

WESTERN IRRIGATION DISTRICT 2015 ANNUAL REPORT



ANNUAL GENERAL MEETING

April 6th, 2016— 1:30 P.M.
Strathmore Travelodge
350 Ridge Road, Strathmore



PLEASE BRING THIS REPORT WITH YOU TO THE MEETING

FINANCIAL STATEMENT AND ANNUAL REPORT 2015

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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 6th day of April 2016 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 P.L. (Eng)
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	4
Director	1	1

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

Voting will take place on the 6th day of April 2016 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 P.L. (Eng)
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 past year was an eventful year for the WID. The new government that was elected, giving the Irrigation Industry the opportunity to promote the benefits of irrigation to a new audience. The new Minister of Agriculture and Forestry, Oneil Carlier was presented a copy of the Economic Study that was completed in 2015. The study showed that irrigation in Alberta contributes over \$3.6 Billion annually to the GDP of the Province. A press conference was held to release a study highlighting the economic benefits of irrigation. Irrigation is a vital economic engine and social enabler for rural Alberta in the irrigated region, and has economic ripples throughout the Province. The Minister toured some of the irrigation projects in Alberta and met with representatives of the Districts.

The "Thanks to Irrigation" campaign continued to promote irrigation to our neighbors in Calgary. A partnership between the Alberta Irrigation Projects Association and the Calgary Farmers Market started in 2014 and continued in 2015. Irrigation was promoted throughout the year and was highlighted by a corn roast in August. Three thousand cobs of corn were roasted and handed out along with our AIPA green shopping bags. Volunteers from the Calgary Food Bank helped serve and \$3500 of donations were made to the food bank that day. This was a positive event for everyone involved.

The Province continues to support irrigation district rehabilitation work. The Irrigation Rehabilitation Program was committed to by the Province and will continue to allow the WID to improve our infrastructure. The WID is grateful to the Province for this support.

In 2015 the WID Board renewed a commitment to accelerate the rehabilitation of the District Infrastructure. The investment environment and construction costs are favorable for continuing the accelerated rate of rehabilitating our infrastructure. Improved infrastructure will assist with increasing water efficiency and improved service to the water user. Prudent management of the District funds will allow the rehabilitation to continue into the future. A ten year rehabilitation plan is continually reviewed and updated.

The increased storage capacity in the Langdon Reservoir is one of the requirements for acreage expansion. The WID has received a report from Alberta Agriculture which assesses the risk of acreage expansion. Computer modelling indicates that essential components for increased acreage will require additional reservoir storage as well as additional water licence. A water licence application is being processed by AEP, which will address diversion limitations that will make expansion possible.

The irrigation districts are working with the Government of Alberta to prevent the invasion of mussels. The WID in cooperation with other Irrigation Districts helped in the mussel prevention

by funding the training of sniffer dogs. These dogs are very effective in detecting traces of mussels during inspections. These inspections are now being done at border crossings and are the primary effort in keeping our province mussel free. The good news is that no evidence of mussels has been found in our reservoirs. Monitoring is being done by WID staff and reported monthly. The Government of Alberta has set up inspection stations at the borders as well as introduced much needed Legislation enabling mandatory boat inspections.

The WID Board of Directors completed a 10 Year Strategic Plan in 2015. This plan sets the road map for the WID and will be a living document that provides long-term guidance to the current and future organization and its Board of Directors as they prioritize resources and capitalize on new opportunities, all the while providing reliable, and high-quality irrigation water to their constituents.

The WID cannot function without committed staff. This past year saw a number of new staff join the WID, both in the office and in the field. We have enjoyed getting to know the new faces and appreciated the contributions of the new folks and all of the staff.

I thank the Board of Directors and the Staff for helping make 2015 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,

A handwritten signature in black ink, appearing to be 'D. St.', is positioned above the title 'Chairman'.

Chairman

Mission Statement

Effectively and efficiently provide water to support our industry, enhance our communities, and promote economic prosperity for the region in harmony with our natural environment.

BOARD OF DIRECTORS:



Left to Right:

Vice Chairman: Henry Colpoys **Chairman:** Dan Shute **Director:** Ray Kettenbach

Director: Doug Brown **Director:** Rick Page

Electoral Divisions of the Western Irrigation District

Division 1 – Doug Brown – Term expires 2016
Townships 21, 22, 23 and 24 in Ranges 20, 21 and 22

Division 2 – Henry Colpoys – Term expires 2017
Townships 22, 23 and 24 in Ranges 23 and 24 and Township 24
in Range 25

Division 3 – Rick Page – Term expires 2018
Townships 21, 22 and 23 in Ranges 25, 26, 27 and 28 and
Township 23 in Range 29

Division 4 – Dan Shute – Term expires 2016
Township 24 in Ranges 26, 27 and 28 and Townships 25, 26 and
27 in Ranges 25, 26, 27 and 28

Division 5 – Ray Kettenbach – Term expires 2017
Townships 25, 26 and 27 in Ranges 21, 22, 23 and 24

General Manager's Report

The 2015 water season started quickly as there were warm temperatures through seeding time and little precipitation. Water demand increased earlier than normal as crops were being irrigated to compensate for the lack of showers. This trend continued into the beginning of July with higher than average water demand. The snow pack was below average which raised concerns for the water supply. Rainfall in late July and August reduced demand and replenished soil moisture. The total diversion for the season ended up above normal. A comparison of the 2001 season, which was a similar dry season, indicated that the WID diverted 25,000 acre feet less in 2015 than in 2001. This reduction is due to the rehabilitation of the canals, SCADA and farmers using more efficient irrigation methods such as low pressure pivots. The comparison of the similar years highlight the fact that the WID is much more drought resilient now than it was in 2001.

The Langdon Reservoir was completed during the fall of 2014 and was ready for operation for the 2015 season. The expanded reservoir was designed to store 12,000 acre feet, which is double the previous capacity. The Reservoir was filled in April and May and was used during 2015 to supplement the demand when the Bow River did not have sufficient flows to meet demand. The Reservoir was filled to the winter level in the fall of 2015 and will be topped up in the spring of 2016, ready for the next season.

The Diversion weir was not damaged in the 2013 flood. The channels however, which are designed for canoers and kayakers, were damaged and are closed for recreation. There are plans to rebuild the Harvie Passage, and it is anticipated that the construction will be scheduled as to not interfere with diversion requirements.

The Ghost Reservoir was again operated under agreement with TransAlta Utilities and the Government of Alberta to reduce flood risk in the City of Calgary. The reservoir was kept lower than normal during the flood season and then filled when the flood risk was lower. Negotiations are continuing with the Province and TAU to have a long term arrangement to manage Ghost Reservoir to reduce flood risk. The challenge is to manage the water so that both flood and drought risk can be mitigated without compromising either the flood or the drought risk. There are plans to add a storage reservoir on the Elbow River upstream of the City of Calgary to be used to divert water in a flood. This reservoir will be operated in conjunction with the Glenmore Reservoir to mitigate potential floods.

The accelerated rehabilitation continued with the Secondary C Canal being rehabilitated for 10 kilometers. There were also several pipelines completed in 2015 in the WID. Two pipelines on the Secondary A canal and one pipeline on the Secondary C Canal were completed. The amount of rehabilitation is assisting the District to be more efficient in controlling water and reducing water losses through seepage and evaporation.

The Kinniburgh South Development in Chestermere continued to develop in 2015. The WID is a limited partner with Golden Triangle Developments to develop the WID land in Chestermere. This development is underway with Phase 1 and 2 complete ready for home construction. The

total development site is approximately 70 acres and when completed will provide sites for 550 homes.

In an effort to continue to provide better quality water in the District, the WID has partnered with the five municipalities, who contribute storm water to the system, to collaborate on a regional solution. The WID supports the collaborative process, as it fosters improved relationships that focus on finding integrative solutions and accommodating all interests. The WID is positive that a new stormwater management system developed in the region will have multiple social and environmental impacts. It will result in long term and sustained benefits to the irrigation system and the watershed it operates in, and to the irrigators, by improving water quality and quantity control.

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



Lateral Canal Rebuild

Insufficient width and significant seepage with risk of bank failure prompted work on a stretch of lateral canal south of Strathmore. Several truckloads of clay material was imported from a nearby source and placed, levelled and compacted within the existing ditch. A new channel was then excavated and sloped for approximately 100 m and tied into existing canal. Work was completed in late spring 2015 by District forces.

