



**WESTERN IRRIGATION DISTRICT**

**2008  
ANNUAL REPORT**



**ANNUAL MEETING**

**April 1, 2009 — 1:30 P.M.  
Strathmore Travelodge  
350 Ridge Road, Strathmore**

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

# FINANCIAL STATEMENT AND ANNUAL REPORT 2008

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## Form 1 NOTICE OF ANNUAL MEETING

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

Take Note that the annual meeting of the Irrigators of the Western Irrigation District will be held at the Strathmore Travelodge, Strathmore, Alberta on the 1st day of April 2009 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.

James Webber  
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 offices:

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

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

Voting will take place on the 1st day of April 2009, 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.

James Webber  
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 that 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 Year of 2008 could be summarized as a year of major completions. The most important of which was the Federal Water License legal claim. The Province and the WID Board agreed to a settlement proposal and moved on. As a result the Province provided a one time \$85 million grant for WID infrastructure. The WID gained the financial security it sought, and was provided with the ability to rehabilitate this district in the next 15 years. The Province has confirmed its jurisdiction in water licensing, and guaranteed a major WID infrastructure upgrade that will conserve water. There were gains for all, and we moved on to other issues.


Although the WID has an investment policy in place, the new cash required a special review. It was decided that to be conservative 70% of the new funds would be invested in GICs. The remainder went into two equity accounts, one directed and one managed. The latter two have suffered with the economic downturn but they still provided a good rate of return from their dividends. Their capital worth on paper has dropped, but a loss is not realized until you sell. The South Cluny funds ensure that we have no need to sell for two years, giving time for their capital worth to recover.

The Chestermere Lake lakeshore issue also moved closer to closure. The District, after a period of frustration, was moving to a legal closure. MLA Ron Anderson and the Town of Chestermere intervened with another option. The Town is proposing to purchase the lakeshore from the WID, and resell it to the 385 lake side homeowners. What was a public relations disaster is now forming a new and positive working relationship with the Town. The irrigation infrastructure serves us both, so good relationships are essential for its operation.

The growth of strong relationships with the City, MD, County, Towns, Villages, and Hamlets was noticeable in 2008. This was especially so in promoting a concept for a Regional Water Storage Project that will also be used for a centralized regional water treatment and pipeline distribution system. As that long process moves forward, it is good to be working with friends.

I would like to close with a thanks to my Board of Directors and Staff for an excellent job in continuing the improvements to the WID.

Submitted on behalf of the Board of Directors,

A handwritten signature in black ink, appearing to read 'Andy P. P.', is written over a horizontal line.

Chairman

## MISSION STATEMENT

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



### BOARD OF DIRECTORS:

Back Row:

**Vice Chairman:** Wayne Risdon      **Director:** Don Kathol      **Director:** Dan Shute

Front Row:

**Director:** Dale Dolphin      **Chairman:** Henry Colpoys

### Electoral Divisions of the Western Irrigation District

**Division 1** – Dale Dolphin – Term expires 2010  
Townships 21, 22, 23 and 24 in Ranges 20, 21 and 22

**Division 2** – Henry Colpoys – Term expires 2011  
Townships 22, 23 and 24 in Ranges 23 and 24 and Township 24 in Range 25

**Division 3** – Wayne Risdon – Term expires 2009  
Townships 21, 22 and 23 in Ranges 25, 26, 27 and 28 and Township 23 in Range 29

**Division 4** – Dan Shute – Term expires 2010  
Township 24 in Ranges 26, 27 and 28 and Townships 25, 26 and 27 in Ranges 25, 26, 27 and 28

**Division 5** – Don Kathol – Term expires 2011  
Townships 25, 26 and 27 in Ranges 21, 22, 23 and 24

## **GENERAL MANAGER'S REPORT**

Last year we reported that an engineering evaluation in 2005 estimated it would take \$130 million to complete the rehabilitation of the WID. In 2007 dollars it would take \$235 million to rehabilitate our works. The provincial grant we accepted in March required an investment strategy so as to grow that money to complete the job. None foresaw the change in economic fortunes by September, but the investment strategy did minimize our capital losses to less than 8%. At the same time construction costs dropped 27% over 2007, so the WID dollar went further.

