



**WESTERN IRRIGATION  
DISTRICT  
2012  
ANNUAL REPORT**



**ANNUAL MEETING**

**April 3, 2013— 1:30 P.M.  
Strathmore Travelodge  
350 Ridge Road, Strathmore**

**PLEASE BRING THIS REPORT WITH YOU TO THE MEETING**



# FINANCIAL STATEMENT AND ANNUAL REPORT 2012

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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 3rd day of April 2013 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	1
Director	1	4

Only those irrigators of the District can vote whose majority of irrigation acres fall within Electoral Division 1, which comprises Townships 21, 22, 23 and 24 in Ranges 20, 21 and 22 or within Electoral Division 4, which comprises Township 24 in Ranges 26, 27 and 28 and Townships 25, 26 and 27 in Ranges 25, 26, 27 and 28.

Voting will take place on the 3rd day of April 2013 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 irrigation industry knows the importance of irrigation to southern Alberta. Irrigation benefits all Albertans. It also recognizes that this message needs to be heard by urban Albertans. The WID, together with the Alberta Irrigation Projects Association, (AIPA) launched a campaign in March 2012 to increase awareness of the benefits provided by irrigation, for all Albertans. The "Thanks to Irrigation" campaign included billboards in Calgary with references to the Thanks to Irrigation Website. These billboards were an opportunity for many urban folks to see the crops that are grown, reservoirs that are enjoyed, wildlife habitat created and rural communities sustained with drinking water, all Thanks to Irrigation.

Several cabinet ministers as well as a number of MLA's toured the Irrigation Districts this past summer. This was a great opportunity for the new MLA's to gain an understanding of irrigation and of how Irrigation Districts are leading in sustainable water management in Southern Alberta.

The Government of Alberta is completing a province wide water consultation with Albertans. District representatives were invited to take part in the stake holder sessions. It is important to continue to represent the WID in discussions that could affect water management policy.

It is a priority for the WID to continue the accelerated rehabilitation work of the District infrastructure. Approximately one third of the canal system has been completed. With prudent investing and a well planned construction program, the WID will be two thirds complete by 2020. An expanded reservoir and a rehabilitated infrastructure will increase water security and improve service to all users. The WID's rehabilitation effort will continue to conserve water. To date, over 20,000 acre feet of water is conserved annually, and this number continues to rise. The conserved water will allow for more opportunities for the District. Opportunities include a planned acre expansion which, if the water users approve, will increase the amount of acres irrigated in the WID.

The WID has in the past and hopes to continue to "cost share" the rehabilitation cost with the Province. The Provincial funds 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 WID is unique in its location near rapidly growing municipalities. The District has taken the initiative to invite our Municipal neighbors to participate in planning a solution to better manage and reduce the impact of storm water within the District. To date there are five municipalities participating in the process. The goal of the project is to manage and ultimately improve water quality in the region.

Successful organizations have good people. WID is no exception, and this past year Lucie Montford celebrated 35 years with the WID and will retire early in 2013. We thank Lucie for all of her contributions to the District and we wish her a very long, happy and well deserved retirement.

I thank the Board of Directors and the Staff for helping make 2012 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:** Don Kathol    **Chairman:** Dan Shute    **Director:** Doug Brown

**Director:** Rick Page    **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 2015  
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

## GENERAL MANAGER'S REPORT

The 2012 water season began with abundant snowfall in the mountains. The snow melted relatively slowly, resulting in river flows at the diversion being more than ample to supply WID needs. Cooler temperatures during the early part of the growing season resulted in very low water demand at the start of the year. Warmer temperatures in July and August caused demand to increase. The total diversion ended up to be average compared to the long term. The WID is continuing to monitor and record diversions to individual users. Information will be shared with the user in coming years to provide water use information. This monitoring will assist the District in the future to ensure a high level of service and reliable secure water supply in the future.

The Calgary Weir is an integral part of the WID's water diversion from the Bow River. The entire weir was redesigned to foster safer use by paddlers and to improve fish habitat. The WID was involved in the consultation process from the beginning. During the water season of 2010 and 2011, the District operated the diversion gates to enable construction. The construction was completed in 2011 with no disruption to WID water users. The Harvie Passage is now complete and was used in 2012 with good success.

The accelerated rehabilitation program continued in 2012 with the rehabilitation of another reach of Secondary A Canal. Planning is under way for the completion of Secondary A Canal in time for the 2014 water season. This means that the Secondary A Canal will be completely rehabilitated from Chestermere Lake to the South Cluny Pipeline, greatly increasing the efficiency of the system. Water will be better managed with new structures and will reduced losses from seepage. This seepage loss negatively affects adjacent lands, and the conserved water can be put to better use. The District also completed a large pipeline project on the Secondary C Canal system. This pipeline will also conserve water and increase efficiency for the District.

It is important for the District to increase its reservoir capacity. The Langdon Reservoir is scheduled to be expanded by 6,000 acre feet of live storage. This additional capacity will provide water security for times when the river flows are low and the allowable diversion is less than the irrigation demand. The existing reservoir capacity is 6,000 acre feet. The new reservoir will have 12,000 acre feet of usable live storage. While river flows are still the main supply for the District, additional storage will reduce the potential shortfalls while providing an opportunity to expand the Districts acreage limit. The construction of the reservoir is scheduled to start in 2014.

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,



General Manager

## Operations & Maintenance Activities

### Spillway Replacement

A washed-out, wooden spillway structure and associated csp flume near Standard required replacement in summer 2012. An upgraded, concrete headwall and gate was installed along with approximately 100 m of 500 mm (20 inches) PVC pipe. All materials used in completion of this project were salvaged from previous year's capital construction jobs. Work was undertaken during the water season and communication with affected users and landowners proved instrumental in the timely completion of this project.



### Federated Co-op Lateral Pipeline

This project west of Carseland was an externally funded job that consisted of piping nearly 1100 m of open channel and the rehabilitation of an additional 100 m. An open 1050 mm (42 inches) PVC line was installed in the "fill" section of the existing canal while the top "cut" section was sloped and armored. The purpose of this project was to prevent potential seepage from entering adjacent land at the newly-constructed bulk fuel facility.

### North Cluny Lateral Pipeline

WID entered into the cost-share project with Wheatland County to facilitate road upgrades as well as eliminate a seeping, problematic delivery ditch. Approximately 450 m of 400 mm (16 inches) PVC was installed, along with a new concrete inlet structure. The old ditch running parallel to the county road was abandoned to allow for proper grading and drainage while the District received a new delivery system for more efficient water service and less future maintenance.



## General Maintenance Projects



Cattail cutting near Langdon



Pumping dugout near Gleichen



Tree clearing by Carseland

### 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

### 2012 MAINTENANCE ACTIVITY SUMMARY

Ditch Cleaning/Rehab	10 km
Bank Leveling/Ditch Fill-In	3 km
Tree Clearing	3 km
Canal Fencing	2 km
Delivery Installations	8 units
Drop/Check Installations	5 units
Canal Crossing Installations	1 units
Pipelines	4 units
Dugouts	9 units
Weed/Brush Control - Cattail Cutting	115 km
Weed/Brush Control - Chemical Spraying	200 km
Weed/Brush Control - Bank Mowing	220 km

### 2012 DISTRICT EQUIPMENT FLEET

2008	Peterbilt Tandem Gravel Truck with Pup
2007	Sterling Tandem Gravel Truck with Pup
2007	Sterling Tandem Tractor with Lowbed/jeep
2011	Hitachi ZX350 Excavator
2012	Hitachi ZX290 Excavator
2012	Hitachi ZX250 Excavator
2009	Cat D6T Dozer
1990	John Deere 970 Tractor
2007	John Deere 410G Backhoe
2008	John Deere 544J Loader
2010	John Deere 544K Loader
2009	John Deere CT322 Skidsteer
2002	Tandem Tip Trailer
2011	Dynaweld Backhoe Trailer
2011	Dodge 1 ton with gooseneck
2012	Dodge 1 ton with dump trailer



## Water Operations

Water operations began in 2012 with an additional 12 km of “A” canal rebuilt and the addition of the Redland Pipeline (for specific details see O&M report).

