable securities	-	1,273,757	51,516	1,325,273	(12,115,249)
Gain on sale of capital assets	187,383	-	-	187,383	38,607
Service fee income	57,575	-	-	57,575	39,619
Irrigation works fund revenue (Note 15)	-	20,527,792	-	20,527,792	16,575,913
Power generation revenue	-	-	13,542,251	13,542,251	23,607,321
Total revenue	16,692,181	28,419,257	15,153,689	60,265,127	49,580,729
Expenses					
Operating expenses	15,268,007	-	-	15,268,007	12,815,701
Irrigation works expenditures	-	686,119	-	686,119	219,327
Amortization irrigation works	979	7,318,809	-	7,319,788	6,937,744
Power generation expenditures	-	-	4,821,546	4,821,546	4,833,736
Administration expenditures	-	-	141,650	141,650	112,590
Future income tax expense	-	-	1,757,889	1,757,889	4,281,758
Total expenses	15,268,986	8,004,928	6,721,085	29,994,999	29,200,856
Excess of revenue over expenses	1,423,195	20,414,329	8,432,604	30,270,128	20,379,873
Net assets, beginning of year	576,418	599,292,582	65,652,150	665,521,150	645,141,277
Interfund transfer	(8,729,443)	12,167,488	(3,438,045)	-	-
Net assets, end of year	(6,729,830)	631,874,399	70,646,709	695,791,278	665,521,150

The accompanying notes are an integral part of these consolidated financial statements

St. Mary River Irrigation District

Consolidated Statement of Cash Flows

For the year ended October 31, 2023

	General Operations	Irrigation Works	Irrican	2023	2022
Cash provided by (used for) the following activities					
Operating					
Excess of revenue over expenses	1,423,195	20,414,329	8,432,604	30,270,128	20,379,873
Amortization	1,189,135	7,318,809	1,884,911	10,392,855	9,376,747
Gain on sale of assets	(187,383)	-	-	(187,383)	(38,607)
Future income tax expense	-	-	1,757,889	1,757,889	4,281,758
Unrealized loss (gain) on marketable securities	-	(1,273,757)	(51,516)	(1,325,273)	13,696,474
	2,424,947	26,459,381	12,023,888	40,908,216	47,696,245
Changes in working capital accounts					
Accounts receivable	(544,967)	676,115	2,278,680	2,409,828	(1,392,415)
Inventory	(553,281)	(27,455)	-	(580,736)	(262,442)
Prepaid expenses and deposits	(40,827)	(58,819)	(202,812)	(302,458)	37,340
Accounts payable	3,586,246	(3,995,032)	(79,422)	(488,208)	3,871,102
Deferred revenue	(84,783)	6,898,180	-	6,813,397	(1,427,282)
Goods and services tax	(38,292)	-	(302,402)	(340,694)	128,514
	4,749,043	29,952,370	13,717,932	48,419,345	48,651,062
Investing and financing activities					
Advances of term debt	-	24,347,111	-	24,347,111	21,772,644
Repayment of term debt	-	-	(2,591,667)	(2,591,667)	(591,666)
Repayment of long-term debt	-	-	(245,024)	(245,024)	(238,983)
Repayment of Due to Districts	-	-	(468,343)	(468,343)	(424,851)
Proceeds from sale of capital assets	457,593	-	-	457,592	381,510
Additions to capital assets	(3,166,038)	-	(2,606,529)	(5,772,567)	(2,380,174)
Deposits on equipment	-	-	-	-	(885,436)
Additions to Irrigation Works	-	(52,955,341)	-	(52,955,341)	(50,742,405)
Increase in investments	-	1,871,181	(149,385)	1,721,774	(7,164,121)
	(2,708,445)	(26,737,049)	(6,060,948)	(35,506,465)	(40,273,482)
Interfund transfers					
Provision for capital additions and irrigation works	(8,729,443)	12,167,488	(3,438,045)	-	-
Interfund transfers	5,879,234	(3,028,946)	(2,850,308)	-	-
	(2,850,209)	9,138,542	(6,288,353)	-	-
Increase (decrease) in cash resources	(809,611)	12,353,863	1,368,631	12,912,880	8,377,580
Cash resources, beginning of year	10,451,026	20,113,042	20,450,392	51,014,460	42,636,880
Cash resources, end of year	9,641,415	32,466,905	21,819,023	63,927,340	51,014,460

