

WESTERN IRRIGATION DISTRICT

2018 ANNUAL REPORT

ANNUAL GENERAL MEETING

April 3rd, 2019 — 1:30 P.M.

**Strathmore Travelodge
350 Ridge Road, Strathmore**



WID

PLEASE BRING THIS REPORT WITH YOU TO THE MEETING

Form 1

NOTICE OF ANNUAL MEETING

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

Take Note that the annual meeting of the Irrigators of the Western Irrigation District will be held at the Strathmore Travelodge, Strathmore, Alberta on the 3rd day of April 2019 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	1
Director	1	4

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

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

Voting will take place on the 3rd day of April 2019 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

The value of irrigation was tangibly demonstrated again in 2018 which turned out to be a dry year. The challenging conditions, presented by a second consecutive dry year, reinforced our continuing emphasis on the District's strategic priorities. This focus enabled us to be resilient in providing service and accessing opportunities in partnership with our water users. Our operating and financial results tell the tale of this concentration. I would like to personally acknowledge the diligence and commitment of staff in making 2018 a success.

Significant progress was made in the past year related to each of our key priorities that I am proud to share with you:

Saving Water to Benefit Everyone

A review was performed to determine the most-effective options to achieve water savings. As a result, a program to match provincial grant funding for the conversion of high-pressure pivots to low-pressure was initiated. The substantial water savings of an estimated 1275-acre foot of water savings was a significant and cost-effective decision. The success of this program, where 42 applications were approved, demonstrated the exceptional results that are leveraged by enhancing existing programs with strategic investments made collaboratively by the WID and our water users. The WID also continued investing in our system completing various pipeline and canal projects during the year saving significant water by reducing seepage, evaporation and return flows.

Putting Acres to Work

In response to ongoing demand for acres, several creative opportunities were identified to activate idle acres. The coordination of these initiatives allowed for the WID to initiate a distribution of acres that both increased efficiency and irrigation activity. In 2018, farmers in the WID irrigated the second highest acre total in our history and the highest in nearly two decades. This is ongoing work where we will continue to think creatively.

Enhancing Water Quality

I am pleased to report excellent water quality was maintained in 2018 based on provincial testing. Our investment and effort to continue testing, combined with seeking and utilizing various grants to minimize livestock canal contact yet provide access to water as needed for livestock watering in our system, is providing results. Additional opportunities are also being pursued. On-going efforts with the Co-operative Stormwater Management Initiative to keep stormwater from new development areas out of the WID system are advancing which will help maintain superior water quality now and in the future.

Our focus on strategic priorities in 2018 has allowed us to access opportunities that will provide ongoing benefits to water users and the communities we serve. We will be celebrating our 75th Anniversary in 2019 and our experience in 2018 and the previous 73 years has prepared a foundation that we can build on to continue our success in the future.

Respectfully Yours,

Ray Kettenbach MAAC, ABC
Chairman of the Board



WESTERN IRRIGATION DISTRICT

SAVE THE DATE

WESTERN IRRIGATION DISTRICT 75TH ANNIVERSARY CELEBRATION

**YOU ARE INVITED TO JOIN US ON AUGUST 3, 2019 TO CELEBRATE 75 YEARS OF
IRRIGATION**

**OUR EVENT WILL TAKE PLACE AT THE BRUCE KLAIBER BARN IN STRATHMORE
FROM 3PM TO 7PM**

DINNER AND BEVERAGES WILL BE PROVIDED

PLEASE RSVP TO CONFIRM YOUR ATTENDANCE TO THIS EVENT

CALL 403-934-3542 EXT 248 OR EMAIL [CHRISSEY MILLS CMILLS@WID.NET](mailto:CHRISSEY.MILLS@WID.NET)

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

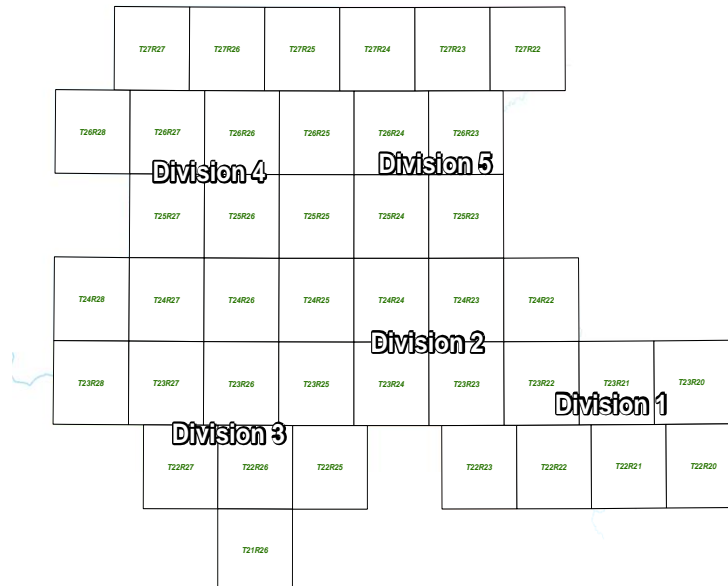
Division 1 – Doug Brown – Term expires 2019
Townships 21, 22, 23 and 24 in Ranges 20, 21 and 22

Division 2 – Henry Colpoys – Term expires 2020
Townships 22, 23 and 24 in Ranges 23 and 24 and Township 24 in Range 25

Division 3 – Rick Page – Term expires 2021
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 2020
Townships 25, 26 and 27 in Ranges 21, 22, 23 and 24



General Manager's Report

The Western Irrigation District experienced a unique set of challenges in 2018 and the successful outcomes that were achieved this year confirm the significance of collaborative efforts by the District and our water users.

The start of the 2018 water season was delayed due to the large and persistent snowpack, deemed to exceed a 1 in 50-year event, in the area. WID infrastructure sustained damage during the snowmelt period and we received approval to recover costs from provincial disaster programs. The success of District staff in repairing the damage and having the infrastructure ready to go for water season over such a short timeframe is a tribute to their dedication and commitment.

During water season demand was sustained due to below-average rainfall across our region. Water users in the WID irrigated the second-highest acreage in history and the most in nearly two decades. A comparison of 2002, which had the highest total of acres irrigated in WID history, and 2018 is useful as the WID diverted only 72% of its licensed water in 2018 compared to 93% in 2002. This demonstrates the substantial water savings that have been achieved in the past decade and a half and highlights the capacity the WID has to deliver water to additional acres.

The WID continued to build on these past successes to achieve even greater water efficiency by conducting a strategic assessment of potential initiatives. The first initiative developed from this assessment was the WID Irrigation Efficiency Program which matched the provincial grant funding for high to low-pressure pivot conversions. These conversions result in substantial water savings as each quarter section pivot that is converted results in water savings of between 15- and 20-acre feet of water per year depending on the amount of water applied. The effectiveness of this initiative is demonstrated in the fact that 76% of the acres irrigated in 2018 were irrigated using low-pressure pivots compared to only 63% in 2017.

Another initiative that the WID undertook to encourage active use of irrigation acres was the voluntary cancellation of terminable contracts and the repurchase of idle irrigation acres. The combination of the efficiency and rationalization programs resulted in an increase of 11% in the number of acres irrigated in the WID to over 75,000 acres in 2018. Additionally, the distribution of acres to locations which used either low-pressure pivot or drip systems resulted in a net water efficiency benefit to the District.

The WID also completed construction of 5 km of pipeline and 11 km of canal in 2018. The strategic investment in our infrastructure further leverages prior investments increasing the water efficiency of the entire system. The District's capital plan in 2019 will build on the work done in 2018 by completing the east end of the Standard Canal system and complete additional work on the North Cluny system.

The WID has continued to build on its legacy of efficient delivery to our water users and dedication to the communities we serve leading into our 75th Anniversary in 2019. The WID's experience in 2018, where more water of better quality was delivered more efficiently than at any point in our history,

Respectfully Submitted

David McAllister PEng, MSc, MBA
General Manager

Water Operations

2018 water operations began on May 7th with diversion from the Bow River beginning to fill reservoirs in preparation for the upcoming water season. The first withdrawal of water from the system came on May 10th and the peak demand came on July 24th when 286 contracts were recorded as using water on that day.

Bow River Diversion for the year totalled just over 136,000 acre/feet which supplied all irrigation, household and domestic contract use as well as conveyance agreements with water. Peak diversion from the river occurred on July 19th when the district recorded 730 cubic feet/second of water being drawn from the Bow. A total of 75,473 acres of land was irrigated in 2018 with the average irrigation application throughout the entire WID recorded at 11 inches.

Strathmore recorded a total of 168 mm of rainfall from May 1st through October 1st however most of the WID service area did not reach that amount as widespread rain events were uncommon in 2018.

WID Distributes Permanent Acres

The District distributed 1,740 permanent irrigation acres to WID irrigators through an application process in 2018. 32 applications were scored based on 5 criteria, conveyance efficiency, on farm system efficiency, land classification, servicing infrastructure and infill of existing systems. Each criterion could score between 0 and 20 providing total scores out of 100. 20 applicants received between 15 and 130 acres to infill existing systems and install new irrigation systems. A capital asset fee of \$770.00 per acre was paid by each successful applicant. Acres acquired from this program must be actively irrigated within two years or the acres revert to the District.

For more details on acre distribution programs please contact Charlotte Mandel or visit the WID webpage.



H.P System Conversion Efficiency Grant:

In 2018, the WID made grant funding available to their irrigators for the conversion of existing high-pressure pivots to low pressure. Under the program, the WID will reimburse producers 40% of the cost, up to a maximum of \$4,000, for the conversion of a H.P. pivot. The WID grant funds cover the cost of sprinklers and control panel conversions. Combined with the current government C.A.P. program, the cost to producers to convert high-pressure pivots to low pressure could be reimbursed by up to 80% should a producer qualify for both programs. In 2018, applications were received for the conversion of 42 pivots in the WID. It is estimated that the district will appreciate a 1,275 acre/foot water savings annually from these irrigation system conversions.

Water Maximums for crop and stock use: (UPDATE)

For the 2018 water season, the WID introduced an annual water usage maximum for its various water contracts. Crop production will be allowed a maximum of 18 inches of water per acre without penalty. For stock consumption, the maximum volume allowed before penalty is 5-acre feet. Overuse for both cases will be penalized at \$20.00 per acre/inch.

A key part of instituting this policy was to ensure that the WID water use records match with what the producers have in the field. In 2018, WID staff confirmed the water consumption rate of over 140 pivots, wheel moves and misc. other irrigation systems using a strap on flow meter.

In conjunction with flow metering, 150 irrigation systems were surveyed using GPS to confirm their irrigated area. Confirming irrigated area and water consumption verifies that the district is accurately recording your irrigation system(s) which will help avoid potential penalties.

GPS and flow metering are provided at no charge to our water users. If you are interested in having your irrigation system mapped and flow metered for accuracy, please contact the WID office.

WID Partners with Wheatland County for Crowfoot Creek Water Quality Improvements:

WID, in partnership with Wheatland County, dispersed grant funding received under a joint application to the Watershed Resiliency and Restoration Program (WRRP). Any landowners in Wheatland County who have land adjacent to drainage within the Crowfoot Watershed could apply for new installations of riparian fencing and off-site watering systems.

A total of \$145,000.00 of grant money was received, \$94,734.00 has been spent to date which provided for 3 watering systems, 770 m of riparian fencing, 2850 m of riparian area protected, and 7000 m of canal fencing. If you have a riparian fencing project or need for an off-site watering system in the Crowfoot watershed, please contact Sarah Schumacher, Agricultural Conservation Coordinator at Wheatland County for more detail.