With considerably less spring run-off than the previous year, Bow River diversion began on April 20th to fill reservoirs. Water was diverted into the three main canal systems for flushing on May 1st. The first water order was delivered on May 11th.

Demand peaked in the form of number of irrigation systems on July 16th when there were 185 irrigation systems recorded as using water. Water orders and associated diversion remained steady throughout the month of July and into early August.

One item of note was the high number of water orders that were serviced through from September 11th until the end of the water season on the 30th, typically a time that the District diverts little water for actual irrigation usage. Reported irrigation systems running during that period began at 55 and increased steadily until the number peaked at 85 on the 24th. On the 30th of September, when Bow River diversion and canal diversion were halted for the year, 54 irrigation systems were still reported as running in the District.



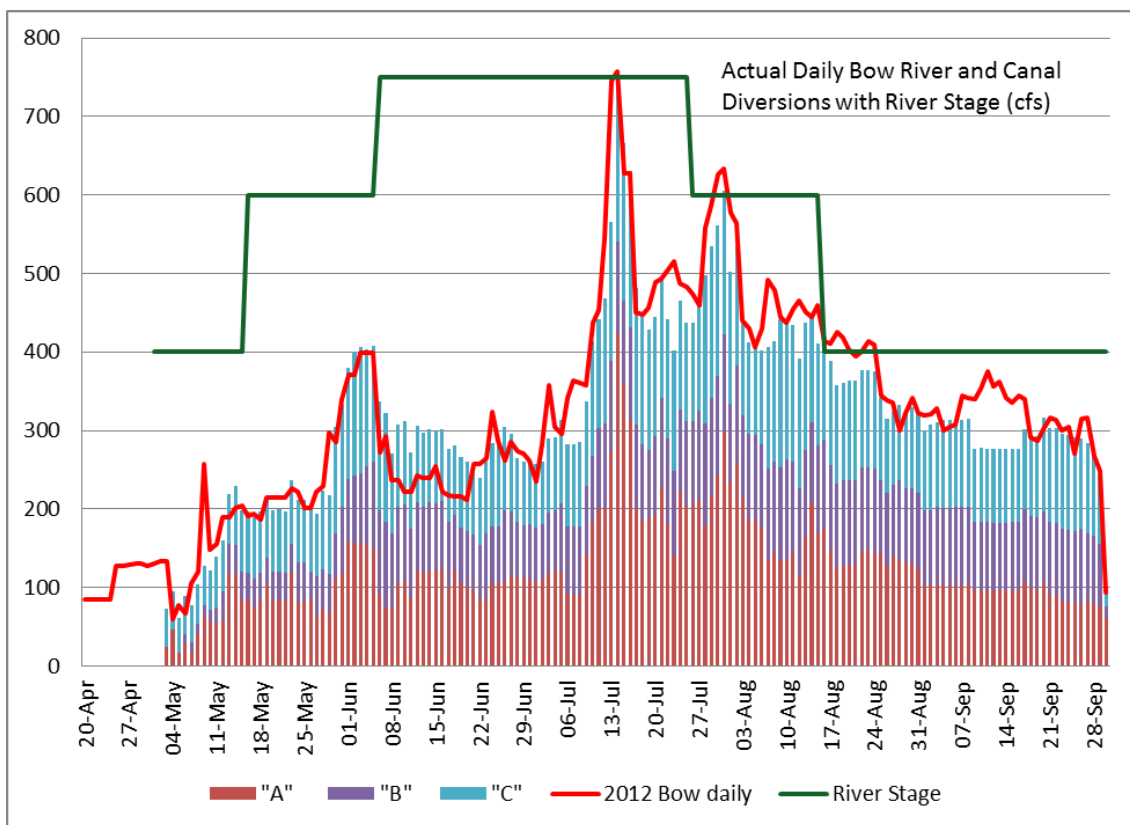
Service Area	Water District Supervisor (WDS)	Phone Number
Chestermere	Jeff Maude	403-899-4638
Carseland	Don Brownlee	403-899-4641
Strathmore	Joey Mordy	403-325-4601
Gleichen/Cluny	Pat Smith	403-325-4642
Crowfoot	Eric Beingessner	403-325-4639
Rockyford	Wes Sproule	403-325-4640
Water Master	Brian Sander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

## Water Usage:

According to the WID records, the total diversion of water from the Bow River for 2012 was 103,862 ac/ft. The average daily diversion was 318 cubic feet per second (cfs) with a maximum diverted flow of 745 cfs and a minimum flow of 60 cfs. The WID's total water license is for 158,000 ac/ft.

Of the water diverted from the Bow River, approximately 37,000 ac/ft was diverted for irrigation, 7,200 ac/ft diverted for domestic use, 6,950 ac/ft for Ducks Unlimited and 6,400 ac/ft for conveyance contracts. System losses (evaporation and seepage) for the year were estimated to be 4,400 ac/ft. The remaining water, approximately 41,000 ac/ft, was returned to the creeks and rivers through return flows. Return flows totalled 40% of total diversion for 2012.

Irrigated crop acres for 2012 were 52,483 as recorded by the Water District Supervisors, slightly up from 47,264 acres irrigation in 2011.



Water Workshop: For the 5th consecutive year the WID hosted an irrigation workshop in a community within the District. In 2012, Cheadle was the location. Presented by Alberta Agriculture, its purpose is to provide crop and irrigation information that will help maximize yields. Watch the WID website and local newspapers for details.

## 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%)	\$2,196,848
▪ District	(25%)	\$732,283
▪ <b>TOTAL</b>	<b>(100%)</b>	<b>\$2,929,131</b>

### 2012 IRP Project Summary

#### 1. IRP 2245 Secondary A Canal Range Road 234 to Twp. Road 232



This project is the continued rehabilitation of the Secondary A Canal System. Starting at Range Road 234 and ending at Township Road 232, this completes the rehab of the Secondary "A" Canal to Hammer Hill.

The canal design increased the canal capacity, improved accessibility and eliminated seepage. Richardson Bros. (Olds) Ltd. is the general contractor on this project. The 3.1 km project started in the fall of 2012 and will be complete in the spring of 2013. MPE Engineering Ltd. is the engineering consultant responsible for the design and contract administration for this project.