The accompanying notes are an integral part of these consolidated financial statements

St. Mary River Irrigation District

Notes to the Consolidated Financial Statements

For the year ended October 31, 2023

1. Incorporation and nature of the organization

St. Mary River Irrigation District (the "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, Revised Statutes of Alberta 2000.

The District owns a 90% 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 and the Raymond Irrigation District. Irrican receives its revenue 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 consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, and include 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 District, 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 Operating Fund is used to account 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%. Irrigating Alberta Inc is for development and construction of Modernization projects and Reservoir Project to increase certainty and security of existing irrigated acres and create additional irrigated acres. Sources of funding for Irrigating Alberta Inc is 20% from the District, 30% grant funding from the Province and 50% from a loan to Irrigating Alberta Inc.

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

Investment in a profit-oriented subsidiary

The District's consolidated financial statements include the accounts of its controlled subsidiary, Irrigation Canal Power Co-operative Ltd. ("Irrican"). Consolidated financial statements are prepared by aggregating the accounts of Irrican with those of the District. Transactions between the organizations and inter-organization balances have been eliminated in the consolidated financial statements.

Cash and cash equivalents

The District considers unrestricted cash on hand, in banks, guaranteed investment certificates, fixed income bonds and money market funds that mature within six months of year-end as cash and cash equivalents.

Investments

Investments consist of guaranteed investment certificates, marketable securities and provincial bonds recorded at fair value for those with prices quoted in an active market, and cost less impairment for those that are not quoted in an active market. They have been classified as current or long-term in concurrence with the nature and intent of the investment. Changes in fair value are recorded immediately in net income.

St. Mary River Irrigation District
Notes to the Consolidated Financial Statements
For the year ended October 31, 2023

2. Significant accounting policies *(Continued from previous page)*

Inventory

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.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

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

Amortization on other items is determined as follows:

- i) Communications equipment is amortized on a 10% declining balance basis.
- ii) Irrigation works are amortized on a straight-line basis over their estimated average useful life of 80 years.
- iii) 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. Solar arrays are amortized using the straight line method over 25 years.
- iv) Irrican computer equipment and equipment are initially recorded at cost. Amortization is provided using the declining balance method at 55% and 20% respectively. In the year of acquisition, amortization is taken at one-half the above rates.

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.

2. Significant accounting policies *(Continued from previous page)*

Revenue recognition

Revenue from general operations is recognized when billing occurs.

Revenue from irrigation works is recognized when funding is received. Revenue from expansion acres is recognized when payment has been received and the legal title to the rights has been transferred to the customer. 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. Other income is recognized when the amount can be reasonably estimated and collection is reasonably assured.

Grant income has been received from a third party pursuant to an agreement and may only be used for certain programs, completion of specific work, or for the purchase of capital assets. Revenue is recognized in the period when the related expense incurred, services performed, or the capital assets are acquired.

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.

Measurement uncertainty

The preparation of consolidated financial statements in conformity 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 consolidated financial statements, and the reported amounts of revenues 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.

The calculation of future income tax is based on assumptions, which are subject to uncertainty as to timing and which tax rates are expected to apply when temporary differences reverse. By their nature, these estimates are subject to measurement uncertainty, and the effect on the financial statements from changes in such estimates in future years could be significant..

By their nature, these judgments are subject to measurement uncertainty, and the effect on the consolidated financial statements of changes in such estimates and assumptions in future years could be significant. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the periods in which they become known.