The Primary objective of the WRRP is to increase the natural ability of the province's watersheds to reduce the intensity, magnitude, duration and effects of flooding and drought through watershed mitigation measures. The purpose of the WID-Wheatland County program is to improve and restore the riparian function and watershed resiliency of the Crowfoot Creek Watershed.

ALUS program funds producers for marginal farmland and land improvement activities

ALUS Wheatland is offering additional grant money to Wheatland County farmers to take marginal farmland out of use or to fund activities that will yield positive land improvements. Annual per acre payments are available from ALUS Wheatland for 5-year flexible terms at the rates shown here. Contact Sarah Schumacher at the Wheatland County office for more information.

Irrigation Rehabilitation Program (IRP)

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

Provincial Government	75%	\$1,309,818
District	25%	\$436,606
Total	100%	\$1,746,424

2018 IRP Project Summary

IRP 2333 North Cluny Tail-out Rehabilitation

The North Cluny Tail-out pipeline project is included in the long-term rehabilitation plans of the District and has been approved by Alberta Agriculture and Forestry as an IRP funded project. This project involved the replacement of an existing open channel with a gravity pipeline to service 545 acres of existing irrigation, and up to 1250 new acres of potential irrigation. The project also included the construction of a level bank canal system and upgrading of the existing spillway along the North Cluny ditch. This system accommodates operational and emergency spill flows and provides adequate head on the new pipeline. This line ties into the existing Rougeau pipeline, bringing total accumulated acreage to nearly 2,700 acres at full build out. This project has been IRP approved for a budget of \$4,751,000 to be constructed over a 3-year period.

2018 work consisted of 1.25km level bank/gravel on poly lined canal and abandonment of old canal by WID forces. Work to be completed in summer 2019.



Estimated project cost \$4,751,000 Total project cost to September 30 \$3,513,938
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Removing waste materials from canal to prepare for liner



WID's self built PVC pipe puller



New Corbiell Spillway

IRP 2349 Hayes Spillway

This new spillway is located at the upper end of the North Cluny lateral system, just downstream of the South Cluny pipeline inlet. Strategically located to manage and evacuate operational flows, the new spillway will also assist in the spring runoff. The work consisted of the installation of a precast concrete inlet structure with Langemann gate and SCADA, precast baffled outfall structure and approximately 300m of 900mm diameter PVC pipe.

WID forces constructed the entire spillway project at an estimated cost of \$430,000. This project has been approved as a part of the District's 2018 IRP works.

This project was constructed mainly during the water season and has reached substantial completion. Final reclamation of surrounding lands and legal survey will take place in Spring 2019.



Estimated project cost
\$430,000
Total project cost to September 30
\$187,466

Hayes Spillway Inlet Structure
installed in North Cluny Canal

Other Projects for 2018

Secondary B Standard Ditch Rehabilitation 9629

This project involves the continued rehabilitation of the Standard lateral on the Secondary B system. The project is included in the District long term rehabilitation plans and started at the Standard/Glenrose split and continued eastward.

The canal rehabilitation consisted of a buried liner and gravel on poly system as in previous years. A strategically located underdrain "fill" was designed to assist in the elimination of surface runoff into the canal. The project incorporates several canal relocations to limit earth movements and reduce overall construction costs. Several small land swaps and/or purchases with adjacent land owners were required to properly fit the canal within the District Right of Way.

WID employees constructed the initial 1.9 km reach and a contract was tendered for an additional 6.3 km. Favorable pricing from Contour Earthmoving allowed for a 2.6 km extension to be included in the contract.

Construction started in fall 2017 and was completed in summer 2018.



Estimated project cost
\$5,060,000
Total project cost to September 30
\$5,177,608

Installing armor rock
over buried liner to
prevent erosion

Mercer Spillway Structure 21001

This critical structure on the Secondary B main canal was identified as a priority for replacement. Preliminary engineering, design and tender was completed in 2017. Construction was completed in early 2018. DFH Enterprises/Kluane Construction was awarded the contract.



Estimated Project Cost
\$200,00
Total Project Cost to
September 30
\$239,636

Aluminized CSP Pipe
Installation on new
Mercer Spillway Structure

Secondary B Standard Ditch Rehabilitation 21003

District forces continued construction of Standard lateral on the Secondary “B” system. The project is included in the District long term rehabilitation plans and starts at the Rockyford highway and continues southeast for 4.2 km.

The canal rehabilitation consisted of a buried liner system in combination with a gravel armor on poly installation. Another strategically located underdrain “fill” was designed to assist in the elimination of surface runoff into the canal. The project will incorporate several canal relocations to limit earth movements and reduce overall construction costs and increase ability to farm adjacent lands. Several small land swaps and/or purchases with adjacent land owners were required to properly fit the canal within the District Right of Way.

Construction began in fall 2018 and will continue into summer 2019.



Estimated Project Cost
\$2,390,000

Total Project Cost to Sept. 30
\$125,837

Removing borrow dirt to
enhance canal banks



Check Panel Wall
Installation on
Standard Canal

Operations & Maintenance Activities

Irrigation Channel Cleaning

Re-establish canal bed for water delivery efficiency



Irrigation Pump Site Check Culvert Repair

Repairs to washed out check crossing east of Strathmore



Road Crossing Repairs

This large diameter road crossing washed out just prior to startup of 2018 water season.
WID joined forces with Wheatland County for the repairs.



Construction of stock water dugout reduces constant flows resulting in water savings



Rock Gabion basket constructed in Standard Canal to screen lateral pipeline



General Maintenance Projects



Mowing



Check Box Installation



Structure Repairs



Pipeline Repairs



Irrigation Stand Pipe Installation



Thrust Block Installation



Gleichen Fire



Cluny Pit Operations

Maintenance Activity Summary

Ditch Cleaning/Rehab	16 KM
Bank Levelling/Ditch Fill In	5 KM
Tree Clearing	1.5 KM
Canal Fencing	3 KM
Delivery Installations	3 Units
Drop/Check Installations	3 Units
Canal Crossing Installations	7 Units
Dugouts	5 Units
Cattail Cutting	45 KM
Chemical spraying	250 km
Bank Mowing	650 HRS

2018 District Equipment Fleet

2017 Case CX350D Excavator
2018 Komatsu 240LC-11 Excavator
2018 Komatsu 290LC-11 Excavator
2015 John Deere 850K Dozer
2014 John Deere 410K Backhoe
2014 John Deere 624K Loader
2016 John Deere 624K Loader
2015 John Deere CT323 E Skid Steer
2015 Kubota M7060 Tractor with 7' Rotary Mower
2016 Peterbilt Tandem Gravel Truck with Pup
2017 Peterbilt Tandem Gravel Truck with Pup
2018 Peterbilt Tandem with 2016 Peerless Lowbed, Jeep, and Booster
2002 Tandem Tip Trailer
2011 Tandem Backhoe Trailer
2015 Midland Side Dump Tridem Trailer
2012 Dodge 1 Ton with Dump Trailer
2018 Dodge 1.5 Ton with Gooseneck Trailer

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.

The plan addresses seepage in the following areas:

Table 1: Seepage projects from 2015-2019.

Year	Project	Section	Status
2015	Secondary C Canal RR 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	Complete
2016	Secondary C Canal Salt Lake Spillway to RR 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 RR 255 to Stoodley Pipeline	Sec. 26,27,28,29,33,34 T26 R25 W4	Not Complete
2018	N. Cluny Tail out	Sec. 2,11,12 T23 R21 W4 Sec. 5,6,7 T23 R20 W4	In Progress
2018	Secondary C Canal Stoodley to RR 245	Sec. 23,24 T26 R25 W4 Sec. 18,19 T26 R25 W4	Not Complete
2019	Secondary C Canal RR 245 to Hwy 21	Sec. 10,15,16,17,20,21 T26 R24 W4	Not Complete



Installation of canal liner provides an optimum solution for seepage control

2018 Weed Control

Western Irrigation District has a continuing program for identifying and controlling invasive weed species throughout the District works. Vegetation control on the main canal banks and lateral ditches began in mid-June as weed growth was delayed due to the cooler spring temperatures.

Multiple applications in the spray program throughout the summer and fall resulted in successful control.

The aquatic weed control program continues to be challenging in the District.

Warmer summer temperatures resulted in extra applications to aid with controlling the aquatic vegetation.

Mowing canal banks and right of ways continues to be part of the weed control program as well.

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:



PARCELS ADDED TO/REMOVED FROM WESTERN IRRIGATION DISTRICT- FISCAL 2018

Name	Legal Description	Action
Steve & Cheryl Johanson	NW &SW 15-23-25 W4	Remove
Margaret Jill Aschenbrenner	NW 10-24-23 W4	Remove
Fairwest Farms Ltd.	SE 35-22-23 W4	Add
Will Kettenbach	SE 2-27-23 W4	Add
Wesson Ross Miller	SW 11-22-27 W4	Remove
Norbert & Margaret Ziehr	SE 4-24-24 W4	Remove
Mullen Farms: Mullen Bros. Properties	SE 34-23-22 W4	Add
Laprise Farms Ltd.	NW 6-23-20 W4	Add
Muller Farms Ltd.	SW 17-23-20 W4	Add
Elizabeth Campbell-Brown	NW 17-24-24 W4	Remove
M & R Damen Farms	SE 14 25 24 W4	Add
Guy & Maisie Brown	NW 7-22-21 W4	Add
Ag Venture Farms Ltd.	SW 2-25-23 W4	Add
Donald H. Brown	NW 31-22-20 W4	Add
1980442 Alberta Ltd.	NW 27-22-21 W4	Add
1980442 Alberta Ltd.	NE 27-22-21 W4	Add
Fairwest Farms Ltd.	Subdivisions 3 & 4, 4-23-22 W4	Add
Fairwest Farms Ltd.	NW 4-23-22 W4	Add
John & Isabella Madeline Lupyczuk	SE 34-25-24 W4	Remove
James Tyler & Julie Dawn Jensen	SW 24-25-24 W4	Remove
Ronald W. Kathol	NW 28-26-24 W4	Remove
Allan & Cheryl Koltusky	SW 1-25-26 W4	Remove
Gregory D & Candace L Appleyard	SE 11-23-25 W4	Remove
Peter, Heidi & Andre Sperling	SE 36-23-23 W4	Remove
Lance & Meredith Bellanger	NE 36-23-23 W4	Add
Mason & Megan & Raymond	NE 12-23-25 W4	Add