- Estimated Project Cost = \$2,166,000
- **Total Project Cost to November 30 = \$973,966**

#### 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 18.5 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 was 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 = \$4,860,757**



## Other 2012 Projects

### 1. 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 was completed in the spring of 2012. This project was tendered in two reaches. Richardson Bros (Olds) Ltd. and Morgan Construction & Environmental Ltd. were the two general contractors for their respective reaches on the project. MPE Engineering Ltd. were 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 = \$8,127,952**



### 2. Secondary A Canal (Twp Road 234 to Range Road 234)

This project is the continued rehabilitation of the Secondary A Canal System. It starts at Twp Road 234 and ends at Range Road 234. The canal design increased the canal capacity, improved accessibility and eliminated seepage. Richardson Bros. (Olds) Ltd. is the general contractor on this project. The 9 km project started in the fall of 2012 and will be completed in the spring of 2013. MPE Engineering Ltd. is the engineering consultant responsible for the design and contract administration for this project.

- Estimated Project Cost = \$6,540,000
- **Total Project Cost to November 30 = \$658,389**

### 3. Stoodley Pipeline

This project is a closed PVC pipeline that replaces the existing lateral canal off the Secondary C Canal System. The project starts at Township Road 264 and continues south ending north of Nightingale. WID forces are responsible for the installation of approximately 18.1 km of PVC pipeline of varying sizes 250mm (10 inch) to 700mm (30 inch). This project started in the fall of 2012 and will be completed in the spring of 2013. MPE Engineering Ltd. is the engineering design consultant for this project.



- Estimated Project Cost = \$4,600,000
- **Total Project Cost to November 30 = \$1,713,540**

#### 4. Sheepcamp Pipeline

The District began preliminary design and planning of the closed PVC pipeline that replaces the existing canal system in 2012. This project is scheduled to be constructed in the fall/winter of 2013/2014. Discussions are ongoing to finalize design and construction details.

#### 5. Stoodley & Sheepcamp Pump Station

The project is part of the Stoodley & Sheepcamp pipeline rehabilitation projects. It is located along Secondary C Canal at Township Road 264 and will ultimately service both the Stoodley and Sheepcamp pipeline when completed. The pump station design included a concrete wet well, pumps, controls and a settling pond. A tender was let for the construction of the concrete wet well for the pump station. The successful bidder was Robin Hanson Construction Ltd. Construction of the pump station is scheduled to commence in the winter of 2013. MPE Engineering Ltd. is the engineering design consultant for this project responsible for the design and contract administration.

- Estimated Project Cost = \$2,400,000

#### 6. Secondary A Canal Hammer Hill to South Cluny

The District began preliminary design and planning of the Secondary A Canal from Hammer Hill spillway to the South Cluny pipeline in 2012. This project is scheduled to be constructed in fall/winter of 2013/2014. Discussions are ongoing to finalize design and construction details.

## **Seepage Control Plan 2012-2015**

The Western Irrigation District has prepared a Seepage Control Plan for the Years 2012 through 2015 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 2011 to 2015

<b>YEAR</b>	<b>PROJECT</b>	<b>SECTION</b>	<b>STATUS</b>
2011	Lateral 84T (Secondary C Canal East C Pipeline)	Sec. 33, 34, 35 T26 R23 W4 Sec. 4, 5, 6, 7, 8, 9, 17 T27 R22 W4 Sec. 1, 2, 3 T27 R23 W4	Complete
2012	Lateral 84S1 (Stoodley Pipeline)	Sec. 1, 12, 13, 23, 24 T26 R25 W4 Sec. 23, 26, 35, 36 T25 R25 W4	Not Complete
2013	Lateral 84TW1 (Sheepcamp Pipeline)	Sec. 25, 34, 35, 36 T26 R25 W4 Sec. 1 T27 R25 W4 Sec. 28, 29, 31, 32, 33 T26 R24 W4	Not Complete
2014	Lateral 81F11(Secondary A Pipeline)	Sec. 5, 6, 7, 8, 18 T23 R23 W4	Not Complete
2014	Lateral 84 (Secondary C Canal)	Sec. 6, 7, 18, 19 T24 R23 W4	Not Complete
2015	Lateral 84T4 (Secondary C Pipeline)	Sec. 20, 28, 29, 32 T26 R23 W4	Not Complete

## 2012 CROP DATA SUMMARY

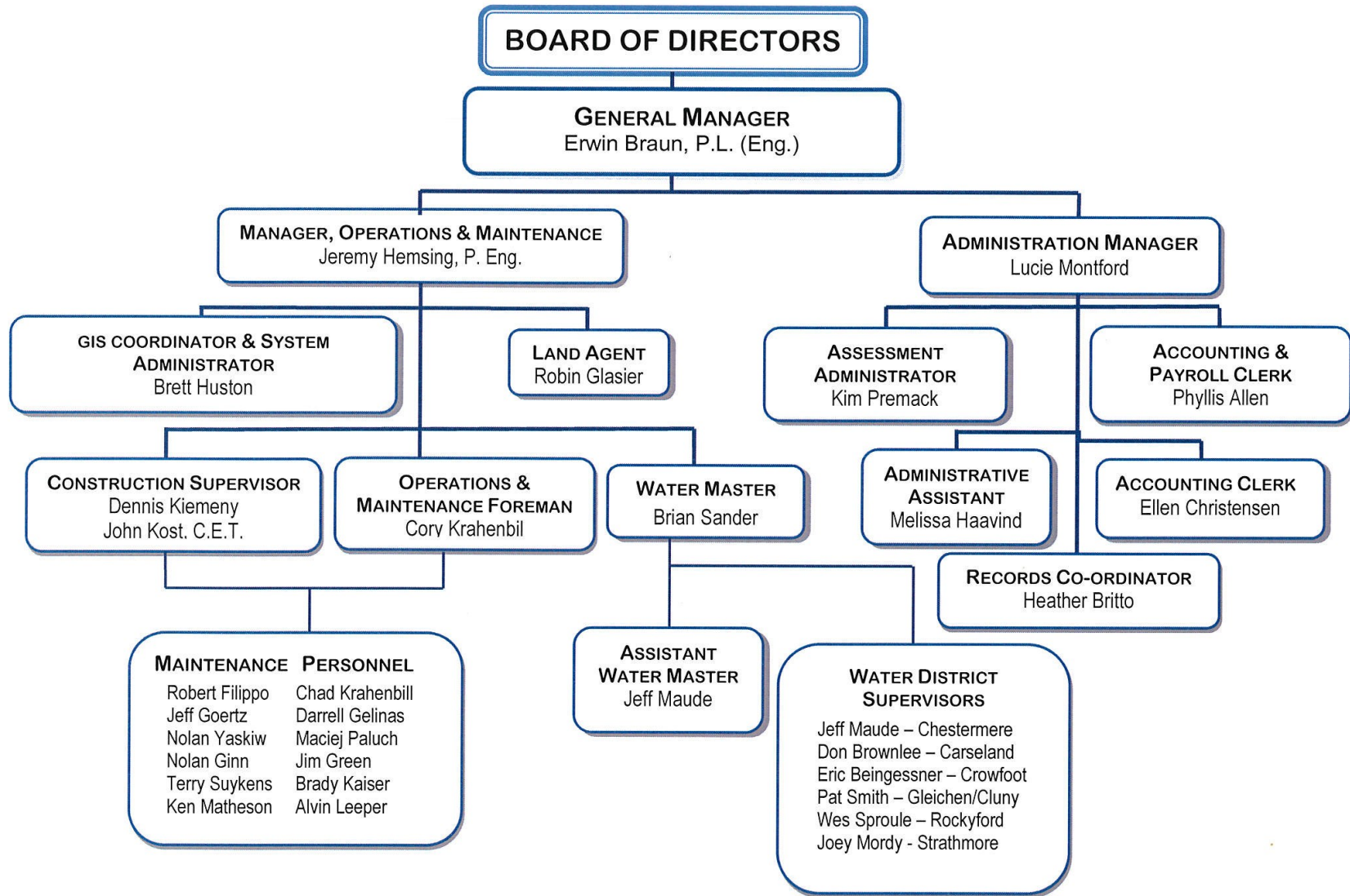
Crop Type	Irrigated Acres	Non Irrigated Acres	Total Acres
Alfalfa A Cut	6,911	2,327	9,238
Alfalfa Hay	2,402	1,095	3,497
Barley	7,651	5,216	12,867
Barley Silage	2,071	1,430	3,501
Barley Silage Underseed	124	0	124
Brome Hay	168	0	168
Canola	13,628	5,051	18,679
Corn Silage	601	133	734
CPS Wheat	2,555	1,359	3,914
Dry Peas	972	499	1,471
Grass Hay	2,529	1,709	4,238
Green Feed	9	33	42
Hard Spring Wheat	1,978	901	2,879
Market Gardens	30	116	146
Native Pasture	2,107	1,445	3,552
Non-Crop	148	301	449
Nursery	760	401	1,161
Oats	298	76	374
Potato	840	0	840
Soft Wheat	256	219	475
Tame Pasture	2,788	1,539	4,327
Timothy Hay	525	49	574
Turf Sod	2,524	251	2,775
Winter Wheat	608	474	1,082
Sleeping Acres			17,659
<b>Totals</b>	<b>52,483</b>	<b>24,624</b>	<b>94,766</b>