Employee future benefits

The District's employee future benefit program consist of multiemployer defined benefit plan for which there is insufficient information to apply defined benefit plan accounting because the actuary does not attribute portions of the deficiency to individual employers. Accordingly, the District is not able to identify its share of the plan assets and liabilities, and therefore, the District uses defined contribution plan accounting for this plan.

Foreign currency translation

These financial statements have been presented in Canadian dollars, the principal currency of the District's operations.

Transactions amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities reflect the exchange rates at the balance sheet date. Gains and losses on translation or settlement are included in the determination of excess of revenue and expenses for the current period.

2. Significant accounting policies *(Continued from previous page)*

Derivative financial instruments

Derivative financial instruments are financial contracts whose value changes in response to a change in an underlying variable, such as specified interest rate, financial instrument or commodity price, or foreign exchange rate. The District enters into derivative contracts to manage its exposure to commodity price risks associated with the provision of power production. Derivatives financial instruments may be designated as hedges, provided that certain criteria are met. As at October 31, 2023, the District has no derivative financial instruments which have been designated as hedges.

Financial instruments

The District recognizes financial instruments when the District becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

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

The District subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the District's performance or value of its equity and those instruments designated at fair value, 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 excess of revenues over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Related party financial instruments

The District initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at fair value:

- Investments in equity instruments quoted in an active market
- Debt instruments quoted in an active market
- Debt instruments when the inputs significant to the determination of its fair value are observable (directly or indirectly)
- Derivative contracts.

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received (refer to Note 18).

At initial recognition, the District may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

The District has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

St. Mary River Irrigation District
Notes to the Consolidated Financial Statements
For the year ended October 31, 2023

2. Significant accounting policies *(Continued from previous page)*

Financial instruments *(Continued from previous page)*

The District subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Financial instruments that were initially measured at cost and derivatives that are linked to, and must be settled by, delivery of unquoted equity instruments of another entity, are subsequently measured using the cost method less any reduction for impairment.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess of revenues over expenses.

Financial asset impairment

The District assesses impairment of all 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, etc. 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; etc. 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.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, 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 at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the District reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the District reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

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 loss was recognized. The amount of the reversal is recognized in excess of revenues over expenses in the year the reversal occurs.

3. Accounts receivable

	2023	2022
General Operations Fund:		
Water rates and charges	3,723,459	3,178,492
Irrigation Works Fund:		
Balances owing on irrigation works sold, special construction for irrigators, and water right charges	1,064,785	271,121
Irrigating Alberta Inc. funds receivable	-	1,469,779
Irrican Fund:		
Trade receivables	1,055,604	3,334,284
	5,843,848	8,253,676

St. Mary River Irrigation District
Notes to the Consolidated Financial Statements
For the year ended October 31, 2023

4. Due from (to) funds

The Irrican non-consolidated due to the District loan balance is repayable over 25 years, with installments due July and October each year, bearing interest at prime plus 1.0%. The current portion of the due from (to) funds balance reflects the current portion of this loan.

5. Capital assets

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	1,976,713	-	1,976,713	476,713
Buildings	7,289,824	1,642,280	5,647,544	5,768,746
Light duty vehicles	3,074,559	1,950,109	1,124,450	1,268,276
Communications equipment	1,047,464	808,864	238,600	246,002
Heavy equipment - power	7,893,308	3,779,531	4,113,777	3,674,415
Shop equipment, furniture and fixtures	1,385,733	990,917	394,816	325,650
Auto equipment and large tools	329,805	254,187	75,618	28,549
Heavy equipment - non power	391,135	188,754	202,381	182,902
	23,388,541	9,614,642	13,773,899	11,971,253
Irrican Fund:				
Drop 4,5,6 hydroelectric power generation site	14,840,690	7,173,304	7,667,386	8,038,454
Raymond Reservoir hydroelectric power generation site	26,814,979	13,871,492	12,943,487	13,577,454
Chin Chute hydroelectric power generation site	17,835,959	9,223,308	8,612,651	9,034,495
Computer equipment	3,202,280	452,540	2,749,740	1,039,094
Equipment	710,439	273,487	436,952	254,730
Solar array	5,732,221	516,136	5,216,085	3,887,145
	69,136,568	31,510,267	37,626,301	35,831,372
	92,525,109	41,124,909	51,400,200	47,802,625

6. Investments

Investments, consist of guaranteed investment certificates, marketable securities and provincial bonds, they have been classified as current or long-term in concurrence with the nature and intent of the investment.