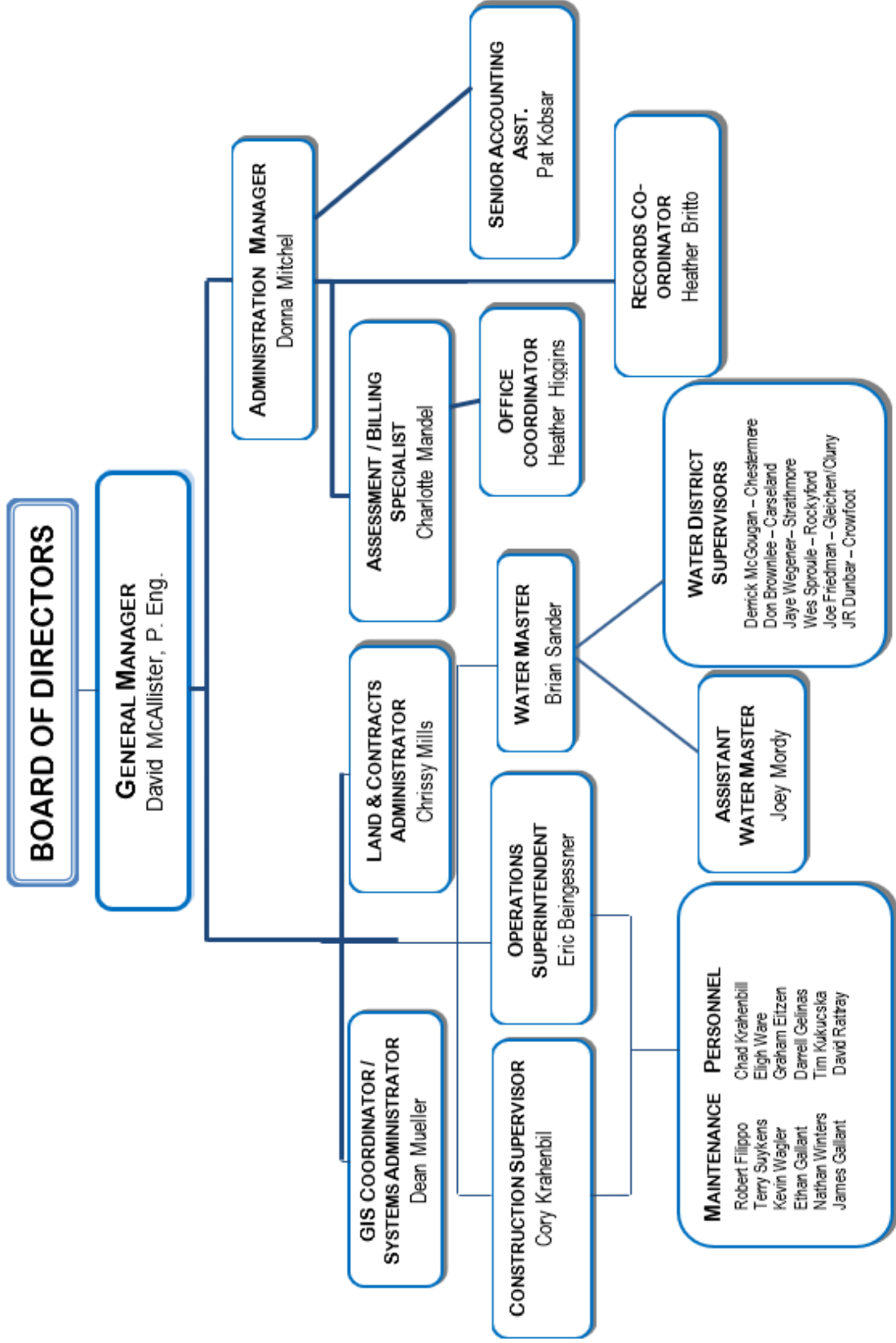
CROP DATA SUMMARY

Crop Name	Irrigated Acres	Not Irrigated Acres	Total Acres
ALFALFA 2 CUT	9681	475	10156
ALFALFA 3 CUTE	1153	0	1153
ALFALFA HAY	3908	1096	5004
BARLEY	5848	403	6251
BARLEY SILAGE	6256	316	6572
BARLEY SILAGE UNDERSEED	392	0	392
BROME HAY	328	0	328
CANOLA	14511	1789	16300
CARROTS	60	0	60
CORN SILAGE	550	315	865
CPS WHEAT	3627	0	3627
DRY PEAS	1683	90	1773
DURUM WHEAT	530	0	530
FLAX	380	0	380
FRESH PEAS	508	270	778
GRAIN CORN	170	0	170
GRASS HAY	1041	60	1101
GRASS SEED	80	0	80
GREEN FEED	507	0	507
HARD SPRING WHEAT	9404	1274	10678
MALT BARLEY	40	0	40
MISC.	150	0	150
NATIVE PASTURE	3437	976	4413
NON-CROP	270	197	467
NURSERY	1080	307	1387
OATS	322	85	407
OATS SILAGE	588	0	588
POTATO	160	0	160
RYE	49	0	49
SEED POTATOES	376	0	376
SMALL FRUIT	60	0	60
SOFT WHEAT	772	261	1033
TAME PASTURE	1665	175	1840
TIMOTHY HAY	1113	0	1113
TURF SOD	2500	0	2500
Another Crop	2274	0	2274
SLEEPING Acres	0	10673	10673
Total Acres	75473	18762	94235



WESTERN IRRIGATION DISTRICT

AS OF SEPTEMBER 2018



Minutes of the Annual Meeting of the Water Users of the Western Irrigation District held in Strathmore, Alberta on April 4, 2018

PRESENT:

DIRECTORS:

Henry Colpoys
Dan Shute
Doug Brown
Ray Kettenbach
Rick Page

STAFF:

David McAllister, General Manager
Jason Wallsmith, Administration Manager
Heather Higgins, Administrative Clerk & Recording Secretary

AUDITORS:

Farrah Williams, Michael McCutcheon and Shelly Harriman,
Gregory Harriman & Associates LLP

CALL TO ORDER &
INTRODUCTIONS

Ray Kettenbach called the meeting to order at 1:45 p.m. and welcomed everyone to the Fiscal 2018 Annual Meeting. He introduced the Board Members and Staff present. Approximately 15 water users were in attendance. Shelly Harriman and Farrah Williams and Michael Mccutcheon were introduced, along with Martin Shields, MP, Irrigation Secretariat Jennifer Nitschelm and our financial advisory team.

ANNOUNCEMENTS

An election was being held for a Directors of Divisions 3. Rick Page was successful in retaining his position.

MEETING CHAIRMAN

Ray Kettenbach called for nominations for Chairman of the meeting.

MOVED by Vern Hoff THAT Darren Tiede be appointed Chairman, seconded by Gail Cleeve

CARRIED

RECORDING
SECRETARY

Darren Tiede called for nominations for Recording Secretary.

Dan Shute nominated Heather Higgins. Declared Heather Higgins the Recording Secretary. Seconded by Gail Cleeve.

ADOPTION OF
AGENDA

Darren Tiede asked the audience to review the proposed agenda.

MOVED by Vern Hoff and SECONDED by Anita Heuver that the agenda be adopted.

CARRIED

ADOPTION OF MINUTES
2016 Annual Meeting

Darren Tiede requested that the audience review the Minutes from April 6, 2017 Annual Meeting.

MOVED by Rod Vergouwen and SECONDED by Bill Barnett THAT the Minutes of April 4, 2018 Annual Meeting be adopted as presented.

CARRIED

CHAIRMAN'S REPORT

Ray Kettenbach presented the Chairman's Report, and mentioned some of the highlights of our year. It was a peak demand and a record flow season, and we need to focus on our strategic priorities to bring the WID plan to life going forward, including Saving water, which benefits everyone, put acres to work, enhance water quality and invest in the system. Alternate parcels are being actively used and we have partnered with the counties of Rocky View and Wheatland to improve our delivery.

We are looking forward to our 75th Anniversary in 2019.

Mr. Kettenbach thanked the Board of Directors and the Staff for helping make 2018 a successful year for the WID and look forward to continued success as we take on the challenges of the future.

MOVED by Gail Cleeve and SECONDED by Anita Heuver THAT the Chairman's Report be adopted as presented.

CARRIED

GENERALMANAGER'S
REPORT

Mr. McAllister summarized his report noting:

- The strategic importance of the District's new water license
- Increasing irrigation activity in the District
- Funding opportunities to enhance on-farm irrigation practices
- WID continues to maintain Excellent water quality as observed by Alberta Agriculture

- WID has the most opportunity of any irrigation district in Alberta to densify around its existing network

Mr. McAllister 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 Vern Hoff and SECONDED by Dave Hilton THAT the Chairman's Report be adopted as presented.
CARRIED**

AUDITOR'S REPORT

Shelley Harriman, Michael McCutcheon and Farrah Williams of Gregory, Harriman & Associates LLP presented the Auditor's report for the Fiscal 2018.

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.

Michael McCutcheon spoke of our Statement of Operations and explained several charts used, including Sources of Revenue and Expenses. Our adherence to our budget is on target.

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 Cam Beard and SECONDED by Dave Bates THAT the Auditor's Report for Fiscal 2018 be adopted as presented.

CARRIED

OPERATIONS & MAINTENANCE REPORT

David McAllister, General Manager, presented the Operations Report for fiscal 2018, and reviewed the 2018 water season. He touched on the pump site in Gleichen, storage structure repairs, pipe that has been replaced and stock water dugouts. A power point was used to show graphs etc. He spoke about capital

projects like the North Cluny tail-out and the Secondary B Canal in Standard. He also explained our Seepage Control Plan and the Parcels Added and Removed

MOVED by Mike Hendricks and SECONDED by Andy Bushfield THAT the 2018 Operations & Maintenance Report be adopted as presented.

CARRIED

Extra Items

During David McAllister's O&M presentation, Gail Cleeve asked why there had been work necessary on the Secondary B Canal as it was fairly new. Mr. McAllister explained that there had not been appropriate drainage, so repairs were required.

Rod Bennett, from Alberta Agriculture, gave a very interesting presentation on Water Savings Analysis. He has completed a study regarding On Farm Water Demand between 1999-2016, and presented his findings in a power point.

Jamie White from the Irrigation Council also spoke for a few minutes. He told us about a meeting that took place in Dec 2017 with the AIPA, to discuss the best way forward to co-ordinate between the thirteen Irrigation Districts.

Martin Shields, MP, also took the floor for a few minutes to keep us up to date with Government issues regarding water.

Ratepayer Questions

Cam Beard voiced his concern about a prairie fire that occurred last year in the Carseland area. He felt that the problem was caused by WID trees and hopes we remove future hazards. David McAllister offered to speak to Mr. Beard after the AGM.

Darren Tiede enquired about phone calls to request water. David McAllister responded that the Board has approved an allocation for the first time in history..

Rod Vergouwen expressed a desire to know more about what is coming up within the District. Mr. McAllister responded that maps will be available showing both completed and on-going work.

David Heinzlmeier took to floor to explain about his seepage problems. Mr. McAllister responded that we would do an assessment.

Gail Cleeve asked to go on record wanting to thank all the WID

staff, as we do a wonderful job.

Dan Shute encouraged water users to look at the summary on page 8 of the 2017 Annual Report. \$19M over 13 ID's has been cut to \$14M. Raise your voices, and vote in next year's election.

Darrel Tiede also thanked the staff, before winding up the meeting.

ADJOURNMENT

MOVED by Gail Cleeve THAT the meeting be adjourned at 4.00 pm

CARRIED

GHA

GREGORY
HARRIMAN
& ASSOCIATES LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

WESTERN IRRIGATION DISTRICT

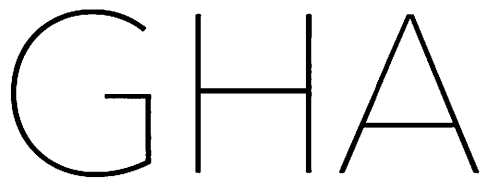
**Financial Statements
September 30, 2018**

WESTERN IRRIGATION DISTRICT

SEPTEMBER 30, 2018

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GREGORY
HARRIMAN
& ASSOCIATES LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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, 2018 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, 2018 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.

