

WESTERN IRRIGATION DISTRICT 2016 ANNUAL REPORT



ANNUAL GENERAL MEETING
April 5th, 2017— 1:30 P.M.
Strathmore Travelodge
350 Ridge Road, Strathmore



PLEASE BRING THIS REPORT WITH YOU TO THE MEETING

FINANCIAL STATEMENT AND ANNUAL REPORT 2016

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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 5th day of April 2017 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.

David McAllister, P.Eng, MSc, MBA
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	2
Director	1	5

Only those irrigators of the District can vote whose majority of irrigation acres fall within Electoral Division 2, which comprises Townships 22, 23 and 24 in Ranges 23 and 24 and Township 24 in Range 25 and Electoral Division 5, which comprises Townships 25, 26 and 27 in Ranges 21, 22, 23 and 24.

Voting will take place on the 5th day of April 2017 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.

David McAllister, P.Eng, MSc, MBA
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

2016 was a year that Western Irrigation District recognized the benefit of the perseverance and determination to resolve long-term challenges while simultaneously moving forward to access new opportunities for the benefit of our irrigators. During the year, continued progress was made towards the goals and objectives contained within the 10 year WID Strategic Plan which was completed earlier in the year. This plan is a living document that will be updated based on progress towards goals and objectives that the WID has determined are required to be an effective water manager and provide best-in-class service to our irrigators.

One of the items in the strategic plan worthy of highlighting was the approval the WID received from the provincial government for a new water license of 32,100 acre feet. Securing this additional license was identified as a significant priority by the Board in 2000 when the application was first submitted. Over the last 16 years, the WID has remained steadfast throughout the extended provincial approval process seeking more water in dry years. The benefit of this new license will begin to be fully realized in 2017 and subsequent years as our operation will be more able to provide water to our irrigators when it is needed. The estimated impact of this new license, along with recent investments that doubled the storage capacity of the Langdon reservoir, reduces the chance that crops in the District would be affected by a lack of water by approximately 50% according to Alberta Agriculture models. We would be remiss to not acknowledge and say thank you to past boards and staff for their tenacity over these many years to answers the countless questions relating to this license expansion application.

The WID continues its sustained investment in construction of pipelines and rehabilitation of canals as a part of our multi-year capital plan. **The WID has invested \$98 million over the past decade to upgrade our infrastructure.** This ongoing investment has substantially reduced water losses and improved the efficiency of water delivery by over seven percent between 2012 and 2016 alone. The WID is grateful for the ongoing support it has received from the Province for its participation in the Irrigation Rehabilitation Program where **\$26 million was provided to the WID** over the past decade for rehabilitation. These provincial contributions have been invested in, and accelerated, the development of closed pipeline systems and rehabilitation of canal infrastructure significantly. These contributions directly enhance the resilience and performance of the system which will be helpful to District irrigators in dry years. Our rehabilitation plan is reviewed regularly to ensure we are selecting the highest priority projects which will provide the greatest operational and water efficiencies balanced within the economic realities we operate under. During the year, 21.5 km was rehabilitated – about two percent of our system. The hard work of our construction crews and contractors moved our district to 50% rehabilitated – meaning that although there is more work to be done our network is far more water efficient than only five years ago

The WID continues to be presented with challenges associated with urban and rural development and land-use which have a scope and scale that are beyond that of any of the other 12 irrigation

districts in Alberta. This is due to our location downstream from large and expanding urban areas. The WID continues to work proactively with our municipal partners during their land development approval process. During the year, the District adopted a land use bylaw to ensure development of any kind does not encroach on our works and that our water quality is protected. Our focus is to ensure water quality is maintained or improved by ensuring appropriate measures are put in place at the beginning of the design process - well before construction starts.

We also continue to work on the Cooperative Stormwater Management Initiative (CSMI). This regional stormwater initiative is a formal agreement with five municipal partners to enhance water quality within our system. While at times the process seems to move slowly, good progress was made during the year and we move closer with each meeting to making the CSMI become a reality. The regional stormwater solutions would consist primarily of a secondary canal next to the main channel that would be used to keep stormwater separate from irrigation water. These new channels would be constructed at no cost to the WID. During the year, joint grant funding applications have been made which would support construction of the initial phases of the project. The focus of this work is to address existing issues of water quality and quantity and ensure we are providing high quality water for irrigators and other users of water including the Wheatland Water Co-operative. If you would like more information on the CSMI project please speak with our General Manager, David McAllister.

The demand for irrigation continues to be very strong as demonstrated in 2016 with 14 parcels transferring 753 irrigation acres. Some 1630 used acres have been in the alternative acre program to allow for additional irrigation systems. If you have unused acres or are not currently irrigating, please contact our office and let's get these acres to work. Our office get calls – regularly – from irrigators looking for more irrigation acres and our staff would be happy to review your situation and explain your options from our alternative acre program to how to list your acres for sale on our website. Working together we can ensure our water users and our district prosper going forward.

The WID is committed to being an effective water provider to all of our users. Our greatest asset is our staff and so I would like to thank each and every staff for all of their efforts during 2016. During the year, we saw transitions with the retirement of two staff. Construction Supervisor Dennis Kiemeny retired in the fall after 37 years of working for the District and General Manager Erwin Braun retired at the end of December. It is with great thanks to both Dennis and Erwin for their many, many contributions - both big and small - that have helped to shape our irrigation district into a much more streamlined, efficient and effective system that we have today. Their efforts are appreciated and we wish them both the very best in the next chapters of their lives. The vacancy created by Dennis' retirement was filled by promotion of existing staff.

In finding the next General Manager, the Board used a nationally recognized executive search firm. The six-month search process was exceptionally thorough with the firm looking at candidates from as far away as California and across western Canada to determine who was best to lead the WID into the future. The Board reviewed and interviewed a number of candidates and

was pleased to select David McAllister as our next General Manager. David started in his role in early October and possesses a diverse knowledge in engineering, agricultural water delivery, drainage and administration. The combination of his previous work experience with various organizations in the utility sector combined with his formal education in both management and engineering will allow him to contribute to and lead the District going forward. If you have not met David, please stop by or give him a call – he would welcome the opportunity to get to know each of you – our water users.

Looking forward to 2017 and beyond, the Western Irrigation District will continue to execute on its mission to effectively deliver quality water to our users while looking to the future of irrigated agriculture in the District. The WID will succeed by working collaboratively with our irrigators and neighbours to meet the various challenges we face. The WID Board of Directors wishes to thank all of our irrigators, staff, government and other partners who have helped make 2016 a success. We are excited about the future and to continuing to work together to make 2017 and beyond even more successful.

Submitted on Behalf of the Board of Directors

A handwritten signature in cursive script, appearing to read "Ray Kettenbach".

Ray Kettenbach,

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:

Director: Henry Colpoys **Vice- Chairman:** Dan Shute **Chairman:** Ray
Kettenbach **Director:** Doug Brown **Director:** Rick Page

Electoral Divisions of the Western Irrigation District

Division 1 – Doug Brown – Term expires 2019
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 2019
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

For the Western Irrigation District, the year 2016 provided an opportunity to celebrate the successful conclusion to key projects that will benefit the District for years to come while at the same time continuing to deliver irrigation quality water to our irrigators. Our operations in 2016 demonstrated the value of investments in irrigation efficiency by the WID through construction of pipelines or rehabilitation of canals and by our irrigators through investment in low-pressure pivot systems. WID staff exhibited dedication and commitment in delivering service to our irrigators and their contribution to the successes achieved by the District in 2016 cannot be understated.

