



**WESTERN IRRIGATION DISTRICT
2011
ANNUAL REPORT**



ANNUAL MEETING

April 4, 2012 — 1:30 P.M.
Strathmore Travelodge
350 Ridge Road, Strathmore



FINANCIAL STATEMENT AND ANNUAL REPORT 2011

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Form 1 NOTICE OF ANNUAL MEETING

Irrigation Districts Act Forms Regulations (Section 45(2)(b))

Take Note that the annual meeting of the Irrigators of the Western Irrigation District will be held at the Strathmore Travelodge, Strathmore, Alberta on the 4th day of April 2012 at 1:30 p.m. to:

- (a) Present annual reports of:
 - (i) the chair on behalf of the Board,
 - (ii) the manager,
 - (iii) the auditor of the district, and
 - (iv) the maintenance of irrigation works for the district, and,
- (b) to conduct any other business.

Erwin Braun
General Manager

NOTICE OF ELECTION

Irrigation Districts Act (Section 53)
Local Authorities Election Act (Section 35, 46)

WESTERN IRRIGATION DISTRICT in the PROVINCE OF ALBERTA

Notice is hereby given that an election will be held for the filling of the following office(s):

Office(s)	Number of Vacancies	Division Number
Director	1	3

Only those irrigators of the District can vote whose majority of irrigation acres fall within Electoral Division 3, which comprises Townships 21, 22 and 23 in Ranges 25, 26, 27 and 28 and Township 23 in Range 29.

Voting will take place on the 4th day of April 2012 between the hours of 10:00 am and 8:00 pm. The voting station will be located at the Western Irrigation District office at 105-900 Pine Road, Strathmore, Alberta.

Erwin Braun
Returning Officer

Voter Information for Poll

Irrigation Districts Act, Section 56:

- (2) A person is eligible to vote at an election of the district only if that person is
 - a) an irrigator recorded on the most recent assessment roll of the district as an irrigator of that district, or
 - b) appointed under a written authorization as an agent for a body corporate that is an irrigator of the district to vote on behalf of the body corporate.
- (3) An irrigator may cast only one vote at an election.
- (4) Notwithstanding subsection (3), an irrigator may also cast a vote on behalf of a body corporate if that irrigator is appointed as an agent for the body corporate in accordance with subsection (2)(b).
- (5) Where more than one irrigator is the owner of one or more parcels, the number of irrigators who may vote may not exceed the number of parcels.
- (6) An irrigator may vote in any voting subdivision of the district or electoral division, as the case may be, if
 - (a) the irrigator's name appears on the list of electors for the district or electoral division, or
 - (b) the irrigator makes a statement in the form prescribed in the regulations in the presence of an officer at the voting station that the irrigator is eligible to vote as an elector in the district or electoral division.

An Irrigator:

Section (1)(x): "irrigator" means an owner of a parcel with irrigation acres.

Section 57(3):

"an irrigator must vote in the electoral division in which that irrigator has irrigation acres, or if that irrigator has irrigation acres in more than one electoral division, the division in which the irrigator has the largest number of irrigation acres."

Note:

In the event there is only one nomination for an electoral division, the nominee becomes elected by acclamation and balloting becomes unnecessary.

Irrigators who are not sure which division applies to their lands, may check the listing of polling divisions contained in this announcement, or may contact the office of the Western Irrigation District.

CHAIRMAN'S REPORT

The WID Board has continued with the long term direction set in 2010 and the commitment to an accelerated rehabilitation program. The accelerated program will see rehabilitation funding for 5 years at \$13M annually and \$8M annually thereafter. The investment returns are relatively low at this time and good value is realized in construction of canals and pipelines. Construction prices have stayed competitive allowing the WID to stay with its long term rebuilding plan. The WID has in the past, and hopes to continue to "cost share" a portion of the rehabilitation cost with the Province. The funds received from the Province have provided a very significant contribution to the improvements made in the WID. These improvements are vital in the WID assisting the Province in reaching the goals of the "Water for Life" Strategy.

The Government of Alberta has recognized the importance of water in Alberta and renamed the Environment Ministry the Ministry of Environment and Water. The Province is also committed to a Water Allocation Review in 2012. In November 2011 the WID along with representatives from other Irrigation Districts participated in an aerial tour of Southern Alberta. This was an opportunity to show key Cabinet Ministers and MLA's the importance of irrigation in Southern Alberta and the WID. After the tour, the Premier met with the group and stated she wanted to engage rural people in the discussion.

The WID partnered with the EID and BRID in creating a series of short video vignettes entitled "The Story of Water Management on The Bow". Thousands of people have viewed these vignettes. At the start of the school year, DVD's were distributed through the assistance of Alberta Environment and Water to the grade 8's in Alberta. To date over 1200 of these DVD's were sent to schools across Alberta. Our elected leaders in Alberta were made aware of this production with a presentation made in the Legislative Assembly. You can watch these 10 vignettes on www.wid.net.

The WID is part of an umbrella organization, Alberta Irrigation Projects Association. AIPA is beginning a promotional campaign this year. The theme will be "Thanks to Irrigation" and will highlight the benefits of irrigation to the people in this Province.

Accelerated rehabilitation of the infrastructure means increased water savings. These water savings have allowed the WID to finalize the water leasing agreements with the Counties of Rocky View and Wheatland. These agreements were enabled by amending the WID water licence.

Thanks to our MLA, Arno Doerksen, for his support of irrigated agriculture in Edmonton. He is an irrigator himself, and is a promoter of irrigation.

I thank the Board of Directors and the Staff for helping make 2011 a successful year for the WID and look forward to continued success as we take on the challenges of the future.

Submitted on behalf of the Board of Directors,



Chairman

MISSION STATEMENT

To provide a reliable delivery system to water users in an efficient manner.

BOARD OF DIRECTORS:



Left to Right:

Director: Rick Page

Director: Don Kathol

Director: Grant Klaiber

Chairman: Dan Shute

Director: Doug Brown

Vice Chairman: Henry Colpoys

Electoral Divisions of the Western Irrigation District

Division 1 – Doug Brown – Term expires 2013
Townships 21, 22, 23 and 24 in Ranges 20, 21 and 22

Division 2 – Henry Colpoys – Term expires 2014
Townships 22, 23 and 24 in Ranges 23 and 24 and Township 24 in Range 25

Division 3 – Rick Page – Term expires 2012
Townships 21, 22 and 23 in Ranges 25, 26, 27 and 28 and Township 23 in Range 29

Division 4 – Dan Shute – Term expires 2013
Township 24 in Ranges 26, 27 and 28 and Townships 25, 26 and 27 in Ranges 25, 26, 27 and 28

Division 5 – Don Kathol – Term expires 2014
Townships 25, 26 and 27 in Ranges 21, 22, 23 and 24

Appointed Board Member – Grant Klaiber – Term expires 2012

GENERAL MANAGER'S REPORT

A cool wet spring delayed planting resulting in water diversions being later than normal. The run-off from the late and larger than normal snow fall meant that the canals were full of ice and snow late in the spring. WID crews were called on to help clear channels to minimize damage to District works and adjacent land. The summer turned out to be a below average year in terms of water demand resulting in another year of below normal diversion from the river. The Bow River Weir modification project was completed for the 2011 season with no interruption in service to the WID.

The WID continues to improve its water management capability by utilizing technology to record and monitor water flows and deliveries. Tracking water usage is vital to support a high level of water management. We strive to demonstrate an ever increasing responsibility to balance economic viability with the increased attention to the health of the aquatic system in our river basin supply. We desire to demonstrate good sound management to do both, and to continue to provide a high level of service and reliable secure water supply in the future.

Through cooperation with partners, the Bow River Operational Model brought together many Bow River Stakeholders to develop and use computer models to predict river changes. This model was tested with stakeholders simulating real events for an entire water season and will prove to be a valuable tool to address irrigation expansion and the effect of increased off stream storage. Additional reservoir support will be an essential component in any WID irrigation expansion plan. The WID continues to explore options for additional reservoir opportunities within the District.

Irrigators rely on good quality water for crop and livestock production. As land use within a watershed changes, concern for the maintenance of good quality water remains at the forefront for the primary users of irrigation water. Municipalities who are encouraging growth and also are concerned about water quality face challenges where stormwater enters the Irrigation System. A Stormwater Strategy to complement the Stormwater Guidelines is being developed to assist the municipalities and the development community in planning infrastructure to handle this stormwater and ultimately improve water quality.

In closing, I extend a thank you to the Board of Directors for their continuing support. I also thank the staff for their continuing effort to provide a high level of service to the water users in the WID. Your enthusiasm, efforts and abilities are essential in the success of the WID.

Respectfully submitted,

A handwritten signature in blue ink, appearing to be 'E. B.', written in a cursive style.

General Manager

Operations & Maintenance Activities

Dugout Projects

The District continues to encourage the use of storage dugouts to aid in the conservation and efficient use of irrigation water. In 2011, approximately a dozen dugouts of various shapes and sizes were cost shared throughout the WID, ranging from yard and garden to domestic and irrigation use. If you would like more information, contact your area Water District Supervisor.



Spring Runoff Repairs

Significant damage to the District infrastructure was sustained during the spring melt and subsequent runoff. Crews spent weeks working on repairs to the canal banks, weirs, crossings and other impacted infrastructure. This additional work, combined with previously scheduled maintenance activities and capital cleanups kept the equipment and staff busy in preparation for another water season.

General Maintenance Projects



NOTICE

As in previous years, the Western Irrigation District is permitted to implement a herbicide spray program, under specific conditions, in or within 30 horizontal metres of irrigation canals, laterals and drains owned by the District to attempt to control:

- Broadleaf weeds and brush.
- Aquatic & semi-aquatic vegetation.
- Noxious weeds.

In accordance with the Environmental Protection & Enhancement Act, application was made by the District and approval received to proceed with this annual program to apply herbicides.