Pipeline Drain Upgrade

WID personnel worked together with a landowner to extend a previously installed pipeline drain, east of Nightingale. An additional 200 m of 100 mm PVC pipe was trenched into an existing stock dugout, which was also enlarged to increase storage and efficiency. An overflow swale was constructed to allow any excess to flow into the nearby creek. This cost-shared project was completed in late spring 2015.



General Maintenance Projects

Spillway access crossing NE of Strathmore



WID lands mowing in Strathmore



Weed cutting near Rockford



Armour repairs near Strathmore



Yard and garden line and dugout near Standard



Delivery and dugout upgrade NE of Gleichen



Culvert replacement NE of Strathmore



Tree mulching near Cluny



Silt removal SW of Rockyford



Structure replacement north of Strathmore



Silt berm levelling east of Strathmore



2015 Weed Control

Mowing

This year WID took advantage of the slowdown in the oil and gas industry for our bank mowing needs, utilizing Rattray Reclamation to provide us with our mowing requirements for the 2015 season. Rattray provided up to 6 mower units throughout the District, mowing approx. 500km's of right of way. They were able to accomplish this work in a 14 day span. In the past, the mowing program has taken upwards of 2 months to complete the same amount of area, allowing weeds to "take off". Mowing in a timely fashion allowed the program to be more proactive than reactive. Earlier action and quicker mowing time also allowed our spray contractor to be more efficient, use less chemical, reduce driving hazards, recognize weeds easier and spend more time on problematic areas.

Spraying

As was the case last year, Prairie Environmental provided us with their expertise in weed control. Prairie utilized (2) 1 ton trucks and a Kubota side by side for areas the 1 tons could not access. A total of 32 days and 254 km's of canal was addressed, along with spot spraying in several areas. Saplings were a concern along recently rehabilitated canals, with burdock showing considerable spread unseen for several years. The District, along with other local groups re-visited a problematic purple loosestrife area, it appears we are winning. As we all know dealing with weeds is an endless battle, it has been noticed by outside sources that our canals have never looked better.

Mag H

As most are aware the algae blooms are relentless. Algae blooms started the same day as water delivery, warm temperatures provided the energy for algae to propagate at a very fast rate. The District used a new contractor this year for injecting Mag H. Prairie Environmental provided this essential service. 530 gals of product was used for 17 applications throughout the A and B system.

WEED NOTICE

NOTICE

As in previous years, the Western Irrigation District is permitted to implement an herbicide spray program, under specific conditions, in or within 30 horizontal meters 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

Maintenance Activity Summary

Ditch Cleaning/Rehab	16 km
Bank Leveling/ditch fill-in	4 km
Tree Clearing	5 km
Canal Fencing	2 km
Delivery Installations	13 units
Drop/Check Installations	3 units
Canal Crossing Installations	15 units
Pipelines	3 units
Dugouts	11 units
Weed/Brush control - Cattail Cutting	95 km
Weed/Brush control - Chemical Spraying	254 km
Weed/Brush control - Bank Mowing	480 km

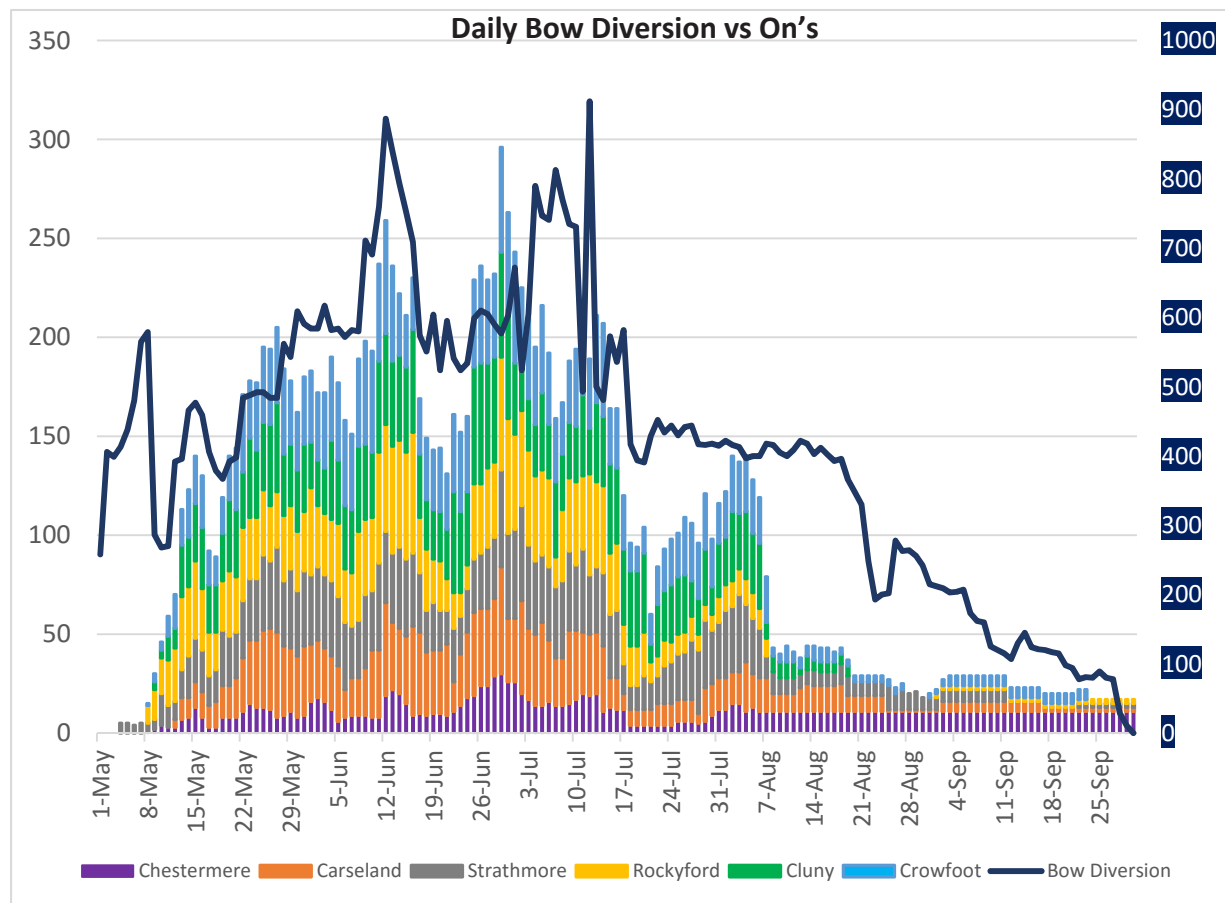
District Equipment Fleet

2013	Peterbilt Tandem Gravel Truck with Pup
2014	Peterbilt Tandem Gravel Truck with Pup
2014	Peterbilt tandem with 2016 Peerless lowbed, jeep, and booster
2014	John Deere GLC350 Excavator
2015	John Deere GLC250 Excavator
2015	John Deere GLC290 Excavator
2013	Caterpillar D6T Dozer
2013	Caterpillar D6N Dozer
2015	Kubota M7060 Tractor with 7' rotary mower
2014	John Deere 410K Backhoe
2014	John Deere 624K Loader
2010	John Deere 544K Loader
2015	John Deere 323CT Skidsteer
2002	Tandem Tip Trailer
2011	Tandem Backhoe Trailer
2015	Midland side dump tridem trailer
2011	Dodge 1 ton with gooseneck
2012	Dodge 1 ton with dump trailer

Water Operations

Water operations in the Western Irrigation District for the 2015 season saw an earlier demand for irrigation water than had been the case for the last number of years. Early diversion of water from the Bow River began on the 15th of April in order to bring Chestermere Lake and the newly expanded Langdon Reservoir (see O&M report) levels up to operating elevation. The official start of irrigation season is the 1st of May and it wasn't long after that the demand for water began.

The first irrigation system started on the 5th of May in 2015 and demand for water increased quickly and remained steady until mid-July. Peak system demand occurred on June 29th when the WID R.A.M. (Recording and Monitoring) system showed 296 systems on and consuming water.