**PARCELS ADDED TO/REMOVED FROM  
WESTERN IRRIGATION DISTRICT  
FISCAL 2012**

Name	Legal Description	Action
Federated Co-Operatives Limited	SW 9-22-26 W4	Remove
Dragani, Nicola and Antonia	NW 22-24-26 W4	Remove
Bruce Farms Ltd.	SE 20-24-24 W4	Remove
Kenney, David Lucian	NE 9-27-22 W4	Remove
Dahm, Doris Carola	SW 17-27-22 W4	Add
Fairwest Farms Ltd.	SW 21-22-22 W4	Remove
Fairwest Farms Ltd.	NW 16-22-22 W4	Remove
Hayes, Walter and Olive	NW 8-23-22 W4	Remove

# WESTERN IRRIGATION DISTRICT ORGANIZATIONAL CHART

as of November 2012





**Minutes of the Annual Meeting of the Water Users of the Western Irrigation District held in Strathmore, Alberta Wednesday, April 4, 2012**

**PRESENT:**

**DIRECTORS:**

Henry Colpoys  
Dan Shute  
Doug Brown  
Don Kathol  
Rick Page  
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 2011 Annual Meeting and introduced the Board Members, Staff present, as well as other guests including representatives from Alberta Agriculture & Rural Development, Alberta Environment & Water, and Irrigation Council. Approximately 17 water users were in attendance.

**ANNOUNCEMENTS**

The Board welcomed the return of Rick Page as Director for Division 3 by acclamation.

**MEETING CHAIRMAN**

Erwin Braun called for nominations for Chairman of the meeting.

***MOVED by Vern Hoff THAT John Scheer be appointed Chairman, seconded by Erwin Braun.***

**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 John Scheer THAT the agenda be adopted as presented.***

**CARRIED**

**ADOPTION OF MINUTES 2011 ANNUAL MEETING**

John Scheer requested the audience review the Minutes from the April 6, 2011 Annual Meeting.

***MOVED by Vern Hoff and SECONDED by Barrie Clayton THAT the Minutes of the April 6, 2011 Annual Meeting be adopted as presented.***

**CARRIED**

**CHAIRMAN'S REPORT**

Dan Shute presented the Chairman's Report, stating that the Board has continued with the long term direction set in 2010 and the commitment to an accelerated rehabilitation program. 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.

Mr. Shute stated that the Government of Alberta has recognized the importance of water in Alberta and renamed the Environment Ministry, the of Ministry of Environment and Water. 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.

Mr. Shute summarized that the WID partnered with EID and BRID in creating a short series of video vignettes entitled "The Story of Water Management on The Bow". At the start of the school year, the DVD's were distributed through the assistance of Alberta Environment and Water to the grade 8's in Alberta. You can watch these 10 vignettes at [www.wid.net](http://www.wid.net).

Mr. Shute stated that Alberta Irrigation Projects Association is beginning a promotional campaign this year. The theme is "Thanks to Irrigation" and will highlight the benefits of irrigation to the people in this Province.

Mr. Shute thanked the Board of Directors and staff for helping make 2011 a successful year. He asked if there were any questions or comments.

***MOVED by Vern Bretin and SECONDED by Henry Colpoys THAT the Chairman's Report be adopted as presented.***

**CARRIED**

#### **MANAGER'S REPORT**

Erwin Braun presented the Manager's Report outlining that a cool wet spring delayed planting resulting in water diversions being later than normal. 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.

Mr. Braun stated that 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.

Mr. Braun highlighted that 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.

Mr. Braun stated that irrigators rely on good quality water for crop and livestock production. As land use within a watershed changes, concerns 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.

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 Vern Bretin and SECONDED by Ed McNair 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 2011.

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

Farrah Williams summarized the revenue and other earnings, highlighting the investments. Farrah stated the auditor's report was clean and it was presented in accordance with Canadian Generally Accepted Auditing Standards.

Ms. Williams asked if there were any questions or comments.

***MOVED by Barrie Clayton and SECONDED by Bruce Walker THAT the Auditor's Report for Fiscal 2011 be adopted as presented.***

**CARRIED**

**MAINTENANCE REPORT**

Jeremy Hemsing, Manager of Operations and Maintenance, presented the Operations Report for fiscal 2011, and reviewed the 2011 water season. 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. 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. The District uses the RAM system to track 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. Mr. Hemsing highlighted that pressure charges on the pipeline are assessed on design at the turnout location.

Mr. Hemsing presented pictures of the damages that the District experienced with the spring melt-water.

The 2011 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.

Jeremy Hemsing asked if there were any questions.

***MOVED by Matt Gosling and SECONDED by Vern Bretin THAT the 2011 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 expenditures in a powerpoint presentation.

Mr. Braun highlighted 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 stated the District was involved with the other 13 Irrigation Districts and Alberta Irrigation Projects Association's promotional campaign "Thanks to Irrigation". The Alberta Irrigation Projects Association wants to increase the level of understanding of irrigation's value to the Province of Alberta and ensure appropriate stewardship and conservation of this precious public resource. Water is vital to life, the environment and the social and economic well-being of communities. Ensuring water's wise use, while at the same time promoting the benefits of southern Alberta's irrigation infrastructure, are prime activities of the association and its members. There are now 11 billboards with "Thanks to Irrigation" in Calgary to promote the benefits of irrigation.

Questions were asked and discussions followed on the 2011 Annual Meeting Presentations.

**ADJOURNMENT**

***MOVED by Eugene Helfrich and SECONDED by Ed McNair THAT the meeting be adjourned at 3:30 pm.***

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
General Manager



**GREGORY,  
HARRIMAN  
& ASSOCIATES LLP**

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**WESTERN IRRIGATION DISTRICT**

**Financial Statements  
November 30, 2012**

# WESTERN IRRIGATION DISTRICT

NOVEMBER 30, 2012

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**GREGORY,  
HARRIMAN  
& ASSOCIATES LLP**

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**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, 2012 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.