Persons having specific concerns are encouraged to contact:

Jeremy Hemsing, P. Eng., Manager, Operations & Maintenance

403-934-3542, ext. 245

2011 MAINTENANCE ACTIVITY SUMMARY	
Ditch Cleaning/Rehab	19 km
Bank Leveling/Ditch Fill-In	7 km
Tree Clearing	2 km
Canal Fencing	3 km
Delivery Installations	11 units
Drop/Check Installations	6 units
Canal Crossing Installations	6 units
Dugouts	12 units
Weed/Brush Control - Cattail Cutting	150 km
Weed/Brush Control - Chemical Spraying	200 km
Weed/Brush Control - Bank Mowing	225 km

2011 DISTRICT EQUIPMENT FLEET	
2008	Peterbilt Tandem Gravel Truck with Pup
2007	Sterling Tandem Gravel Truck with Pup
2007	Sterling Tandem lowbed tractor with lowbed/jeep
2011	Hitachi ZX350 Excavator
2009	John Deere 240DLC Excavator
2009	John Deere 200LC Excavator
2009	Cat D6T Dozer
1990	John Deere 970 Tractor
2007	John Deere 410G Backhoe
2008	John Deere 544 Loader
2009	John Deere CT322 Skidsteer
2002	Tandem Tip Trailer
2011	Dynaweld Backhoe Trailer

Water Operations

The spring of 2011 saw extreme run-off from the accumulated winter snowfall. The melt happened quite quickly, causing a great deal of associated damage. WID infrastructure was not spared and received its fair share of negative effects.

Damage included stripping of armour and associated erosion of canal banks at various locations. This damage was responsible for partial and total bank failures and damage to or complete failure of canal crossings. The unscheduled extra work to rebuild and repair infrastructure made for a busy spring for WID staff in order to be prepared for the beginning of the 2011 water season.



Overland flooding causing bank erosion and armour washing



Major crossing failure on the "B" canal



Complete bank failure on a main supply canal

Water Usage:

According to the WID records, the total diversion of water from the Bow River for 2011 was 85,985 ac/ft. The average daily diversion was 298 cubic feet per second (cfs) with a maximum diverted flow of 740 cfs on July 7th, and a minimum flow of 25 cfs on May 27th. The WID's total water license is for 158,000 ac/ft.

Of the water diverted from the Bow River, approximately 24,000 ac/ft was diverted for irrigation, 6,900 ac/ft diverted for domestic use, 6,550 ac/ft for Ducks Unlimited and 6,400 ac/ft for conveyance contracts. Other combined smaller diversions totaled 3,200 ac/ft and system losses were 2,900 ac/ft. The remaining approximately 36,000 ac/ft was returned to the creeks and rivers through return flows. Return flows totaled 42% of total diversion for 2011.

Irrigated crop acres for 2011 were 42,270 as recorded by the Water District Supervisors. Due to the unusually wet and late spring, water usage began later than normal but it came on quickly in 2011. Late season demand was higher than normal for our District however, overall the season would be best described as average for both total water diverted and total irrigated acres.

Service Area	Water District Supervisor (WDS)	Phone Number
Water Master	Brian Sander	403-325-0493
Chestermere	Jeff Maude	403-899-4638
Carseland	Don Brownlee	403-899-4641
Strathmore	Joey Mordy	403-325-4601
Gleichen/Cluny	Pat Smith	403-325-4642
Crowfoot	Eric Beingessner	403-325-4639
Rockyford	Wes Sproule	403-325-4640

Water Workshop:

For the 4th consecutive year, the WID hosted an irrigation workshop in a community within the District.

Presented by Alberta Agriculture, its purpose is to provide crop and irrigation information and tools that will maximize yields and help get the most return from your input costs.

It is a one day workshop held in a casual setting with a mixture of hands on activities and verbal presentations.

Introduction to the free Alberta Agriculture "AIMM" (Alberta Irrigation Management Model) software program is part of the workshop. With basic computer skills, "AIMM" enables you to predict and schedule your irrigation based on actual field conditions and crop requirements. Go to <http://www.agric.gov.ab.ca/app49/imcin/aimm.jsp> for more information.



The next workshop will be held early in 2013, watch the WID webpage www.wid.net and local newspapers for more details as they come available.

Irrigation Rehabilitation Program (IRP)

The Irrigation Rehabilitation Program (IRP) continued as a major source of funding for rehabilitation work within the District this year. The Program is funded 75% by the provincial government with the remaining 25% contributed by the District. The total funds contributed this year for rehabilitation work approved by irrigation council were:

▪ Provincial government	(75%)	\$2,202,377
▪ <u>District</u>	<u>(25%)</u>	<u>\$734,126</u>
▪ TOTAL	(100%)	\$2,936,503

2011 IRP Project Summary

1. IRP 2175 Secondary A Canal (Strathmore Golf Course to Parklane Drive)

This project is the continued rehabilitation of the Secondary A Canal System starting at the Strathmore Golf Course and ending at Parklane Drive within the Town of Strathmore. This completes the rehab of the Secondary A Canal through the Town of Strathmore. The canal design increased the canal capacity, improved accessibility and eliminated seepage. Richardson Bros. (Olds) Ltd. was the general contractor on this project. The 3.4 km project started in the fall of 2010 and was completed in the spring of 2011. MPE Engineering Ltd. was the engineering consultant responsible for the design and contract administration for this project.

- Estimated Project Cost = \$2,330,000
- Total Project Cost to November 30 = \$2,154,317



2. IRP 2215 Redland Pipeline

This project is a closed PVC pipeline that replaces the existing canal system. It starts at the Rockyford spillway and continues east to the Rosebud River. WID forces are responsible for the installation of approximately 20.2 km of PVC pipeline of varying sizes 250 mm (10 inch) to 1050 mm (42 inch) and the construction of the settling pond. A tender was let for the construction of the concrete inlet structure to the pipeline and the successful bidder was Charmar Enterprises (1991) Ltd. This project started in the fall of 2011 and will be completed in the spring of 2012. MPE Engineering Ltd. was the engineering design consultant for this project.

- Estimated Project Cost = \$4,800,000
- Total Project Cost to November 30 = \$2,445,655



Other 2011 Projects

1. Secondary A Canal (Strathmore to Highway 1)

This project is the continued rehabilitation of the Secondary A Canal System starting at George Freeman Trail within the Town of Strathmore and ending at the TransCanada Highway. The canal design increased the canal capacity, improved accessibility and eliminated seepage. This reach is currently in the Seepage Control Plan. Caliber Systems Ltd. was the general contractor on this project. Prior to completing the project Caliber Systems was placed in



receivership and WID forces along with the aid of private contractors completed the remaining project work. The 12 km project was started in the fall of 2010 and was completed in the spring of 2011. MPE Engineering Ltd. was the engineering consultant responsible for the design and contract administration for this project.

- Estimated Project Cost = \$6,900,000
- Total Project Cost to November 30 = \$6,575,393

2. Secondary A Canal (Highway 1 to Twp Road 234)

This project is the continued rehabilitation of the Secondary A Canal System. It starts at the TransCanada Highway and ends at Township Road 234. The canal design increases the canal capacity, improves accessibility and eliminates seepage. The 12 km project was started in the fall of 2011 and will be complete in the spring of 2012. This project was tendered in two reaches. Richardson Bros (Olds) Ltd. and Morgan Construction & Environmental Ltd. are the two general contractors for their respective reaches on the project. MPE Engineering Ltd. are the engineering consultants responsible for the design and contract administration for this project.



- Estimated Project Cost = \$8,410,000
- Total Project Cost to November 30 = \$2,955,391

3. Secondary A Canal (Twp Road 234 to Hammer Hill)

The District began preliminary design and planning of the Secondary A Canal from Township Road 234 to Hammer Hill in 2011. This project is scheduled to be constructed in the fall/winter of 2012/2013. Discussions are ongoing to finalize design and construction details.

- Estimated Project Cost = \$8,500,000

4. Secondary C Rockyford Spillway

This project is an open PVC pipeline that replaces the existing canal system. It will provide needed spillway capacity to allow for more closed pipelines to be constructed on the Secondary C System. WID forces were responsible for the installation of 5.2 km of 750 mm (30 inch) diameter PVC pipe that make up the main spillway. The inlet structure to the spillway was constructed by Charmar Enterprises (1991) Ltd. This project is identified in the current Seepage Control Plan. Construction started in the fall of 2010 and was completed in the spring of 2011. MPE Engineering Ltd. was the engineering design consultant on this project.



- Estimated Project Cost = \$2,740,000
- Total Project Cost to November 30 = \$2,806,638

5. Morgan Pipeline

This project is a closed buried PVC pipeline to replace the existing canal system. This pipeline provides increased capacity and eliminates seepage. WID forces were responsible for the installation of the concrete inlet structure and approximately 4 km of pipe of varying size from 350 mm (14 inch) to 900 mm (36 inch) which make up the main pipeline. This project was started and completed in the spring of 2011. dueSouth Project Management Ltd. was the design consultant for this project.



- Estimated Project Cost = \$750,000
- Total Project Cost to November 30 = \$741,088

Seepage Control Plan 2009-2013

The Western Irrigation District has prepared a Seepage Control Plan for the Years 2009 through 2013 in accordance with Section 164(1) of the Irrigation Districts Act. Currently the program is ahead of schedule.