Strathmore, Alberta
January 23, 2019

Gregory, Harriman & Assoc. LLP
Gregory, Harriman & Associates LLP
Chartered Professional Accountants

WESTERN IRRIGATION DISTRICT
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2018

	UNRESTRICTED FUNDS			RESTRICTED FUNDS			COMBINED	
	CO-OPERATIVE			DISTRICT CAPITAL			IRRIGATION WORKS	
	OPERATING	STORMWATER MANAGEMENT INITIATIVE	2017 Restated	2018	2017 Restated	2018	2017 Restated	2018
CURRENT ASSETS								
Cash and cash equivalents (Note 4)	\$ 3,447,548	\$ 3,463,676	-	\$ -	\$ 4,597,499	\$ 1,471,539	\$ 2,786,032	\$ 7,274,519
Accounts receivable (Note 5, 33)	1,758,175	1,782,073	28,313	494,102	-	-	-	2,252,277
Accrued interest receivable (Note 6)	-	-	-	-	293,574	-	-	286,807
Short term investments (Note 7)	-	-	-	-	8,561,925	-	-	9,280,902
Inventory (Note 8)	191,093	250,416	-	-	753,741	-	-	944,834
Prepaid expenses	31,701	43,353	-	-	231,454	-	-	31,701
Interfund receivables (payables) (Note 24)	439,154	178,635	-	-	(41,078)	(398,076)	(91,823)	43,353
	5,867,671	5,718,153	28,313	494,102	13,597,640	1,073,463	2,694,209	20,071,040
OTHER ASSETS								
Loan receivable (Note 9)	-	-	-	4,500	5,500	-	-	4,500
Preliminary costs pending (Notes 10, 28)	29,041	-	-	119,829	99,375	-	-	148,870
Water rights (Note 11)	-	-	-	184,800	51,975	-	-	184,800
Deferred development costs (Notes 12, 33)	-	-	-	1,006,671	902,928	-	-	1,006,671
Other intangible asset (Note 13)	-	-	-	19,897	29,023	-	-	19,897
Investments (Notes 14, 15)	51,093	52,885	-	28,886,463	30,169,549	13,509	12,898	28,951,065
	80,134	52,885	-	30,222,160	31,258,350	13,509	12,898	30,315,803
PROPERTY AND EQUIPMENT								
Property and equipment (Note 16)	-	-	-	7,138,652	6,973,312	49,436	49,436	7,188,088
Irrigation works (Note 17)	-	-	-	87,567,304	83,772,349	81,304,841	79,344,373	168,871,945
	-	-	-	94,705,956	90,745,661	81,354,077	79,393,809	176,060,033
TOTAL ASSETS	\$ 5,947,805	\$ 5,771,038	28,313	\$ 494,102	\$ 135,601,651	\$ 82,441,049	\$ 82,100,916	\$ 226,446,876
CURRENT LIABILITIES								
Accounts payable and accrued liabilities (Note 18)	\$ 230,194	\$ 306,627	-	\$ -	\$ -	\$ -	\$ -	\$ 230,194
Goods and Services Tax liability	118,887	89,647	-	-	2,374	-	-	118,887
Capital levy trust (Note 19)	-	-	-	2,423	-	-	-	2,423
Current portion of deferred revenue (Note 20)	-	-	-	-	4,145	-	-	-
	349,081	396,274	-	2,423	6,519	-	-	351,504
OTHER LIABILITIES								
Deferred revenue (Note 20)	-	-	-	15,587	16,857	-	-	15,587
Asset retirement obligation (Note 21)	-	-	-	553,921	471,597	-	-	553,921
	-	-	-	569,508	488,454	-	-	569,508
TOTAL LIABILITIES	349,081	396,274	-	571,931	494,973	-	-	921,012
FUND BALANCES								
Invested in property and equipment (Note 22)	-	-	-	94,356,732	90,355,062	81,354,077	79,393,809	175,710,809
Externally restricted (Note 23)	-	-	-	-	-	1,086,972	2,707,107	1,086,972
Internally restricted (Notes 24, 33)	-	-	-	42,635,257	44,751,616	-	-	42,635,257
Unrestricted (Note 33)	5,598,724	5,374,764	28,313	494,102	135,106,678	82,441,049	82,100,916	5,598,724
	5,598,724	5,374,764	28,313	494,102	135,106,678	82,441,049	82,100,916	225,525,864
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,947,805	\$ 5,771,038	28,313	\$ 494,102	\$ 135,601,651	\$ 82,441,049	\$ 82,100,916	\$ 226,446,876

APPROVED BY:  Chairman of the Board  General Manager

**WESTERN IRRIGATION DISTRICT
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	OPERATING		CO-OPERATIVE STORMWATER MANAGEMENT INITIATIVE		DISTRICT CAPITAL		IRRIGATION WORKS		TOTAL	
	2018	2017 Restated	2018	2017 Restated	2018	2017 Restated	2018	2017	2018	2017 Restated
REVENUE										
Irrigation rates, net (Note 25)	\$ 1,884,701	\$ 1,862,710	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,884,701	\$ 1,862,710
Domestic and miscellaneous	986,003	943,783	-	-	-	-	-	-	986,003	943,783
Storm water (Note 33)	586,162	502,245	-	-	-	-	-	-	586,162	502,245
Penalties	6,202	8,033	-	-	-	-	-	-	6,202	8,033
TOTAL WATER EARNINGS	3,463,068	3,316,771	-	-	-	-	-	-	3,463,068	3,316,771
OTHER EARNINGS										
Capital asset charges	-	-	-	-	1,241,585	27,200	-	-	1,241,585	27,200
Government contributions	284,158	9,000	-	-	-	-	1,309,817	1,785,419	1,593,975	1,794,419
Interest revenue	61,809	50,406	-	-	1,008,152	1,096,652	34,206	18,604	1,104,167	1,165,662
Gravel revenue	-	-	-	-	360,018	193,388	-	-	360,018	193,388
Farm, land and building rentals	-	-	-	-	152,040	152,320	-	-	152,040	152,320
Gain on sale of land	-	-	-	-	29,261	20,880	-	-	29,261	20,880
Gain on sale of assets	-	-	-	-	63,268	235,306	-	-	63,268	235,306
Realized gain (loss) on investments	-	-	-	-	1,454,808	(169,959)	-	-	1,454,808	(169,959)
Unrealized gain (loss) on investments	-	-	-	-	13,308	(199,250)	-	-	13,308	(199,250)
Fees and other income	152,153	69,654	-	-	262	262	-	-	152,415	69,916
Miscellaneous	1,607	2,891	-	-	-	-	-	-	1,607	2,891
Inventory adjustment	3,989	46,416	-	-	(88,999)	-	-	-	3,989	46,416
TOTAL OTHER EARNINGS	503,716	178,367	-	-	4,233,703	1,356,799	1,344,023	1,804,023	6,170,441	3,339,189
	3,966,784	3,495,138	-	-	4,233,703	1,356,799	1,344,023	1,804,023	9,544,510	6,655,960
EXPENSES										
Amortization of property and equipment	-	-	-	-	1,878,322	1,848,777	1,440,496	1,385,381	3,318,818	3,234,158
Amortization of intangible asset	-	-	-	-	9,125	12,310	-	-	9,125	12,310
Depletion of resource properties	-	-	-	-	1,081	458	-	-	1,081	458
Commissions expense	-	-	-	-	150,282	165,446	-	-	150,282	165,446
Reclamation expense	-	-	-	-	141,242	-	-	-	141,242	-
Bursary expense	-	-	-	-	1,000	1,000	-	-	1,000	1,000
Operating and administrative (Schedule 1)	2,893,358	2,600,170	-	-	-	-	-	-	2,893,358	2,600,170
Property taxes	-	-	-	-	3,774	3,579	-	-	3,774	3,579
Accretion expense (Note 21)	-	-	-	-	82,324	32,133	-	-	82,324	32,133
	2,893,358	2,600,170	-	-	2,267,150	2,063,703	1,440,496	1,385,381	6,601,004	6,049,254
EXCESS OF REVENUE OVER EXPENSES	1,073,426	894,968	-	-	1,966,553	(706,904)	(96,473)	418,642	2,943,506	606,706
Fund balances at beginning of year	5,374,764	4,882,422	-	-	135,106,678	136,034,409	82,100,916	81,087,134	222,582,358	222,003,965
Interfund transfers (Notes 24, 33)	(412,860)	192,514	-	28,313	(81,242)	(220,827)	-	-	-	-
Irrigation provision (Notes 23, 24)	(436,606)	(595,140)	-	-	-	-	436,606	595,140	-	-
FUND BALANCES AT END OF YEAR	\$ 5,598,724	\$ 5,374,764	\$ 494,102	\$ 28,313	\$ 136,991,989	\$ 135,106,678	\$ 82,441,049	\$ 82,100,916	\$ 225,525,864	\$ 222,610,671

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, 2018

	OPERATING		CO-OPERATIVE STORMWATER MANAGEMENT INITIATIVE		DISTRICT CAPITAL		IRRIGATION WORKS		TOTALS	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES										
Cash receipts	3,928,873	\$ 4,609,510	(\$494,102)	\$ (28,313)	\$ 1,749,490	\$ 374,632	\$1,309,815.53	\$ 1,768,773	\$ 6,988,178	\$ 6,752,915
Cash paid to suppliers and employees	(2,869,576)	(2,693,274)	-	-	(489,585)	(521,180)	-	-	(3,359,161)	(3,214,454)
Cash transferred to/from other funds	(260,519)	37,207	-	-	(45,734)	(135,943)	306,253	98,738	-	2
Interest received	61,809	50,406	-	-	1,014,919	1,254,204	34,206	18,604	1,110,934	1,323,214
	<u>860,587</u>	<u>2,003,849</u>	<u>(494,102)</u>	<u>(28,313)</u>	<u>2,229,089</u>	<u>971,713</u>	<u>1,650,275</u>	<u>1,886,115</u>	<u>4,739,951</u>	<u>4,861,677</u>
Cash flows from operating activities										
CASH FLOWS FROM INVESTING ACTIVITIES										
Purchases of property and equipment	-	-	-	-	(7,118,797)	(7,426,317)	(3,400,766)	(820,516)	(10,519,563)	(8,246,833)
Proceeds from sale of assets	-	-	-	-	709,494	1,069,099	-	-	709,494	1,069,099
Sales (purchase) of investments	1,792	(499)	-	-	2,039,794	4,026,232	(608)	(520)	2,040,978	4,025,213
Preliminary costs pending	(29,041)	-	-	-	(20,454)	282	-	-	(49,495)	282
	<u>(27,249)</u>	<u>(499)</u>	<u>-</u>	<u>-</u>	<u>(4,389,963)</u>	<u>(2,330,704)</u>	<u>(3,401,374)</u>	<u>(821,036)</u>	<u>(7,818,586)</u>	<u>(3,152,239)</u>
Cash flows from investing activities										
CASH FLOWS FROM FINANCING ACTIVITIES										
Irrigation provision	(436,606)	(595,140)	-	-	-	-	436,606	595,140	-	-
Trust funds received	-	-	-	-	49	(52,535)	-	-	49	(52,535)
	<u>(436,606)</u>	<u>(595,140)</u>	<u>-</u>	<u>-</u>	<u>49</u>	<u>(52,535)</u>	<u>436,606</u>	<u>595,140</u>	<u>49</u>	<u>(52,535)</u>
Cash flows from financing activities										
NET CASH INCREASE (DECREASE)	<u>396,732</u>	<u>1,408,210</u>	<u>(494,102)</u>	<u>(28,313)</u>	<u>(2,160,825)</u>	<u>(1,411,527)</u>	<u>(1,314,493)</u>	<u>1,660,219</u>	<u>(3,078,586)</u>	<u>1,656,903</u>
Cash and cash equivalents, opening balance	3,463,676	2,127,630	-	-	4,597,499	5,936,862	2,786,032	1,125,813	10,847,207	9,190,305
Interfund balance adjustments	(412,860)	(72,164)	494,102	28,313	(81,242)	72,164	-	-	(494,102)	-
CASH AND CASH EQUIVALENTS, CLOSING BALANCE	<u>\$ 3,447,548</u>	<u>\$ 3,463,676</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,355,432</u>	<u>\$ 4,597,499</u>	<u>\$ 1,471,539</u>	<u>\$ 2,786,032</u>	<u>\$ 7,274,519</u>	<u>\$ 10,847,207</u>
CASH REPRESENTED BY:										
Cash and cash equivalents (Note 4)	3,447,548	3,463,676	-	-	2,355,432	4,597,499	1,471,539	2,786,032	7,274,519	10,847,207
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 3,447,548</u>	<u>\$ 3,463,676</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,355,432</u>	<u>\$ 4,597,499</u>	<u>\$ 1,471,539</u>	<u>\$ 2,786,032</u>	<u>\$ 7,274,519</u>	<u>\$ 10,847,207</u>