	2023	2022
Irrigation Works Fund:		
Cash	392,695	399,285
Guaranteed investment certificates	352,408	366,321
Fixed income bonds	3,732,663	5,991,119
Marketable securities	75,302,897	75,921,793
	79,780,663	82,678,518
Irrican Fund:		
Guaranteed investment certificates	110,000	137,341
Marketable securities	4,869,205	4,640,956
	4,979,205	4,778,297

St. Mary River Irrigation District
Notes to the Consolidated Financial Statements
For the year ended October 31, 2023

7. Irrigation Works

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Right of way	6,356,232	-	6,356,232	6,356,231
Irrigation works	686,478,769	243,655,127	442,823,642	423,236,424
General operations	78,323	16,644	61,679	62,658
	692,913,324	243,671,771	449,241,553	429,655,313

8. Bank indebtedness

Irrican has a demand operating facility in the amount of \$1,000,000 (2022 - \$1,000,000) which bears interest at prime plus 0.50%, of which nil has been drawn upon as at October 31, 2023. The security is the same as that detail for ATB financial loans in note 11. The district also has a demand operating facility in the amount of \$200,000 (2022 - \$200,000) of which nil (2022 - nil) has been drawn upon as at October 31, 2023.

On October 31, 2023, the prime rate of interest was 7.20% (2022 - 5.95%).

9. Deferred revenue

General Operations Fund

Deferred revenue consists of surface lease payments received in advance, contributions and Alberta Environment and Parks contributions for specified projects. Deferred amounts will be taken into revenue when the project requirements are completed and related expenditures have been incurred.

Irrigation Works Fund

Deferred revenue consists of advance payments for expansion and compliance acre water rights for which the title does not transfer until the 2024 irrigation season.

10. Due to Districts

	2023	2022
Raymond Irrigation District	4,169,780	4,638,123
Less: current portion	32,895	221,960
	4,136,885	4,416,163

The amounts due to the Districts bear interest at prime plus 1.0% set on October 31st for each coming year, repayable over 25 years, with installments due July and October each year, and are secured by all present and after acquired property of Irrican and the assignment of Irrican's interest in the Small Power Producer's Contracts.

Principal repayments on due to Districts in each of the next five years are estimated as follows:

2024	32,895
2025	35,697
2026	38,736
2027	42,035
2028	45,614

St. Mary River Irrigation District
Notes to the Consolidated Financial Statements
For the year ended October 31, 2023

11. Term loans due on demand

	2023	2022
Irrican fund - Prime plus 0.5%, ATB Financial demand loan secured as below, repayable in annual principal repayments of \$591,667, plus interest paid monthly, due October 31, 2031.	2,635,000	5,226,667

Principal repayments on term loans due on demand in each of the next five years are estimated as follows:

2024	591,667
2025	591,667
2026	591,667
2027	591,667
2028	268,332
	2,635,000

The Irrican fund has a loan agreement for a non-revolving reducing loan facility in the amount of \$3,226,667 at an interest rate of prime plus 0.5%, of which \$2,635,000 (2022 - \$5,226,667) has been drawn.

ATB Financial demand loans are 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 St. Mary River Irrigation District and Raymond Irrigation District, assignment of leases and assignment of future power contracts relating to the Drop 4,5,6 project.

The ATB term debt within the Irrican fund is subject to certain financial covenants with respect to fixed charge coverage ratio and equity. The covenants were in compliance as of October 31, 2023.