The Plan addresses seepage in the following areas:

Table 1: Seepage projects from 2008 to 2013

YEAR	PROJECT	SECTION	STATUS
2008-2010	Lateral 81 J (South Cluny Pipeline Project)	Sec. 21, 28, 29, 30 T22 R20 W4 Sec. 3, 4, 5, 7, 8, 9, 10, 11, 13, 18, 19 T22 R21 W4 Sec. 13, 14, 21, 22, 23, 24, 25, 26, 27, 28, 29, 31, 32, 33, 34 T22 R22 W4	Complete
2010	Secondary A Canal (Strathmore Golf Course to Parklane Drive) and East Boundary Road to Broken Stone Pipeline	Sec. 13, 14, 15, 22, 23, 24, T24 R25 W4 Sec. 18, 19 T24 R24 W4	Complete
2010	Lateral 84T5 (Secondary C Rockyford Spillway)	Sec. 22, 23, 27, 28, 33 T26 R23 W4	Complete
2011	Lateral 84T (Secondary C Canal East C Pipeline)	Sec. 33, 34, 25 T26 R23 W4 Sec. 4, 5, 6, 7, 8, 9, 17 T27 R22 W4 Sec. 1, 2, 3 T27 R23 W4	Not Complete
2012	Lateral 81F11 (Secondary A Pipeline)	Sec. 5, 6, 7, 8, 16 T23 R23 W4	Not Complete
2012	Lateral 85N3 (Secondary B Pipeline)	Sec. 21, 22, 27, 28, 29 T24 R23 W4	Not Complete
2013	Lateral 84T4 (Secondary C Pipeline)	Sec. 20, 28, 29, 32 T26 R23 4W	Not Complete

2011 CROP DATA SUMMARY

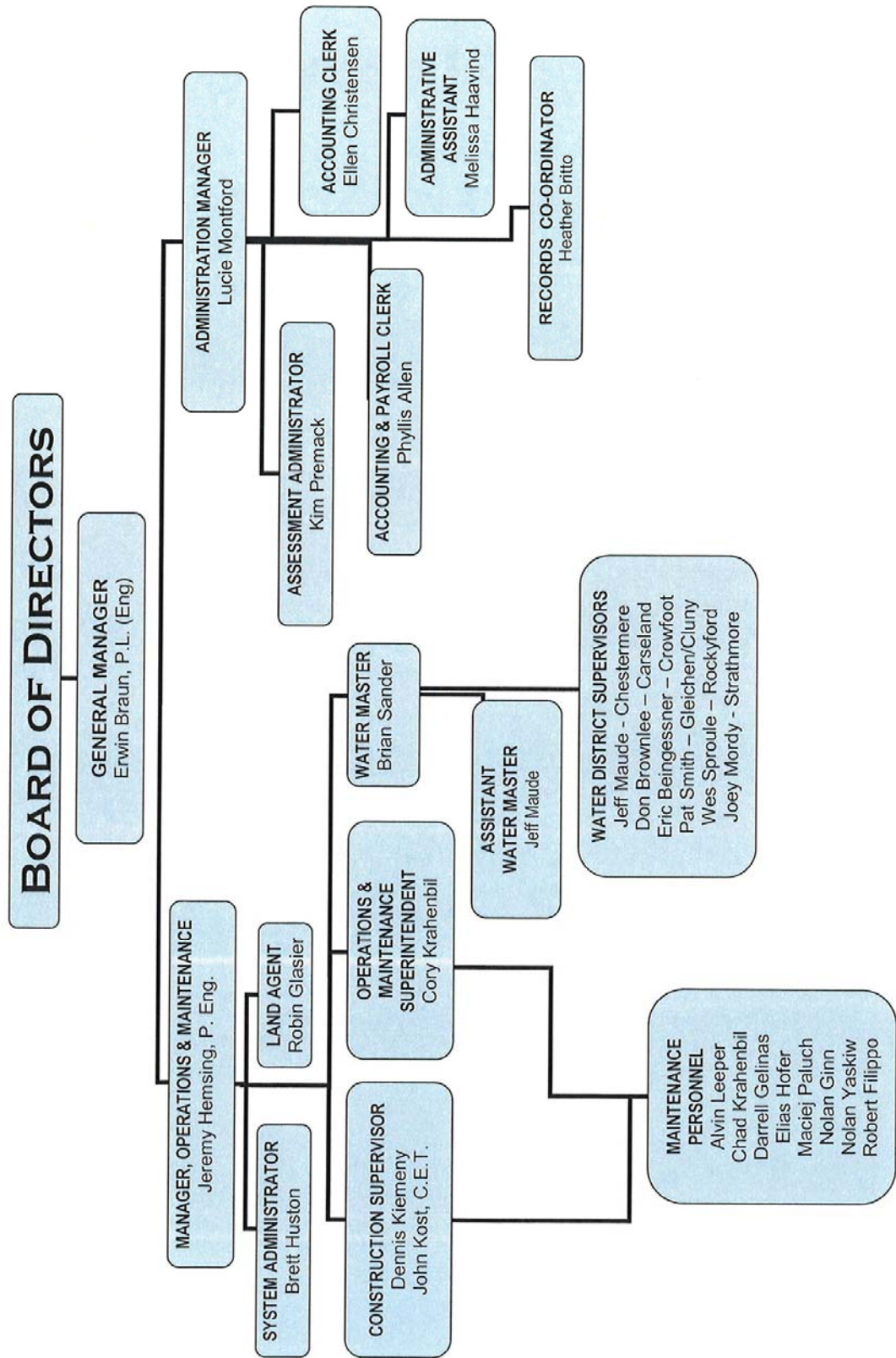
Crop Type	Irrigated Acres	Non Irrigated Acres	Total Acres
Alfalfa A Cut	5,798	4,890	10,688
Alfalfa Hay	1,821	962	2,783
Barley	7,387	6,881	14,268
Barley Silage	3,479	1,740	5,219
Barley Silage Underseed	821	105	926
Brome Hay	180	0	180
Canola	8,323	5,221	13,544
Corn Silage	414	0	414
CPS Wheat	2,116	2352	4,469
Dry Peas	450	100	550
Flax	0	130	130
Durum Wheat	40	0	40
Grain Corn	90	100	190
Grass Hay	921	558	1,479
Grass Seed	130	23	153
Green Feed	232	0	232
Hard Spring Wheat	1,061	926	1,987
Market Gardens	155	90	245
Miscellaneous	54	619	673
Native Pasture	479	658	1,137
Nursery	535	600	1,135
Oats	594	0	594
Potato	400	0	400
Small Fruit	60	25	85
Soft Wheat	212	80	292
Tame Pasture	3,382	4,157	7,539
Timothy Hay	359	117	476
Triticale	232	0	232
Turf Sod	2,273	356	2,629
Winter Wheat	322	70	392
No Crop Data	0	21,742	21,742
Totals	42,320	52,503	94,822

**PARCELS ADDED TO/REMOVED FROM
WESTERN IRRIGATION DISTRICT
FISCAL 2011**

Name	Legal Description	Action
Appleyard, Gregory D. & Candace L	NE 22-26-25 W4	Remove
Gregory, Joseph & Karen Ann	SE 23-26-25 W4	Add
Chase, Daniel William & Ellen Lorraine	NW 11-22-21 W4	Remove
Cargill Limited	SE 9-22-26 W4	Remove
Hagen, Robert	SE 25-24-26 W4	Remove
Hagen, Robert	NW 25-24-26 W4	Add
Thomas, Gordon Benjamin & Mary Doreen	SE 4-23-27 W4	Remove
Thomas, Gordon Benjamin & Mary Doreen	SW 3-23-27 W4	Remove
Kenworthy, Roy Francis	SW 26-26-23 W4	Remove
McIntosh Tree Farms Inc.	W 19-25-27 W4	Remove
Yule, Jeffrey D. & Stephanie M.	NE 13-23-22 W4	Add
Koester Acres Ltd.	SE 12-26-24 W4	Add
705370 Alberta Ltd.	NW 25-26-26 W4	Add
Walker, Tyler Abe & Lesley Dawn	NW 31-26-24 W4	Add
Koester, Robert Anthony	SW 29-26-23 W4	Add
Koester, Robert Anthony & Jaqueline Ann	SW 30-26-23 W4	Add
Kathol, Shawn & Norine	NW 16-26-23 W4	Add
Heartland Farms Ltd.	NW 1-27-23 W4	Remove
Heartland Farms Ltd.	NE 1-27-23 W4	Remove
Heartland Farms Ltd.	SE 1-27-23 W4	Remove
Larsen, Kenneth L. & Evelyn M.	NW 1-24-22 W4	Remove
Larsen, Kenneth L. & Evelyn M.	SW 1-24-22 W4	Remove
Larsen, Kenneth L. & Evelyn M.	NE 1-24-22 W4	Remove
Mullen, Lorn Alvin, Frances Elaine, Shawn Kenton & Donna Marie	SW 31-23-22 W4	Add
Mullen, Lorn Alvin, Frances Elaine, Shawn Kenton & Donna Marie	NW 30-23-22 W4	Add
Mullen, Lorn Alvin, Frances Elaine, Shawn Kenton & Donna Marie	NE 30-23-22 W4	Add

WESTERN IRRIGATION DISTRICT ORGANIZATIONAL CHART

as of November 2011



Minutes of the Annual Meeting of the Water Users of the Western Irrigation District held in Strathmore, Alberta Wednesday, April 6, 2011

PRESENT:

DIRECTORS:

Henry Colpoys
Dan Shute
Don Kathol

Regrets: Doug Brown, Rick Page and Grant Klaiber

STAFF:

Erwin Braun, General Manager
Jeremy Hemsing, Manager of Operations & Maintenance
Lucie Montford, Administration Manager
Kim Premack, Assessment Administrator
Melissa Haavind, Administrative Assistant & Recording Secretary

AUDITORS:

Shelley Harriman and Farrah Williams from Gregory, Harriman & Associates Professional Accountants.

CALL TO ORDER & INTRODUCTIONS

Dan Shute called the meeting to order at 1:40 pm and welcomed everyone to the Fiscal 2010 Annual Meeting and introduced the Board Members, Staff present, as well as other guests including representatives from Alberta Agriculture, Alberta Environment, and Irrigation Council. Approximately 18 water users were in attendance.

ANNOUNCEMENTS

The Board welcomed the return of Henry Colpoys as Director for Division 2 and Don Kathol for Division 5 by acclamation.

MEETING CHAIRMAN

Erwin Braun called for nominations for Chairman of the meeting.

MOVED by Gordon Hilton THAT John Scheer be appointed Chairman, seconded by Barrie Clayton

CARRIED

RECORDING SECRETARY

Erwin Braun nominated Melissa Haavind. John Scheer declared Melissa Haavind the Recording Secretary.

ADOPTION OF AGENDA

John Scheer asked the audience to review the proposed agenda.