WESTERN IRRIGATION DISTRICT
SCHEDULE 1 - OPERATING AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	DEPARTMENTS			TOTALS	
	OPERATIONS AND MAINTENANCE	WATER DELIVERY	GENERAL AND ADMINISTRATION	2018	2017
Advertising, publications, ratepayers meetings	\$ -	-	11,133	\$ 11,133	\$ 13,525
Association fees	-	-	31,501	31,501	31,778
Board of Directors expenditures	-	-	47,626	47,626	57,563
Building maintenance	63,423	-	-	63,423	77,268
Computer expense	-	-	77,177	77,177	88,218
Equipment and easement rental	109,282	-	-	109,282	78,344
Equipment maintenance, gas, oil, grease	482,356	63,018	-	545,374	551,002
Gravel pit expenses	4,895	-	-	4,895	6,632
Insurance	14,320	2,983	8,349	25,652	34,055
Interest and bank charges	-	-	981	981	1,158
Land titles charges and classification	-	-	2,269	2,269	1,261
Materials and supplies, office supplies	180,491	99,398	125,517	405,406	178,125
Payroll service charges	-	-	6,469	6,469	4,744
Postage, freight and courier	-	-	6,025	6,025	5,442
Professional fees	-	59,516	119,908	179,424	293,814
Public relations	-	-	11,869	11,869	26,615
Safety supplies	6,763	2,428	481	9,672	11,059
Salaries and wages (Note 29)	1,627,998	365,376	811,077	2,804,451	2,957,800
Small tools and equipment	5,643	-	-	5,643	6,634
Social committee	13,919	-	-	13,919	9,753
Stationary, printing, photocopies, fax	-	-	17,822	17,822	14,801
Telephone	11,639	6,541	12,355	30,535	34,772
Travel and staff training	981	956	6,968	8,905	5,974
Utilities	46,903	84,736	-	131,639	107,093
Vegetation and pest control	-	253,183	-	253,183	228,937
Welding supplies	-	1,359	-	1,359	1,427
	<u>2,568,613</u>	<u>939,494</u>	<u>1,297,527</u>	<u>4,805,634</u>	<u>4,827,794</u>
Transfer as asset to irrigation works (Note 27)	<u>(1,912,276)</u>	<u>-</u>	<u>-</u>	<u>(1,912,276)</u>	<u>(2,227,624)</u>
	<u>\$ 656,337</u>	<u>\$ 939,494</u>	<u>\$ 1,297,527</u>	<u>\$ 2,893,358</u>	<u>\$ 2,600,170</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, 2018

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, and is dependent on these contributions in order to continue operations.

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 Co-operative Stormwater Management Initiative Fund accounts for capital receipts for stormwater management between six cooperative members, Western Irrigation District, City of Calgary, City of Chestermere, Rocky View County, Wheatland County, and The Town of Strathmore. Costs incurred in constructing the stormwater system and operating and maintaining the system are provided for from provincial grant funding and the members.

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 funding of 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

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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 Guaranteed Investment Certificates 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, fixed income securities, and Guaranteed Investment Certificates and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they are non-redeemable and mature in the next fiscal year.

Long Term Investments

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income.

The investments in co-operatives are recorded at cost plus undistributed patronage allocations. Other investments are recorded at the lower of cost and realizable value.

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.

..... continues

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

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 a weighted average.

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. Other property and equipment purchased is recorded at cost. Costs of other property and equipment must exceed \$5,000 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.

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.

Deferred Development Costs

These amounts represent 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.

..... continues

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

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 3.7% (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.

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, 2018. 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 and Cash Equivalents

	2018	2017
<i>Operating</i>		
Petty cash	\$ 1,000	\$ 1,000
Bank account balance	3,446,548	3,462,676
	3,447,548	3,463,676
<i>District Capital</i>		
Cash held for reinvestment	769,869	703,098
Credit Union special grant account, interest rate of Prime minus 1.5%	308,047	3,333,361
Credit Union land bank account, interest rate of Prime minus 1.5%	1,275,131	558,700
Credit Union capital trust levy bank account, interest rate of Prime minus 1.5%	2,385	2,340
	2,355,432	4,597,499
<i>Irrigation Works</i>		
Bank account balance, interest rate of Prime minus 1.5%	1,471,539	2,786,032
	\$ 7,274,519	\$ 10,847,207

A portion of the cash balance for District Capital, \$2,423 (2017 - \$2,374), is restricted in accordance with the terms of the Capital Levy Trust, as documented in Note 19.

The District has approval for access to a bank overdraft with a limit of \$1,000,000, 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.

Note 5 Accounts Receivable

	2018	2017 <i>Restated</i>
<i>Operating</i>		
Water rates and charges	\$ 1,707,043	\$ 1,691,539
Sundry debtors	51,132	90,534
	1,758,175	1,782,073
<i>Co-operative Stormwater Management Initiative</i>		
Conditional and development costs receivable	494,102	28,313
	\$ 2,252,277	\$ 1,810,386

Note 6 Accrued Interest Receivable

	2018	2017
<i>District Capital</i>		
Interest receivable on investments	\$ 286,807	\$ 293,574
	\$ 286,807	\$ 293,574

Note 7 Short Term Investments

	2018	2017
<i>District Capital</i>		
Current portion of fixed income securities	\$ 100,000	\$ 549,373
Current portion of guaranteed investment certificates	9,180,902	8,012,552
	(Note 14) \$ 9,280,902	\$ 8,561,925

Note 8 Inventory

	2018	2017
<i>Operating</i>		
Supplies and materials	\$ 191,093	\$ 250,416
<i>District Capital</i>		
Gravel	753,741	231,454
	\$ 944,834	\$ 481,870

Note 9 Loan Receivable

The loan of \$4,500 (2017 - \$5,500) is a result of the sale of land to the City of Chestermere. The loan will be repaid over the next five years with four 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 \$148,870 (2017 - \$99,375) 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, 2018. 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 the lower of cost and net realizable value. They are held with the intent to resell and therefore the value of the rights will not be amortized.

	2018	2017
<i>District Capital</i>		
240 Irrigated Acres (2017 - 189 Acres)	\$ 184,800	\$ 51,975
	\$ 184,800	\$ 51,975

Note 12 Deferred Development Costs

	2018	2017
		<i>Restated</i>
<i>District Capital</i>		
Orchard Park	\$ 313,592	\$ 313,592
Co-operative Stormwater Management Initiative	274,870	221,382
Regional Water Reservoir Study	205,549	205,549
Other	120,279	70,024
Regional Water Supply Project	92,381	92,381
	\$ 1,006,671	\$ 902,928

Note 13 Other Intangible Asset

			2018		2017	
	Cost	Accumulated Amortization	Net	Net		
<i>District Capital</i>						
Digital data	\$ 123,104	\$ 103,207	\$ 19,897	\$ 19,897	\$ 29,023	\$ 29,023
	\$ 123,104	\$ 103,207	\$ 19,897	\$ 19,897	\$ 29,023	\$ 29,023

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

	2018		2017	
<i>Operating</i>				
Calgary Co-operative Association equity	\$	1,108	\$	1,100
United Farmers of Alberta equity		37,511		39,874
Chinook Credit Union Ltd. common shares		12,474		11,911
		51,093		52,885
<i>District Capital</i>				
Fixed income securities		10,358,660		10,783,564
Guaranteed investment certificates		15,000,602		16,784,552
Common shares and equities		5,388,795		6,492,871
Mutual funds		3,795,895		2,344,223
Exchange traded funds		1,040,143		970,299
Chinook Credit Union Ltd. common shares		11,757		11,225
Kinniburgh South Limited Partnership (Note 15)		2,571,513		1,344,740
Less: Investments maturing in the next fiscal year (Note 7)		(9,280,902)		(8,561,925)
		28,886,463		30,169,549
<i>Irrigation Works</i>				
Chinook Credit Union Ltd. common shares		13,509		12,898
	\$	28,951,065	\$	30,235,332

The fixed income securities mature between December 6, 2019 and December 1, 2045 with interest ranging from 1.107% and 6.40%.

The guaranteed investment certificates mature between January 29, 2019 and December 16, 2019 with interest ranging from 2.10% to 2.40%.

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.

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:

	2018	2017
<i>Statement of Financial Position</i>		
Investments (Note 14)	\$ 2,571,513	\$ 1,344,740
	\$ 2,571,513	\$ 1,344,740
<i>Statement of Operations</i>		
Realized gain on investments	\$ 1,226,773	\$ 87,801
	\$ 1,226,773	\$ 87,801

Note 16 Property and Equipment

			2018	2017
	Cost	Accumulated Amortization	Net	Net
<i>District Capital</i>				
Land and farm property	\$ 3,806,134	\$ -	\$ 3,806,134	\$ 3,765,665
Resource property (Note 21)	591,419	187,146	404,273	446,279
Computers	135,691	128,503	7,188	11,979
Trucks	900,429	408,282	492,147	379,956
Office equipment	21,941	17,033	4,908	6,005
Other equipment and furniture	124,274	87,499	36,775	55,216
Power equipment	3,467,877	1,354,327	2,113,550	2,020,757
Shop and office complex	955,275	695,136	260,139	273,505
Industrial subdivision costs	40,304	26,766	13,538	13,950
	10,043,344	2,904,692	7,138,652	6,973,312
<i>Irrigation Works</i>				
Land	49,436	-	49,436	49,436
	\$ 10,092,780	\$ 2,904,692	\$ 7,188,088	\$ 7,022,748

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.

			2018	2017
	Cost	Accumulated Amortization	Net	Net
<i>District Capital</i>				
Irrigation Works	\$ 95,570,259	\$ 8,002,955	\$ 87,567,304	\$ 83,772,349
<i>Irrigation Works</i>				
Irrigation Council Works	129,337,784	48,033,143	81,304,641	79,344,373
	\$ 224,908,043	\$ 56,036,098	\$ 168,871,945	\$ 163,116,722

Note 18 Accounts Payable and Accrued Liabilities

	2018	2017
<i>Operating</i>		
Vacation payable	\$ 157,869	\$ 168,444
Accounts payable and accrued liabilities	70,558	133,894
Accrued payroll	1,767	4,289
	<u>\$ 230,194</u>	<u>\$ 306,627</u>

Note 19 Capital Levy Trust

The amount of \$2,423 (2017 - \$2,374), 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 expired January 1, 2032. The District received a lump sum payment of \$29,854 in 2003, and this amount has been 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.