An audit involves 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. An audit also includes 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, 2012 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 20, 2013

*Gregory, Harriman & Assoc.*  
Gregory, Harriman & Associates LLP

**WESTERN IRRIGATION DISTRICT  
STATEMENT OF FINANCIAL POSITION  
AS AT NOVEMBER 30, 2012**

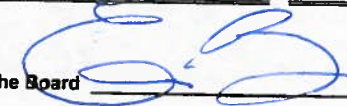
	UNRESTRICTED FUND		RESTRICTED FUNDS				COMBINED	
	OPERATING		DISTRICT CAPITAL		IRRIGATION WORKS		2012	2011
	2012	2011	2012	2011	2012	2011		
<b>CURRENT ASSETS</b>								
Cash (Notes 4, 19, 21)	1,934,554	782,167	8,309,285	6,083,744	1,966,803	3,121,104	12,210,642	9,987,015
Accounts receivable (Note 5)	1,636,313	1,663,927	-	-	-	-	1,636,313	1,663,927
Interest receivable (Note 6)	-	-	1,051,026	1,203,030	-	-	1,051,026	1,203,030
Short term investments (Note 7)	-	-	17,093,758	23,482,056	-	-	17,093,758	23,482,056
Inventory (Note 8)	90,223	94,484	-	-	-	-	90,223	94,484
Prepaid expenses	8,107	2,260	-	-	-	-	8,107	2,260
Funds held in trust (Note 9)	-	-	400,000	-	-	-	400,000	-
Interfund receivables (payables)	2,012,782	3,231,741	(1,233,942)	(2,182,732)	(778,840)	(1,049,009)	-	-
	<u>5,681,979</u>	<u>5,774,579</u>	<u>25,620,127</u>	<u>28,586,098</u>	<u>1,187,963</u>	<u>2,072,095</u>	<u>32,490,069</u>	<u>36,432,772</u>
<b>OTHER ASSETS</b>								
Loan receivable (Note 10)	-	-	10,500	11,500	-	-	10,500	11,500
Preliminary costs pending (Notes 11, 31)	-	-	249,490	125,613	-	-	249,490	125,613
Water rights (Note 12)	-	-	51,975	33,225	-	-	51,975	33,225
Deferred development costs (Note 13)	-	-	682,378	714,328	-	-	682,378	714,328
Other intangible asset (Note 14)	-	-	88,523	100,834	-	-	88,523	100,834
Investments (Note 15, 16)	21,851	17,575	60,229,779	63,221,729	11,038	10,769	60,262,668	63,250,073
	<u>21,851</u>	<u>17,575</u>	<u>61,312,645</u>	<u>64,207,229</u>	<u>11,038</u>	<u>10,769</u>	<u>61,345,534</u>	<u>64,235,573</u>
<b>PROPERTY AND EQUIPMENT</b>								
Property and equipment (Note 17)	-	-	3,485,231	2,445,645	149,455	149,455	3,634,686	2,595,100
Irrigation works (Note 18)	-	-	40,463,645	32,750,095	74,921,121	72,256,246	115,384,766	105,006,341
	-	-	<u>43,948,876</u>	<u>35,195,740</u>	<u>75,070,576</u>	<u>72,405,701</u>	<u>119,019,452</u>	<u>107,601,441</u>
<b>TOTAL ASSETS</b>	<u>5,703,830</u>	<u>5,792,154</u>	<u>130,881,648</u>	<u>127,989,067</u>	<u>76,269,577</u>	<u>74,488,565</u>	<u>212,855,055</u>	<u>208,269,786</u>
<b>CURRENT LIABILITIES</b>								
Accounts payable and accrued liabilities (Note 20)	2,087,873	1,903,605	-	-	-	-	2,087,873	1,903,605
Goods and Services Tax liability	56,063	63,338	-	-	-	-	56,063	63,338
Capital levy trust (Note 21)	-	-	75,559	103,283	-	-	75,559	103,283
Progress estimates payable and holdbacks	-	-	5,918	171,256	71,820	-	77,738	171,256
Current portion of deferred revenues (Note 22)	-	-	4,622	4,087	-	-	4,622	4,087
	<u>2,143,936</u>	<u>1,966,943</u>	<u>86,099</u>	<u>278,626</u>	<u>71,820</u>	<u>-</u>	<u>2,301,855</u>	<u>2,245,569</u>
<b>OTHER LIABILITIES</b>								
Deferred revenues, net (Note 22)	-	-	30,228	33,908	-	-	30,228	33,908
Asset retirement obligation (Note 23)	-	-	161,313	153,118	-	-	161,313	153,118
	-	-	<u>191,541</u>	<u>187,026</u>	-	-	<u>191,541</u>	<u>187,026</u>
<b>TOTAL LIABILITIES</b>	<u>2,143,936</u>	<u>1,966,943</u>	<u>277,640</u>	<u>465,652</u>	<u>71,820</u>	<u>-</u>	<u>2,493,396</u>	<u>2,432,595</u>
<b>FUND BALANCES</b>								
Invested in property and equipment (Note 24)	-	-	43,928,061	35,176,681	75,070,576	72,405,701	118,998,637	107,582,382
Externally restricted (Note 25)	-	-	-	-	1,127,181	2,082,864	1,127,181	2,082,864
Internally restricted (Note 26)	-	-	86,675,947	92,346,734	-	-	86,675,947	92,346,734
Unrestricted	3,559,894	3,825,211	-	-	-	-	3,559,894	3,825,211
	<u>3,559,894</u>	<u>3,825,211</u>	<u>130,604,008</u>	<u>127,523,415</u>	<u>76,197,757</u>	<u>74,488,565</u>	<u>210,361,659</u>	<u>205,837,191</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>5,703,830</u>	<u>5,792,154</u>	<u>130,881,648</u>	<u>127,989,067</u>	<u>76,269,577</u>	<u>74,488,565</u>	<u>212,855,055</u>	<u>208,269,786</u>

Economic Dependence (Note 2)  
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, Hariman & Associates LLP