MOVED by Vern Hoff and SECONDED by Christine Mitzner THAT the agenda be adopted as presented.

CARRIED

ADOPTION OF MINUTES 2009 ANNUAL MEETING

John Scheer requested that the audience review the Minutes from the March 31, 2010 Annual Meeting.

MOVED by Henry Colpoys and SECONDED by Vern Bretin THAT the Minutes of the March 31, 2010 Annual Meeting be adopted as presented.

CARRIED

CHAIRMAN'S REPORT

Dan Shute presented the Chairman's Report, stating that the Board and senior staff held a Strategic Planning Session in January 2010 to discuss the alternate futures that were now possible with the change in financial status. It was determined that putting works in the ground brought a better return than the return on investments.

Mr. Shute stated that water access is a challenge, and the public has to be educated to the benefits of irrigated agriculture. To assist with that educational process, WID has partnered with EID and BRID and created a short series of video vignettes on irrigation related topics. It is constructed for YouTube and web access for the tech savvy generation, and each vignette is 2 to 3 minutes in length.

Mr. Shute summarized that water savings have been compounding since we started rehabilitating our system, so we asked MPE to evaluate the savings earned since 1999. They projected the individual savings of each rehabilitation technique against the size of canal and the soils it passed through. Surprisingly they calculated that we are saving 21,000 acft per year.

Mr. Shute stated as we enter 2011, we will see the retirement of Jim Webber after 10+ years with the WID. He leaves the WID in much better physical and financial shape than he found it in 2000. We would like to thank him for his achievements on our behalf and wish him well for the future.

Mr. Shute thanked the Board of Directors and staff for helping make 2010 a successful year. He asked if there were any questions or comments.

MOVED by Vern Bretin and SECONDED by Karl Reinhardt THAT the Chairman's Report be adopted as presented.

CARRIED

MANAGER'S REPORT

Erwin Braun presented the Manager's Report outlining that the abundant rainfall and cooler than average temperatures during the 2010 growing season resulted in a very low water demand year.

Mr. Braun stated that partnerships continue to grow and prosper and that the Bow River Operational Model brought together many Bow River Stakeholders to develop and use computer models to predict river changes. The new demands on the river also present new opportunities for sharing ideas on how to manage the river.

Mr. Braun highlighted that the Regional Growth Studies are being completed by counties, towns and cities. As a result of growth, there is increasing pressure for the WID to accept stormwater into the canals and drains that supply users. The WID has developed Stormwater Guidelines to assist the municipalities and the development community in planning infrastructure to handle the stormwater. It presents a challenge to the municipalities who are encouraging growth and also are concerned about water quality.

Erwin thanked the Board of Directors for their continuing support and gave special thanks to the staff for their continuing effort to provide a high level of service to the water users in the WID.

John Scheer asked if there were any questions.

MOVED by Matt Gosling and SECONDED by Vern Bretin THAT the General Manager's Report be adopted as presented.

CARRIED

AUDITOR'S REPORT

Shelley Harriman and Farrah Williams of Gregory, Harriman & Associates Professional Accountants presented the Auditor's report for fiscal 2010.

Farrah Williams stated the auditor's report was clean and it was presented in accordance with Canadian Generally Accepted Auditing Standards. Farrah explained the three different funds to track monies and investments. The three funds are Operating Fund, District Capital, and Irrigation Council.

Shelley Harriman presented the financial statements. Shelley highlighted the balance sheet and presented the income statement.

Farrah Williams asked if there were any questions or comments.

MOVED by Barrie Clayton and SECONDED by Gordon Hilton THAT the Auditor's Report for Fiscal 2010 be adopted as presented.

CARRIED

MAINTENANCE REPORT

Jeremy Hemsing, Manager of Operations and Maintenance, presented the Operations report for fiscal 2010, and reviewed the 2010 water season. Mr. Hemsing explained the Calgary Stormwater Diversion Project also known as the Shepard Waste Way. Stormwater from the City of Calgary will be diverted away from the WID system and into a wetland where it will eventually flow into the Bow River. There is a committee with the City of Calgary and Alberta Environment that looks after the stormwater issues. WID is active with this committee that meets quarterly .

Mr. Hemsing reviewed the annual total Bow River diversion and summarized the snow pack monitoring stations. He then explained SCADA (Supervisory Control and Data Acquisition) and the location of the measuring units. This system will enable WID to better control and monitor the water flow at any time. Meters have been installed at all new canals to manage that water. We can tie into this by radio control so we can access these sites to see how much water is flowing and have better control over the water. Mr. Hemsing explained the water conservation in the District. We will be tracking the water usage in the District and will report that back to the water users. It's a goal to improve the efficiency and conserve water. Please give your water supervisor a minimum 48 hours notice to turn on the water and minimum 24 hours to turn off the water.

The 2010 Maintenance Activity Summary Chart was displayed with the activity accomplished throughout the year. Mr. Hemsing ended by showing the rehabilitation plan for the next three years.

John Scheer asked if there were any questions.

MOVED by Eugene Helfrich and SECONDED by Vern Hoff THAT the 2010 Operations & Maintenance Report be adopted as presented.

CARRIED

EXTRA ITEMS

Erwin Braun presented the Extra Items on the agenda.

THE BIG PICTURE

Mr. Braun summarized the District's revenues and financial statement converted to a per acre basis. He presented a powerpoint presentation to show the past year's revenue.

Mr. Braun highlighted the District's accomplishments that include the Federal Water License, Calgary Stormwater, Chestermere Lakeshore, East Calgary Municipal Partnerships, the open door to water transfers, and introduced the Plebiscite to the wateruser. Mr. Braun also highlighted the AIPA and the WID's water conservation and efficiency plan.

Mr. Braun summarized the evolving opportunities such as water conservation, expanding irrigation, water for lease, off-stream water storage, wetland compensation, stormwater and recreational access to WID water bodies.

Mr. Braun ended his presentation by showing The Story of Water Management of the Bow River educational series of vignettes.

Questions were asked and discussions followed on the 2010 Annual Meeting Presentations.

MOVED by Christine Mitzner and SECONDED by Henry Colpoys THAT a general consideration of appreciation and congratulations go to Jim Webber for a Happy Retirement.

ADJOURNMENT

MOVED by Eugene Helfrich and SECONDED by Dianne Brown THAT the meeting be adjourned at 3:45 pm.

Chairman

General Manager



**GREGORY,
HARRIMAN
& ASSOCIATES
PROFESSIONAL ACCOUNTANTS**

WESTERN IRRIGATION DISTRICT

**Financial Statements
November 30, 2011**

WESTERN IRRIGATION DISTRICT

NOVEMBER 30, 2011

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**GREGORY,
HARRIMAN
& ASSOCIATES
PROFESSIONAL ACCOUNTANTS**



**GREGORY,
HARRIMAN
& ASSOCIATES
PROFESSIONAL ACCOUNTANTS**

INDEPENDENT AUDITORS' REPORT

To the Board of the Western Irrigation District and Management

We have audited the accompanying financial statements of Western Irrigation District (the "District"), which comprise the statement of financial position as at November 30, 2011 and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

We conducted our audit in accordance with Canadian auditing standards. Those standards involve performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. We also include evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of Western Irrigation District as at November 30, 2011 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Strathmore, Alberta
February 17, 2012


Gregory, Harriman & Associates
Professional Accountants

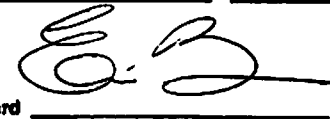
**WESTERN IRRIGATION DISTRICT
STATEMENT OF FINANCIAL POSITION
AS AT NOVEMBER 30, 2011**