The 2016 water season can really be divided into two distinct periods as lack of moisture early in the season was followed by mid-summer rains that reduced demand for irrigation water for the remainder of the season. Diversion from the Bow River began earlier than in most years due to the dry conditions. We significantly benefitted from the expanded capacity of the Langdon Reservoir which at 12,000 acre feet is now double its previous storage capacity. Water delivery to users was high for the first three weeks of May before tapering off at the start of June. Demand picked up again through mid-June with peak usage occurring around Canada Day. Demand reduced significantly through the rest of the season due to sustained rain events including two daily events exceeding 1.5 inches. Overall, diversion for the season was consistent with long-term averages however without the rain events diversion would have been significantly higher than in most years.

Maintaining water quality remained a focus for the WID in 2016. Water is sampled by the Province every year at multiple locations and a water quality index out of one hundred is calculated. In 2016, the average water quality in the WID was rated excellent at 87 out of 100. Although the WID is pleased with these results, we will continue to strive to improve irrigation water quality in the District by diverting stormwater to keep it out of WID canals or treating runoff so it does not affect water quality in the canal. The WID is also working with the municipalities in the areas it serves to ensure that appropriate setbacks are maintained from District works so that water quality is not impacted.

2016 was also a year which showed continued appreciation for the benefits provided by irrigation to farmers in the WID and ongoing investment in water efficiency by both the WID and irrigators to expand on these benefits. The WID continued its investment in the water delivery network, rehabilitating twenty kilometres or two percent of our canal system in 2016 alone. WID Irrigators also continued their investments in water efficiency on the farm including an average of eight successful applications to the *Growing Forward 2 Irrigation Efficiency Program* over each of the past three years. Every investment in water efficiency makes more water available in a dry year for all farmers.

2017 will be a year filled with opportunity for WID as our new junior license will provide both a greater volume of water available for delivery as well as enhanced flexibility in the delivery of this water. Looking forward the Western Irrigation District will continue in its commitment to effective water management and stewardship from diversion at headworks through our canals and pipelines

until the water has been used by our irrigators on the farm. The WID will continue to invest to maximize the efficiency of our water delivery and integrate storage opportunities wherever feasible. The WID is continuously reviewing our network performance to determine where capacity exists so that acres can be transferred to improve service and productivity for our farmers. The WID encourages our irrigators to partner with us by investing in more efficient irrigation systems as this will increase the water available for everyone in dry years without sacrificing productivity.

Respectfully,

A handwritten signature in blue ink that reads "David McAllister". The signature is written in a cursive style.

David McAllister
General Manager

Operations & Maintenance Activities

Lateral Canal Rehabilitation

Restricted water flow warranted cleaning and re-shaping this stretch of lateral canal near Gleichen. This work was done in early summer of 2016 by the WID and will aid in delivery efficiency and also reduce seepage issues. This is part of our regular maintenance program in place throughout the WID.



D. Nelson Pump Site - Storage Dugout



This large capacity dugout was created for an irrigation pump site in the Standard area. It is tied into an existing lateral canal with an overflow swale into a re-established ditch which feeds another stock water dugout. This is one of several dugouts installed throughout the WID in 2016. This project was cost shared by the landowner and work was completed in mid-summer.

General Maintenance Projects

Access crossing replacement near Strathmore



Enhanced stock water dugout and new delivery near Cluny



Menonite Spillway Reshaping near Gleichen



North A Canal Tailout Repair



B Canal Structure Repair



Drop Pipe Crossing Repair near Gleichen



Cattail cutting near Strathmore



Tree Removal Standard Canal



2016 Weed Control

Spraying

The Western Irrigation District's weed control program has been administrated by Prairie Environmental for several years now. Weed control activities commenced on May 19th and by the middle of June significant progress had been made. After several continuous days of rainfall, several weeds that we had control of began to surface again. Prairie Environmental spent a challenging total of 43 days on the canals using units such as F550 spray truck, Intelli-spray hand gun and a Kubota ATV.

Mag H

Prairie Environmental also applies Mag H for weed and algae control in canals as approved by Alberta Environment. The advantage of the Mag H product is that it does not impact crops or livestock while at the same time being effective for weed and algae controls. Approximately 583 gallons of product was injected into our canals shared between A and B system. Again, with the weather and fluctuating water levels in the canals, it was challenging for the applicators.

Mowing

Rattray provided mowing services for the District, along with the use of the District's own Kubota tractor and mower with over 600 hrs of canal right of way mowed. Mowing will stunt the growth of weeds which allows grasses to flourish and eventually overcome most weed growth.

WID's weed control program is a substantial financial commitment and continuing efforts, in order to maintain such a large land mass, is an ongoing process.

We would like to thank our contractors for their continuing contribution in weed control throughout the District.

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	12 KM
Bank Levelling/Ditch Fill In	8 KM
Tree Clearing	3 KM
Canal Fencing	4 KM
Delivery Installations	16 Units
Drop/Check Installations	4 Units
Canal Crossing Installations	8 Units
Pipelines	4 Units
Dugouts	13 Units
Cattail Cutting	105 KM
Chemical spraying	43 Days
Bank Mowing	600 HRS