Rainfall and maturing crops began to lower irrigation demand in early August, however diversion volumes from the Bow River remained steady in order to top up the Langdon Reservoir. The additional water storage in Langdon for 2015 proved valuable for the water users on the Secondary A canal system while the river diversion serviced the Secondary B and Secondary C canal water needs. This was required as all temporary diversion licenses were suspended on the Bow River in late July due to low natural Bow River flows and high water temperatures which triggered provincial fisheries biologists into action to protect fish populations.

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

Other water operations of note were the significant issue with aquatic weeds that flourished in the canal system in 2015, the continued province wide initiative to keep invasive mussels out of Alberta and recognition of other invasive plant species which have the potential to affect natural and man-made waterways.

Aquatic weeds in the water column were notable in the Secondary A and Secondary C canal systems especially and caused operational issues for some intake screens and pumps during the year. While the district does treat the canal system for aquatic weeds every year, it is a costly endeavor which limits the number of treatments to locations where weed growth significantly affects canal flows or on high demand stretches of the canal system.

Ongoing efforts, which include all of the irrigation districts in the province, to battle against the introduction of invasive mussel species into Alberta waters continued. Mandatory watercraft inspections, which include the use of trained sniffer dogs, are now law in Alberta and in 2015 a number of boats entering the province were intercepted and decontaminated that did have mature and infant invasive mussel species. Only B.C., Alberta, Saskatchewan and the states of Washington, Montana, Idaho and Oregon remain mussel free. It is estimated that introduction and establishment of invasive mussels could cost Alberta \$75 million dollars annually and would have a crippling effect on irrigation infrastructure.



This photo shows how quickly invasive mussels will grow. The timeline (from left to right) is 5 months. A single mussel can produce 1 million eggs.

Eurasian Watermilfoil is also an invasive species that requires removal from watercraft. For questions or to report suspicious watercraft in Alberta call: **1-855-336-2628 (BOAT)**

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 by 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 was:

<i>Provincial Government</i>	<i>75%</i>	<i>\$1,767,500</i>
<i>District</i>	<i>25%</i>	<i>\$589,167</i>
<i>Total</i>	<i>100%</i>	<i>\$2,356,667</i>

2015 IRP Project Summary

IRP 2403 Standard Lateral 85N7, 85N8, 85N9 Rehabilitation

This project is a closed PVC pipeline that replaces the existing lateral canal off of the Secondary B canal system. This project starts at the Standard Ditch west of the Town of Standard and continues southeast and ending near the Crowfoot Creek. Southeast of Standard. WID forces are responsible for the installation of approximately 14km of PVC pipeline of varying sizes 200mm (8 inch) to 1050mm (42 inch). This project started in the fall of 2015 and will be completed in the spring of 2016.



Estimated project cost
\$4,240,000
Total project cost to September 30
\$360,834

IRP 2108 Sublateral 84T4, 84T4A Cemetery Hill Rehabilitation

This project is a closed PVC pipeline that replaces the existing lateral canal off of the Secondary C canal system. This project starts south of Secondary C canal and west of Range Road 234 and continues south and ends north of Township Road 264 northwest of Rockyford. WID forces completed the installation of approximately 3.4km of PVC pipeline of varying sizes 200mm (8 inch) to 500mm (20 inch). This project started in the fall of 2014 and was completed in the spring of 2015.



Estimated project cost
\$880,000
Total project cost to September 30
\$711,954

IRP 2278 – Secondary A Canal - Sublateral 81F11

This project is a closed PVC pipeline that replaces the existing lateral canal off of the Secondary A canal system. This project starts south of Secondary A canal south of Township Road 234 and continues south and ends south of Township Road 232. WID forces completed the installation of approximately 4.3km of PVC pipeline of varying sizes 100mm (4 inch) to 400mm (16 inch). This project started in the fall of 2014 and was completed in the spring of 2015.



Estimated project cost
\$760,000
Total project cost to September 30
\$781,917

IRP 2279 North Cluny Lateral 83H6

This project is a closed PVC pipeline that replaces the existing lateral canal off of the North Cluny system. This project starts south of Township Road 232 and continues north and ends at Range Road 221. WID forces completed installation of approximately 3.6km of PVC pipeline of



varying sizes 100mm (4 inch) to 500mm (20inch). This project started in the fall of 2014 and was completed in the spring of 2015.

Estimated project cost
\$1,030,000
Total project cost to September 30
\$969,854

Other Projects for 2015

Secondary C Canal Range Road 265 to Range Road 262

This project is the continued rehabilitation of the Secondary C canal system. This Project starts at Range Road 265 and ends at Range Road 262. The canal design increases the canal capacity, improves accessibility and eliminates seepage. This project is approximately 8.5km in length and the canal rehabilitation started in the fall of 2015 and will be completed in the spring of 2016. Richardson Bros. (Olds) Ltd. is the general contractor on this project



Estimated project cost
\$6,770,000
Total project cost to September 30
\$481,398

Secondary C Canal Rohl Spillway to Range Road 265

This project is the rehabilitation of the Secondary C canal system. This Project starts at Rohl Spillway and ends at Range Road 265. The canal design increased the canal capacity, improved accessibility and eliminated seepage. The 9.1 km rehabilitation project started in the fall of 2014 and was completed in the spring of 2015. Morgan Construction and Environmental Ltd. was the general contractor on 6.0 km of this rehabilitation project. WID crews were responsible for 3.1 km of canal rehabilitation from Rohl Spillway to Township Road 260.



Estimated project cost
\$6,770,000
Total project cost to September 30
\$7,053,605

Langdon Reservoir Expansion

This project was the expansion of the Langdon reservoir. Upon completion of the project the expanded capacity of the Langdon reservoir provides total storage capacity of 12,600 acre-feet for the District. Construction on the reservoir started in the summer of 2014 and was completed in the summer of 2015. Contour Earthmoving Ltd. was the general contractor for this project

Estimated project cost
\$13,700,000
Total project cost to November 30
\$13,409,450



Seepage Control Plan

2015 - 2019

The Western Irrigation District has prepared a Seepage Control Plan for the years 2015 through 2019 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 2015-2019.

YEAR	PROJECT	SECTION	STATUS
2015	Secondary C Canal Rng 265 to Salt Lake spillway	Sec. 17,20,28,29 T26 R26 W4	In Progress
2016	Standard Lateral 85N6	Sec. 14,15,21,22 T24 R22 W4	Not Complete
2016	Secondary C Canal Salt Lake Spillway to Rng Rd 255	Sec. 25,26,27,36 T26 R26 W4 Sec. 30 T26 R25 W4	Not Complete
2017	Lateral 85M3 Pipeline	Sec. 9,16,17 T25 R24 W4	Not Complete
2017	Secondary C Canal Rng Rd 255 to Stoodley	Sec. 26,27,28,29,33,34 T26 R25 W4	Not Complete
2018	N. Cluny Tail out	Sec. 11,12,23 T23 R21 W4 Sec. 5,6,7 T23 R20 W4	Not Complete
2018	Secondary C Canal Stoodley to Rng rd 245	Sec. 23,24 T26 R25 W4 Sec. 18,19 T26 R25 W4	Not Complete
2019	Secondary C Canal Rng 245 to Hwy 21	Sec. 10,15,16,17,20,21 T26 R24 W4	Not Complete