The District has a lease agreement with the Town of Strathmore for the lease of land containing towers on them. The lease is an annual lease with the first day commencing on July 1, 2017. Monthly payments are \$350. The Town paid a deposit of \$3,150 for the period ending June 2018, which was recognized as revenue in the current year.

	2018	2017
<i>District Capital</i>		
George Freeman Marshland	12,937	14,927
Town of Strathmore - tower agreement	-	3,150
Other leases	2,650	2,925
	<u>15,587</u>	<u>21,002</u>
Less: Current portion	-	(4,145)
	<u>\$ 15,587</u>	<u>\$ 16,857</u>

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:

	2018	2017
Asset retirement obligation, beginning of the year	\$ 471,597	\$ 439,464
Accretion expense	82,324	32,133
Asset retirement obligation, end of the year	\$ 553,921	\$ 471,597

The total undiscounted amount to settle the Asset Retirement Obligation, based on management's estimate, is \$1,115,462 (2017 - \$848,602). 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 0.25% a credit-adjusted risk-free discount rate of 3.7%, and a weighted average useful life of production facilities and equipment of 18.5 and 18 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. Costs spent by the District during the year on reclamation of the Cluny Gravel Pit totalled \$141,242.

Note 22 Invested in Property and Equipment

	2018	2017
<i>District Capital</i>		
Water Rights (Note 11)	\$ 184,800	\$ 51,975
Other intangible asset (Note 13)	19,897	29,023
Property and equipment (Note 16)	7,138,652	6,973,312
Irrigation works (Note 17)	87,567,304	83,772,349
Asset retirement obligation (Note 21)	(553,921)	(471,597)
	94,356,732	90,355,062
<i>Irrigation Works</i>		
Property and equipment (Note 16)	49,436	49,436
Irrigation Works (Note 17)	81,304,641	79,344,373
	81,354,077	79,393,809
	\$ 175,710,809	\$ 169,748,871

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 23.

Note 25 Irrigation Rates

Irrigation rates, net, consist of:

<u>Acres</u>	<u>2018</u>	<u>2017</u>
Assessment roll acres		
84,730.5 irrigation acres at \$18.32 per acre, plus additional pressure and/or screening charges where applicable	\$ 1,675,677	\$ 1,618,058
614.0 minimum charge irrigation acres at \$458.10 per parcel	15,575	16,650
7,623.5 terminable acres at \$20.11 per acre, plus additional pressure and/or screening charges where applicable	129,138	162,651
121.0 minimum charge terminable acres at \$502.64 per parcel	7,022	17,283
105.0 annual acres at \$20.11 per acre, plus additional pressure and/or screening charges where applicable	2,112	2,074
22.5 minimum charge annual acres at \$502.75 per parcel	503	494
694.0 annual acres - off creek at \$16.03 per acre plus additional pressure and/or screening charges where applicable	11,125	10,931
693.0 annual acres - irrigation acres at \$20.11 per acre, plus additional pressure and/or screening charges where applicable	15,648	2,128
1,360.0 sleeping acre annual agreement acres at \$20.11 per acre plus additional pressure and/or screening charges where applicable	27,900	32,441
95,963.5	\$ 1,884,701	\$ 1,862,710

... 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 \$20.11 per acre plus additional pressure and/or screening charge where applicable. This type of agreement ends December 2018.

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 2018 (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 \$1,912,276 (2017 - \$2,227,624) 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 litigation, regulatory and environmental matters in the ordinary course of business. WID has been named in a legal claim by a ratepayer. As of year end the matter is unresolved and the outcome is not determinable, and has not been accounted for.

At September 30, 2018, the District had expended \$148,870 (2017 - \$99,375) 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 26 and 27.

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 \$159,746 for the year ended September 30, 2018 (2017 - \$167,924).

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 and cash equivalents, accounts receivable, accrued interest receivable, short term investments, loan receivable, long term investments, accounts payable and accrued liabilities and capital levy trust. 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.

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 fulfill 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 provides its services to a large volume of customers and as a result, its credit risk is minimized. 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 and cash equivalents, accounts receivable, accrued interest receivable, short term investments, accounts payable and accrued liabilities and capital levy trust 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 Commitments

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, 2018, 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 Prior Period Adjustment

The District has restated its September 30, 2017 financial statements to adjust deferred development costs relating to the Co-operative Stormwater Management Initiative. These amounts had previously been recorded as an asset. As a result, the following adjustments were required:

	<u>2017</u>
Adjustments to Deferred Development Costs	
As previously reported	\$ 2,009,840
Adjustment to deferred development costs	(1,106,912)
As restated	<u>\$ 902,928</u>
Adjustments to Accounts Receivable	
As previously reported	\$ 1,782,073
Adjustment to accounts receivable	28,313
As restated	<u>\$ 1,810,386</u>
Adjustments to Transfers Operating/CSMI	
As previously reported	\$ -
Adjustment to transfers operating/CSMI	28,313
As restated	<u>\$ 28,313</u>
Adjustments to Transfers Operating/District	
As previously reported	\$ (72,164)
Adjustment to transfers operating/District Capital	292,991
As restated	<u>\$ 220,827</u>
Adjustments to Transfers Operating	
As previously reported	\$ (72,164)
Adjustment to transfers operating	264,678
As restated	<u>\$ 192,514</u>
Adjustments to Revenue - Stormwater	
As previously reported	\$ 766,923
Adjustment to revenue - stormwater	(264,678)
As restated	<u>\$ 502,245</u>

... continues

Note 33 Prior Period Adjustment ... continued

Adjustments to Unrestricted Fund Balance - CSMI	
As previously reported	\$ -
Adjustment to unrestricted fund balance - CSMI	28,313
As restated	<u>\$ 28,313</u>
Adjustments to Internally Restricted Fund Balance	
As previously reported	\$ 45,858,527
Adjustment to internally restricted fund balance	(1,106,911)
As restated	<u>\$ 44,751,616</u>

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 23, 2019.



WESTERN IRRIGATION DISTRICT

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WESTERN IRRIGATION DISTRICT

SEPTEMBER 30, 2018

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GREGORY
HARRIMAN
& ASSOCIATES LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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, 2018 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, 2018 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.

Strathmore, Alberta
January 23, 2019

Gregory, Harriman & Assoc. LLP
Gregory, Harriman & Associates LLP
Chartered Professional Accountants

WESTERN IRRIGATION DISTRICT
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2018

	UNRESTRICTED FUNDS		RESTRICTED FUNDS		COMBINED	
	2018	2017	2018	2017	2018	2017
						Restated
CURRENT ASSETS						
Cash and cash equivalents (Note 4)	\$ 3,447,548	\$ 3,463,676	\$ -	\$ -	\$ 7,274,519	\$ 10,847,207
Accounts receivable (Note 5, 33)	1,758,175	1,782,073	494,102	28,313	2,252,277	1,810,386
Accrued interest receivable (Note 6)	-	-	-	-	286,807	293,574
Short term investments (Note 7)	-	-	-	-	9,280,902	8,561,925
Inventory (Note 8)	191,093	250,416	-	-	944,834	481,870
Prepaid expenses	31,701	43,353	-	-	31,701	43,353
Interfund receivables (payables) (Note 24)	439,154	178,635	(41,078)	(86,812)	-	-
	5,867,671	5,718,153	494,102	28,313	20,071,040	22,038,315
OTHER ASSETS						
Loan receivable (Note 9)	-	-	4,500	5,500	4,500	5,500
Preliminary costs pending (Notes 10, 28)	29,041	-	119,829	99,375	148,870	99,375
Water rights (Note 11)	-	-	184,800	51,975	184,800	51,975
Deferred development costs (Notes 12, 33)	-	-	1,006,671	902,928	1,006,671	902,928
Other intangible asset (Note 13)	-	-	19,897	29,023	19,897	29,023
Investments (Notes 14, 15)	51,093	52,885	28,886,463	30,169,549	28,951,065	30,235,332
	80,134	52,885	30,222,160	31,258,350	30,315,803	31,324,133
PROPERTY AND EQUIPMENT						
Property and equipment (Note 16)	-	-	7,138,652	6,973,312	7,138,652	7,022,748
Accumulated depreciation	-	-	(87,567,304)	(83,772,349)	(87,567,304)	(83,772,349)
Net property and equipment	-	-	7,051,085	6,140,963	7,051,085	6,140,963
Construction in progress	-	-	81,354,077	79,393,809	81,354,077	79,393,809
Intangible works (Note 17)	-	-	94,705,956	90,745,661	94,705,956	90,745,661
	-	-	\$ 494,102	\$ 28,313	\$ 82,441,049	\$ 82,100,916
TOTAL ASSETS	\$ 5,947,805	\$ 5,771,038	\$ -	\$ -	\$ 230,194	\$ 306,627
CURRENT LIABILITIES						
Accounts payable and accrued liabilities (Note 18)	\$ 230,194	\$ 306,627	\$ -	\$ -	\$ 230,194	\$ 306,627
Goods and Services Tax liability	118,887	89,647	2,423	2,374	118,887	89,647
Capital levy trust (Note 19)	-	-	-	4,145	2,423	2,374
Current portion of deferred revenue (Note 20)	-	-	2,423	6,519	-	-
	349,081	396,274	-	-	15,587	16,857
OTHER LIABILITIES						
Deferred revenue (Note 20)	-	-	15,587	16,857	-	-
Asset retirement obligation (Note 21)	-	-	553,921	471,597	-	-
	-	-	569,508	488,454	569,508	488,454
	-	-	571,931	494,973	921,012	891,247
TOTAL LIABILITIES	349,081	396,274	94,356,732	90,355,062	175,710,809	169,748,871
FUND BALANCES						
Invested in property and equipment (Note 22)	-	-	-	-	1,086,972	2,707,107
Externally restricted (Notes 24, 33)	-	-	42,635,257	44,751,616	42,635,257	44,751,616
Internally restricted (Notes 24, 33)	-	-	-	-	5,598,724	5,374,764
Unrestricted (Note 33)	5,598,724	5,374,764	136,991,989	135,106,678	225,525,864	222,610,671
	5,598,724	5,374,764	\$ 494,102	\$ 28,313	\$ 82,441,049	\$ 82,100,916
	\$ 5,947,805	\$ 5,771,038	\$ 494,102	\$ 28,313	\$ 226,446,876	\$ 223,501,918
TOTAL LIABILITIES AND FUND BALANCES						
Economic Dependence (Note 2)						
Contingent Liabilities (Note 28)						
Environmental Contingencies (Note 30)						
Commitments (Note 32)						