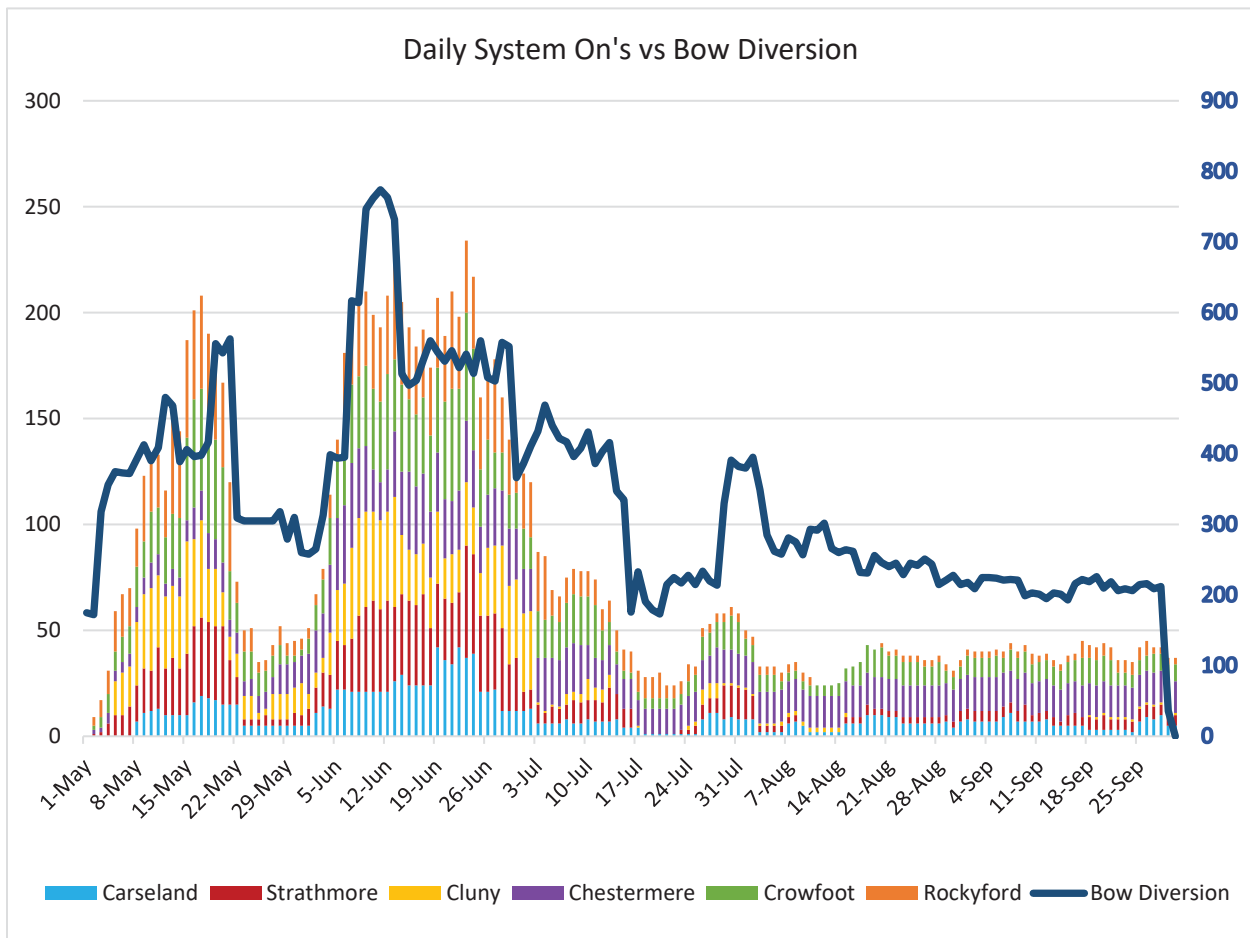
District Equipment Fleet

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 2016 season saw an early demand for irrigation water which was similar to 2015. Early diversion of water from the Bow River began April 16th in order to bring Chestermere Lake and the Langdon Reservoir levels up to operating elevation. The official start of irrigation season is the May 1st and it wasn't long after that the demand for water began.

The first irrigation system started on the May 2nd and demand for water increased quickly and overall remained steady until late June. Peak system demand occurred on June 23rd when the WID R.A.M. (Recording and Monitoring) system showed 234 systems on and consuming water.



Rainfall began to lower irrigation demand in early July, however diversion volumes from the Bow River remained steady in order to top up the Langdon Reservoir. In total, WID records showed that 65,735 acres were irrigated in 2016, down 2,065 acres compared to 2015. Total volume of water diverted by the district in 2016 was 109,865 acre/feet. On average (as calculated by the R.A.M. system) irrigators applied 8.6 inches of water to their crops throughout the WID in 2016.

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	Joe Friedman	403-325-4639
Rockyford	Wes Sproule	403-325-4640
Water Master	Brian Sander	403-325-0493

The 2016 water season saw Crowfoot water district supervisor Eric Beingessner promoted to Construction Supervisor and in his vacant position the WID welcomed Joe Friedman to our water operations team. Joe and all of our WDS staff, did a terrific job in 2016 managing water and delivering top service to our water users.

Irrigation Efficiency Grant Money

If you're thinking of or have upgraded your irrigation system, pump, control panel, nozzle package etc., you need to know about the Growing Forward 2 program. There is also money available for a great variety of other on farm projects related to water conservation, efficiency and quality.

Growing Forward 2 (GF2) is a federal-provincial-territorial (FPT) partnership with a mandate to drive an innovative, competitive and profitable Canadian agriculture and agri-food sector. In Alberta, Growing Forward 2 represents a five-year cost-share investment of more than \$400 million between the federal and provincial governments.

In April 2013, the FPT governments renewed their commitment to Canada's agriculture sector and agreed to work together in building the productivity, profitability and competitiveness of our agricultural industry. *Growing Forward 2* focuses on three priorities for the agricultural sector: innovation, competitiveness, and market development. The programs within *Growing Forward 2* aim to help the industry position itself to respond to future opportunities and challenges and to achieve its full potential as a productive and profitable sector of the Canadian economy.

For a complete listing of Alberta's *Growing Forward 2* programs and to see which programs are currently accepting applications, please see the *Growing Forward 2* program at www.growingforward.alberta.ca or call 310-FARM (3276).

Did you know that globally, without the high productivity permitted by irrigation, at least an additional 500 million ha would be needed to reach the current agricultural production!

Irrigation Rehabilitation Program

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:

Provincial Government	75%	\$1,790,889
District	25%	\$596,963
Total	100%	\$2,387,852

2016 IRP Project Summary

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

This project is a closed PVC pipeline that replaced the existing lateral canal off of the secondary B canal system. This project started at the Standard Ditch west of the Town of Standard and continued southeast and ending near the Crowfoot Creek southeast of Standard. WID forces were 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 was completed in the spring of 2016.



Estimated project cost \$4,240,000 Total project cost to September 30 \$4,583,771
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IRP 2305 Secondary B Standard Sublateral 85N5 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 siphon located west of the Town of Standard and continues southwest and ending near Hwy 561 southwest of the Standard. WID forces are responsible for the installation of approximately 4km of PVC pipeline of varying sizes 200mm (8 inch) to 600mm (12 inch). This project started in the fall of 2016 and will be completed in the spring of 2017.

Estimated project cost \$710,000 Total project cost to September 30 \$54,507



Other Projects for 2016

Secondary B Standard Sublateral 85N6 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 Hwy 561 southeast of Standard. WID forces are responsible for the installation of approximately 10km of PVC pipeline of varying sizes 200mm (8 inch) to 600mm (24 inch). This project started in the fall of 2016 and will be completed in the spring of 2017.



Estimated project cost \$2,240,000 Total project cost to September 30 \$244,053
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Secondary B Standard Ditch Rehabilitation Standard Headquarters to Standard Spillway

This project is the rehabilitation of the Secondary 'B' Standard canal system. This Project starts at WID standard Headquarters and ends at Standard Spillway. The canal design increased the canal capacity, improved accessibility and eliminated seepage. This project is approximately 8.5km in length and the canal rehabilitation started in the fall of 2016 and will be completed in the spring of 2017. Contour Earthmoving Ltd. is the general contractor for 6km of this project. WID crews are constructing 2.5km of this project

Estimated project cost \$5,093,000 Total project cost to September 30 \$592,598
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Secondary C Canal Range Road 265 to Range Road 262

This project continued the rehabilitation of the Secondary 'C' canal system. This Project began at Range Road 265 and ended at Range Road 262. The canal design increased the canal capacity, improved accessibility and eliminated seepage. This project is approximately 8.5km in length and the canal rehabilitation started in the fall of 2015 and was completed in the spring of 2016. Richardson Bros. (Olds) Ltd. was the general contractor on this project



Estimated project cost \$6,770,000 Total project cost to September 30 \$5,948,742
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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	Complete
2016	Standard Lateral 85N6	Sec. 14,15,21,22 T24 R22 W4	In Progress
2016	Secondary C Canal Salt Lake Spillway to Rng Rd 255	Sec. 25,26,27,36 T26 R26 W4 Sec. 30 T26 R25 W4	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