St. Mary River Irrigation District
Notes to the Consolidated Financial Statements
For the year ended October 31, 2023

12. Long-term debt

	2023	2022
Irrigation Works Fund		
Irrigating Alberta Inc loan bearing interest at 1%, with repayment based on incremental revenues generated from the projects, beginning on the fourth anniversary of the effective date of the loan. The funds negotiated by Irrigating Alberta Inc is a loan from the Canada Infrastructure Bank ("CIB") which has a general security agreement and limited recourse guarantee in favour of the CIB equity to the districts share of the loan. The Irrigating Alberta Inc loan is 50% of the funding portion of Modernization Projects and Reservoir Project to a current maximum of \$132,221,250. The current portion the long term debt will be paid from Incremental Revenue that will be transferred to Irrigation Alberta Inc. in January 2024 is reflected as the current portion of long-term debt. The loan maturity date is January 2056.	46,119,755	24,073,075
Less: current portion of long-term debt	(4,116,000)	-
	42,003,755	24,073,075
Irrican Fund		
ENMAX Generation Portfolio Inc. loan bearing interest at 2.50% payable in blended monthly instalments of \$10,055, due June 2035 and secured by assets with a net book value of \$1,296,811 (2022 - \$1,357,128)	1,212,345	1,301,480
ENMAX Generation Portfolio Inc. loan bearing interest at 2.50% payable in blended monthly instalments of \$17,947, due February 2036 and secured by assets with a net book value of \$2,422,356 (2022 - \$2,530,016)	2,294,003	2,449,894
Less: current portion of long-term debt	(251,223)	(245,027)
	3,255,125	3,506,347

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

2024	251,223
2025	257,576
2026	264,090
2027	270,768
2028	277,615

13. Future income taxes

Irrican's income tax expense included in determination of net income for the year ended October 31, 2023 consists of a future income tax expense related to temporary differences of \$1,757,889 (2022 - \$4,281,758) based on 23% (2022 - 23%) effective tax rate.

The Co-Operative has income tax losses which are available to offset income for income tax purposes in the amount of \$140,844 (2022 - \$140,844) until October 31, 2043.

	2023	2022
Net non capital loss carryforward available until 2037	32,394	32,394
Net non capital loss carryforward available until 2043	164,190	-
Net capital loss carryforwards	151	-
Marketable securities fair market value adjustment	21,798	27,722
Excess of non-depreciated capital cost over net book value of property, plant and equipment	(3,457,375)	(1,541,069)
	(3,238,842)	(1,480,953)

St. Mary River Irrigation District
Notes to the Consolidated Financial Statements
For the year ended October 31, 2023

14. Externally and internally restricted surplus

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.

	<i>District (Internal)</i>	<i>Province of Alberta Cost Sharing (External)</i>	<i>2023 (Total)</i>	<i>2022 (Total)</i>
Restricted surplus - beginning of year	<u>15,325,352</u>	<u>5,345,357</u>	<u>20,670,709</u>	15,983,795
Contributions received from the Province of Alberta	-	4,280,361	4,280,361	3,826,709
Contributions for new parcels and irrigation works, net	1,756,998	-	1,756,998	695,758
Investment earnings (loss)	526,997	470,516	997,513	(1,009,797)
Transfer from District to Province of Alberta Cost Sharing	<u>(1,426,787)</u>	<u>1,426,787</u>	-	-
Total Irrigation Works Fund Revenues	857,208	6,177,664	7,034,872	3,512,670
Provision for Irrigation Works	<u>3,134,329</u>	-	<u>3,134,329</u>	3,092,087
Total additions	3,991,537	6,177,664	10,169,201	6,604,757
Electricity Bow Island Lateral 12	(173,479)	-	(173,479)	(218,715)
Additions to Irrigation Works	<u>(1,962,784)</u>	<u>(4,947,520)</u>	<u>(6,910,304)</u>	(1,699,128)
Total deductions	<u>(2,136,263)</u>	<u>(4,947,520)</u>	<u>(7,083,783)</u>	<u>(11,027,617)</u>
Restricted surplus - end of year	<u>17,180,626</u>	<u>6,575,501</u>	<u>23,756,127</u>	<u>20,670,709</u>

The internally restricted surplus includes reserves for the main canal with a year-end balance of \$6,771,957 (2022 - \$6,783,977), as well as surplus held in the miscellaneous capital reserve and the Bow Island Lateral 12 reserve.