APPROVED BY:  Chairman of the Board
 General Manager

WESTERN IRRIGATION DISTRICT
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	OPERATING		CO-OPERATIVE STORMWATER MANAGEMENT INITIATIVE		DISTRICT CAPITAL		IRRIGATION WORKS		TOTAL	
	2018	2017 Restated	2018	2017 Restated	2018	2017 Restated	2018	2017	2018	2017 Restated
REVENUE										
Irrigation rates, net (Note 25)	\$ 1,884,701	\$ 1,862,710	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,884,701	\$ 1,862,710
Domestic and miscellaneous	986,003	943,783	-	-	-	-	-	-	986,003	943,783
Storm water (Note 33)	586,162	502,245	-	-	-	-	-	-	586,162	502,245
Penalties	6,202	8,033	-	-	-	-	-	-	6,202	8,033
TOTAL WATER EARNINGS	3,463,068	3,316,771							3,463,068	3,316,771
OTHER EARNINGS										
Capital asset charges	-	-	-	-	1,241,585	27,200	-	-	1,241,585	27,200
Government contributions	284,158	9,000	-	-	-	-	-	-	284,158	9,000
Interest revenue	61,809	50,406	-	-	1,008,152	1,096,662	1,309,817	1,785,419	1,593,975	1,794,419
Gravel revenue	-	-	-	-	360,018	193,388	34,206	18,604	1,104,167	1,165,662
Farm, land and building rentals	-	-	-	-	152,040	152,320	-	-	360,018	193,388
Gain on sale of land	-	-	-	-	29,261	20,880	-	-	152,040	152,320
Gain on sale of assets	-	-	-	-	63,268	235,306	-	-	29,261	20,880
Realized gain (loss) on investments	-	-	-	-	1,454,808	(169,959)	-	-	1,454,808	(169,959)
Unrealized gain (loss) on investments	152,153	69,654	-	-	13,308	(199,250)	-	-	152,153	69,654
Fees and other income	1,607	2,891	-	-	262	262	-	-	1,607	2,891
Miscellaneous	3,989	46,416	-	-	(88,999)	-	-	-	3,989	46,416
Inventory adjustment	503,716	178,367	-	-	4,233,703	1,356,799	1,344,023	1,804,023	6,170,441	3,339,189
TOTAL OTHER EARNINGS	3,966,784	3,495,138			4,233,703	1,356,799	1,344,023	1,804,023	9,544,510	6,655,960
EXPENSES										
Amortization of property and equipment	-	-	-	-	1,878,322	1,848,777	1,440,496	1,385,381	3,318,818	3,234,158
Amortization of intangible asset	-	-	-	-	9,125	12,310	-	-	9,125	12,310
Depletion of resource properties	-	-	-	-	1,081	458	-	-	1,081	458
Commissions expense	-	-	-	-	150,282	165,446	-	-	150,282	165,446
Reclamation expense	-	-	-	-	141,242	-	-	-	141,242	-
Bursary expense	-	-	-	-	1,000	1,000	-	-	1,000	1,000
Operating and administrative (Schedule 1)	2,893,358	2,600,170	-	-	3,774	3,579	-	-	2,893,358	2,600,170
Property taxes	-	-	-	-	82,324	32,133	-	-	82,324	32,133
Accretion expense (Note 21)	-	-	-	-	2,267,150	2,063,703	1,440,496	1,385,381	6,601,004	6,049,254
EXCESS OF REVENUE OVER EXPENSES	1,073,426	894,968			1,966,553	(706,904)	(96,473)	418,642	2,943,506	606,706
Fund balances at beginning of year	5,374,764	4,882,422	-	-	135,106,678	136,034,409	82,100,916	81,087,134	222,582,358	222,003,965
Interfund transfers (Notes 24, 33)	(412,860)	192,514	494,102	28,313	(81,242)	(220,827)	-	-	-	-
Irrigation provision (Notes 23, 24)	(436,606)	(595,140)	-	-	-	-	436,606	595,140	-	-
FUND BALANCES AT END OF YEAR	\$ 5,598,724	\$ 5,374,764	\$ 494,102	\$ 28,313	\$ 136,991,989	\$ 135,106,678	\$ 82,441,049	\$ 82,100,916	\$ 225,525,864	\$ 222,610,671

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, 2018

	OPERATING		CO-OPERATIVE STORMWATER MANAGEMENT INITIATIVE		DISTRICT CAPITAL		IRRIGATION WORKS		TOTALS	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES										
Cash receipts	\$ 3,928,873	\$ 4,609,510	\$ (494,102)	\$ (28,313)	\$ 1,749,490	\$ 374,632	\$ 1,309,815.53	\$ 1,768,773	\$ 6,988,178	\$ 6,752,915
Cash paid to suppliers and employees	(2,869,576)	(2,693,274)	-	-	(489,585)	(521,180)	-	-	(3,359,161)	(3,214,454)
Cash transferred to/from other funds	37,207	37,207	-	-	(45,734)	(135,943)	306,253	98,738	-	2
Interest received	61,809	50,406	-	-	1,014,919	1,254,204	34,206	18,604	1,110,934	1,323,214
	860,587	2,003,849	(494,102)	(28,313)	2,229,089	971,713	1,650,275	1,886,115	4,739,951	4,861,677
Cash flows from operating activities										
CASH FLOWS FROM INVESTING ACTIVITIES										
Purchases of property and equipment	-	-	-	-	(7,118,797)	(7,426,317)	(3,400,766)	(820,516)	(10,519,563)	(8,246,833)
Proceeds from sale of assets	-	-	-	-	709,494	1,069,099	-	-	709,494	1,069,099
Sales (purchase) of investments	1,792	(499)	-	-	2,039,794	4,026,232	(608)	(520)	2,040,978	4,025,213
Preliminary costs pending	(29,041)	-	-	-	(20,454)	282	-	-	(49,495)	282
	(27,249)	(499)	-	-	(4,389,963)	(2,330,704)	(3,401,374)	(821,036)	(7,818,586)	(3,152,239)
Cash flows from investing activities										
CASH FLOWS FROM FINANCING ACTIVITIES										
Irrigation provision	(436,606)	(595,140)	-	-	-	-	436,606	595,140	-	-
Trust funds received	-	-	-	-	49	(52,535)	-	-	49	(52,535)
	(436,606)	(595,140)	-	-	49	(52,535)	436,606	595,140	49	(52,535)
Cash flows from financing activities										
NET CASH INCREASE (DECREASE)										
	396,732	1,408,210	(494,102)	(28,313)	(2,160,825)	(1,411,527)	(1,314,493)	1,660,219	(3,078,586)	1,656,903
Cash and cash equivalents, opening balance	3,463,676	2,127,630	-	-	4,597,499	5,936,862	2,786,032	1,125,813	10,847,207	9,190,305
Interfund balance adjustments	(412,860)	(72,164)	494,102	28,313	(81,242)	72,164	-	-	(494,102)	-
CASH AND CASH EQUIVALENTS, CLOSING BALANCE	\$ 3,447,548	\$ 3,463,676	\$ -	\$ -	\$ 2,355,432	\$ 4,597,499	\$ 1,471,539	\$ 2,786,032	\$ 7,274,519	\$ 10,847,207
CASH REPRESENTED BY:										
Cash and cash equivalents (Note 4)	3,447,548	3,463,676	-	-	2,355,432	4,597,499	1,471,539	2,786,032	7,274,519	10,847,207
TOTAL CASH AND CASH EQUIVALENTS	\$ 3,447,548	\$ 3,463,676	\$ -	\$ -	\$ 2,355,432	\$ 4,597,499	\$ 1,471,539	\$ 2,786,032	\$ 7,274,519	\$ 10,847,207

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, 2018

	DEPARTMENTS			TOTALS	
	OPERATIONS AND MAINTENANCE	WATER DELIVERY	GENERAL AND ADMINISTRATION	2018	2017
Advertising, publications, ratepayers meetings	\$ -	-	11,133	\$ 11,133	\$ 13,525
Association fees	-	-	31,501	31,501	31,778
Board of Directors expenditures	-	-	47,626	47,626	57,563
Building maintenance	63,423	-	-	63,423	77,268
Computer expense	-	-	77,177	77,177	88,218
Equipment and easement rental	109,282	-	-	109,282	78,344
Equipment maintenance, gas, oil, grease	482,356	63,018	-	545,374	551,002
Gravel pit expenses	4,895	-	-	4,895	6,632
Insurance	14,320	2,983	8,349	25,652	34,055
Interest and bank charges	-	-	981	981	1,158
Land titles charges and classification	-	-	2,269	2,269	1,261
Materials and supplies, office supplies	180,491	99,398	125,517	405,406	178,125
Payroll service charges	-	-	6,469	6,469	4,744
Postage, freight and courier	-	-	6,025	6,025	5,442
Professional fees	-	59,516	119,908	179,424	293,814
Public relations	-	-	11,869	11,869	26,615
Safety supplies	6,763	2,428	481	9,672	11,059
Salaries and wages (Note 29)	1,627,998	365,376	811,077	2,804,451	2,957,800
Small tools and equipment	5,643	-	-	5,643	6,634
Social committee	13,919	-	-	13,919	9,753
Stationary, printing, photocopies, fax	-	-	17,822	17,822	14,801
Telephone	11,639	6,541	12,355	30,535	34,772
Travel and staff training	981	956	6,968	8,905	5,974
Utilities	46,903	84,736	-	131,639	107,093
Vegetation and pest control	-	253,183	-	253,183	228,937
Welding supplies	-	1,359	-	1,359	1,427
	<u>2,568,613</u>	<u>939,494</u>	<u>1,297,527</u>	<u>4,805,634</u>	<u>4,827,794</u>
Transfer as asset to irrigation works (Note 27)	<u>(1,912,276)</u>	<u>-</u>	<u>-</u>	<u>(1,912,276)</u>	<u>(2,227,624)</u>
	<u>\$ 656,337</u>	<u>\$ 939,494</u>	<u>\$ 1,297,527</u>	<u>\$ 2,893,358</u>	<u>\$ 2,600,170</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, 2018**

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, and is dependent on these contributions in order to continue operations.

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 Co-operative Stormwater Management Initiative Fund accounts for capital receipts for stormwater management between six cooperative members, Western Irrigation District, City of Calgary, City of Chestermere, Rocky View County, Wheatland County, and The Town of Strathmore. Costs incurred in constructing the stormwater system and operating and maintaining the system are provided for from provincial grant funding and the members.

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 funding of 75% of expenditures approved by the Irrigation Council and the District contributes 25%.

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

Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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 Guaranteed Investment Certificates 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, fixed income securities, and Guaranteed Investment Certificates and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they are non-redeemable and mature in the next fiscal year.

Long Term Investments

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income.

The investments in co-operatives are recorded at cost plus undistributed patronage allocations. Other investments are recorded at the lower of cost and realizable value.

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.

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

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 a weighted average.

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. Other property and equipment purchased is recorded at cost. Costs of other property and equipment must exceed \$5,000 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.

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.

Deferred Development Costs

These amounts represent 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.

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

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 3.7% (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.

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, 2018. 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 and Cash Equivalents

	2018	2017
<i>Operating</i>		
Petty cash	\$ 1,000	\$ 1,000
Bank account balance	3,446,548	3,462,676
	<u>3,447,548</u>	<u>3,463,676</u>
<i>District Capital</i>		
Cash held for reinvestment	769,869	703,098
Credit Union special grant account, interest rate of Prime minus 1.5%	308,047	3,333,361
Credit Union land bank account, interest rate of Prime minus 1.5%	1,275,131	558,700
Credit Union capital trust levy bank account, interest rate of Prime minus 1.5%	2,385	2,340
	<u>2,355,432</u>	<u>4,597,499</u>
<i>Irrigation Works</i>		
Bank account balance, interest rate of Prime minus 1.5%	1,471,539	2,786,032
	<u>\$ 7,274,519</u>	<u>\$ 10,847,207</u>

A portion of the cash balance for District Capital, \$2,423 (2017 - \$2,374), is restricted in accordance with the terms of the Capital Levy Trust, as documented in Note 19.

The District has approval for access to a bank overdraft with a limit of \$1,000,000, 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.