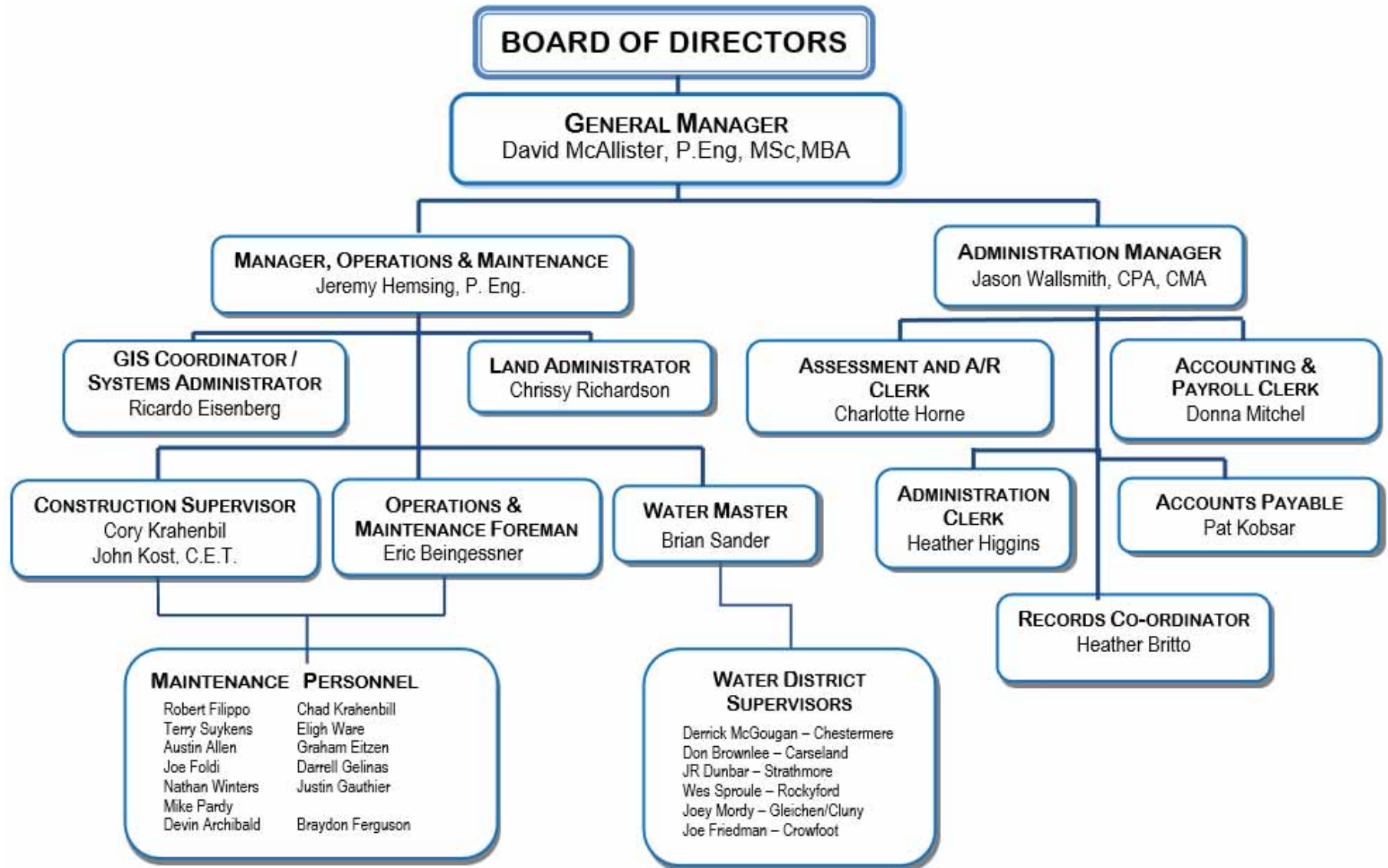
Crop Name	Irrigated Acres	Non-Irrigated Acres	Total Acres
Alfalfa Second Cut	9,876	2,323	12,199
Alfalfa Hay	3,318	839	4,157
Alfalfa Silage	111	0	111
Barley	10,405	2,661	13,066
Barley Silage	3,086	626	3,712
Brome Hay	275	30	305
Canola	10,889	2,862	13,751
Corn Silage	524	0	524
CPS Wheat	4,870	927	5,797
Dry peas	1,430	719	2,149
Durum Wheat	175	145	320
Faba Beans	15	0	15
Flax	130	0	130
Fresh Peas	1,197	0	1,197
Grain Corn	130	0	130
Grass Hay	2,890	1,077	3,967
Grass Seed	5	0	5
Hard Spring Wheat	3,801	529	4,330
Market Gardens	229	87	316
MISC.	30	80	110
Native Pasture	566	701	1,267
Tame Pasture	4,365	2,965	7,330
Non Crop	0	260	260
Nursery	1,030	585	1,615
Oats	811	348	1,159
Potato	115	30	145
Rye	20	0	20
Seed Potatoes	516	0	516
Soft Wheat	1,205	215	1,420
Timothy Hay	665	0	665
Turf Sod	2,476	0	2,476
Winter Wheat	580	0	580
Sleeping Acres		8,435	8,435
TOTAL	65,735	26,444	92,179

**Parcels Added To/Removed
From Western Irrigation District Fiscal 2016**

Name	Legal Description	Action
Royston Townsend & Rosemary Carter	SW 28-24-23 W4	Remove
Willow Green Ranches Ltd.	SW 13-23-23 W4	Remove
Barlow Farms Ltd.	NW 2-23-23 W4	Remove
Barlow Farms Ltd.	NE 10-23-23 W4	Remove
Barlow Farms Ltd.	NE 2-23-23 W4	Remove
Barlow Farms Ltd.	SW 11-23-23 W4	Remove
Rudy Vanderlaan	SE 21-24-25 W4	Remove
Ronald & Jeanette Shelley	SW 26-24-26 W4	Remove
Her Majesty the Queen in right of Alberta as represented by Minister of Transportation of Southern Region	NW 21-22-25 W4	Remove
Gregory & Twylla Bruhn	NE 12-23-25 W4	Remove



WESTERN IRRIGATION DISTRICT



Minutes of Annual Meeting held April 6TH, 2016

PRESENT:

DIRECTORS:

Henry Colpoys
Dan Shute, Chairman
Doug Brown
Ray Kettenbach, Vice-Chairman
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 2015 Annual Meeting. He introduced the Board Members and Staff present. Approximately 21 water users were in attendance. Shelly Harriman and Farrah Williams were introduced.

ANNOUNCEMENTS

An election was being held for a Directors of Divisions 1 and 4. Both Dan Shute and Doug Brown were successful in retaining their positions.

MEETING CHAIRMAN

Dan Shute called for nominations for Chairman of the meeting.

MOVED by Gail Cleeve THAT Bruce Walker be appointed Chairman, seconded by Karl Reinhardt.

CARRIED

**RECORDING
SECRETARY**

Bruce Walker called for nominations for Recording Secretary.

Erwin Braun nominated Heather Higgins. Bruce Walker declared Heather Higgins the Recording Secretary.

ADOPTION OF

Bruce Walker asked the audience to review the proposed agenda.

AGENDA

MOVED by Jay Anderson and SECONDED by Vern Bretin that the agenda be adopted.

CARRIED

ADOPTION OF MINUTES

2014 Annual Meeting Barry Clayton requested that the audience review the Minutes from April 6, 2015 Annual Meeting.

MOVED by Vern Bretin and SECONDED by Jay Anderson THAT the Minutes of the 2014 Annual Meeting be adopted as presented.

CARRIED

CHAIRMAN'S REPORT Dan Shute presented the Chairman's Report, and mentioned some of the highlights of our year. Irrigation in Alberta contributes over \$3.6 billion annually to the GDP of the Province, and is a vital economic engine and social enabler for rural Alberta.