Crop Data Summary

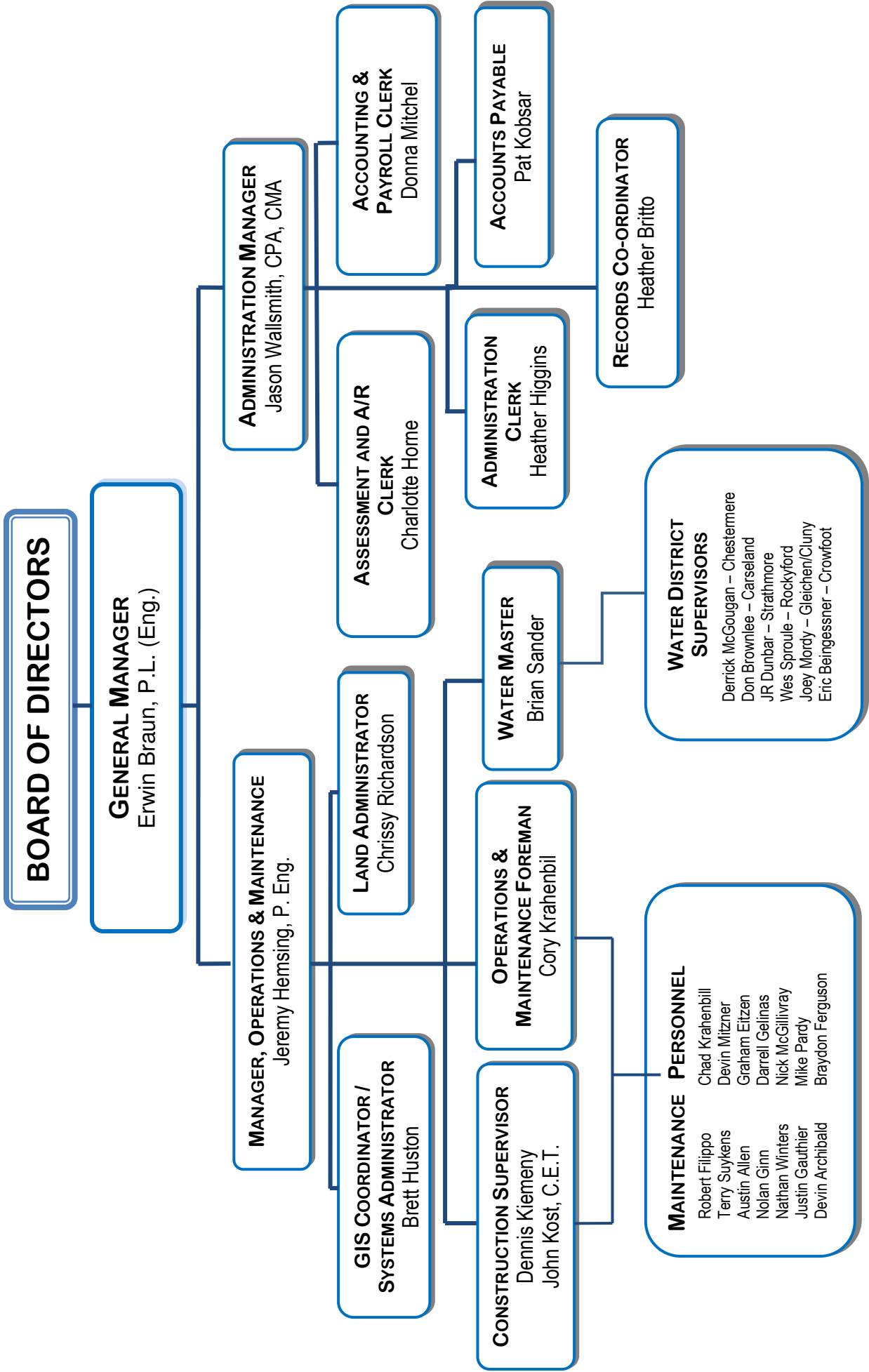
Crop Name	Irrigated Acres	Non-Irrigated Acres	Total Acres
ALFALFA 2 CUT	10,539	2,448	12,987
ALFALFA HAY	2,839	643	3,482
BARLEY	5,034	1,660	6,694
BARLEY SILAGE	3,349	277	3,626
BARLEY SILAGE UNDERSEED	298	30	328
BROME HAY	150	11	161
CANOLA	13,188	2,144	15,332
CORN SILAGE	1,099	0	1,099
CPS WHEAT	4,897	690	5,587
DRY BEANS	80	0	80
DRY PEAS	1,538	0	1,538
DURUM WHEAT	516	145	661
FLAX	128	0	128
FRESH PEAS	650	0	650
GRAIN CORN	130	0	130
GRASS HAY	3,074	821	3,895
GRASS SEED	5	0	5
GREEN FEED	300	0	300
HARD SPRING WHEAT	6,535	1,611	8,146
MALT BARLEY	50	0	50
MARKET GARDENS	180	186	366
MISC.	160	125	285
NATIVE PASTURE	175	850	1,025
TAME PASTURE	4,405	2,329	6,734
NON CROP	0	190	190
NURSERY	775	860	1,635
OATS	907	100	1,007
SMALL FRUIT	0	30	30
POTATO	200	0	200
RYE	100	0	100
SEED POTATOES	503	0	503
SOFT WHEAT	981	0	981
TIMOTHY HAY	1,122	0	1,122
TURF SOD	2,736	70	2,806
WINTER WHEAT	1,157	0	1,157
SLEEPING ACRES		11,535	11,535
TOTAL	67,800	26,755	94,555

Parcels Added To/Removed from Western Irrigation District Fiscal 2015		
Name	Legal Description	Action
Michael Yule	11;14 13-23-22 W4	Add
Renald & Doris Trahan	SE 22-25-24 W4	Remove
Clayton Spraying Services Ltd.	NE 2-24-28 W4	Remove
Clayton Spraying Services Ltd.	SE 2-24-28 W4	Remove
Francis & Jena Praeker	NE 25-23-22 W4	Add
Creekstone Farms Ltd.	NE 28-25-24 W4	Add
Creekstone Farms Ltd.	SE 28-25-24 W4	Add



WESTERN IRRIGATION DISTRICT

AS OF SEPTEMBER 2015



Minutes of April 8th, 2015 Annual Meeting

PRESENT:

DIRECTORS:

Henry Colpoys
Dan Shute
Doug Brown
Ray Kettenbach
Rick Page

STAFF:

Erwin Braun, General Manager
Jeremy Hemsing, Manager of Operations & Maintenance
Jason Wallsmith, Administration Manager
Heather Higgins, Administrative Clerk & Recording Secretary

AUDITORS:

Farrah Williams and Shelly Harriman, Gregory Harriman & Associates LLP

CALL TO ORDER & INTRODUCTIONS

Dan Shute called the meeting to order at 1:45 p.m. and welcomed everyone to the Fiscal 2014 Annual Meeting. He introduced the Board Members and Staff present, as well as acknowledging both Lucie Montford and Phyllis Allen, both of whom are recently retired staff members. Approximately 20 water users were in attendance. Shelly Harriman and Farrah Williams were introduced.

ANNOUNCEMENTS

An election was being held for a Director of Division 3 on the same day as the AGM.

MEETING CHAIRMAN

Dan Shute called for nominations for Chairman of the meeting.

MOVED by Vern Hoff THAT Barry Clayton be appointed Chairman, seconded by Gail Cleeve.

CARRIED

RECORDING SECRETARY

Barry Clayton called for nominations for Recording Secretary.

Erwin Braun nominated Heather Higgins. Barry Clayton declared Heather Higgins the Recording Secretary.

ADOPTION OF AGENDA

Barry Clayton asked the audience to review the proposed agenda.

MOVED by Vern Bretin and SECONDED by Gail Cleeve that the agenda be adopted.

CARRIED

ADOPTION OF MINUTES
2014 Annual Meeting

Barry Clayton requested that the audience review the Minutes from April 2, 2014 Annual Meeting.

MOVED by Vern Bretin and SECONDED by Dennis Kiemeny THAT the Minutes of April 2, 2014 Annual Meeting be adopted as presented.

CARRIED

CHAIRMAN'S REPORT

Dan Shute presented the Chairman's Report, stating that the Thanks of Irrigation is the theme of the campaign launched by Alberta Irrigation Projects Association (AIPA) to promote the benefits of irrigation to Albertans had proved a success. A corn roast held at the Calgary Farmers Market was well received and even tweeted about by Neheed Nenshi, Calgary's Mayor. There is a need to do more to promote agriculture and irrigation, and when we do, we find the response to be positive.

The Langdon Reservoir Expansion is now complete and ready to be filled this water season.

Mussels are becoming an increasing problem. Lake Winnipeg has had limited success at stopping this species, using sniffer dogs and other methods.

Ray Kettenbach was welcomed as a new Board Member, and we also celebrated the 30th Anniversary of 4 staff members: Dennis Kiemeny, Don Brownlee, Cory Krahenbil and Wes Sproule.

Mr. Shute thanked the Board of Directors and the Staff for helping make 2014 a successful year for the WID and look forward to continued success as we take on the challenges of the future.

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

CARRIED

MANAGER'S REPORT

Mr. Braun summarized his report on page 6 of the Annual Report, talking about the slow start to the 2014 season, and the dangers of the Harvie Passage which will need to be rebuilt before being safe for the public. An agreement between the Government of Alberta and TransAlta Utilities allowed for the Ghost reservoir to be kept at a lower level until the risk of flooding was over.