	UNRESTRICTED FUND		RESTRICTED FUNDS				COMBINED	
	OPERATING		DISTRICT CAPITAL		IRRIGATION WORKS		2011	2010
	2011	2010	2011	2010	2011	2010		
CURRENT ASSETS								
Cash (Notes 4, 18, 20)	782,167	817,461	6,083,744	2,240,030	3,121,104	2,910,418	9,987,015	5,967,909
Accounts receivable (Note 5)	1,663,927	1,714,172	-	-	-	-	1,663,927	1,714,172
Interest receivable (Note 6)	-	-	1,203,030	1,312,569	-	-	1,203,030	1,312,569
Short term investments (Note 7)	-	-	23,482,056	20,261,771	-	-	23,482,056	20,261,771
Inventory (Note 8)	94,484	90,759	-	-	-	-	94,484	90,759
Prepaid expenses	2,260	-	-	-	-	-	2,260	-
Interfund receivables (payables)	3,231,741	2,215,764	(2,182,732)	(1,727,788)	(1,049,009)	(487,976)	-	-
	<u>5,774,579</u>	<u>4,838,156</u>	<u>28,586,098</u>	<u>22,086,582</u>	<u>2,072,095</u>	<u>2,422,442</u>	<u>36,432,772</u>	<u>29,347,180</u>
OTHER ASSETS								
Loan receivable (Note 9)	-	-	11,500	12,500	-	-	11,500	12,500
Preliminary costs pending (Notes 10, 30)	-	-	125,813	262,727	-	-	125,813	262,727
Water rights (Note 11)	-	-	33,225	8,025	-	-	33,225	8,025
Deferred development costs (Note 12)	-	-	714,328	701,649	-	-	714,328	701,649
Other intangible asset (Note 13)	-	-	100,834	89,636	-	-	100,834	89,636
Investments (Note 14, 15)	17,575	17,245	63,221,729	77,710,548	10,769	10,425	63,250,073	77,738,218
	<u>17,575</u>	<u>17,245</u>	<u>64,207,229</u>	<u>78,785,085</u>	<u>10,769</u>	<u>10,425</u>	<u>64,235,573</u>	<u>78,812,755</u>
PROPERTY AND EQUIPMENT								
Property and equipment (Note 16)	-	-	2,445,645	2,443,094	149,455	149,455	2,595,100	2,592,549
Irrigation works (Note 17)	-	-	32,750,095	22,549,425	72,256,246	70,137,318	105,006,341	92,686,743
	-	-	<u>35,195,740</u>	<u>24,992,519</u>	<u>72,405,701</u>	<u>70,286,773</u>	<u>107,601,441</u>	<u>95,279,292</u>
TOTAL ASSETS	<u>5,792,154</u>	<u>4,855,401</u>	<u>127,989,067</u>	<u>125,864,186</u>	<u>74,488,565</u>	<u>72,719,640</u>	<u>208,269,786</u>	<u>203,439,227</u>
CURRENT LIABILITIES								
Accounts payable and accrued liabilities (Note 19)	1,903,605	1,575,519	-	-	-	-	1,903,605	1,575,519
Goods and Services Tax liability	63,338	64,725	-	-	-	-	63,338	64,725
Capital levy trust (Note 20)	-	-	103,283	101,745	-	-	103,283	101,745
Progress estimates payable and holdbacks	-	-	171,256	58,938	-	23,437	171,256	82,375
Current portion of deferred revenues (Note 21)	-	-	4,087	14,253	-	-	4,087	14,253
	<u>1,966,943</u>	<u>1,640,244</u>	<u>278,626</u>	<u>174,936</u>	<u>-</u>	<u>23,437</u>	<u>2,245,569</u>	<u>1,838,617</u>
OTHER LIABILITIES								
Deferred revenues, net (Note 21)	-	-	33,908	95,115	-	-	33,908	95,115
Asset retirement obligation (Note 22)	-	-	153,118	142,900	-	-	153,118	142,900
	-	-	<u>187,026</u>	<u>238,015</u>	<u>-</u>	<u>-</u>	<u>187,026</u>	<u>238,015</u>
TOTAL LIABILITIES	<u>1,966,943</u>	<u>1,640,244</u>	<u>465,652</u>	<u>412,951</u>	<u>-</u>	<u>23,437</u>	<u>2,432,595</u>	<u>2,076,632</u>
FUND BALANCES								
Invested in property and equipment (Note 23)	-	-	35,176,681	24,947,280	72,405,701	70,286,773	107,582,382	95,234,053
Externally restricted (Note 24)	-	-	-	-	2,082,864	2,409,430	2,082,864	2,409,430
Internally restricted (Note 25)	-	-	92,346,734	100,503,955	-	-	92,346,734	100,503,955
Unrestricted	3,825,211	3,215,157	-	-	-	-	3,825,211	3,215,157
	<u>3,825,211</u>	<u>3,215,157</u>	<u>127,523,415</u>	<u>125,451,235</u>	<u>74,488,565</u>	<u>72,696,203</u>	<u>205,837,191</u>	<u>201,362,595</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>5,792,154</u>	<u>4,855,401</u>	<u>127,989,067</u>	<u>125,864,186</u>	<u>74,488,565</u>	<u>72,719,640</u>	<u>208,269,786</u>	<u>203,439,227</u>
Economic Dependence (Note 2)								
Lease Commitment (Note 30)								
Contingent Liabilities (Note 31)								
Environmental Contingencies (Note 32)								

APPROVED BY: _____



Chairman of the Board



General Manager

The accompanying notes form an integral part of these financial statements.
Gregory, Harriman & Associates, Professional Accountants

WESTERN IRRIGATION DISTRICT
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED NOVEMBER 30, 2011

	UNRESTRICTED FUND		RESTRICTED FUNDS					
	OPERATING		DISTRICT CAPITAL		IRRIGATION WORKS		TOTAL RESTRICTED	
	2011	2010	2011	2010	2011	2010	2011	2010
REVENUE								
Irrigation rates, net (Note 26)	1,644,351	1,629,664	-	-	-	-	-	-
Domestic and miscellaneous	1,139,746	1,148,609	-	-	-	-	-	-
Storm water	430,762	406,655	-	-	-	-	-	-
Penalties	10,509	10,326	-	-	-	-	-	-
TOTAL WATER EARNINGS	3,225,368	3,195,254	-	-	-	-	-	-
OTHER EARNINGS								
Government contributions	-	-	-	-	2,202,377	2,248,877	2,202,377	2,248,877
Interest revenue	28,543	16,635	3,442,011	3,645,581	51,462	34,501	3,493,473	3,680,082
Gravel revenue	-	-	329,162	162,655	-	-	329,162	162,655
Farm, land and building rentals	-	-	126,752	131,822	-	-	126,752	131,822
Gain on sale of land	-	-	211,497	126,981	-	-	211,497	126,981
Gain (loss) on sale of assets	-	-	26,498	(20,068)	-	-	26,498	(20,068)
Realized gain (loss) on investments	-	-	940,580	466,184	-	-	940,580	466,184
Unrealized gain (loss) on investments (Notes 14, 15)	-	-	(2,217,501)	1,818,066	-	-	(2,217,501)	1,818,066
Capital asset charges	-	-	1,000	33,020	-	-	1,000	33,020
Commitment fee (Note 27)	-	-	300,000	-	-	-	300,000	-
Fees and other income	86,811	168,252	262	262	-	-	262	262
Miscellaneous	2,689	13,801	-	-	-	-	-	-
Government grants	2,450	6,665	-	-	-	-	-	-
Inventory adjustment	44,243	19,760	-	-	-	-	-	-
TOTAL OTHER EARNINGS	164,736	225,113	3,160,261	6,364,503	2,253,839	2,283,378	5,414,100	8,647,881
	3,390,104	3,420,367	3,160,261	6,364,503	2,253,839	2,283,378	5,414,100	8,647,881
EXPENSES								
Amortization of property and equipment (Note 34)	-	-	873,057	715,689	1,195,603	1,151,409	2,068,660	1,867,098
Amortization of intangible asset (Note 13)	-	-	12,311	9,959	-	-	12,311	9,959
Depletion of resource properties	-	-	12,561	6,715	-	-	12,561	6,715
Commissions expense	-	-	62,821	71,786	-	-	62,821	71,786
Bursary expense	-	-	1,000	1,000	-	-	1,000	1,000
Operating and administrative (Schedule 1)	2,159,509	2,004,751	-	-	-	-	-	-
Property taxes	-	-	2,528	4,939	-	-	2,528	4,939
Accretion expense (Note 22)	-	-	10,218	119	-	-	10,218	119
	2,159,509	2,004,751	974,496	810,207	1,195,603	1,151,409	2,170,099	1,961,616
EXCESS OF REVENUE OVER EXPENSES	1,230,595	1,415,616	2,185,765	5,554,296	1,058,236	1,131,969	3,244,001	6,686,265
Fund balances at beginning of year	3,215,157	2,302,624	125,451,235	120,143,482	72,696,203	70,814,608	198,147,438	190,958,090
Interfund transfers (Note 25)	113,585	246,543	(113,585)	(246,543)	-	-	(113,585)	(246,543)
Irrigation provision (Notes 24, 25)	(734,126)	(749,626)	-	-	734,126	749,626	734,126	749,626
FUND BALANCES AT END OF YEAR	3,825,211	3,215,157	127,523,415	125,451,235	74,488,565	72,696,203	202,011,980	198,147,438

The accompanying notes form an integral part of these financial statements.
 Gregory, Harriman & Associates, Professional Accountants

**WESTERN IRRIGATION DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED NOVEMBER 30, 2011**

	OPERATING		DISTRICT CAPITAL		IRRIGATION WORKS		TOTALS	
	2011	2010	2011	2010	2011	2010	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES								
Cash receipts	2,395,829	3,426,168	1,253,066	5,563,325	2,763,410	2,024,418	6,412,305	11,013,911
Cash paid to suppliers and employees	(1,838,795)	(2,412,392)	(78,029)	(15,756)	-	-	(1,916,824)	(2,428,148)
Interest received	28,543	16,635	3,551,549	3,511,704	51,462	34,501	3,631,554	3,562,840
Cash flows from operating activities	585,577	1,030,411	4,726,586	9,059,273	2,814,872	2,058,919	8,127,035	12,148,603
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchases of property and equipment	-	-	(11,489,437)	(7,486,792)	(3,337,968)	(4,710,924)	(14,827,405)	(12,197,716)
Purchase of other intangible asset	-	-	(23,505)	(99,595)	-	-	(23,505)	(99,595)
Proceeds from sale of assets	-	-	613,392	482,487	-	-	613,392	482,487
Sales (purchase) of investments	(330)	(321)	9,991,615	(2,418,124)	(344)	(284)	9,990,941	(2,418,729)
Preliminary costs pending	-	-	137,114	(17,640)	-	-	137,114	(17,640)
Cash flows from investing activities	(330)	(321)	(770,821)	(9,539,664)	(3,338,312)	(4,711,208)	(4,109,463)	(14,251,193)
CASH FLOWS FROM FINANCING ACTIVITIES								
Repayment of long term debt	-	-	-	(23,234)	-	-	-	(23,234)
Irrigation provision	(734,126)	(749,626)	-	-	734,126	749,626	-	-
Trust funds received	-	-	1,534	32,395	-	-	1,534	32,395
Cash flows from financing activities	(734,126)	(749,626)	1,534	9,161	734,126	749,626	1,534	9,161
NET CASH INCREASE (DECREASE)	(148,879)	280,464	3,957,299	(471,230)	210,686	(1,902,663)	4,019,106	(2,093,429)
Cash, opening balance	817,461	290,454	2,240,030	2,957,803	2,910,418	4,813,081	5,967,909	8,061,338
Interfund balance adjustments	113,585	246,543	(113,585)	(246,543)	-	-	-	-
CASH, CLOSING BALANCE	782,167	817,461	6,083,744	2,240,030	3,121,104	2,910,418	9,987,015	5,967,909
CASH REPRESENTED BY:								
Cash on hand and in banks (Note 4)	782,167	817,461	6,083,744	2,240,030	3,121,104	2,910,418	9,987,015	5,967,909
TOTAL CASH	782,167	817,461	6,083,744	2,240,030	3,121,104	2,910,418	9,987,015	5,967,909

The accompanying notes form an integral part of these financial statements.
Gregory, Hamman & Associates, Professional Accountants