**WESTERN IRRIGATION DISTRICT**  
**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED NOVEMBER 30, 2012**

	<b>UNRESTRICTED FUND</b>		<b>RESTRICTED FUNDS</b>					
	<i>OPERATING</i>		<i>DISTRICT CAPITAL</i>		<i>IRRIGATION WORKS</i>		<i>TOTAL RESTRICTED</i>	
	2012	2011	2012	2011	2012	2011	2012	2011
<b>REVENUE</b>								
Irrigation rates, net (Note 27)	1,654,263	1,644,351	-	-	-	-	-	-
Domestic and miscellaneous	850,385	1,139,746	-	-	-	-	-	-
Storm water	414,152	430,762	-	-	-	-	-	-
Penalties	7,676	10,509	-	-	-	-	-	-
<b>TOTAL WATER EARNINGS</b>	<b>2,926,476</b>	<b>3,225,368</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OTHER EARNINGS</b>								
Government contributions	-	-	-	-	2,196,848	2,202,377	2,196,848	2,202,377
Interest revenue	41,849	28,543	3,027,126	3,442,011	27,832	51,462	3,054,958	3,493,473
Gravel revenue	-	-	158,410	329,162	-	-	158,410	329,162
Farm, land and building rentals	-	-	132,917	126,752	-	-	132,917	126,752
Gain on sale of land (Note 16)	-	-	161,138	211,497	-	-	161,138	211,497
Gain (loss) on sale of assets	-	-	(279)	26,498	-	-	(279)	26,498
Realized gain (loss) on investments	-	-	387,186	940,580	-	-	387,186	940,580
Unrealized gain (loss) on investments (Notes 15, 16)	-	-	(1,073,060)	(2,217,501)	-	-	(1,073,060)	(2,217,501)
Capital asset charges	-	-	11,900	1,000	-	-	11,900	1,000
Commitment fee (Note 28)	-	-	750,000	300,000	-	-	750,000	300,000
Fees and other income	113,032	86,811	262	262	-	-	262	262
Miscellaneous	13,120	2,689	-	-	-	-	-	-
Government grants (Note 29)	6,551	2,450	-	-	-	-	-	-
Inventory adjustment	28,635	44,243	-	-	-	-	-	-
<b>TOTAL OTHER EARNINGS</b>	<b>203,187</b>	<b>164,736</b>	<b>3,555,600</b>	<b>3,160,261</b>	<b>2,224,680</b>	<b>2,253,839</b>	<b>5,780,280</b>	<b>5,414,100</b>
	<b>3,129,663</b>	<b>3,390,104</b>	<b>3,555,600</b>	<b>3,160,261</b>	<b>2,224,680</b>	<b>2,253,839</b>	<b>5,780,280</b>	<b>5,414,100</b>
<b>EXPENSES</b>								
Amortization of property and equipment (Note 3)	-	-	1,141,492	873,057	1,247,771	1,195,603	2,389,263	2,068,660
Amortization of intangible asset (Note 14)	-	-	12,311	12,311	-	-	12,311	12,311
Depletion of resource properties	-	-	5,855	12,561	-	-	5,855	12,561
Commissions expense	-	-	38,503	62,821	-	-	38,503	62,821
Bursary expense	-	-	1,000	1,000	-	-	1,000	1,000
Operating and administrative (Schedule 1)	1,927,676	2,159,509	-	-	-	-	-	-
Property taxes	-	-	2,672	2,528	-	-	2,672	2,528
Accretion expense (Note 23)	-	-	8,195	10,218	-	-	8,195	10,218
	<b>1,927,676</b>	<b>2,159,509</b>	<b>1,210,028</b>	<b>974,496</b>	<b>1,247,771</b>	<b>1,195,603</b>	<b>2,457,799</b>	<b>2,170,099</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>1,201,987</b>	<b>1,230,595</b>	<b>2,345,572</b>	<b>2,185,765</b>	<b>976,909</b>	<b>1,058,236</b>	<b>3,322,481</b>	<b>3,244,001</b>
Fund balances at beginning 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
Interfund transfers (Note 26)	(735,021)	113,585	735,021	(113,585)	-	-	735,021	(113,585)
Irrigation provision (Note 25, 26)	(732,283)	(734,126)	-	-	732,283	734,126	732,283	734,126
<b>FUND BALANCES AT END OF YEAR</b>	<b>3,559,894</b>	<b>3,825,211</b>	<b>130,604,008</b>	<b>127,523,415</b>	<b>76,197,757</b>	<b>74,488,565</b>	<b>206,801,765</b>	<b>202,011,980</b>

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



**WESTERN IRRIGATION DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED NOVEMBER 30, 2012**

	OPERATING		DISTRICT CAPITAL		IRRIGATION WORKS		TOTALS	
	2012	2011	2012	2011	2012	2011	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Cash receipts	4,334,387	2,395,829	(63,786)	1,253,066	1,926,679	2,763,410	6,197,280	6,412,305
Cash paid to suppliers and employees	(1,752,269)	(1,838,795)	(9,226)	(78,029)	71,820	-	(1,689,675)	(1,916,824)
Interest received	41,849	28,543	3,179,133	3,551,549	27,832	51,462	3,248,814	3,631,554
<b>Cash flows from operating activities</b>	<b>2,623,967</b>	<b>585,577</b>	<b>3,106,121</b>	<b>4,726,586</b>	<b>2,026,331</b>	<b>2,814,872</b>	<b>7,756,419</b>	<b>8,127,035</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Purchases of property and equipment	-	-	(10,288,723)	(11,489,437)	(3,912,646)	(3,337,968)	(14,201,369)	(14,827,405)
Purchase of other intangible asset	-	-	-	(23,505)	-	-	-	(23,505)
Proceeds from sale of assets	-	-	537,475	613,392	-	-	537,475	613,392
Sales (purchase) of investments	(4,276)	(330)	8,687,247	9,991,615	(269)	(344)	8,682,702	9,990,941
Funds held in trust	-	-	(400,000)	-	-	-	(400,000)	-
Preliminary costs pending	-	-	(123,877)	137,114	-	-	(123,877)	137,114
<b>Cash flows from investing activities</b>	<b>(4,276)</b>	<b>(330)</b>	<b>(1,587,878)</b>	<b>(770,821)</b>	<b>(3,912,915)</b>	<b>(3,338,312)</b>	<b>(5,505,069)</b>	<b>(4,109,463)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
Irrigation provision	(732,283)	(734,126)	-	-	732,283	734,126	-	-
Trust funds received	-	-	(27,723)	1,534	-	-	(27,723)	1,534
<b>Cash flows from financing activities</b>	<b>(732,283)</b>	<b>(734,126)</b>	<b>(27,723)</b>	<b>1,534</b>	<b>732,283</b>	<b>734,126</b>	<b>(27,723)</b>	<b>1,534</b>
<b>NET CASH INCREASE (DECREASE)</b>	<b>1,887,408</b>	<b>(148,879)</b>	<b>1,490,520</b>	<b>3,957,299</b>	<b>(1,154,301)</b>	<b>210,686</b>	<b>2,223,627</b>	<b>4,019,106</b>
Cash, opening balance	782,167	817,461	6,083,744	2,240,030	3,121,104	2,910,418	9,987,015	5,967,909
Interfund balance adjustments	(735,021)	113,585	735,021	(113,585)	-	-	-	-
<b>CASH, CLOSING BALANCE</b>	<b>1,934,554</b>	<b>782,167</b>	<b>8,309,285</b>	<b>6,083,744</b>	<b>1,966,803</b>	<b>3,121,104</b>	<b>12,210,642</b>	<b>9,987,015</b>
<b>CASH REPRESENTED BY:</b>								
Cash on hand and in banks (Note 4)	1,934,554	782,167	8,309,285	6,083,744	1,966,803	3,121,104	12,210,642	9,987,015
<b>TOTAL CASH</b>	<b>1,934,554</b>	<b>782,167</b>	<b>8,309,285</b>	<b>6,083,744</b>	<b>1,966,803</b>	<b>3,121,104</b>	<b>12,210,642</b>	<b>9,987,015</b>

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

**WESTERN IRRIGATION DISTRICT**  
**SCHEDULE 1 - OPERATING AND ADMINISTRATIVE EXPENSES**  
**FOR THE YEAR ENDED NOVEMBER 30, 2012**