Both the Secondary A Canal and the Langdon Reservoir are now complete, and our partnership venture with Golden Triangle Developments are underway. This is a 70 acre parcel that will

eventually house 550 homes.

The WID has also partnered with 5 municipalities - Calgary, Chestermere, Strathmore, Rockyview County and Wheatland County - to develop a new stormwater management system. This will improve water quality and quantity control.

Mr. Braun thanked the Board of Directors for their continuing support. He also thanked the staff for their continuing effort to provide a high level of service to the water users in the WID.

MOVED by Henry Colpoys and SECONDED by Ray Kettenbach THAT the Chairman's Report be adopted as presented.

CARRIED

AUDITOR'S REPORT

Shelley Harriman and Farrah Williams of Gregory, Harriman & Associates LLP presented the Auditor's report for the Fiscal Year 2014.

Shelley Harriman stated the auditor's report was clean and it was presented in accordance with Canadian Generally Accepted Auditing Standards.

Farrah Williams summarized the statement of operations and other earnings, highlighting the investments. She used several pie charts to demonstrate our growth, revenue, income, salaries etc.

Farrah Williams also summarized the statement of revenue and expenses, and explained that the Cluny Pit is now fully operational.

The only concern raised was that it is important for the District to adhere to the approved budget.

There were no questions for the Auditors, and they then thanked both Jason Wallsmith and Phyllis Allen for all the assistance afforded them while performing the audit.

MOVED by Henry Colpoys and SECONDED by Gail Cleeve THAT the Auditor's Report for Fiscal 2014 be adopted as presented.

CARRIED

OPERATIONS & MAINTENANCE REPORT

Jeremy Hemsing, Manager of Operations and Maintenance, presented the Operations Report for fiscal 2014, and reviewed the 2014 water season. . 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.

Mr. Hemsing asked water users to 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 also spoke about the various water savings, conservation and maintenance activities that the WID are involved in. He presented a slide show of the 2014 rehabilitation season and spoke about the Sheepcamp and Langdon expansions. Langdon reservoir now has double the capacity than before.

The 2014 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.

MOVED by Vern Bretin and SECONDED by Gail Cleeve THAT the 2014 Operations & Maintenance Report be adopted as presented.

CARRIED

Extra Items

Erwin Braun introduced Joe Chomistek, who has written and book and made a short film about the life and times of Carl Anderson, who was one of the first settlers in the area and helped form the EID. He persuaded a group of farmers to form a consortium to purchase the irrigation rights from the CPR. A 30 minute film was presented and enjoyed by all in attendance.

Questions were asked and discussions followed the 2014 Annual Meeting Presentations. A motion was put forth to form an Advisory Committee for the Water Users.

MOVED by Karl Reinhardt and SECONDED by Barry Clayton. It will be an informal group.

CARRIED

WID Overview

Mr. Braun summarized the District's revenues and financial statement. He presented a chart showing the soft revenue (\$53 per acre) versus the hard revenue (\$115 per acre). The 2014 Irrigation Rehabilitation plan Project (IRP) cost approx. \$19M, due to lots of equipment usage and manpower. While we try to use mostly our own, we do have to contract out some of the work. The Cluny Pit is fully operational. It was purchased for \$242K in 1999, and the current income is \$2.5M.

The WID have applied to the Province for more water - 35000 acre feet. A chart was presented showing the proposed future of the WID – this will include Rehabilitation, Expansion, Water Transfer/Leasing, Flood Mitigation and Land Development.

ADJOURNMENT

**MOVED by Karl Reinhardt and SECONDED by Gail Cleeve
THAT the meeting be adjourned at 4.00 pm**

CARRIED



**GREGORY,
HARRIMAN
& ASSOCIATES LLP**

WESTERN IRRIGATION DISTRICT

**Financial Statements
September 30, 2015**

WESTERN IRRIGATION DISTRICT

SEPTEMBER 30, 2015

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**GREGORY,
HARRIMAN
& ASSOCIATES LLP**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the Western Irrigation District

We have audited the accompanying financial statements of Western Irrigation District (the "District"), which comprise the statement of financial position as at September 30, 2015 and the statements of operations, changes in fund balances and cash flows for the period 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 accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion



In our opinion the financial statements present fairly, in all material respects, the financial position of Western Irrigation District as at September 30, 2015 and the results of its operations and cash flows for the period then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Strathmore, Alberta
January 20, 2016

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

**WESTERN IRRIGATION DISTRICT
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2015**

	UNRESTRICTED FUND		RESTRICTED FUNDS		COMBINED	
	OPERATING		DISTRICT CAPITAL		IRRIGATION WORKS	
	2015 September 30	2014 November 30	2015 September 30	2014 November 30 (Restated)	2015 September 30	2014 November 30 (Restated)
CURRENT ASSETS						
Cash (Notes 4, 18)	\$ 2,935,213	\$ 1,129,815	\$ 12,578,934	\$ 9,169,936	\$ 18,704,064	\$ 13,225,032
Accounts receivable (Note 5)	2,451,697	1,789,319	27,507	-	2,479,204	1,789,319
Interest receivable (Note 6)	-	-	310,585	617,677	-	617,677
Short term investments (Note 7)	-	-	16,003,578	22,711,049	16,003,578	22,711,049
Inventory (Note 8)	110,015	134,278	199,312	846,717	309,327	980,995
Prepaid expenses	32,015	14,787	-	-	32,015	14,787
Interfund receivables (payables) (Note 26)	454,549	3,367,957	(267,564)	(2,959,519)	-	-
	5,983,489	6,436,156	28,852,352	30,385,860	37,838,773	39,338,859
OTHER ASSETS						
Loan receivable (Note 9)	-	-	7,500	8,500	7,500	8,500
Preliminary costs pending (Notes 10, 30)	-	-	129,918	146,429	129,918	146,429
Water rights (Note 11)	-	-	51,975	51,975	51,975	51,975
Deferred development costs (Note 12)	-	-	1,525,651	1,231,141	1,525,651	1,231,141
Other intangible asset (Note 13)	-	-	53,644	63,902	53,644	63,902
Investments (Notes 14, 15, 34)	51,925	38,168	24,588,638	32,383,142	24,652,443	32,433,189
	51,925	38,168	26,357,326	33,885,089	26,421,131	33,935,136
PROPERTY AND EQUIPMENT						
Property and equipment (Note 16)	-	-	7,235,532	6,793,339	7,284,968	6,842,775
Irrigation works (Note 17)	-	-	73,469,105	65,698,245	150,474,163	141,910,141
	-	-	80,704,637	72,491,584	157,759,131	148,752,916
TOTAL ASSETS	\$ 6,035,414	\$ 6,474,324	\$135,914,315	\$136,762,533	\$222,019,035	\$222,026,911
CURRENT LIABILITIES						
Accounts payable and accrued liabilities (Note 19)	\$ 511,209	\$ 1,946,206	\$ -	\$ -	\$ 511,209	\$ 1,946,206
Goods and Services Tax liability	118,342	74,574	-	-	118,342	74,574
Capital levy trust (Note 20)	-	-	69,328	81,178	69,328	81,178
Holdbacks payable (Note 21)	-	-	3,395	4,072	-	394,838
Current portion of deferred revenue (Note 22)	-	-	-	-	3,395	4,072
	629,551	2,020,780	72,723	480,088	702,274	2,500,868
OTHER LIABILITIES						
Deferred revenue (Note 22)	-	-	20,397	24,067	20,397	24,067
Asset retirement obligation (Note 23)	-	-	369,583	370,188	369,583	370,188
	-	-	389,980	394,255	389,980	394,255
TOTAL LIABILITIES	629,551	2,020,780	462,703	874,343	1,092,254	2,895,123
FUND BALANCES						
Invested in property and equipment (Note 24)	-	-	80,440,673	72,237,273	77,054,494	76,261,332
Externally restricted (Note 25)	-	-	-	-	3,014,812	2,528,722
Internally restricted (Notes 26, 34)	-	-	55,010,939	63,650,917	-	-
Unrestricted	5,405,863	4,453,544	-	-	5,405,863	4,453,544
	5,405,863	4,453,544	135,451,612	135,888,190	80,069,306	78,790,054
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,035,414	\$ 6,474,324	\$135,914,315	\$136,762,533	\$222,019,035	\$222,026,911
Economic Dependence (Note 2)						
Contingent Liabilities (Note 30)						
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 LLP