WESTERN IRRIGATION DISTRICT
SCHEDULE 1 - OPERATING AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED NOVEMBER 30, 2011

	DEPARTMENTS			TOTALS	
	OPERATIONS AND MAINTENANCE	WATER DELIVERY	GENERAL AND ADMINISTRATION	2011	2010
Advertising, publications, ratepayers meetings	-	-	14,390	14,390	19,477
Association fees	-	-	20,925	20,925	20,976
Board of Directors expenditures	-	-	61,816	61,816	68,324
Building maintenance	72,436	-	-	72,436	84,908
Computer expense	-	-	44,578	44,578	40,921
Crop, flood and property damage	-	-	-	-	-
Equipment and easement rental	64,010	-	-	64,010	70,910
Equipment maintenance, gas, oil, grease	414,874	70,206	-	485,080	392,557
Insurance	46,399	12,121	21,261	79,781	77,709
Interest and bank charges	-	-	471	471	89
Land titles charges and classification	-	-	1,846	1,846	1,653
Materials and supplies, office supplies	96,999	8,940	18,373	124,312	221,122
Miscellaneous	-	-	-	-	983
Payroll service charges	-	-	7,590	7,590	4,181
Postage, freight and courier	-	-	4,447	4,447	4,263
Professional fees	-	-	311,636	311,636	285,823
Public relations	-	-	48,797	48,797	33,009
Safety supplies	5,579	190	-	5,769	7,717
Salaries and wages	1,432,559	296,599	744,142	2,473,300	2,494,964
Small tools and equipment	5,691	1,050	-	6,741	8,093
Stationary, printing, photocopies, fax	-	-	17,807	17,807	12,980
Telephone	15,944	8,963	16,190	41,097	37,630
Travel and staff training	2,953	2,044	5,432	10,429	11,197
Utilities	46,870	2,770	-	49,640	42,937
Vegetation and pest control	-	151,503	-	151,503	136,829
Welding supplies	1,497	-	-	1,497	1,665
	<u>2,205,811</u>	<u>554,386</u>	<u>1,339,701</u>	<u>4,099,898</u>	<u>4,080,917</u>
Transfer as asset to irrigation works (Note 29)	(1,934,462)	(5,927)	-	(1,940,389)	(2,076,166)
	<u>271,349</u>	<u>548,459</u>	<u>1,339,701</u>	<u>2,159,509</u>	<u>2,004,751</u>

The accompanying notes form an integral part of these financial statements.
Gregory, Harriman & Associates, Professional Accountants

**WESTERN IRRIGATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2011**

Note 1 Purpose of the Organization

The Western Irrigation District (the "District") is charged with the responsibility of efficient and economical distribution of water for users of the District. The Western Irrigation District operated under the authority of the Irrigation Act, Chapter I-11, Revised Statutes of Alberta 1980, as amended, until it was replaced by the Irrigation Districts Act, Chapter I -11, which was proclaimed in force on May 1, 2000.

The District is part of the Alberta Crown and is listed as a tax-exempt Government of Alberta agency, and is therefore included in the Province's constitutional tax immunity. As a result, the District pays no income taxes or Goods and Services Tax on purchases, but is still required to collect and remit Goods and Services Tax on services provided.

Note 2 Economic Dependence

The District utilizes contributions from the Province of Alberta for rehabilitation of the irrigation works of the District.

Note 3 Significant Accounting Policies and Reporting Practices

Fund Accounting

The District follows the restricted fund method of accounting for contributions.

The Operating Fund accounts for the District's administrative activities. This fund reports unrestricted resources and the transactions relating to them.

The District Capital Fund reports the assets, investments, liabilities, revenues and expenses related to the District's land, 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 75% of expenditures approved by the Irrigation Council and the District contributes 25%.

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Financial Instruments

The District has classified the following financial assets and liabilities as held for trading: cash, accounts receivable, interest receivable, note receivable, loan receivable, investments, accounts payable and accrued liabilities and progress estimates payable and holdbacks. Transactions to purchase or sell these items are recorded on the trade date, and transaction costs are immediately recognized in the Statement of Operations and Changes in Fund Balances. Held for trading financial instruments are subsequently measured at their fair value, without any deduction for transaction costs incurred on sale or other disposal. Transaction costs are recognized immediately in the Statement of Operations and Changes in Fund Balances. Gains and losses arising from changes in fair value are recognized immediately in the Statement of Operations and Changes in Fund Balances.

Investments Subject to Significant Influence

The District has elected to record investments in companies subject to significant influence using the equity method. Using this method, the investment is initially recorded at cost and the carrying value adjusted thereafter to include the District's pro rata share of post-acquisition earnings of the investee.

Inventories

Inventories of materials and supplies are valued using the average cost method, which most accurately reflects the flow through of the physical inventory item.

Capitalization

Additions to District irrigation works are capitalized when the materials utilized exceed \$12,000 per structure. For any addition representing a rebuilding of a canal or ditch, the cost of materials must exceed \$12,000 to be capitalized. Whenever any concrete structure is installed on the distribution system, and it is a replacement of an existing structure, the value of the structure to be replaced is to be 20% of all costs associated with the new structure being installed.

Other property and equipment purchased are recorded at cost. Costs of other property and equipment must exceed \$5,000 to be capitalized.

... continues

Amortization and Depletion

The buildings and equipment are recorded at cost and are amortized at fixed rates applied to diminishing balances. The rates can be summarized as follows (*Note 34*):

Computers	50%
Trucks	20%
Office equipment	20%
Other equipment and furniture	20%
Power equipment	20%
Buildings and dwellings	5%
Shop and office complex	5%
Industrial subdivision costs	3%

Irrigation works are amortized on a straight-line basis over their estimated average useful lives of 75 years (*Note 34*).

Depletion of the resource property is calculated using the unit of production method, which is calculated using the quantity of gravel actually extracted and processed, compared with the best estimate of gravel reserves remaining and site restoration costs.

Asset Retirement Obligations

Asset retirement obligation, related to the gravel pit, includes the legal obligation the organization will be required to spend to reclaim the gravel pit site. The organization is only responsible for the asset retirement obligation incurred up until the excavation rights were leased to a contractor on January 9, 2004. The contractor is responsible for any additional asset retirement obligation incurred after that date. The current asset retirement obligation, which is equal to the initially estimated fair value of the total asset retirement obligation, is capitalized as part of the cost of the gravel pit. Changes in the estimated obligation resulting from revisions to estimated timing or amount of undiscounted cash flows are recognized as a change in the asset retirement obligation.

The future site restoration costs are calculated as the total undiscounted amount of estimated cash flows required to reclaim the gravel pit, which has been discounted using the credit-adjusted risk free rate of 3.0% (rate of interest on monetary assets that are essentially free of default risk, adjusted for the effect of an entity's credit standing). Increases in the site restoration obligation resulting from the passage of time are recorded as accretion of the asset retirement obligation in the Statement of Operations and Changes in Fund Balances.

... continues



Employee Future Benefits

The District and its eligible employees participate in the Local Authorities Pension Plan (LAPP). This is a multi-employer, contributory defined benefit pension plan, for which specific information concerning the District's interest in the assets and liabilities is not readily available. The Alberta Pensions Services Corporation (APS) administers the plan, with the employee and District's contributions to the LAPP determined by the plan rules. The required contributions are determined by actuarial valuations conducted at least on a triennial basis. These valuations are made in accordance with legislative requirements and with the recommendations of the Canadian Institute of Actuaries for the valuation of a pension plan. Commencing December 1, 2000, the District prospectively applied the new accounting recommendations for employee future benefits, and is accounting for the plan, as though it were a defined contribution plan. There were no transitional assets or obligations at the time the change was made.

Pension cost of the LAPP is disclosed as part of salaries and wages. The expense for this pension plan is equivalent to the annual contributions of \$134,078 for the year ended November 30, 2011 (2010 - \$134,266).

Revenue Recognition

Irrigation, maintenance and charge out fees are recognized as revenue in the year to which they relate.

Capital contributions are recognized in revenue as grants or contributions, as appropriate, when received, and form part of the balance reported as invested in capital assets.

The percentage of completion method is used to recognize revenue on the properties that the District is developing. Revenue is recognized as the development activity progresses based on the stage of completion reached. Revenue is recognized when the sale is final, and in amounts proportionate to the actual costs incurred to date over the estimated total costs to complete the project.

... continues



Note 3 Significant Accounting Policies and Reporting Practices ... continued

Measurement Uncertainty

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The precise value of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of approximations, which have been made using careful judgment. Actual results could differ from those approximations.

A significant area requiring the use of management estimates was the inventory valuation. The value of the inventory was determined using the average cost method at November 30, 2011. Significant changes in the market value of the inventory could result in impairment of the inventory.

A significant area requiring the use of management estimates was the estimated useful life of the gravel pit. The estimated useful life is determined using the estimated gravel reserves and the average annual amount of gravel quarried. Significant changes in the amount of gravel quarried per year could result in changes to the expected useful life of the gravel pit.

Note 4 Cash

	2011	2010
<i>Operating</i>		
Petty cash	\$ 1,000	\$ 1,000
Credit card prepaid balance	6,000	6,000
Bank account balance	775,167	810,461
	782,167	817,461
<i>District Capital</i>		
Cash held for reinvestment	489,023	60,094
Credit Union special grant account, interest rate of Prime minus 1.5%	4,926,155	1,894,360
Credit Union land bank account, interest rate of Prime minus 1.5%	367,009	285,576
Credit Union Wheatland County commitment fee, interest rate of Prime minus 1.5%	301,557	-
	6,083,744	2,240,030
<i>Irrigation Works</i>		
Bank account balance, interest rate of Prime minus 1.5%	3,121,104	2,910,418
	\$ 9,987,015	\$ 5,967,909

Note 5 Accounts Receivable

	2011	2010
<i>Operating</i>		
Water rates and charges	\$ 1,495,313	\$ 1,520,017
Sundry debtors	168,614	194,155
	\$ 1,663,927	\$ 1,714,172

Note 6 Interest Receivable

	2011	2010
<i>District Capital</i>		
Interest receivable on investments	\$ 1,203,030	\$ 1,312,569
	\$ 1,203,030	\$ 1,312,569

Note 7 Short Term Investments

A portion of the short term investment balance for District Capital, \$103,255, (2010 - \$101,718) is restricted in accordance with the terms of the Capital Levy Trust, as documented in Note 20.