To ensure that the WID total system is maintained in perpetuity, requires a 2% provision in annual reconstruction on an estimated worth of \$300 million. This would amount to \$6.0 million per year, each and every year. In 2008 and 2009 we will spend \$12.5 million each year in rehabilitation. After that we will spend \$7.0 million per year in the system upgrades. This is a not-for-profit district and all that we own or can create goes to maintain the integrity of the system. The WID cannot afford to become complacent. New funding sources are constantly sought, and new services to new customers will be created. It is a fact that farming alone cannot support the costs of the system, nor should it. New customers are required to create revenue and to share the financial burden.

New ventures continue to move forward and include a limited partnership to develop 70 acres of surplus ROW in the Town of Chestermere. There are Chestermere Lake shoreline land sales to the Town of Chestermere, and the recreational land development adjoining Langdon Reservoir. All programs are to create cash so as to continue or accelerate system rehabilitation levels. The more we rehabilitate the more water we will conserve which will provide further opportunities for irrigation acre expansion and possibly some water leasing. The WID is a business and has to keep moving forward.

In 2008 water conservation was a major focus of the province. As a large and senior water license holder we can expect to have our operations constantly evaluated. This will be especially so for the Bow River irrigation districts where the river basin was closed for new water license applications. On the Bow River 78% of the licensed allocations are held by the 3 irrigation districts. It will fall to our water conservation efforts to find solutions to the growth of others, while still finding sufficient water to service our own future needs.

In closing I would like to thank the Board of Directors for their continuing support. Likewise a special thanks to the staff for their continuing effort and enthusiasm to keep costs down and goals high.

Respectfully submitted,

A handwritten signature in blue ink, consisting of a large, stylized 'G' followed by a smaller, more fluid signature.

General Manager



## Operations & Maintenance Activities

### Canal Road Crossing Replacement

In fall of 2008 District forces worked alongside Wheatland County personnel to install 4 new canal culvert crossings. The bridge-sized structures required replacement for various reasons. Deterioration, inadequate capacity and related County road upgrades were the main factors leading to the new infrastructure work.

One of the locations was on a WID spillway southwest of Strathmore, 2 separate sites were on Secondary A canal southeast of Town and another northeast along the Standard ( B canal) system. This combined was is expected to continue in 2009.



### Efficiency Dugout

The efficiency dugout program created several new storage facilities within the District in 2008. A diverse range of stock dugouts, yard and garden and pumping ponds, varying in size, cost and application were either excavated or enhanced in joint cooperation with landowners. Many more sites are targeted for 2009.

## C Canal - Serviceberry Creek Erosion Control

Waterusers in the northern part of the District are serviced via the " C " Canal system. This man-made system is similar to most earthen canals with the exception of a 16.5 kilometer long reach near its upper end. For this distance irrigation water is conveyed through the natural channel known as Serviceberry Creek, which like other natural waterways is subject to radical flow changes in periods of spring runoff and rain events. As a result, the bank erosion over the years has become significant, causing damage to adjacent lands and severe downstream siltation. In 2008, over 3500 tonnes of large diameter armor rock and riprap was hauled and placed to protect eroded areas, mainly corners, effectively stopping the further erosion of nearly 2500 meters of channel. This will be an ongoing, annual project for the next 8-10 years.