As a result of the Expansion Plebiscite being passed, the Board has established an Expansion Reserve, which includes revenues from sale of expansion water rights and investment income on funds held in the reserve. When the reserve is firmly established, the income from investments will be used to stabilize rates, accelerate rehabilitation and capital replacement.

St. Mary River Irrigation District
Notes to the Consolidated Financial Statements
For the year ended October 31, 2023

15. Irrigating Alberta Inc. Fund

	<i>District (internal)</i>	<i>Cost share (external)</i>	<i>2023 (Total)</i>	<i>2022 (Total)</i>
Internally restricted deficit, beginning of year	(11,366,858)	(24,073,075)	(35,439,933)	(8,761,877)
Contributions received from cost share - revenue	-	13,472,920	13,472,920	13,063,586
Acre right contributions	4,116,000	-	4,116,000	-
Investment earnings	167,269	-	167,269	-
Transfer from District to cost share	(8,752,294)	8,752,294	-	-
Provision for Irrigation works	9,033,159	-	9,033,159	9,440,651
Expenses incurred	(2,214)	(510,426)	(512,640)	(612)
Additions to Irrigation Works	(2,144,628)	(43,761,468)	(45,906,096)	(49,181,681)
Internally restricted deficit, end of year	(8,949,566)	(46,119,755)	(55,069,321)	(35,439,933)

16. Irrigation rates, net

	<i>2023 Acres</i>	<i>2022 Acres</i>	<i>2023 Revenue</i>	<i>2022 Revenue</i>
Irrigation Acres at \$25 per Acre (2022 - \$23)	497,260.91	495,624.71	12,431,523	11,399,369
Minimum Charge Acres at \$500 (2022 - \$460) per Parcel for 185 Parcels (2022 - 144 Parcels)	2,112.54	1,650.54	92,500	66,240
Minimum Charge Acres at \$690 per Parcel for 0 Parcels (2022 - 57 Parcels)	-	854.00	-	39,330
Annual Acres at \$75 per Acre (2022 - \$46)	4,085.74	3,235.90	306,430	148,851
Annual Acres at \$69 per Acre	-	139.00	-	9,591
Minimum Charge Acres at \$1,125 (2022 - \$920) per Parcel for 14 Parcels (2022 -19 Parcels)	116.54	185.88	15,750	17,480
Terminable Acres at \$75 per Acre (2022 - \$46)	502.00	130.00	37,650	5,980
Terminable Acres at \$69 per Acre	-	432.00	-	29,808
Minimum Charge Terminable Acres at \$1,125 (2022 - \$690) per Parcel for 14 Parcels (2022 - 7 Parcels)	119.00	42.00	15,750	4,830
	504,196.73	502,294.03	12,899,603	11,721,479

Included in lease revenue are 834.39 (2022 - 2,192.64) leased acres totaling revenue of \$96,136 (2022 - \$95,087).

St. Mary River Irrigation District

Notes to the Consolidated Financial Statements

For the year ended October 31, 2023

17. Commitments

The District has capital projects under construction of \$115,864,452 (2022 - \$90,888,451) shown as Work in progress. In addition, the District has commitments estimated to be \$56,901,127 (2022 - \$36,835,109) in respect of incomplete work under contract on these capital projects, and commitments estimated to be \$410,234 (2022 - \$70,755) with respect to outstanding right of way agreements. Amounts are added to Irrigation Works on a project by project basis as they reach substantial completion. The remainder of cash available in the Irrigation Works fund is for future projects that have not yet commenced. Finally, the District has a commitment in the amount of \$17,000 (2022 - \$17,000) to the University of Alberta with respect to an aquatic weed and algae study.