	DEPARTMENTS			TOTALS	
	OPERATIONS AND MAINTENANCE	WATER DELIVERY	GENERAL AND ADMINISTRATION	2012	2011
Advertising, publications, ratepayers meetings	-	-	14,166	14,166	14,390
Association fees	-	-	21,221	21,221	20,925
Board of Directors expenditures	-	-	56,219	56,219	61,816
Building maintenance	67,483	-	-	67,483	72,436
Computer expense	-	-	54,557	54,557	44,578
Crop, flood and property damage	-	-	-	-	-
Equipment and easement rental	60,660	-	-	60,660	64,010
Equipment maintenance, gas, oil, grease	414,304	65,254	-	479,558	485,080
Insurance	50,788	12,998	21,360	85,146	79,781
Interest and bank charges	-	-	619	619	471
Land titles charges and classification	-	-	2,460	2,460	1,846
Materials and supplies, office supplies	146,398	52,001	20,977	219,376	124,312
Payroll service charges	-	-	3,984	3,984	7,590
Postage, freight and courier	-	-	5,742	5,742	4,447
Professional fees	-	83,506	237,696	321,202	311,636
Public relations	-	-	29,832	29,832	48,797
Safety supplies	6,964	5,057	-	12,021	5,769
Salaries and wages	1,565,630	317,834	683,355	2,566,819	2,473,300
Small tools and equipment	8,315	1,162	-	9,477	6,741
Stationary, printing, photocopies, fax	-	-	16,814	16,814	17,807
Telephone	7,646	7,934	13,439	29,019	41,097
Travel and staff training	1,874	752	3,951	6,577	10,429
Utilities	44,229	2,469	-	46,698	49,640
Vegetation and pest control	-	167,327	-	167,327	151,503
Welding supplies	1,289	-	-	1,289	1,497
	<u>2,375,580</u>	<u>716,294</u>	<u>1,186,392</u>	<u>4,278,266</u>	<u>4,099,898</u>
Transfer as asset to irrigation works (Note 30)	(2,344,757)	(5,833)	-	(2,350,590)	(1,940,389)
	<u>30,823</u>	<u>710,461</u>	<u>1,186,392</u>	<u>1,927,676</u>	<u>2,159,509</u>

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

**WESTERN IRRIGATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2012**

**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.

**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%.

... continues

*Financial Instruments*

The District has classified the following financial assets and liabilities as held for trading: cash, accounts receivable, interest receivable, funds held in trust, loan receivable, investments, accounts payable and accrued liabilities, progress estimates payable and holdbacks, and capital levy trust. 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

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

*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.

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.

*Goods and Services Tax*

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.

... continues

*Asset Retirement Obligation*

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.

*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 \$158,776 for the year ended November 30, 2012 (2011 - \$134,078).

... continues

**Significant Accounting Policies and Reporting Practices ... continued**

*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.

*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, 2012. 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**

	2012	2011
<i>Operating</i>		
Petty cash	\$ 1,000	\$ 1,000
Credit card prepaid balance	6,000	6,000
Bank account balance	1,927,554	775,167
	1,934,554	782,167
<i>District Capital</i>		
Cash held for reinvestment	211,218	489,023
Credit Union special grant account, interest rate of Prime minus 1.5%	5,213,087	4,926,155
Credit Union land bank account, interest rate of Prime minus 1.5%	2,884,980	367,009
Credit Union Wheatland County commitment fee, interest rate of Prime minus 1.5%	-	301,557
	8,309,285	6,083,744
<i>Irrigation Works</i>		
Bank account balance, interest rate of Prime minus 1.5%	1,966,803	3,121,104
	\$ 12,210,642	\$ 9,987,015

**Note 5 Accounts Receivable**

	2012	2011
<i>Operating</i>		
Water rates and charges	\$ 1,439,411	\$ 1,495,313
Sundry debtors	196,902	168,614
	\$ 1,636,313	\$ 1,663,927

**Note 6 Interest Receivable**

	2012	2011
<i>District Capital</i>		
Interest receivable on investments	\$ 1,051,026	\$ 1,203,030
	\$ 1,051,026	\$ 1,203,030



**Note 7 Short Term Investments**

A portion of the short term investment balance for District Capital, \$75,531 (2011 - \$103,255), is restricted in accordance with the terms of the Capital Levy Trust, as documented in Note 21.

	2012	2011
<i>District Capital</i>		
Investments maturing in the next fiscal year	\$ 17,018,227	\$ 23,378,801
<b>Capital Levy Trust accounts (Note 21)</b>		
Credit Union bank account, interest rate of Prime minus 1.5%	75,531	103,255
	<b>\$ 17,093,758</b>	<b>\$ 23,482,056</b>

**Note 8 Inventory**

	2012	2011
<i>Operating</i>		
Supplies and materials	\$ 90,223	\$ 94,484
	<b>\$ 90,223</b>	<b>\$ 94,484</b>

**Note 9 Funds Held in Trust**

Funds held in trust of \$400,000 represent funds held with the District's lawyer in relation to the purchase of land in the current year. The land was purchased at a cost of \$350,000 with the intention of using as a gravel pit. As per the land purchase agreement an additional \$400,000 will be owed by the District once it is determined that the land can be used as a viable gravel source for District use. The District is currently in the process of determining this, however, since the amount is likely to be paid, the funds are currently being held in trust by the Districts lawyer until finalized.

**Note 10 Loan Receivable**

The loan of \$10,500 (2011 - \$11,500) is a result of the sale of land to the Town of Chestermere. The loan will be repaid over the next 11 years with 10 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 11 Preliminary Costs Pending**

The expenditures of \$249,490 (2011 - \$125,613) 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, 2012. If the projects are submitted for funding and approved, these costs will be recovered from the cost shared program.

**Note 12 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.

	<b>2012</b>	<b>2011</b>
<i>District Capital</i>		
189 Irrigated Acres (2011 – 129 Acres)	\$ 51,975	\$ 33,225
	<b>\$ 51,975</b>	<b>\$ 33,225</b>

**Note 13 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.

	<b>2012</b>	<b>2011</b>
<i>Orchard Park</i>		
Phase I	\$ -	\$ -
Phase II	54,863	54,863
Phase III	250,842	250,842
<i>Other Developments</i>		
Regional Water Storage Study	205,549	205,549
Regional Water Storage Project	92,381	92,381
Other	78,743	110,693
	<b>\$ 682,378</b>	<b>\$ 714,328</b>

**Note 14****Other Intangible Asset**

			<b>2012</b>	<b>2011</b>
	Cost	Accumulated Amortization	Net	Net
<i>District Capital</i>				
Digital data	\$ 123,104	\$ 34,581	\$ 88,523	\$ 100,834
	\$ 123,104	\$ 34,581	\$ 88,523	\$ 100,834

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 10 years.