The "Thanks to Irrigation" project continues to gather momentum. Three thousand cobs of corn were roasted and AIPA green bags given out. Calgary Food Bank helped serve, and \$3500 of donations were made to the Food Bank.

Invasive mussels continue to be a problem, and we remain vigilant. The good news is that Alberta still appears to be mussel free.

The WID Board of Directors completed a 10 Year Strategic Plan, which sets a road map for the company and will be a living document to provide long term guidance to the current and future organization.

Dan Shute thanked the Board of Directors and the Staff for helping make 2016 a successful year for the WID and look forward to continued success as we take on the challenges of the future.

MOVED by Andy Bushfield and SECONDED by Lawrence Jensen THAT the Chairman's Report be adopted as presented.

CARRIED

MANAGER'S REPORT

Erwin Braun summarized his report on pages six and seven. The season started quickly with water demand increasing quickly due to lack of showers. The Langdon reservoir is in full use. There are plans to rebuild the Harvie passage, but hopefully the construction will not interfere with diversion requirements. The Ghost Reservoir continues to partner with TransAlta and the Government of Alberta to reduce the risk of flood damage to the City of Calgary.

The WID has partnered with five municipalities to collaborate on a regional solution to provide better quality water. This will result in long term and sustained benefits to the irrigation system.

Erwin Braun extended his thanks to 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 Ray Kettenbach and SECONDED by Vern Bretin
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 2016.

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.

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 Jason Wallsmith and staff for all the assistance afforded them while performing the audit.

**MOVED by Bill Lausen and SECONDED by Jay Anderson
THAT the Auditor's Report for Fiscal 2015 be adopted as
presented.**

CARRIED

OPERATIONS &
MAINTENANCE REPORT

Jeremy Hemsing, Manager of Operations and Maintenance, presented the Operations Report for fiscal 2015, and reviewed the 2015 water season. He also spoke about the various water savings, conservation and maintenance activities that the WID are involved in.

A request was made to 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.

The 2016 Maintenance Activity Summary Chart was displayed with the activity accomplished throughout the year and the rehabilitation plan for the next three years was presented

MOVED by Darren Tiede and SECONDED by Jay Anderson THAT the 2016 Operations & Maintenance Report be adopted as presented.

CARRIED

Extra Items

Erwin Braun: Advisory Committee for the Water Users. A committee was selected and a meeting held.

Rod Bennett, Alberta Agriculture spoke about grants for equipment changes and explained that many irrigators are still eligible for these grants.

WID Overview

Erwin 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 Cluny Pit is fully operational. It was purchased for \$242K in 1999, and the current income is \$2.5M.

The WID has 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 Dianne Brown and SECONDED by Gail Cleave THAT the meeting be adjourned at 4.00 pm

CARRIED



**GREGORY,
HARRIMAN
& ASSOCIATES LLP**

WESTERN IRRIGATION DISTRICT

**Financial Statements
September 30, 2016**

WESTERN IRRIGATION DISTRICT

SEPTEMBER 30, 2016

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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, 2016 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 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, 2016 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Strathmore, Alberta
January 18, 2017

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

WESTERN IRRIGATION DISTRICT
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2016

	UNRESTRICTED FUND		RESTRICTED FUNDS				COMBINED	
	OPERATING		DISTRICT CAPITAL		IRRIGATION WORKS		2016 September 30	2015 September (10 months)
	2016 September 30	2015 September 30 (10 months)	2016 September 30	2015 September (10 months)	2016 September 30	2015 September (10 months)		
CURRENT ASSETS								
Cash (Notes 4, 32)	\$ 2,127,630	\$ 2,935,213	\$ 5,936,862	\$ 12,578,934	\$ 1,125,813	\$ 3,189,917	\$ 9,190,305	\$ 18,704,064
Accounts receivable (Note 5)	2,682,173	2,451,697	-	27,507	-	-	2,682,173	2,479,204
Accrued Interest receivable (Note 6)	-	-	451,125	310,585	-	-	451,125	310,585
Short term investments (Note 7)	-	-	14,244,853	16,003,578	-	-	14,244,853	16,003,578
Inventory (Note 8)	264,940	110,015	332,661	199,312	-	-	597,601	309,327
Prepaid expenses	33,063	32,015	-	-	-	-	33,063	32,015
Interfund receivables (payables) (Note 24)	215,842	454,549	(222,757)	(267,564)	6,915	(186,985)	-	-
	<u>5,323,648</u>	<u>5,983,489</u>	<u>20,742,744</u>	<u>28,852,352</u>	<u>1,132,728</u>	<u>3,002,932</u>	<u>27,199,120</u>	<u>37,838,773</u>
OTHER ASSETS								
Loan receivable (Note 9)	-	-	6,500	7,500	-	-	6,500	7,500
Preliminary costs pending (Notes 10, 28)	-	-	99,657	129,918	-	-	99,657	129,918
Water rights (Note 11)	-	-	51,975	51,975	-	-	51,975	51,975
Deferred development costs (Note 12)	-	-	1,658,250	1,525,651	-	-	1,658,250	1,525,651
Other intangible asset (Note 13)	-	-	41,333	53,644	-	-	41,333	53,644
Investments (Notes 14, 15, 32)	52,386	51,925	28,882,062	24,588,638	12,378	11,880	28,946,826	24,652,443
	<u>52,386</u>	<u>51,925</u>	<u>30,739,777</u>	<u>26,357,326</u>	<u>12,378</u>	<u>11,880</u>	<u>30,804,541</u>	<u>26,421,131</u>
PROPERTY AND EQUIPMENT								
Property and equipment (Note 16)	-	-	7,222,558	7,235,532	49,436	49,436	7,271,994	7,284,968
Irrigation works (Note 17)	-	-	78,657,745	73,469,105	79,892,592	77,005,058	158,550,337	150,474,163
	-	-	<u>85,880,303</u>	<u>80,704,637</u>	<u>79,942,028</u>	<u>77,054,494</u>	<u>165,822,331</u>	<u>157,759,131</u>
TOTAL ASSETS	<u>\$ 5,376,034</u>	<u>\$ 6,035,414</u>	<u>\$ 137,362,824</u>	<u>\$ 135,914,315</u>	<u>\$ 81,087,134</u>	<u>\$ 80,069,306</u>	<u>\$ 223,825,992</u>	<u>\$ 222,019,035</u>
CURRENT LIABILITIES								
Accounts payable and accrued liabilities (Note 18)	\$ 360,796	\$ 511,209	\$ -	\$ -	\$ -	\$ -	\$ 360,796	\$ 511,209
Goods and Services Tax liability	132,816	118,342	-	-	-	-	132,816	118,342
Capital levy trust (Note 19)	-	-	54,909	69,328	-	-	54,909	69,328
Current portion of deferred revenue (Note 20)	-	-	2,412	3,395	-	-	2,412	3,395
	<u>493,612</u>	<u>629,551</u>	<u>57,321</u>	<u>72,723</u>	<u>-</u>	<u>-</u>	<u>550,933</u>	<u>702,274</u>
OTHER LIABILITIES								
Deferred revenue (Note 20)	-	-	17,710	20,397	-	-	17,710	20,397
Asset retirement obligation (Note 21)	-	-	439,464	369,583	-	-	439,464	369,583
	-	-	<u>457,174</u>	<u>389,980</u>	<u>-</u>	<u>-</u>	<u>457,174</u>	<u>389,980</u>
TOTAL LIABILITIES	<u>493,612</u>	<u>629,551</u>	<u>514,495</u>	<u>462,703</u>	<u>-</u>	<u>-</u>	<u>1,008,107</u>	<u>1,092,254</u>
FUND BALANCES								
Invested in property and equipment (Note 22)	-	-	85,534,147	80,440,673	79,942,028	77,054,494	165,476,175	157,495,167
Externally restricted (Note 23)	-	-	-	-	1,145,106	3,014,812	1,145,106	3,014,812
Internally restricted (Notes 24, 32)	-	-	51,314,182	55,010,939	-	-	51,314,182	55,010,939
Unrestricted	4,882,422	5,405,863	-	-	-	-	4,882,422	5,405,863
	<u>4,882,422</u>	<u>5,405,863</u>	<u>136,848,329</u>	<u>135,451,612</u>	<u>81,087,134</u>	<u>80,069,306</u>	<u>222,817,885</u>	<u>220,926,781</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,376,034</u>	<u>\$ 6,035,414</u>	<u>\$ 137,362,824</u>	<u>\$ 135,914,315</u>	<u>\$ 81,087,134</u>	<u>\$ 80,069,306</u>	<u>\$ 223,825,992</u>	<u>\$ 222,019,035</u>