18. Related party transactions

During the year, the Raymond Irrigation District, who is a minority shareholder in Irrican, charged operating, administration fees and maintenance recoveries to Irrican totaling \$22,562 (2022 - \$16,593). The St. Mary River Irrigation District charged the Raymond Irrigation District \$277,864 (2022 - \$690,521) in maintenance recoveries relating to the Main Canal.

In addition, the Raymond Irrigation District charged Irrican interest on loans as follows:

	2023	2022
Raymond Irrigation District	313,708	171,586

During the year, the District received revenues of \$488,387 (2022 - \$237,605) for irrigation acres, expansion acres and domestic water 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 by-laws.

19. 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 8.45% (2022 - 8.45%) of pensionable earnings up to the Canada Pension Plan's Maximum Pensionable Earnings and 12.23% (2022 - 12.80%) for the excess. Total current service contributions by the employees of the District to the Local Authorities Pension Plan in fiscal 2023 were \$449,447 (2022 - \$404,335) and the contributions made by the District to the Local Authorities Pension Plan in fiscal 2023 were \$502,418 (2022 - \$453,468). At December 31, 2022, the Plan serves about 291,259 people (2021 - 281,764) and 437 employers (2021 - 435) and it disclosed an actuarial surplus of \$12.7 billion (2021 - \$11.9 billion).

20. 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, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

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 account receivable. The credit risk is concentrated because Irrican has only two customers. 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 if it deems appropriate.

20. Financial instruments *(Continued from previous page)*

Market risk

The District is exposed to market risk with respect to fluctuations in the trading price of the shares invested in marketable securities (Note 6). Irrican is exposed to energy price movements within the open market as part of its normal operations.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign denominated marketable securities at year end were \$3,895,962 CAD (2022 - \$3,675,647).

Commodities exchange risk

The Co-Operative is subject to commodity risk with respect to the provision of power production, the market value of which changes relative to market conditions and consumer demands. Production from the Drop 4,5,6, Chin, and Raymond plant is sold at market rates and is subject to commodity price risk. The Co-Operative enters into short term derivative contracts to manage its exposure to commodity price risks associated with its power production.

21. Subsequent events

Subsequent to the year-end, the Irrican Co-Operative entered into an agreement with Tesla Motors Canada ULC, for a total expected expense of \$9,014,763 USD. Related expenditures were \$471,931 USD and \$1,415,794 USD. This project is being financed through working capital and no additional debt was issued as of this date.

On November 1, 2023, subsequent to year-end, the Co-Operative and an affiliated company, Irrican Power Ltd., undertook an amalgamation.

22. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

St. Mary River Irrigation District
Schedule 1 Consolidated Schedule of Revenue and Expenditures - Irrican Fund
For the year ended October 31, 2023

	<i>Raymond Site</i>	<i>Chin Site</i>	<i>Drop 4,5,6 Site</i>	2023 Total	2022 Total
Power generation revenue					
Revenue	6,432,352	4,166,487	2,943,412	13,542,251	23,607,321
Power generation expenditures					
Repairs, maintenance and supplies	88,604	121,932	49,951	260,487	145,156
Operating costs	684,898	499,956	441,932	1,626,786	2,238,488
Insurance	37,031	35,942	35,941	108,914	104,499
Telephone and utilities	93,528	83,257	58,948	235,733	174,375
Interest on term debt	-	-	327,896	327,896	239,022
Interest on long-term debt	150,000	97,046	67,956	315,002	209,672
Municipal taxes	204,544	46,657	14,469	265,670	248,458
Amortization	760,558	485,638	434,862	1,681,058	1,474,066
	2,019,163	1,370,428	1,431,955	4,821,546	4,833,736
Surplus from operations	4,413,189	2,796,059	1,511,457	8,720,705	18,773,585
Other revenues (expenses)					
Interest and other income				1,559,922	2,736,486
Unrealized gain (loss) on marketable securities				51,516	(527,372)
Administration fees				(69,782)	(66,818)
Insurance				(18,875)	(25,026)
Travel and promotion				(4,038)	(1,101)
Professional fees				(48,955)	(19,645)
				1,469,788	2,096,524
Excess of revenue over expenditures before income taxes				10,190,493	20,870,109
Future income tax expense				1,757,889	4,281,758
Excess of revenue over expenditures				8,432,604	16,588,351