WESTERN IRRIGATION DISTRICT
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE TEN MONTH PERIOD ENDED SEPTEMBER 30, 2015

	UNRESTRICTED FUND		DISTRICT CAPITAL		IRRIGATION WORKS		TOTAL RESTRICTED	
	2015	2014 (12 Months)	2015 (12 Months) (Restated)	2014 (12 Months) (Restated)	2015 (12 Months)	2014 (12 Months)	2015	2014 (12 Months) (Restated)
REVENUE								
Irrigation rates, net (Note 27)	\$ 1,847,139	\$ 1,843,913	-	-	-	-	\$ -	\$ -
Domestic and miscellaneous	974,957	943,767	-	-	-	-	-	-
Storm water	765,935	762,362	-	-	-	-	-	-
Penalties	10,197	16,085	-	-	-	-	-	-
TOTAL WATER EARNINGS	3,598,228	3,566,127						
OTHER EARNINGS								
Government contributions	-	-	-	-	1,767,500	1,955,641	1,767,500	1,955,641
Interest revenue	33,858	30,829	1,287,623	1,874,485	26,308	40,412	1,313,931	1,914,897
Gravel revenue	-	-	732,691	687,093	-	-	732,691	687,093
Farm, land and building rentals	-	-	133,364	140,255	-	-	133,364	140,255
Gain (loss) on sale of land	-	-	2,872	44,625	-	(100,019)	2,872	(55,394)
Gain (loss) on sale of assets	-	-	100,605	151,404	-	-	100,605	151,404
Realized gain (loss) on investments (Note 34)	-	-	(190,692)	475,460	-	-	(190,692)	475,460
Unrealized gain (loss) on investments (Notes 14, 15)	-	-	(629,913)	125,466	-	-	(629,913)	125,466
Capital asset charges	-	-	-	93,600	-	-	-	93,600
Fees and other income	55,026	80,639	262	262	-	-	262	262
Miscellaneous	593	3,344	-	19	-	-	-	19
Inventory adjustment	89,243	77,621	-	2,571	-	-	-	2,571
TOTAL OTHER EARNINGS	178,720	192,433	1,436,812	3,595,240	1,793,808	1,896,034	3,230,620	5,491,274
	3,776,948	3,758,560	1,436,812	3,595,240	1,793,808	1,896,034	3,230,620	5,491,274
EXPENSES								
Amortization of property and equipment (Note 3)	-	-	1,435,286	1,514,635	1,103,723	1,299,175	2,539,009	2,813,810
Amortization of intangible asset (Note 13)	-	-	10,259	12,311	-	-	10,259	12,311
Depletion of resource properties	-	-	1,089	3,454	-	-	1,089	3,454
Commissions expense	-	-	93,075	36,820	-	-	93,075	36,820
Land development costs	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Bursary expense	-	-	1,000	1,000	-	-	1,000	1,000
Operating and administrative (Schedule 1)	2,565,264	2,325,597	-	-	-	-	-	-
Property taxes	-	-	3,484	3,444	-	-	3,484	3,444
Accretion expense/(recovery) (Note 23)	-	-	(605)	(87,240)	-	-	(605)	(87,240)
	2,565,264	2,325,597	1,543,588	1,484,424	1,103,723	1,299,175	2,647,311	2,783,599
EXCESS OF REVENUE OVER EXPENSES	1,211,684	1,432,963	(106,776)	2,110,816	690,085	596,859	583,309	2,707,675
Fund balances at beginning of year	4,453,544	3,132,979	135,888,190	134,316,856	78,790,054	77,541,315	214,678,244	211,858,171
Interfund transfers (Note 26)	329,802	539,482	(329,802)	(539,482)	-	-	(329,802)	(539,482)
Irrigation provision (Note 25, 26)	(589,167)	(651,860)	-	-	589,167	651,880	589,167	651,880
FUND BALANCES AT END OF YEAR (Note 34)	\$ 5,405,863	\$ 4,453,544	\$ 135,451,612	\$ 135,888,190	\$ 80,069,306	\$ 78,790,054	\$ 215,520,918	\$ 214,678,244

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

WESTERN IRRIGATION DISTRICT
STATEMENT OF CASH FLOWS
FOR THE TEN MONTH PERIOD ENDED SEPTEMBER 30, 2015

	OPERATING 2015 (12 Months)	DISTRICT CAPITAL 2015 (12 Months)	IRRIGATION WORKS 2015 (12 Months)	TOTALS 2015 (12 Months)
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts	\$ 3,080,712	\$ 835,463	\$ 1,767,501	\$ 5,683,675
Cash paid to suppliers and employees	(3,949,458)	(785,887)	(4,725)	(4,735,345)
Cash transferred to/from other funds	2,913,408	(2,691,954)	(221,454)	-
Interest received	33,858	1,594,713	26,308	1,654,879
Cash flows from operating activities	<u>2,078,520</u>	<u>4,552,915</u>	<u>2,266,652</u>	<u>7,351,358</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property and equipment	-	(9,536,052)	(1,896,886)	(11,432,938)
Purchase of other intangible asset	-	-	-	-
Proceeds from sale of assets	-	637,190	-	637,190
Sales (purchase) of investments	(13,757)	13,680,667	-	13,666,910
Funds held in trust	-	250,668	-	250,668
Preliminary costs pending	-	16,511	-	16,511
Cash flows from investing activities	<u>(13,757)</u>	<u>(4,550,619)</u>	<u>(2,537,154)</u>	<u>(7,097,529)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Irrigation provision	(589,167)	-	589,167	-
Trust funds received	-	(11,850)	-	(11,850)
Cash flows from financing activities	<u>(589,167)</u>	<u>(6,459)</u>	<u>651,880</u>	<u>(6,459)</u>
NET CASH INCREASE (DECREASE)	<u>1,475,596</u>	<u>(129,845)</u>	<u>381,378</u>	<u>247,370</u>
Cash, opening balance	1,129,815	9,169,936	2,925,281	13,225,032
Interfund balance adjustments	329,802	(329,802)	-	-
CASH, CLOSING BALANCE	<u>\$ 2,935,213</u>	<u>\$ 9,169,936</u>	<u>\$ 3,189,917</u>	<u>\$ 18,704,064</u>
CASH REPRESENTED BY:				
Cash on hand and in banks (Note 4)	2,935,213	12,578,934	3,189,917	18,704,064
TOTAL CASH	<u>\$ 2,935,213</u>	<u>\$ 9,169,936</u>	<u>\$ 3,189,917</u>	<u>\$ 18,704,064</u>

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 TEN MONTH PERIOD ENDED SEPTEMBER 30, 2015

	DEPARTMENTS			TOTALS	
	OPERATIONS AND MAINTENANCE	WATER DELIVERY	GENERAL AND ADMINISTRATION	2015	2014 (12 Months)
Advertising, publications, ratepayers meetings	\$ -	-	\$ 16,149	\$ 16,149	\$ 22,798
Association fees	-	-	31,462	31,462	32,468
Board of Directors expenditures	-	-	60,604	60,604	59,684
Building maintenance	50,994	-	-	50,994	52,806
Computer expense	-	-	65,020	65,020	77,115
Crop, flood and property damage	2,500	-	-	2,500	108
Equipment and easement rental	116,851	-	-	116,851	120,570
Equipment maintenance, gas, oil, grease	395,620	47,766	-	443,386	624,036
Gravel pit expenses	4,339	-	-	4,339	42,117
Insurance	33,359	5,564	15,999	54,922	72,652
Interest and bank charges	-	-	833	833	1,042
Invasive species	-	-	20,000	20,000	-
Land titles charges and classification	-	-	959	959	556
Materials and supplies, office supplies	170,525	16,503	3,780	190,808	177,418
Miscellaneous	-	-	-	-	-
Payroll service charges	-	-	3,101	3,101	3,852
Postage, freight and courier	-	-	3,061	3,061	6,035
Professional fees	-	45,543	177,442	222,985	180,224
Public relations	-	-	17,273	17,273	77,951
Safety supplies	7,501	2,070	875	10,446	13,598
Salaries and wages	1,424,002	300,976	622,604	2,347,582	2,688,924
Small tools and equipment	11,386	639	-	12,025	8,551
Stationary, printing, photocopies, fax	-	-	14,721	14,721	15,224
Telephone	11,342	6,234	7,898	25,474	32,012
Travel and staff training	1,836	503	3,440	5,779	11,074
Utilities	32,747	60,560	-	93,307	86,050
Vegetation and pest control	-	176,072	-	176,072	194,185
Welding supplies	-	1,816	-	1,816	616
	2,263,002	664,246	1,065,221	3,992,469	4,601,666
Transfer as asset to irrigation works (Note 29)	(1,427,205)	-	-	(1,427,205)	(2,276,069)
	\$ 835,797	\$ 664,246	\$ 1,065,221	\$ 2,565,264	\$ 2,325,597

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

**WESTERN IRRIGATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

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 operates under the authority of the Irrigation Districts Act, Chapter I -11, which was proclaimed in force on May 1, 2000. The District operates as a not for profit organization.