	2011	2010
<i>District Capital</i>		
Investments maturing in the next fiscal year	\$ 23,378,801	\$ 20,160,053
Capital Levy Trust accounts (Note 20)		
Credit Union bank account, interest rate of Prime minus 1.5%	103,255	101,718
	\$ 23,482,056	\$ 20,261,771

Note 8 Inventory

	2011	2010
<i>Operating</i>		
Supplies and materials	\$ 94,484	\$ 90,759
	\$ 94,484	\$ 90,759

Note 9 Loan Receivable

The loan of \$11,500 (2010 - \$12,500) is a result of the sale of land to the Town of Chestermere. The loan will be repaid over the next 12 years with 11 annual payments of \$1,000 and one \$500 payment in the form of issuing a bursary. There is no interest and the funds shall be utilized for the purpose of the bursary.

Note 10 Preliminary Costs Pending

The expenditures of \$125,613 (2010 - \$262,727) represent preliminary costs incurred by the District on irrigation works projects that have not been submitted to Irrigation Council for cost shared funding as of November 30, 2011. If the projects are submitted for funding and approved, these costs will be recovered from the cost shared program.

Note 11 Water Rights

This amount represents irrigated acre water rights purchased. The rights are accounted for at cost. They are held with the intent to resell and therefore the value of the rights will not be amortized.

	2011	2010
<i>District Capital</i>		
129 Irrigated Acres (2010 – 45 Acres)	\$ 33,225	\$ 8,025
	\$ 33,225	\$ 8,025

Note 12 Deferred Development Costs

These amounts represent material, labour, equipment charges and all other costs incurred to develop land for sale. These costs will be recovered when the land is sold to third parties.

	2011	2010
<i>Orchard Park</i>		
Phase I	\$ -	\$ -
Phase II	54,863	54,863
Phase III	250,842	250,842
<i>Other Developments</i>		
Chestermere Land Lakefront	-	-
Regional Water Storage Study	205,549	205,549
Regional Water Storage Project	92,381	92,381
Other	110,693	98,014
	\$ 714,328	\$ 701,649

Note 13**Other Intangible Asset**

			2011	2010
	Cost	Accumulated Amortization	Net	Net
<i>District Capital</i>				
Digital data	\$ 123,104	\$ 22,270	\$ 100,834	\$ 89,636
	\$ 123,104	\$ 22,270	\$ 100,834	\$ 89,636

These costs were incurred for the purposes of developing a web based video promoting the District's irrigation activities in addition to aerial photographs. The web based video costs are shared with two other irrigation districts. The digital data costs have been capitalized and are being amortized straight-line over ten years.

Note 14

Investments

Long term investments held with the Calgary Co-operative Association, United Farmers of Alberta, Common Shares with the Chinook Credit Union Ltd. and partnership interest in the Kinniburg South Limited Partnership are carried at the lower of cost and market value.

Other long term investments are held for trading and are accounted for and reported using the fair market value as at November 30, 2011.

	2011	2010
<i>Operating</i>		
Calgary Co-operative Association equity	\$ 910	\$ 898
United Farmers of Alberta equity	6,720	6,720
Chinook Credit Union Ltd. common shares	9,945	9,627
	<u>17,575</u>	<u>17,245</u>
<i>District Capital</i>		
Fixed income securities with coupons ranging from 3.100% to 8.875% and maturing between December 1, 2011 and November 30, 2015	6,224,876	6,341,149
Chinook Credit Union term deposits with interest rates ranging from 1.900% to 4.390% and maturing between December 1, 2011 and November 30, 2015	59,827,031	65,395,558
Fixed income securities with coupons ranging from 2.948% to 7.768% and maturing between December 1, 2015 and November 30, 2020	953,171	929,807
Chinook Credit Union term deposit with the interest rate of 3.700% maturing between December 1, 2015 and November 30, 2020	-	5,000,000
Fixed income securities with coupons ranging from 3.350% to 8.100% and maturing between December 1, 2020 and June 1, 2038	489,881	685,569
Money market	710,000	700,000
Common shares	14,694,830	13,327,397
Mutual funds	1,504,716	1,634,102
Real estate trust units	-	-
Trust units	-	2,297,851
Preferred shares	582,963	564,081
Exchange traded funds	528,580	-
Other securities	97,088	-
Chinook Credit Union Ltd. common shares	9,372	9,073
Kinniburg South Limited Partnership (<i>Note 15</i>)	978,022	986,014
Less: Investments maturing in the next fiscal year (<i>Note 7</i>)	(23,378,801)	(20,160,053)
	<u>63,221,729</u>	<u>77,710,548</u>
<i>Irrigation Works</i>		
Chinook Credit Union Ltd. common shares	10,769	10,425
	<u>\$ 63,250,073</u>	<u>\$ 77,738,218</u>

Note 15 Related Party Transactions

In 2009 the District sold land for \$1,000,000 to the Kinniburgh South Limited Partnership in exchange for 10 Class B Units which represents 49.95% ownership of outstanding shares. As an investment subject to significant influence, it is being accounted for using the equity method. The following is a summary of the District's related party transactions:

	2011	2010
<i>Statement of Financial Position</i>		
Investments	\$ 978,022	\$ 986,014
<i>Statement of Operations and Changes in Fund Balances</i>		
Gain on sale of land	-	-
Unrealized gain (loss) on investments	(7,992)	(6,993)

Note 16 Property and Equipment

			2011	2010
	Cost	Accumulated Amortization	Net	Net
<i>District Capital</i>				
Land and farm property	\$ 374,294	\$ -	\$ 374,294	\$ 364,231
Resource property	190,043	62,914	127,129	139,690
Computers	327,046	311,300	15,746	12,752
Trucks	709,079	274,734	434,345	376,192
Office equipment	41,523	28,457	13,066	16,333
Other equipment and furniture	88,098	68,783	19,315	24,144
Power equipment	1,937,854	861,599	1,076,255	1,153,899
Buildings and dwellings	-	-	-	-
Shop and office complex	955,275	586,442	368,833	338,676
Industrial subdivision costs	40,304	23,642	16,662	17,177
	4,663,516	2,217,871	2,445,645	2,443,094
<i>Irrigation Works</i>				
Land	149,455	-	149,455	149,455
	\$ 4,812,971	\$ 2,217,871	\$ 2,595,100	\$ 2,592,549

Note 17 Irrigation Works

Irrigation works transferred from the Canadian Pacific Railway Company in 1944, were taken into account at their amortized values, as estimated by District officials. Subsequent additions and betterments to these assets are shown in the accounts at cost. These assets are being amortized over their estimated average useful lives of 75 years on a straight-line basis.

Commencing in 1998, irrigation works constructed without the use of Irrigation Council cost shared funds, have been capitalized as part of the District Capital Fund.

			2011	2010
	Cost	Accumulated Amortization	Net	Net
<i>District Capital</i>				
Irrigation works	\$ 34,070,710	\$ 1,320,615	\$ 32,750,095	\$ 22,549,425
<i>Irrigation Works</i>				
Irrigation works	111,162,107	38,905,861	72,256,246	70,137,318
	\$145,232,817	\$ 40,226,476	\$105,006,341	\$ 92,686,743

Note 18 Bank Loans and Overdraft

The bank overdraft and operating loans with a limit of \$1,000,000 are secured by a general security agreement over assets. The borrowings were approved in By-Law 322. Interest is charged monthly on any outstanding balance at the Chinook Credit Union Ltd. Prime Rate minus 0.50%. At this time, no funds have been utilized.

The District has outstanding, a letter of guarantee to the Town of Strathmore in the amount of \$100,000 for the Orchard Park Development.

Note 19 Accounts Payable and Accrued Liabilities

	2011	2010
<i>Operating</i>		
Accounts payable and accrued liabilities	\$ 1,721,168	\$ 1,440,690
Vacation payable	179,233	130,696
Accrued payroll	3,204	4,133
	\$ 1,903,605	\$ 1,575,519



Note 20 Capital Levy Trust

The amount of \$103,283 (2010 - \$101,745), which includes cash as well as the related credit union share value held, represents the Capital Levies paid by various municipalities in accordance with the Storm Water Discharge agreements signed with them. These funds can only be spent with the concurrence of the District and the affected municipality, and only on capital projects that will be of benefit to both parties.

Note 21 Deferred Revenues

Ducks Unlimited has entered into a lease agreement with the District for the lease of certain lands. In accordance with the terms of this lease agreement, in respect of land known as Craigtanler Syphon, the District received a \$42,000 lump sum payment in 1987, and this amount is being recognized as revenue in equal amounts over 30 years.

The District also has a lease agreement with Ducks Unlimited for the lease of George Freeman Marshland. The term of the lease is for 30 years commencing January 1, 2003, and expires January 1, 2032. The District received a lump sum payment of \$29,854 in 2003, and this amount is being recognized as revenue in equal amounts over 30 years.

In a lease agreement with Pheasants Forever Calgary Chapter, the District received a lump sum payment of \$15,000 in 2003, which is being recognized over 15 years.

The District has subdivided and developed land in the Strathmore area. The District recognizes revenue, using the percentage of completion method described in Note 3, as each lot is sold. The District has also received payments on other properties for which the sales had not yet been finalized. These land sales have now been finalized and there is no deferred land sale revenue as at November 30, 2011.