St. Mary River Irrigation District
Schedule 2 - Consolidated Schedule of Operating Expenditures - General Operations Fund
For the year ended October 31, 2023

	Equipment Pool	Maintenance of Irrigation Works	Water Delivery	Administration and General	Engineering	2023 Total	2022 Total
Operating Expenditures							
Salaries and wages	130,981	2,516,776	2,313,172	1,236,572	1,854,481	8,051,983	7,044,816
WCB assessments and employee benefits	-	491,423	493,440	256,100	317,329	1,558,292	1,147,345
Materials and supplies	67	140,325	-	36,002	3,178	179,571	232,732
Weed and willow control	-	255,875	945,958	-	-	1,201,832	1,198,798
Equipment pool charge out - capital	(2,039,754)	37,342	252,038	9,394	4,100	(1,736,879)	(1,266,128)
Professional fees	-	151,567	146,807	149,098	29,115	476,588	439,893
Board of Directors' fees and expenses	-	-	-	186,906	-	186,906	170,497
Amortization of equipment	889,384	105,920	-	40,997	31,632	1,067,933	796,960
Buildings, net	-	428,772	-	135,287	-	564,057	365,369
Association fees	-	-	-	243,380	4,762	248,142	202,473
Telephone	-	47,567	26,757	31,369	2,468	108,161	107,231
Advertising and promotion	-	-	-	107,812	-	107,812	81,151
Automotive equipment expense	468,967	-	-	-	-	468,967	504,583
Insurance	82,844	-	-	9,875	-	92,719	84,742
Travel	-	3,426	59	5,225	556	9,266	16,334
Postage and courier	-	-	-	13,586	-	13,586	12,870
Computer fees	-	-	11,290	71,629	32,700	115,619	88,157
Equipment maintenance	606,039	109,913	-	-	2,358	718,311	756,854
Fees - staff training and education	-	9,283	374	6,081	2,272	18,010	24,550
Main Canal Advisory Committee	-	198	-	-	-	198	950
Land title fees	-	-	-	4,914	-	4,914	4,631
Repairs and maintenance	-	6,352,027	-	-	-	6,352,027	4,354,785
Electricity - pumps and control structures	-	52,182	635,219	-	-	687,402	236,272
Equipment pool charge out - operations	(170,218)	-	-	-	-	(170,218)	(315,198)
Salary and wage charge out	-	(1,626,024)	(1,002,376)	(51,486)	(867,987)	(3,547,872)	(2,682,643)
Custom work charges	-	-	-	-	40,114	40,114	(31,542)
Overhead charge out	-	(29,419)	(108,054)	(11,617)	(181,605)	(330,696)	(278,229)
Employee benefit charge out	-	(563,103)	(341,773)	(17,763)	(283,672)	(1,206,311)	(974,279)
Miscellaneous	-	3,322	-	(15,749)	-	(12,427)	29,835
Contracted services	-	-	-	-	-	-	461,892
Total	(31,690)	8,487,372	3,372,911	2,447,612	991,801	15,268,007	12,815,701
Previous year total	8,368	7,037,655	3,019,126	2,054,002	696,550	12,815,701	-

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NOTES:

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CONTACTS

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HOURS:

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