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

Basis of Presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Basis of Accounting

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

The Operating Fund accounts for the assets, liabilities, revenues and expenses relating to 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, revenue 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 funds. 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

Note 3 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.

Short Term Investments

Short term investments are investments in term deposits and Guaranteed Investment Certificates and are valued at cost plus accrued interest. Investments maturing prior to September 30, 2016 have been classified as short term investments.

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.

Inventory

Inventory of materials and supplies are valued using the average cost method, which most accurately reflects the flow through of the physical inventory item. Gravel inventory is measured based on the lower of cost and net realizable value.

Capitalization

Additions to the 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:

Computers	50%
Trucks	20%
Office equipment	20%
Other equipment and furniture	20%
Power equipment	20%
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.

Income Tax

The District is exempt from income taxation under Section 149 (1) (e) of the Income Tax Act.

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 is not subject to taxes or Goods and Services Tax on purchases, but is still required to collect and remit Goods and Services Tax on services provided.

Asset Retirement Obligation

Asset retirement obligations, related to the gravel pits, include the legal obligation the District will be required to spend to reclaim the gravel pit sites. 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 2.7% (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

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

Measurement Uncertainty

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. 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 by management. Actual results could differ from those approximations.

Note 4 Cash

	2015	2014
<i>Operating</i>		
Petty cash	\$ 1,000	\$ 1,000
Credit card prepaid balance	6,000	6,000
Bank account balance	2,928,213	1,122,815
	<u>2,935,213</u>	<u>1,129,815</u>
<i>District Capital</i>		
Cash held for reinvestment	309,701	475,263
Credit Union special grant account, interest rate of Prime minus 1.2%	11,930,823	6,610,206
Credit Union land bank account, interest rate of Prime minus 1.2%	296,619	2,003,319
Credit Union capital trust levy bank account, interest rate of Prime minus 1.2%	41,791	81,148
	<u>12,578,934</u>	<u>9,169,936</u>
<i>Irrigation Works</i>		
Bank account balance, interest rate of Prime minus 1.2%	3,189,917	2,925,281
	<u>\$ 18,704,064</u>	<u>\$ 13,225,032</u>

A portion of the cash balance for District Capital, \$41,791 (2014 - \$81,148) and a portion of the accounts receivable balance \$27,507, is restricted in accordance with the terms of the Capital Levy Trust, as documented in Note 20.

Note 5 Accounts Receivable

	2015	2014
<i>Operating</i>		
Water rates and charges	\$ 2,286,319	\$ 1,757,619
Sundry debtors	165,378	31,700
	<u>2,451,697</u>	<u>1,789,319</u>
<i>District Capital</i>		
Capital levy	27,507	-
	<u>\$ 2,479,204</u>	<u>\$ 1,789,319</u>

Note 6 Interest Receivable

	2015	2014
<i>District Capital</i>		
Interest receivable on investments	\$ 310,585	\$ 617,677
	<u>\$ 310,585</u>	<u>\$ 617,677</u>

Note 7 Short Term Investments

	2015	2014
<i>District Capital</i>		
Investments maturing in the next fiscal year (Note 14)	\$ 16,003,578	\$ 22,711,049
	<u>\$ 16,003,578</u>	<u>\$ 22,711,049</u>

Note 8 Inventory

	2015		2014
<i>Operating</i>			
Supplies and materials	\$ 110,015	\$	134,278
<i>District Capital</i>			
Gravel	199,312		846,717
	\$ 309,327	\$	980,995

Note 9 Loan Receivable

The loan of \$7,500 (2014 - \$8,500) is a result of the sale of land to the City of Chestermere. The loan will be repaid over the next eight years with seven 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 \$129,918 (2014 - \$146,429) represent preliminary costs incurred by the District on irrigation works projects that have not been submitted to Irrigation Council for cost shared funding, as well as projects funded from District Capital not having final Board approval as of September 30, 2015. As projects are approved, 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.

	2015		2014
<i>District Capital</i>			
189 Irrigated Acres (2014 - 189 Acres)	\$ 51,975	\$	51,975
	\$ 51,975	\$	51,975

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.

	2015		2014
Orchard Park	\$ 313,315	\$	311,005
Co-operative Stormwater Management Initiative	844,160		551,960
Regional Water Reservoir Study	205,549		205,549
Regional Water Supply Project	92,381		92,381
Other	70,246		70,246
	\$ 1,525,651	\$	1,231,141

Note 13 Other Intangible Asset

			2015	2014
	Cost	Accumulated Amortization	Net	Net
<i>District Capital</i>				
Digital data	\$ 123,103	\$ 69,459	\$ 53,644	\$ 63,902

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 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 Kinniburgh 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 September 30, 2015.

	2015	2014 <i>(Restated)</i>
<i>Operating</i>		
Calgary Co-operative Association equity	\$ 1,076	\$ 1,053
United Farmers of Alberta equity	39,874	26,140
Chinook Credit Union Ltd. common shares	10,975	10,975
	<u>51,925</u>	<u>38,168</u>
<i>District Capital</i>		
Credential Fixed income securities with coupons ranging from 1.700% to 7.768% and maturing between December 31, 2015 and March 3, 2020	4,157,929	5,966,878
Chinook Credit Union Ltd. term deposit with interest rate of 2.450% and maturing January 28, 2016	7,775,283	26,451,430
ATB Financial term deposits with interest rates ranging from 2.300% to 2.700% and maturing between August 5, 2016 and April 2, 2017	12,869,645	10,216,758
Credential Fixed income securities with coupons ranging from 1.968% to 5.300% and maturing between December 15, 2020 and June 2, 2025	4,455,360	2,360,145
Credential Fixed income securities with coupons ranging from 3.250% to 6.500% and maturing between March 8, 2029 and June 1, 2037	1,387,832	415,412
Common shares and equities	5,793,828	5,295,681
Mutual funds	2,224,360	1,928,408
Exchange traded funds	485,100	1,016,600
Chinook Credit Union Ltd. common shares	10,338	10,338
Kinniburgh South Limited Partnership (Note 15)	1,432,541	1,432,541
Less: Investments maturing in the next fiscal year (Note 7)	<u>(16,003,578)</u>	<u>(22,711,049)</u>
	<u>24,588,638</u>	<u>32,383,142</u>
<i>Irrigation Works</i>		
Chinook Credit Union Ltd. common shares	11,880	11,879
	<u>\$ 24,652,443</u>	<u>\$ 32,433,189</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.

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:

	2015	2014 (Restated)
<i>Statement of Financial Position</i>		
Investments	\$ 1,432,541	\$ 1,432,541
	\$ 1,432,541	\$ 1,432,541

Note 16 Property and Equipment

			2015	2014
	Cost	Accumulated Amortization	Net	Net
<i>District Capital</i>				
Land and Farm Property	\$ 3,737,593	\$ -	\$ 3,737,593	\$ 3,735,276
Resource Property	591,419	126,612	464,807	465,896
Computers	253,852	223,396	30,456	15,784
Trucks	790,842	312,460	478,382	359,055
Office equipment	21,941	12,558	9,383	11,259
Other equipment and furniture	174,701	97,738	76,963	67,556
Power equipment	3,311,109	1,191,040	2,120,069	1,807,077
Shop and office complex	955,275	652,223	303,052	316,229
Industrial subdivision costs	40,304	25,477	14,827	15,207
	9,877,036	2,641,504	7,235,532	6,793,339
<i>Irrigation Works</i>				
Land	49,436	-	49,436	49,436
	\$ 9,926,472	\$ 2,641,504	\$ 7,284,968	\$ 6,842,775

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.