Economic Dependence (Note 2)
Contingent Liabilities (Note 28)
Environmental Contingencies (Note 30)

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 YEAR ENDED SEPTEMBER 30, 2016

	UNRESTRICTED FUND		RESTRICTED FUNDS					
	<i>OPERATING</i>		<i>DISTRICT CAPITAL</i>		<i>IRRIGATION WORKS</i>		<i>TOTAL RESTRICTED</i>	
	2016	2015 (10 months)	2016	2015 (10 months)	2016	2015 (10 months)	2016	2015 (10 months)
REVENUE								
Irrigation rates, net (Note 25)	\$ 1,863,107	\$ 1,847,139	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Domestic and miscellaneous	947,714	974,957	-	-	-	-	-	-
Storm water	670,186	765,935	-	-	-	-	-	-
Penalties	7,797	10,197	-	-	-	-	-	-
TOTAL WATER EARNINGS	3,488,804	3,598,228	-	-	-	-	-	-
OTHER EARNINGS								
Government contributions	-	-	-	-	1,790,889	1,767,500	1,790,889	1,767,500
Interest revenue	34,262	33,858	1,244,169	1,287,623	15,357	26,308	1,259,526	1,313,931
Gravel revenue	-	-	428,685	732,691	-	-	428,685	732,691
Farm, land and building rentals	-	-	151,224	133,364	-	-	151,224	133,364
Gain (loss) on sale of land	-	-	12,363	2,872	-	-	12,363	2,872
Gain (loss) on sale of assets	-	-	46,987	100,605	-	-	46,987	100,605
Realized gain (loss) on investments (Note 14)	-	-	(338,152)	(190,692)	-	-	(338,152)	(190,692)
Unrealized gain (loss) on investments (Notes 14, 15)	-	-	1,081,181	(629,913)	-	-	1,081,181	(629,913)
Fees and other income	30,172	55,026	262	262	-	-	262	262
Miscellaneous	3,184	593	-	-	-	-	-	-
Inventory adjustment	37,600	89,243	-	-	-	-	-	-
TOTAL OTHER EARNINGS	105,218	178,720	2,626,719	1,436,812	1,806,246	1,793,808	4,432,965	3,230,620
	3,594,022	3,776,948	2,626,719	1,436,812	1,806,246	1,793,808	4,432,965	3,230,620
EXPENSES								
Amortization of property and equipment (Note 3)	-	-	1,826,218	1,435,286	1,385,381	1,103,723	3,211,599	2,539,009
Amortization of intangible asset (Note 13)	-	-	12,310	10,259	-	-	12,310	10,259
Depletion of resource properties	-	-	1,357	1,089	-	-	1,357	1,089
Commissions expense	-	-	143,399	93,075	-	-	143,399	93,075
Land development costs	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Bursary expense	-	-	1,000	1,000	-	-	1,000	1,000
Operating and administrative (Schedule 1)	2,692,796	2,565,264	-	-	-	-	-	-
Property taxes	-	-	3,541	3,484	-	-	3,541	3,484
Accretion expense/(recovery) (Note 21)	-	-	69,881	(605)	-	-	69,881	(605)
	2,692,796	2,565,264	2,057,706	1,543,588	1,385,381	1,103,723	3,443,087	2,647,311
EXCESS OF REVENUE OVER EXPENSES	901,226	1,211,684	569,013	(106,776)	420,865	690,085	989,878	583,309
Fund balances at beginning of year	5,405,863	4,453,544	135,451,612	135,888,190	80,069,306	78,790,054	215,520,918	214,678,244
Interfund transfers (Note 24)	(827,704)	329,802	827,704	(329,802)	-	-	827,704	(329,802)
Irrigation provision (Note 23, 24)	(596,963)	(589,167)	-	-	596,963	589,167	596,963	589,167
FUND BALANCES AT END OF YEAR (Note 33)	\$ 4,882,422	\$ 5,405,863	\$ 136,848,329	\$ 135,451,612	\$ 81,087,134	\$ 80,069,306	\$ 217,935,463	\$ 215,520,918

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 SEPTEMBER 30, 2016**

	<i>OPERATING</i>		<i>DISTRICT CAPITAL</i>		<i>IRRIGATION WORKS</i>		TOTALS	
	<i>2016</i>	<i>2015</i> <i>(10 months)</i>	<i>2016</i>	<i>2015</i> <i>(10 months)</i>	<i>2016</i>	<i>2015</i> <i>(10 months)</i>	2016	2015 <i>(10 months)</i>
CASH FLOWS FROM OPERATING ACTIVITIES								
Cash receipts	\$ 3,329,285	\$ 3,080,712	\$ 605,425	\$ 835,463	\$ 1,774,436	\$ 1,767,501	\$ 5,709,146	\$ 5,683,676
Cash paid to suppliers and employees	(2,984,708)	(3,949,458)	(280,539)	(785,887)	-	-	(3,265,247)	(4,735,345)
Cash transferred to/from other funds	238,706	2,913,408	(44,805)	(2,691,954)	(177,449)	(221,454)	-	-
Interest received	34,262	33,858	1,103,632	1,594,712	15,357	26,308	1,153,251	1,654,878
Cash flows from operating activities	617,545	2,078,520	1,383,714	(1,047,666)	1,612,344	1,572,355	3,613,603	2,603,209
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchases of property and equipment	-	-	(7,728,777)	(9,536,052)	(4,272,913)	(1,896,886)	(12,001,690)	(11,432,938)
Purchase of other intangible asset	-	-	-	-	-	-	-	-
Proceeds from sale of assets	-	-	636,078	637,190	-	-	636,078	637,190
Sales (purchase) of investments	(461)	(13,757)	(1,776,634)	13,680,667	(498)	-	(1,777,593)	13,666,910
Preliminary costs pending	-	-	30,261	16,511	-	-	30,261	16,511
Cash flows from investing activities	(461)	(13,757)	(8,839,071)	4,798,316	(4,273,411)	(1,896,886)	(13,112,943)	2,887,673
CASH FLOWS FROM FINANCING ACTIVITIES								
Irrigation provision	(596,963)	(589,167)	-	-	596,963	589,167	-	-
Trust funds received	-	-	(14,419)	(11,850)	-	-	(14,419)	(11,850)
Cash flows from financing activities	(596,963)	(589,167)	(14,419)	(11,850)	596,963	589,167	(14,419)	(11,850)
NET CASH INCREASE (DECREASE)	20,121	1,475,596	(7,469,776)	3,738,800	(2,064,104)	264,636	(9,513,760)	5,479,032
Cash, opening balance	2,935,213	1,129,815	12,578,934	9,169,936	3,189,917	2,925,281	18,704,064	13,225,032
Interfund balance adjustments	(827,704)	329,802	827,704	(329,802)	-	-	-	-
CASH, CLOSING BALANCE	\$ 2,127,630	\$ 2,935,213	\$ 5,936,862	\$ 12,578,934	\$ 1,125,813	\$ 3,189,917	\$ 9,190,305	\$ 18,704,064
CASH REPRESENTED BY:								
Cash on hand and in banks <i>(Note 4)</i>	2,127,630	2,935,213	5,936,862	12,578,934	1,125,813	3,189,917	9,190,305	18,704,064
TOTAL CASH	\$ 2,127,630	\$ 2,935,213	\$ 5,936,862	\$ 12,578,934	\$ 1,125,813	\$ 3,189,917	\$ 9,190,305	\$ 18,704,064