### **NOTICE**

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

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

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

Persons having specific concerns are encouraged to contact:

**Erwin Braun R.E.T., R.P.T. (Eng) Manager, Operations & Maintenance**  
403-934-3542, ext. 230

### **2008 MAINTENANCE ACTIVITY SUMMARY**

Ditch Cleaning	21 km
Bank Leveling	3 km
Tree Clearing	0 km
Canal Fencing	3 km
Delivery Installations	7 units
Drop/Check Installations	4 units
Canal Crossing Installations	7 units
Pipelines	0 units
Weed/Brush Control - Cattail Cutting	135 km
Weed/Brush Control - Chemical Spraying	205 km
Weed/Brush Control - Bank Mowing	275 km

### **2008 DISTRICT EQUIPMENT FLEET**

2007	Sterling Tandem Gravel Truck with Pup
2003	Sterling Tandem Gravel Truck with Pup
2007	Sterling Tandem lowbed tractor with lowbed/jeep
2006	Komatsu PC 160-LC7 Excavator
2006	Komatsu 220-LC7 Excavator
2007	Komatsu D61PX-12 Dozer
2008	John Deere 350DLC Excavator
1990	John Deere 970 Tractor
2007	John Deere 410G Backhoe
2008	John Deere 544 Loader
2002	Tandem Tip Trailer



## Water Operations

The 2008 season saw an increase in water diverted from the Bow River into the Western Irrigation District over the amounts in the previous two years. Just under 85,000 acre/feet of water was diverted for use in 2008 compared to 68,000 acre/feet in 2007 and 72,000 acre/feet in 2006.

The District, by following a philosophy of diverting water based on demand instead of maintaining base flows throughout every canal, in combination with some consumers using two week storage facilities for stock water and household contracts, is becoming an increasingly better steward of our water resource. In 2005, prior to this philosophy being followed, 120,000 acre/feet of water was diverted.

There are still locations that could benefit from storage and the WID remains committed to encouraging its users to install these facilities and further improve efficiency throughout the District. We continue to offer a **grant program** which shares the burden of the cost of dugout construction or alternate stock watering options between the WID and the user. It is the goal of the program to have storage locations for household or stock water contracts that can be re-filled every two weeks. This allows lateral canals to be shut off when there is no demand for agricultural irrigation purposes while still allowing water to be available for your livestock or domestic use when needed.



One constantly running stream of water flowing at a rate of 1 cfs for 150 days of a complete water season (approx. 300 acre/feet) is enough water to run a low pressure pivot for 100 days. Small ditches that run in case livestock need a drink or a lawn or garden might need water, add up to a significant volume of water. One must consider that by providing storage, more water remains in the Bow River for diversion at times when it is needed rather than dumped, unused, back to the river systems and counted against our annual water license. When water allocation is implemented, these constant flows will end so we encourage participation in the grant program while it is being offered.

We continue to look for potential water savings locations and ask that you contact your Water District Supervisor for further details.

Name	Phone Number
Jeff Maude (Chestermere)	403-899-4638
Don Brownlee (Carseland)	403-899-4641
Vacant (Strathmore)	403-325-4601
Wes Sproule (Rockyford)	403-325-4640
Pat Smith (Gleichen)	403-325-4642
Eric Beingessner (Crowfoot)	403-325-4639



At the conclusion of the 2008 water season, the Western Irrigation District said good-bye to long time employee Dwight Gittel as he retired from the Water District Supervisor role for the Chestermere service area. Dwight was employed with the District for 33 years working early on in the Gleichen area and then moving and remaining in the Chestermere area until his retirement. With Dwight's departure, the new WDS for Chestermere is Jeff Maude. Some of you will be familiar with Jeff from his diligent work in the Strathmore area in 2006 and 2007.

Other changes to District staff include the relocation of Eric Beingessner from the Strathmore to the Crowfoot service area. The hiring of a new Strathmore WDS is underway and should be completed by the end of February.