**Note 15 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, 2012.

	2012	2011
<i>Operating</i>		
Calgary Co-operative Association equity	\$ 914	\$ 910
United Farmers of Alberta equity	10,744	6,720
Chinook Credit Union Ltd. common shares	10,193	9,945
	21,851	17,575
<i>District Capital</i>		
Fixed income securities with coupons ranging from 2.948% to 5.375% and maturing between December 1, 2012 and November 30, 2016	4,227,909	6,224,876
Chinook Credit Union term deposits with interest rates ranging from 2.250% to 4.250% and maturing between December 1, 2012 and March 24, 2015	52,290,284	59,827,031
Fixed income securities with coupons ranging from 1.850% to 7.768% and maturing between December 1, 2016 and November 30, 2021	613,780	953,171
Chinook Credit Union term deposit maturing between December 1, 2016 and November 30, 2021	-	-
Fixed income securities with coupons ranging from 3.350% to 8.100% and maturing between December 1, 2021 and June 1, 2039	377,817	489,881
Money market	1,110,000	700,000
Common shares	16,440,434	14,694,830
Mutual funds	-	1,504,716
Real estate trust units	-	-
Trust units	-	-
Preferred shares	586,137	582,963
Exchange traded funds	525,720	528,580
Other securities	95,423	97,088
Chinook Credit Union Ltd. common shares	9,606	9,372
Kinniburg South Limited Partnership (Note 16)	970,896	978,022
Less: Investments maturing in the next fiscal year (Note 7)	(17,018,227)	(23,378,801)
	60,229,779	63,221,729
<i>Irrigation Works</i>		
Chinook Credit Union Ltd. common shares	11,038	10,769
	\$ 60,262,668	\$ 63,250,073

**Note 16****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.

In 2012 the District sold land for \$100,750 to a member of the District's Board of Directors. An independent appraisal was done on the land and the land was sold at the appraised fair market value.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The following is a summary of the District's related party transactions:

	2012	2011
<i>Statement of Financial Position</i>		
Investments	\$ 970,896	\$ 978,022
<i>Statement of Operations and Changes in Fund Balances</i>		
Gain on sale of land	100,750	-
Unrealized gain (loss) on investments	(7,126)	(7,992)

**Note 17****Property and Equipment**

			2012	2011
	Cost	Accumulated Amortization	Net	Net
<i>District Capital</i>				
Land and farm property	\$ 806,707	\$ -	\$ 806,707	\$ 374,294
Resource property	190,043	68,769	121,274	127,129
Computers	345,696	328,498	17,198	15,746
Trucks	796,973	300,643	496,330	434,345
Office equipment	41,523	31,070	10,453	13,066
Other equipment and furniture	88,098	72,646	15,452	19,315
Power equipment	2,714,049	1,062,786	1,651,263	1,076,255
Buildings and dwellings	-	-	-	-
Shop and office complex	955,275	604,883	350,392	368,833
Industrial subdivision costs	40,304	24,142	16,162	16,662
	5,978,668	2,493,437	3,485,231	2,445,645
<i>Irrigation Works</i>				
Land	149,455	-	149,455	149,455
	\$ 6,128,123	\$ 2,493,437	\$ 3,634,686	\$ 2,595,100

**Note 18 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.

			2012	2011
	Cost	Accumulated Amortization	Net	Net
<i>District Capital</i>				
Irrigation works	\$ 42,346,239	\$ 1,882,594	\$ 40,463,645	\$ 32,750,095
<i>Irrigation Works</i>				
Irrigation works	115,074,753	40,153,632	74,921,121	72,256,246
	\$157,420,992	\$ 42,036,226	\$115,384,766	\$105,006,341

**Note 19 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 20 Accounts Payable and Accrued Liabilities**

	2012	2011
<i>Operating</i>		
Accounts payable and accrued liabilities	\$ 1,925,340	\$ 1,721,168
Vacation payable	156,867	179,233
Accrued payroll	5,666	3,204
	\$ 2,087,873	\$ 1,903,605

**Note 21 Capital Levy Trust**

The amount of \$75,559 (2011 - \$103,283), 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 22 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 Craigtantler 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, 2012.

	<b>2012</b>	<b>2011</b>
<i>District Capital</i>		
Craigtantler Syphon	\$ 5,600	\$ 7,000
George Freeman Marshland	19,903	20,898
Pheasants Forever	5,000	6,000
Annual leases on properties	1,247	722
Other leases	3,100	3,375
Deferred revenue from land sales	-	-
	<b>34,850</b>	<b>37,995</b>
Less: Current portion	<b>(4,622)</b>	<b>(4,087)</b>
	<b>\$ 30,228</b>	<b>\$ 33,908</b>

**Note 23      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:

	2012	2011
Asset retirement obligation, beginning of year	\$ 153,118	\$ 142,900
Accretion expense	8,195	10,218
<b>Asset retirement obligation, end of year</b>	<b>\$ 161,313</b>	<b>\$ 153,118</b>

No expenditures for reclamation have been made to date. The total estimated undiscounted amount to reclaim the site is \$169,706, for estimated costs to be incurred in fiscal 2014.

**Note 24      Invested in Property and Equipment**

	2012	2011
<i>District Capital</i>		
Water rights (Note 12)	\$ 51,975	\$ 33,225
Other intangible asset (Note 14)	88,523	100,834
Property and equipment (Note 17)	3,485,231	2,445,645
Irrigation works (Note 18)	40,463,645	32,750,095
Asset retirement obligation (Note 23)	(161,313)	(153,118)
	43,928,061	35,176,681
<i>Irrigation Works</i>		
Property and equipment (Note 17)	149,455	149,455
Irrigation works (Note 18)	74,921,121	72,256,246
	75,070,576	72,405,701
	<b>\$118,998,637</b>	<b>\$107,582,382</b>

**Note 25      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 26 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 25.

**Note 27 Irrigation Rates**

Irrigation rates, net, consist of:

<u>Acres</u>		<u>2012</u>	<u>2011</u>
	<u>Assessment roll acres</u>		
82,821.5	irrigation acres at \$16.25 per acre, plus additional pressure and/or screening charges where applicable	\$ 1,420,927	\$ 1,414,845
723.0	minimum charge irrigation acres at \$406.25 per parcel	16,656	16,656
0.0	incentive irrigation acres at \$12.19 per acre, plus additional pressure and/or screening charges where applicable	-	-
9,035.5	terminable acres at \$18.00 per acre, plus additional pressure and/or screening charges where applicable	163,888	162,322
809.0	minimum charge terminable acres at \$450.00 per parcel	17,100	17,100
170.0	annual acres at \$18.00 per acre, plus additional pressure and/or screening charges where applicable	3,060	3,060

... continues

Note 27

Irrigation Rates ... continued

Acres		2012	2011
<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	2,404	2,357
0.0	annual acres – incentive irrigation acres at \$12.19 per acre, plus additional pressure and/or screening charges where applicable	-	-
0.0	minimum charge annual acres – incentive irrigation acres at \$304.75 per parcel	-	-
1,037.0	sleeping acre annual agreement acres at \$19.25 per acre plus additional pressure and/or screening charges where applicable	20,062	17,845
330.0	temporary suspended acres at \$0.00 per acre	-	-
<b>95,787.5</b>		<b>\$ 1,654,263</b>	<b>\$ 1,644,351</b>

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 as designed.

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 27      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 28      Commitment Fee**

In consideration of entering into an agreement with Rocky View County (“the County”) for the supply and conveyance of water, the District has received a commitment fee in the amount of \$750,000 from the County. The agreement is for the District to allocate 2,500 acre-feet of raw water to the County and to convey up to 2,500 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, 2012, however the commitment fee was required to satisfy the terms of the agreement to reserve the water allocation for the County.

**Note 29      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 15.

**Note 30      Transfer as Asset to Irrigation Works**

The Western Irrigation District has transferred \$2,350,590 (2011 - \$1,940,389) 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 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, 2012, the District had expended \$249,490 (2011 - \$125,613) 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 25 and 26.

**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.

**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, funds held in trust, loan receivable, investments, accounts payable and accrued liabilities, progress estimates payable and holdbacks, and capital trust levy. 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      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 35      Comparative Figures**

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

**Note 36      Approval of Financial Statements**

The management of the Western Irrigation District approved these financial statements on February 20, 2013.



## WESTERN IRRIGATION DISTRICT

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