	2011	2010
<i>District Capital</i>		
Craigtanler Syphon	\$ 7,000	\$ 8,400
George Freeman Marshland	20,898	21,893
Pheasants Forever	6,000	7,000
Annual leases on properties	722	10,838
Other leases	3,375	3,725
Deferred revenue from land sales	-	57,512
	37,995	109,368
Less: Current portion	(4,087)	(14,253)
	\$ 33,908	\$ 95,115

Note 22 Asset Retirement Obligation

The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the asset retirement obligation associated with the restoration of the gravel pit:

	2011	2010
Asset retirement obligation, beginning of year	\$ 142,900	\$ 142,781
Accretion expense	10,218	119
Asset retirement obligation, end of year	\$ 153,118	\$ 142,900

No expenditures for reclamation have been made to date. The total estimated undiscounted amount to reclaim the site is \$165,917, for estimated costs to be incurred in fiscal 2014.

Note 23 Invested in Property and Equipment

	2011	2010
<i>District Capital</i>		
Water rights (Note 11)	\$ 33,225	\$ 8,025
Other intangible asset (Note 13)	100,834	89,636
Property and equipment (Note 16)	2,445,645	2,443,094
Irrigation works (Note 17)	32,750,095	22,549,425
Long term debt (Note 22)	-	-
Asset retirement obligation (Note 22)	(153,118)	(142,900)
	35,176,681	24,947,280
<i>Irrigation Works</i>		
Property and equipment (Note 16)	149,455	149,455
Irrigation works (Note 17)	72,256,246	70,137,318
	72,405,701	70,286,773
	\$ 107,582,382	\$ 95,234,053

Note 24 Externally Restricted Funds

The net assets of the Irrigation Council Works Fund are restricted under the terms of the Irrigation Rehabilitation Funding Agreement. These funds can only be spent on projects approved by the Irrigation Council, and the costs are shared with the District. Once the District has transferred its 25% share of costs into the Irrigation Council Works Fund, and received the 75% matching deposit from the Irrigation Council, the cash is restricted from use on other projects.

Note 25 Internally Restricted Funds and Interfund Transfers

The Board has internally restricted funds for District Capital purchases of equipment and rehabilitation of irrigation works. This internally restricted balance also includes the amount recognized when the Commutation Fund was eliminated as a result of the new Irrigation Districts Act. The internally restricted funds are not available for general purposes without approval of the Board of Directors.

Interfund transfers are required to fund the cash outlays for capital asset acquisitions and loan principal payments as well as expenses requiring Board approval.

The irrigation provision reflects the District's required 25% contribution for the Irrigation Council cost shared projects, as described in Note 26.

Note 26 Irrigation Rates

Irrigation rates, net, consist of:

<u>Acres</u>		<u>2011</u>	<u>2010</u>
	<u>Assessment roll acres</u>		
82,838.5	irrigation acres at \$16.25 per acre, plus additional pressure and/or screening charges where applicable	\$ 1,414,845	\$ 1,344,243
728.0	minimum charge irrigation acres at \$406.25 per parcel	16,656	19,094
0.0	incentive irrigation acres at \$12.19 per acre, plus additional pressure and/or screening charges where applicable	-	49,983
8,973.5	terminable acres at \$18.00 per acre, plus additional pressure and/or screening charges where applicable	162,322	164,140
815.0	minimum charge terminable acres at \$450.00 per parcel	17,100	17,550
170.0	annual acres at \$18.00 per acre, plus additional pressure and/or screening charges where applicable	3,060	3,060

... continues



Note 26

Irrigation Rates ... continued

Acres	2011	2010
<u>Assessment roll acres</u>		
22.5 minimum charge annual acres at \$450.00 per parcel	450	450
694.0 annual acres – off creek at \$14.00 per acre, plus additional pressure and/or screening charges where applicable	9,716	9,716
145.0 annual acres – irrigation acres at \$16.25 per acre, plus additional pressure and/or screening charges where applicable	2,357	2,356
0.0 annual acres – incentive irrigation acres at \$12.19 per acre, plus additional pressure and/or screening charges where applicable	-	8,680
0.0 minimum charge annual acres – incentive irrigation acres at \$304.75 per parcel	-	305
927.0 sleeping acre annual agreement acres at \$19.25 per acre	17,845	10,087
440.0 temporary suspended acres at \$0.00 per acre	-	-
95,753.5	\$ 1,644,351	\$ 1,629,664

Where water is supplied by way of pressure pipeline, the charge per acre for irrigation, terminable and annual acres is based on the water pressure supplied at an additional charge per acre, at a rate of \$0.31 per PSI delivered.

Where water is supplied by way of a system accommodated with a functioning automatic screen cleaner, the charge is \$0.50 per irrigation, terminable and annual acre.

... continues



Note 26 Irrigation Rates ... continued

Annual acres – sleeping acre annual agreement at \$19.25 per acre plus additional pressure and/or screening charge where applicable. This type of agreement ends December 2019.

Temporary suspended acres – agreements signed for irrigation acres within the District not being irrigated. These were then distributed in the form of sleeping acre annual agreements ending in 2019 (as noted above).

- a) A \$4.00 rate discount was applied to irrigators who were under terminable agreements and conveyed water via a creek if they converted to a special agreement in order to allow the District to accommodate permanent acre applications in process through the period in which the acreage cap for the District was met (95,000 acres).
- b) Further to this, the District offered the applications in process during this same period, a special annual agreement reflecting the rate for the type of agreement they would otherwise have entered into.

Note 27 Commitment Fee

In consideration of entering into an agreement with Wheatland County (“the County”) for the supply and conveyance of water, the District has received a commitment fee from the County. The agreement is for the District to allocate 1,000 acre-feet of raw water to the County and to convey up to 1,000 acre-feet of raw water as required by the County as and when permitted. No water has been allocated to the County by November 30, 2011, however the commitment fee was required to satisfy the terms of the agreement to reserve the water allocation for the County.

Note 28 Government Grants

In 2008, the District received \$85,000,000 in a legal settlement with Her Majesty the Queen as represented by the Minister of Environment. The action Western Irrigation District claimed was alleging that a license issued to Canadian Pacific Railway (“CPR”) on September 3, 1921, continued to subsist in force while the water license issued to Western Irrigation District on July 2, 1963, for 160,400 acre feet of water was not in force even though it had the same priority as the CPR license. The action was settled by way of this grant, which is to be used for the constructing, rehabilitating and enhancing of irrigation works. The funds are required to be invested in a risk-free manner. The funds are invested appropriately and detailed in Note 14.

Note 29 Transfer as Asset to Irrigation Works

The Western Irrigation District has transferred \$1,940,389 (2010 - \$2,076,166) as an asset to infrastructure. This amount represents the recovery of District labour and equipment that has been incorporated into the capital cost of the irrigation works.

Note 30 Lease Commitment

The District leases equipment under a long term operating lease. Future minimum lease payments as at November 30, 2011, are as follows:

2012	56,160
2013	<u>4,680</u>
	<u>\$ 60,840</u>

Note 31 Contingent Liabilities

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

At November 30, 2011, the District had expended \$125,613 (2010 - \$262,727) on irrigation works without approval of the Irrigation Council. Until formal approval is received from Irrigation Council for the balance of irrigation works expenditures paid by the District, the unapproved amounts cannot be cost shared with the Province of Alberta, as detailed in Notes 24 and 25.

Note 32 Environmental Contingencies

The District is vulnerable to lawsuits with respect to government regulations concerning environmental issues. As well, the operation of a gravel pit may have the potential to pollute ground water. The risk of these contingencies occurring, and the potential clean up costs of polluted ground water, has not been determined but could be material.

Note 33 Financial Instruments

The District chooses to apply the presentation and disclosure requirements in Section 3861 Financial Instruments – Presentation and Disclosure in place of Sections 3862 and 3863.

The District, as part of its operations, carries a number of financial instruments. These financial instruments consist of cash, accounts receivable, interest receivable, note receivable, loan receivable, investments, accounts payable and accrued liabilities and progress estimates payable and holdbacks. These financial instruments may be exposed to the following risks:

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. In seeking to minimize the risks from interest rate fluctuations, the District manages exposure through its normal operating and financing activities. The District's interest rate risk is reduced due to minimal debt held, the credit quality of the entities to which it provides services, as well as from the return on its investments and a diversified portfolio in which the investments are held. The District provides its services to a large volume of customers and as a result, its credit risk is minimized. The District manages its portfolio investments based on its cash flow needs and with a view to optimizing its interest income.

Credit Concentration Risk

Credit risk arises from the possibility that the entities to which the District provides services may experience financial difficulty and be unable to fulfil their obligations. The District has potential exposure to financial risk that arises from the credit quality of the entities to which it provides services as well as the institutions with which it holds its cash and investments. The District believes that there is no unusual exposure associated with the collection of accounts receivable. Cash and investments are in place with major financial institutions and therefore the District does not believe it is subject to any significant concentration of credit risk with its investments.

Fair Value

The fair value of cash, accounts receivable, interest receivable, accounts payable and accrued liabilities, and progress estimates payable and holdbacks, corresponds approximately to their carrying amount because of their short term maturity dates.

The carrying amount of the note receivable, loan receivable and investments approximates fair value because the coupons are close to the market rates.

Note 34 Change in Accounting Estimate

Changes to the District's Capitalization and amortization policy effective December 1, 2011 resulted in a change in the amortization rate of Power Equipment from 15% to 20% as well as a change in the amortization rate of Trucks from 30% to 20%. The revised estimate will be applied on a prospective basis.

Upon review of the useful life of the District's irrigation works, it has been determined that the useful life of these assets is 75 years (2009 – 50 years). The Western Irrigation District revised the estimated useful life of the irrigation works asset effective December 1, 2009.

Note 35 Capital Management

The District's capital is its equity, which is represented by its fund balances comprised of equity in property and equipment and internally and externally restricted funds.

The District manages its revenues, expenses, assets, liabilities, and general financial dealings prudently. The objective of managing the District's equity is to ensure the District effectively achieves its goals and objectives for which it has been established, while remaining a going concern.

Note 36 Comparative Figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.

Note 37 Approval of Financial Statements

The management of the Western Irrigation District approved these financial statements on February 17, 2012.





WESTERN IRRIGATION DISTRICT

Box 2372, 105-900 Pine Road Strathmore, Alberta T1P 1K3 www.wid.net