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 SEPTEMBER 30, 2016

	DEPARTMENTS			TOTALS	
	OPERATIONS AND MAINTENANCE	WATER DELIVERY	GENERAL AND ADMINISTRATION	2016	2015 <i>(10 months)</i>
Advertising, publications, ratepayers meetings	\$ -	\$ -	\$ 14,212	\$ 14,212	\$ 16,149
Association fees	-	-	31,899	31,899	31,462
Board of Directors expenditures	-	-	61,197	61,197	60,604
Building maintenance	59,637	-	-	59,637	50,994
Computer expense	-	-	56,831	56,831	65,020
Crop, flood and property damage	-	-	-	-	2,500
Equipment and easement rental	123,952	-	-	123,952	116,851
Equipment maintenance, gas, oil, grease	536,952	41,567	-	578,519	443,386
Gravel pit expenses	8,532	-	-	8,532	4,339
Insurance	48,807	10,979	20,120	79,906	54,922
Interest and bank charges	-	-	882	882	833
Invasive species	-	-	-	-	20,000
Land titles charges and classification	-	-	692	692	959
Materials and supplies, office supplies	282,404	48,277	9,497	340,178	190,808
Payroll service charges	-	-	4,798	4,798	3,101
Postage, freight and courier	-	-	5,015	5,015	3,061
Professional fees	-	56,128	270,267	326,395	222,985
Public relations	-	-	17,079	17,079	17,273
Safety supplies	10,305	3,422	-	13,727	10,446
Salaries and wages	1,901,460	342,787	747,009	2,991,256	2,347,582
Small tools and equipment	8,455	1,282	-	9,737	12,025
Social committee	12,753	-	-	12,753	-
Stationary, printing, photocopies, fax	-	-	12,988	12,988	14,721
Telephone	15,364	6,455	12,251	34,070	25,474
Travel and staff training	2,204	882	7,537	10,623	5,779
Utilities	39,495	53,345	-	92,840	93,307
Vegetation and pest control	-	238,299	-	238,299	176,072
Welding supplies	-	1,755	-	1,755	1,816
	<u>3,050,320</u>	<u>805,178</u>	<u>1,272,274</u>	<u>5,127,772</u>	<u>3,992,469</u>
Transfer as asset to irrigation works <i>(Note 27)</i>	(2,434,976)	-	-	(2,434,976)	(1,427,205)
	<u>\$ 615,344</u>	<u>\$ 805,178</u>	<u>\$ 1,272,274</u>	<u>\$ 2,692,796</u>	<u>\$ 2,565,264</u>

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, 2016**

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.

Cash and Cash Equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in GIC's and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than 90 days and/or are redeemable at any time.

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, 2017 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. Amortization is claimed in full in year of addition and no amortization is claimed in year of disposition.

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

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.

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 year involves the use of approximations, which have been made using careful judgment by management. Actual results could differ from those approximations.

A significant area requiring the use of management's estimates was the inventory valuation and the asset retirement obligation. The value of the inventory was determined using net realizable value and estimated market value at September 30, 2016. Significant changes in the market value of inventory could result in impairment of inventory.

The value of the asset retirement obligation was determined using the present value of estimated future site restoration costs. Significant changes to these estimated costs could result in impairment of the asset retirement obligation.

Note 4 Cash

	2016	2015
<i>Operating</i>		
Petty cash	\$ 1,000	\$ 1,000
Credit card prepaid balance	6,000	6,000
Bank account balance	2,120,630	2,928,213
	<u>2,127,630</u>	<u>2,935,213</u>
<i>District Capital</i>		
Cash held for reinvestment	1,154,440	309,701
Credit Union special grant account, interest rate of Prime minus 1.2%	4,446,145	11,930,823
Credit Union land bank account, interest rate of Prime minus 1.2%	281,400	296,619
Credit Union capital trust levy bank account, interest rate of Prime minus 1.2%	54,877	41,791
	<u>5,936,862</u>	<u>12,578,934</u>
<i>Irrigation Works</i>		
Bank account balance, interest rate of Prime minus 1.2%	1,125,813	3,189,917
	<u>\$ 9,190,305</u>	<u>\$ 18,704,064</u>

A portion of the cash balance for District Capital, \$54,909 (2015 - \$69,328), is restricted in accordance with the terms of the Capital Levy Trust, as documented in Note 19.

Note 5 Accounts Receivable

	2016	2015
<i>Operating</i>		
Water rates and charges	\$ 2,535,722	\$ 2,286,319
Sundry debtors	146,451	165,378
	<u>2,682,173</u>	<u>2,451,697</u>
<i>District Capital</i>		
Capital levy	-	27,507
	<u>\$ 2,682,173</u>	<u>\$ 2,479,204</u>

Note 6 Accrued Interest Receivable

	2016	2015
<i>District Capital</i>		
Interest receivable on investments	\$ 451,125	\$ 310,585
	<u>\$ 451,125</u>	<u>\$ 310,585</u>

Note 7 Short Term Investments

	2016	2015
<i>District Capital</i>		
Current portion of fixed income securities	\$ 894,853	\$ 908,650
Current portion of guaranteed investment certificates	13,350,000	15,094,928
	<u>\$ 14,244,853</u>	<u>\$ 16,003,578</u>

Note 8 Inventory

	2016	2015
<i>Operating</i>		
Supplies and materials	\$ 264,940	\$ 110,015
<i>District Capital</i>		
Gravel	332,661	199,312
	\$ 597,601	\$ 309,327

Note 9 Loan Receivable

The loan of \$6,500 (2015 - \$7,500) is a result of the sale of land to the City of Chestermere. The loan will be repaid over the next seven years with six 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 \$99,657 (2015 - \$129,918) 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, 2016. 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.

	2016	2015
<i>District Capital</i>		
189 Irrigated Acres (2015 - 189 Acres)	\$ 51,975	\$ 51,975
	\$ 51,975	\$ 51,975

Note 12 Deferred Development Costs

These amounts represents material, labour, equipment charges and all other costs incurred to develop assets or land for sale. Costs incurred for assets being developed will be capitalized once related agreements are formalized. Costs incurred for land for sale will be recovered when the land is sold to third parties.

The Co-operative Stormwater Management Initiative is a project between the Western Irrigation District, Calgary Regional Partnership, Chestermere Utilities Incorporated, the City of Calgary - Rocky View County, the Town of Strathmore and Wheatland County to improve the efficiency of storm water handling and water quality. As an agreement has not been formally reached at year end, all costs incurred have been deferred.