Note 5 Accounts Receivable

	2018	2017
		<i>Restated</i>
<i>Operating</i>		
Water rates and charges	\$ 1,707,043	\$ 1,691,539
Sundry debtors	51,132	90,534
	<u>1,758,175</u>	<u>1,782,073</u>
<i>Co-operative Stormwater Management Initiative</i>		
Conditional and development costs receivable	494,102	28,313
	<u>\$ 2,252,277</u>	<u>\$ 1,810,386</u>

Note 6 Accrued Interest Receivable

	2018	2017
<i>District Capital</i>		
Interest receivable on investments	\$ 286,807	\$ 293,574
	<u>\$ 286,807</u>	<u>\$ 293,574</u>

Note 7 Short Term Investments

	2018	2017
<i>District Capital</i>		
Current portion of fixed income securities	\$ 100,000	\$ 549,373
Current portion of guaranteed investment certificates	9,180,902	8,012,552
	<u>\$ 9,280,902</u>	<u>\$ 8,561,925</u>
	<i>(Note 14)</i>	

Note 8 Inventory

	2018	2017
<i>Operating</i>		
Supplies and materials	\$ 191,093	\$ 250,416
<i>District Capital</i>		
Gravel	753,741	231,454
	\$ 944,834	\$ 481,870

Note 9 Loan Receivable

The loan of \$4,500 (2017 - \$5,500) is a result of the sale of land to the City of Chestermere. The loan will be repaid over the next five years with four 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 \$148,870 (2017 - \$99,375) 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, 2018. 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 the lower of cost and net realizable value. They are held with the intent to resell and therefore the value of the rights will not be amortized.

	2018	2017
<i>District Capital</i>		
240 Irrigated Acres (2017 - 189 Acres)	\$ 184,800	\$ 51,975
	\$ 184,800	\$ 51,975

Note 12 Deferred Development Costs

	2018	2017 <i>Restated</i>
<i>District Capital</i>		
Orchard Park	\$ 313,592	\$ 313,592
Co-operative Stormwater Management Initiative	274,870	221,382
Regional Water Reservoir Study	205,549	205,549
Other	120,279	70,024
Regional Water Supply Project	92,381	92,381
	\$ 1,006,671	\$ 902,928

Note 13 Other Intangible Asset

			2018			2017
	Cost	Accumulated Amortization	Net	Net		
<i>District Capital</i>						
Digital data	\$ 123,104	\$ 103,207	\$ 19,897	\$	\$	29,023
	\$ 123,104	\$ 103,207	\$ 19,897	\$	\$	29,023

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

	2018	2017
<i>Operating</i>		
Calgary Co-operative Association equity	\$ 1,108	\$ 1,100
United Farmers of Alberta equity	37,511	39,874
Chinook Credit Union Ltd. common shares	12,474	11,911
	51,093	52,885
<i>District Capital</i>		
Fixed income securities	10,358,660	10,783,564
Guaranteed investment certificates	15,000,602	16,784,552
Common shares and equities	5,388,795	6,492,871
Mutual funds	3,795,895	2,344,223
Exchange traded funds	1,040,143	970,299
Chinook Credit Union Ltd. common shares	11,757	11,225
Kinniburgh South Limited Partnership (Note 15)	2,571,513	1,344,740
Less: Investments maturing in the next fiscal year (Note 7)	(9,280,902)	(8,561,925)
	28,886,463	30,169,549
<i>Irrigation Works</i>		
Chinook Credit Union Ltd. common shares	13,509	12,898
	\$ 28,951,065	\$ 30,235,332

The fixed income securities mature between December 6, 2019 and December 1, 2045 with interest ranging from 1.107% and 6.40%.

The guaranteed investment certificates mature between January 29, 2019 and December 16, 2019 with interest ranging from 2.10% to 2.40%.

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.

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:

	2018	2017
<i>Statement of Financial Position</i>		
Investments (Note 14)	\$ 2,571,513	\$ 1,344,740
	\$ 2,571,513	\$ 1,344,740
<i>Statement of Operations</i>		
Realized gain on investments	\$ 1,226,773	\$ 87,801
	\$ 1,226,773	\$ 87,801

Note 16 Property and Equipment

		2018		2017	
		Cost	Accumulated Amortization	Net	Net
<i>District Capital</i>					
Land and farm property	\$	3,806,134	\$ -	\$ 3,806,134	\$ 3,765,665
Resource property (Note 21)		591,419	187,146	404,273	446,279
Computers		135,691	128,503	7,188	11,979
Trucks		900,429	408,282	492,147	379,956
Office equipment		21,941	17,033	4,908	6,005
Other equipment and furniture		124,274	87,499	36,775	55,216
Power equipment		3,467,877	1,354,327	2,113,550	2,020,757
Shop and office complex		955,275	695,136	260,139	273,505
Industrial subdivision costs		40,304	26,766	13,538	13,950
		10,043,344	2,904,692	7,138,652	6,973,312
<i>Irrigation Works</i>					
Land		49,436	-	49,436	49,436
	\$	10,092,780	\$ 2,904,692	\$ 7,188,088	\$ 7,022,748

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.

		2018		2017	
		Cost	Accumulated Amortization	Net	Net
<i>District Capital</i>					
Irrigation Works	\$	95,570,259	\$ 8,002,955	\$ 87,567,304	\$ 83,772,349
<i>Irrigation Works</i>					
Irrigation Council Works		129,337,784	48,033,143	81,304,641	79,344,373
	\$	224,908,043	\$ 56,036,098	\$ 168,871,945	\$ 163,116,722

Note 18 Accounts Payable and Accrued Liabilities

	2018	2017
<i>Operating</i>		
Vacation payable	\$ 157,869	\$ 168,444
Accounts payable and accrued liabilities	70,558	133,894
Accrued payroll	1,767	4,289
	<u>\$ 230,194</u>	<u>\$ 306,627</u>

Note 19 Capital Levy Trust

The amount of \$2,423 (2017 - \$2,374), 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 expired January 1, 2032. The District received a lump sum payment of \$29,854 in 2003, and this amount has been 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.

The District has a lease agreement with the Town of Strathmore for the lease of land containing towers on them. The lease is an annual lease with the first day commencing on July 1, 2017. Monthly payments are \$350. The Town paid a deposit of \$3,150 for the period ending June 2018, which was recognized as revenue in the current year.

	2018	2017
<i>District Capital</i>		
George Freeman Marshland	12,937	14,927
Town of Strathmore - tower agreement	-	3,150
Other leases	2,650	2,925
	<u>15,587</u>	<u>21,002</u>
Less: Current portion	-	(4,145)
	<u>\$ 15,587</u>	<u>\$ 16,857</u>

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:

	2018		2017
Asset retirement obligation, beginning of the year	\$ 471,597	\$	439,464
Accretion expense	82,324		32,133
Asset retirement obligation, end of the year	\$ 553,921	\$	471,597

The total undiscounted amount to settle the Asset Retirement Obligation, based on management's estimate, is \$1,115,462 (2017 - \$848,602). 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 0.25% a credit-adjusted risk-free discount rate of 3.7%, and a weighted average useful life of production facilities and equipment of 18.5 and 18 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. Costs spent by the District during the year on reclamation of the Cluny Gravel Pit totalled \$141,242.

Note 22 Invested in Property and Equipment

	2018		2017
<i>District Capital</i>			
Water Rights (Note 11)	\$ 184,800	\$	51,975
Other intangible asset (Note 13)	19,897		29,023
Property and equipment (Note 16)	7,138,652		6,973,312
Irrigation works (Note 17)	87,567,304		83,772,349
Asset retirement obligation (Note 21)	(553,921)		(471,597)
	94,356,732		90,355,062
<i>Irrigation Works</i>			
Property and equipment (Note 16)	49,436		49,436
Irrigation Works (Note 17)	81,304,641		79,344,373
	81,354,077		79,393,809
	\$ 175,710,809	\$	169,748,871

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 23.

Note 25 Irrigation Rates

Irrigation rates, net, consist of:

<u>Acres</u>	<u>2018</u>	<u>2017</u>
<u>Assessment roll acres</u>		
84,730.5 irrigation acres at \$18.32 per acre, plus additional pressure and/or screening charges where applicable	\$ 1,675,677	\$ 1,618,058
614.0 minimum charge irrigation acres at \$458.10 per parcel	15,575	16,650
7,623.5 terminable acres at \$20.11 per acre, plus additional pressure and/or screening charges where applicable	129,138	162,651
121.0 minimum charge terminable acres at \$502.64 per parcel	7,022	17,283
105.0 annual acres at \$20.11 per acre, plus additional pressure and/or screening charges where applicable	2,112	2,074
22.5 minimum charge annual acres at \$502.75 per parcel	503	494
694.0 annual acres - off creek at \$16.03 per acre plus additional pressure and/or screening charges where applicable	11,125	10,931
693.0 annual acres - irrigation acres at \$20.11 per acre, plus additional pressure and/or screening charges where applicable	15,648	2,128
1,360.0 sleeping acre annual agreement acres at \$20.11 per acre plus additional pressure and/or screening charges where applicable	27,900	32,441
95,963.5	\$ 1,884,701	\$ 1,862,710

... 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 \$20.11 per acre plus additional pressure and/or screening charge where applicable. This type of agreement ends December 2018.

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 2018 (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 \$1,912,276 (2017 - \$2,227,624) 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 litigation, regulatory and environmental matters in the ordinary course of business. WID has been named in a legal claim by a ratepayer. As of year end the matter is unresolved and the outcome is not determinable, and has not been accounted for.

At September 30, 2018, the District had expended \$148,870 (2017 - \$99,375) 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 26 and 27.

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 \$159,746 for the year ended September 30, 2018 (2017 - \$167,924).

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 and cash equivalents, accounts receivable, accrued interest receivable, short term investments, loan receivable, long term investments, accounts payable and accrued liabilities and capital levy trust. 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.

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 provides its services to a large volume of customers and as a result, its credit risk is minimized. 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 and cash equivalents, accounts receivable, accrued interest receivable, short term investments, accounts payable and accrued liabilities and capital levy trust 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 Commitments

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, 2018, 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 Prior Period Adjustment

The District has restated its September 30, 2017 financial statements to adjust deferred development costs relating to the Co-operative Stormwater Management Initiative. These amounts had previously been recorded as an asset. As a result, the following adjustments were required:

	<u>2017</u>
Adjustments to Deferred Development Costs	
As previously reported	\$ 2,009,840
Adjustment to deferred development costs	(1,106,912)
As restated	<u>\$ 902,928</u>
Adjustments to Accounts Receivable	
As previously reported	\$ 1,782,073
Adjustment to accounts receivable	28,313
As restated	<u>\$ 1,810,386</u>
Adjustments to Transfers Operating/CSMI	
As previously reported	\$ -
Adjustment to transfers operating/CSMI	28,313
As restated	<u>\$ 28,313</u>
Adjustments to Transfers Operating/District	
As previously reported	\$ (72,164)
Adjustment to transfers operating/District Capital	292,991
As restated	<u>\$ 220,827</u>
Adjustments to Transfers Operating	
As previously reported	\$ (72,164)
Adjustment to transfers operating	264,678
As restated	<u>\$ 192,514</u>
Adjustments to Revenue - Stormwater	
As previously reported	\$ 766,923
Adjustment to revenue - stormwater	(264,678)
As restated	<u>\$ 502,245</u>

... continues

Note 33 Prior Period Adjustment ... continued

Adjustments to Unrestricted Fund Balance - CSMI

As previously reported	\$	-
Adjustment to unrestricted fund balance - CSMI		28,313
As restated	\$	28,313

Adjustments to Internally Restricted Fund Balance

As previously reported	\$	45,858,527
Adjustment to internally restricted fund balance		(1,106,911)
As restated	\$	44,751,616

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 23, 2019.