			2015	2014
	Cost	Accumulated Amortization	Net	Net
<i>District Capital</i>				
Irrigation Works	\$ 77,869,293	\$ 4,400,188	\$ 73,469,105	\$ 65,698,245
<i>Irrigation Works</i>				
Irrigation Council Works	120,826,942	43,821,884	77,005,058	76,211,896
	\$ 198,696,235	\$ 48,222,072	\$ 150,474,163	\$ 141,910,141

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

	2015	2014
<i>Operating</i>		
Accounts payable and accrued liabilities	\$ 319,064	\$ 1,778,011
Vacation payable	188,236	165,469
Accrued payroll	2,409	2,726
Land deposit	1,500	-
	\$ 511,209	\$ 1,946,206

Note 20 Capital Levy Trust

The amount of \$69,328 (2014 - \$81,178), 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 Holdbacks Payable

	2015	2014
<i>District Capital</i>		
Balance, beginning of period	\$ 394,838	\$ 64,500
Additions for the period	408,967	569,456
Holdback paid during period	(803,805)	(239,118)
Balance, end of period	-	394,838
<i>Irrigation Council Works</i>		
Balance, beginning of period	-	4,725
Additions for the period	-	138,928
Holdback paid during period	-	(143,653)
Balance, end of period	-	-
	\$ -	\$ 394,838

Holdbacks payable represent a percentage of contractor invoices for which construction work has been completed that is being held from payment until receipt and acceptance of project completion reports. These funds will be paid after review and approval of the project completion reports.

Note 22 Deferred Revenue

The District has a lease agreement with Ducks Unlimited for the lease of certain lands. The term of the lease is for 30 years commencing in the year 1987, and expires in the year 2016. The District received a payment of \$42,000 in 1987, and this amount is being recognized as revenue in equal amounts over the term of the lease.

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 the term of the lease.

The District has a lease agreement with Pheasants Forever Calgary Chapter for the lease of certain lands. The term of the lease is for 15 years commencing March 1, 2003, and expires March 30, 2017. The District received a payment of \$15,000 in 2003, and this amount is being recognized as revenue in equal amounts over the term of the lease.

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.

	2015	2014
<i>District Capital</i>		
Craigantler Syphon	\$ 1,400	\$ 2,800
George Freeman Marshland	16,917	17,912
Pheasants Forever	2,000	3,000
Other leases	3,475	4,427
	23,792	28,139
Less: Current portion	(3,395)	(4,072)
	\$ 20,397	\$ 24,067

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 pits:

	2015	2014
Asset retirement obligation, beginning of the year	\$ 370,188	\$ 457,428
Accretion expense/(recovery)	(605)	(87,240)
Asset retirement obligation, end of the year	\$ 369,583	\$ 370,188

No expenditures for reclamation have been made to date. The total undiscounted amount to settle the Asset Retirement Obligation, based on management's best estimate, is estimated to be \$561,454 (2014 - \$510,737). While it is anticipated that some expenditures will be incurred during the life of the operation to which they relate, a significant component of this expenditure will only be incurred at the end of the pit life. In determining the carrying value of the Asset Retirement Obligation, the District has assumed a current year inflation rate of 0.00%, a credit-adjusted risk-free discount rate of 2.7%, and a weighted average useful life of production facilities and equipment of 20 and 16 years. Elements of uncertainty in estimating this amount include, changes in the projected pit life, reclamation expenditures incurred during ongoing operations and reclamation and remediation requirements and alternatives.

Note 24 Invested in Property and Equipment

	2015	2014
<i>District Capital</i>		
Water Rights (Note 11)	\$ 51,975	\$ 51,975
Other intangible asset (Note 13)	53,644	63,902
Property and equipment (Note 16)	7,235,532	6,793,339
Irrigation works (Note 17)	73,469,105	65,698,245
Asset retirement obligation (Note 23)	(369,583)	(370,188)
	80,440,673	72,237,273
<i>Irrigation Works</i>		
Property and equipment (Note 16)	49,436	49,436
Irrigation Works (Note 17)	77,005,058	76,211,896
	77,054,494	76,261,332
	\$ 157,495,167	\$ 148,498,605

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 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:

Acres	2015	2014
Assessment roll acres		
83,101.5 irrigation acres at \$18.00 per acre, plus additional pressure and/or screening charges where applicable	\$ 1,598,097	\$ 1,590,919
688.0 minimum charge irrigation acres at \$450.00 per parcel	17,550	17,550
8,435.5 terminable acres at \$19.75 per acre, plus additional pressure and/or screening charges where applicable	166,601	168,578
713.0 minimum charge terminable acres at \$493.75 per parcel	16,294	18,269
105.0 annual acres at \$19.75 per acre, plus additional pressure and/or screening charges where applicable	2,074	2,074
22.5 minimum charge annual acres at \$493.75 per parcel	494	494
694.0 annual acres - off creek at \$15.75 per acre plus additional pressure and/or screening charges where applicable	10,930	10,930
145.0 annual acres - irrigation acres at \$18.00 per acre, plus additional pressure and/or screening charges where applicable	2,658	2,658
1,610.0 sleeping acre annual agreement acres at \$19.75 per acre plus additional pressure and/or screening charges where applicable	32,441	32,441
95,514.5	\$ 1,847,139	\$ 1,843,913

... continues

Note 27 Irrigation Rates ... continued

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.

Annual acres – sleeping acre annual agreement at \$19.75 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's terminable acres 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 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 \$1,427,205 (2014 - \$2,276,069) 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 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 September 30, 2015, the District had expended \$129,918 (2014 - \$146,429) on irrigation works projects without approval of the Irrigation Council and District Capital projects without approval from the Board of Directors. 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 31 Local Authorities Pension Plan

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 \$125,456 for the 10 Months ended September 30, 2015 (2014 - \$172,120).

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 initially measures its financial assets and financial liabilities at fair value. The District subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

The District, as part of its operations, carries a number of financial instruments. These financial instruments consist of cash, accounts receivable, interest receivable, short term investments, loan receivable, long term investments, accounts payable and accrued liabilities, capital levy trust and holdbacks payable. 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 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, short term investments, accounts payable and accrued liabilities, capital levy trust and holdbacks payable, corresponds approximately to their carrying amount because of their short term maturity dates.

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

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The District is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

Note 34 Prior Period Adjustment

The District has restated its financial statements for the period ending November 30, 2014 in order to correct the balance of the investment in the Kinniburgh South Limited Partnership. It was discovered in the current year that the value of the Kinniburgh South Limited Partnership investment was incorrect due adjustments made by the auditor, resulting in an understatement of the Kinniburgh South Limited Partnership investment balance at November 30, 2014. The following adjustments were required in order to correct the Kinniburgh South Limited Partnership investment balance.

	2014
Adjustment to Investments (Note 14)	
As previously reported	\$ 31,897,975
Adjustment to investments (Note 14)	485,167
<i>As restated</i>	<u>\$ 32,383,142</u>
Adjustment to Internally Restricted Fund (Note 26)	
As previously reported	\$ 63,165,750
Adjustment to Internally Restricted Fund (Note 26)	485,167
<i>As restated</i>	<u>\$ 63,650,917</u>
Adjustment to Realized gain (loss) on Investments	
As previously reported	\$ (9,707)
Adjustment to realized gain (loss) on investments	485,167
<i>As restated</i>	<u>\$ 475,460</u>
Adjustment to fund balances at end of year	
As previously reported	\$ 135,403,023
Adjustment to fund balances at end of year	485,167
<i>As restated</i>	<u>\$ 135,888,190</u>

Note 35 Commitment Fee

In consideration of entering into an agreement with Rocky View County ("the County") for the supply and conveyance of water in 2011, 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 September 30, 2015, however the commitment fee was required to satisfy the terms of the agreement to reserve the water allocation for the County. The agreement term is from November 1, 2011 to December 31, 2035 unless terminated at an earlier date.

Note 36 Change in Year End Date

The Board of Directors of the District have unanimously agreed and have passed by-law 382 to change the year end of the District from November 30 to September 30.

Note 37 Comparative Figures

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

Note 38 Approval of Financial Statements

The management of the Western Irrigation District approved these financial statements on January 20, 2016.