	2016	2015
Orchard Park	\$ 313,591	\$ 313,315
Co-operative Stormwater Management Initiative	976,705	844,160
Regional Water Reservoir Study	205,549	205,549
Regional Water Supply Project	92,381	92,381
Other	70,024	70,246
	\$ 1,658,250	\$ 1,525,651

Note 13 Other Intangible Asset

	2016			2015	
	Cost	Accumulated Amortization	Net	Net	
<i>District Capital</i>					
Digital data	\$ 123,103	\$ 81,770	\$ 41,333	\$ 53,644	
	\$ 123,103	\$ 81,770	\$ 41,333	\$ 53,644	

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, 2016.

	2016		2015	
<i>Operating</i>				
Calgary Co-operative Association equity	\$	1,076	\$	1,076
United Farmers of Alberta equity		39,874		39,874
Chinook Credit Union Ltd. common shares		11,436		10,975
		52,386		51,925
<i>District Capital</i>				
Fixed income securities, at fair value		10,993,654		10,001,121
Guaranteed investment certificates, at amortized cost		21,750,000		20,644,928
Common shares and equities		6,301,414		5,793,828
Mutual funds, at fair value		2,378,416		2,224,360
Exchange traded funds		260,117		485,100
Chinook Credit Union Ltd. common shares		10,773		10,338
Kinniburgh South Limited Partnership (Note 15)		1,432,541		1,432,541
Less: Investments maturing in the next fiscal year (Note 7)		(14,244,853)		(16,003,578)
		28,882,062		24,588,638
<i>Irrigation Works</i>				
Chinook Credit Union Ltd. common shares		12,378		11,880
	\$	28,946,826	\$	24,652,443

The fixed income securities mature between and guarantee investment certificates mature between April 25, 2017 and June 1, 2037 with interest ranging from 1.620% and 7.768%.

The guaranteed investment certificates mature between October 15, 2016 and August 6, 2019 with interest ranging from 1.65% to 2.43%.

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:

	2016		2015	
<i>Statement of Financial Position</i>				
Investments	\$	1,432,541	\$	1,432,541
	\$	1,432,541	\$	1,432,541

Note 16 Property and Equipment

	2016			2015	
	Cost	Accumulated Amortization	Net	Net	
<i>District Capital</i>					
Land and farm property	\$ 3,765,564	\$ -	\$ 3,765,564	\$ 3,737,593	
Resource property	591,419	144,683	446,736	464,807	
Computers	253,852	238,624	15,228	30,456	
Trucks	864,572	362,679	501,893	478,382	
Office equipment	21,941	14,435	7,506	9,383	
Other equipment and furniture	174,701	113,130	61,571	76,963	
Power equipment	3,560,807	1,439,029	2,121,778	2,120,069	
Shop and office complex	955,275	667,375	287,900	303,052	
Industrial subdivision costs	40,304	25,922	14,382	14,827	
	10,228,435	3,005,877	7,222,558	7,235,532	
<i>Irrigation Works</i>					
Land	49,436	-	49,436	49,436	
	\$ 10,277,871	\$ 3,005,877	\$ 7,271,994	\$ 7,284,968	

Noted to 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.

			2016	2015
	Cost	Accumulated Amortization	Net	Net
<i>District Capital</i>				
Irrigation Works	\$ 84,180,138	\$ 5,522,393	\$ 78,657,745	\$ 73,469,105
<i>Irrigation Works</i>				
Irrigation Council Works	125,099,856	45,207,264	79,892,592	77,005,058
	\$ 209,279,994	\$ 50,729,657	\$ 158,550,337	\$ 150,474,163

Note 18 Accounts Payable and Accrued Liabilities

	2016	2015
<i>Operating</i>		
Accounts payable and accrued liabilities	\$ 184,248	\$ 319,064
Vacation payable	173,826	188,236
Accrued payroll	2,722	2,409
Land deposit	-	1,500
	\$ 360,796	\$ 511,209

Note 19 Capital Levy Trust

The amount of \$54,909 (2015 - \$69,328), 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 20 Deferred Revenue

The District 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.

	2016		2015
<i>District Capital</i>			
Craigantler Syphon	\$ -	\$	1,400
George Freeman Marshland	15,922		16,917
Pheasants Forever	1,000		2,000
Other leases	3,200		3,475
	20,122		23,792
Less: Current portion	(2,412)		(3,395)
	\$ 17,710	\$	20,397

Note 21 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:

	2016	2015
Asset retirement obligation, beginning of the year	\$ 369,583	\$ 370,188
Accretion expense/(recovery)	69,881	(605)
Asset retirement obligation, end of the year	\$ 439,464	\$ 369,583

No expenditures for reclamation have been made to date. The total undiscounted amount to settle the Asset Retirement Obligation, based on management's estimate, is \$662,445 (2015 - \$561,454). 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 -3.43% a credit-adjusted risk-free discount rate of 2.7%, and a weighted average useful life of production facilities and equipment of 19 and 17 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 22 Invested in Property and Equipment

	2016	2015
<i>District Capital</i>		
Water Rights (Note 11)	\$ 51,975	\$ 51,975
Other intangible asset (Note 13)	41,333	53,644
Property and equipment (Note 16)	7,222,558	7,235,532
Irrigation works (Note 17)	78,657,745	73,469,105
Asset retirement obligation (Note 21)	(439,464)	(369,583)
	85,534,147	80,440,673
<i>Irrigation Works</i>		
Property and equipment (Note 16)	49,436	49,436
Irrigation Works (Note 17)	79,892,592	77,005,058
	79,942,028	77,054,494
	\$ 165,476,175	\$ 157,495,167

Note 23 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 24 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 25 Irrigation Rates

Irrigation rates, net, consist of:

Acres	2016	2015
<u>Assessment roll acres</u> 83,131.5 irrigation acres at \$18.00 per acre, plus additional pressure and/or screening charges where applicable	\$ 1,613,865	\$ 1,598,097
658.0 minimum charge irrigation acres at \$450.00 per parcel	16,650	17,550
8,395.5 terminable acres at \$19.75 per acre, plus additional pressure and/or screening charges where applicable	165,614	166,601
713.0 minimum charge terminable acres at \$493.75 per parcel	18,355	16,294
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	10,931	10,930
145.0 annual acres - irrigation acres at \$18.00 per acre, plus additional pressure and/or screening charges where applicable	2,683	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
95,474.5	\$ 1,863,107	\$ 1,847,139

... continues

Note 25 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 26 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 27 Transfer as Asset to Irrigation Works

The Western Irrigation District has transferred \$2,434,976 (2015, 10 month period - \$1,427,205) 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 28 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, 2016, the District had expended \$99,657 (2015, 10 month period - \$129,918) 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 29 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 \$164,047 for the year ended September 30, 2016 (2015, 10 month period - \$125,456).

Note 30 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 31 Financial Instruments

The District, as part of its operations, carries a number of financial instruments. These financial instruments consist of cash, accounts receivable, accrued 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, accrued 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 32 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, 2016, 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.

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 33 Change in Year End Date

Effective in 2015, the Board of Directors of the District unanimously agreed and passed by-law 382 to change the year end of the District from November 30 to September 30.

Note 34 Comparative Figures

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

Note 35 Approval of Financial Statements

The management of the Western Irrigation District approved these financial statements on January 18, 2017.



WESTERN IRRIGATION DISTRICT

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