### **SCADA System Update:**

Since its initiation in 2005 the electronic monitoring of water and related equipment has grown steadily. Water entering, flowing internally and returning to the natural river systems, is now monitored in real-time through a series of radio towers and monitoring sites. We are equipping ourselves with the latest technologies to track and record water movement as it happens. Once fully implemented, all of our Water District Supervisors will have the tools to provide accuracy of delivery times and foresee potential problems and reduce or eliminate their effects on your operations. Service interruptions and potential flooding from extra inflows can be reduced and

fluctuating water levels will be limited. Combined with rehabilitation projects, it makes for a more reliable delivery system that does not jeopardize service and will use less water. As irrigation rehabilitation projects like the South Cluny pipeline are completed, they are fitted with monitoring equipment to track water usage and function of control gates and trash cleaners. With the water that is returned to the river from these systems being measured as well, the District is working towards the implementation of water conservation strategies for our users. We are putting the building blocks in place to transform the WID into a much more efficient user of a valuable resource.



## 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. In 2008 the District received an additional \$222,000 from the Provincial Government which was 100% funding. The total funds contributed this year for rehabilitation work approved by Irrigation Council were:

▪ Provincial government (75%)	\$2,096,329
▪ Provincial government (100%)	\$ 222,000
▪ District (25%)	\$ 698,776
▪ <b>TOTAL (100%)</b>	<b>\$3,017,105</b>

In addition to the above funds contributed this year, the District's IRP account includes additional funds carried over from the previous year.

### 2008 IRP Project Summary

#### 1. IRP 2124 Secondary A Canal Highway 24 to Cairnhill Spillway



This project is a continuation of the rehabilitation of the Secondary A Canal System and starts at Highway 24 ending close to the Cairnhill Spillway. The canal design increases the canal capacity, improves accessibility, and eliminates seepage. This reach of canal is in the current Seepage Control Plan. Caliber Systems Inc. is the main General Contractor on this project.



MPE Engineering Ltd. is the Engineering Consultant responsible for the design and contract administration on this project.

- Estimated Project Cost = \$4,900,000
- Total Project Cost to Date = \$1,800,000

#### 2. IRP 2069 Sublateral 81D2 Rehabilitation (Grove Pipeline)

This project replaces an old existing canal with a buried PVC pipeline. The length of the new pipeline is 12,000 meters, starts at Secondary A Canal and serves approximately 2,000 acres. The construction of this project was done with WID labour and equipment. The project was completed in the spring of 2008 and was in use for the 2008 water season. MPE Engineering Ltd. designed this project.

- Located 10 km south of Strathmore
- Estimated Project Cost = \$2,200,000
- Total Project Cost to Date=\$2,150,000



### **3. IRP 2131 WID Flow Measurement, Automation (8 Sites)**

The District added SCADA to 8 sites within the WID. These sites allow the WID to have increased flow measurement, structure automation and real time monitoring. They have radio communication which allows operators to have control of flows and measurement from a remote location via a PC. Flow measurement and automation at these sites will greatly improve the WID's operational efficiency and reduce spill water flows.

The funding for this project was 100% Provincial Funding.

- Estimated Project Cost = \$304,000
- Total Project Cost to Date \$165,000

### **4. IRP 2132 WID Return Flow Measurement (13 Sites)**

The District upgraded 13 existing return flow sites with real time communication. This flow data will be monitored and stored in the WID SCADA system. The data will increase WID operational efficiency and ultimately reduce spill. The funding for this project was 100% Provincial Funding.

- Estimated Project Cost = \$120,000
- Total Project Cost to Date = \$98,000

### **5. IRP 2080 Lateral 84T6, Lateral 84T6A, 84T6B, 84T7 and 84T7A (Springvale Stahlville Pipeline)**

This project replaces an old existing canal with a closed buried PVC pipeline. The pipeline is approximately 10,000 meters in length, starts at the Secondary C Canal and services approximately 1,300 acres. It was completed in the spring of 2008 and was in use for the 2008 water season. MPE Engineering Ltd. was responsible for the design of this project. WID forces installed the pipeline.



- Located 5 km north of Rockyford
- Estimated Project Cost = \$1,910,000
- Total Project Cost to Date = \$1,724,000





## Other 2008 Projects

### 1. Eagle Lake Drain

This project was funded by a Joint Stormwater Fund through an agreement between the WID and the Town of Strathmore. It involved the construction of a drainage channel from the Town to Eagle Lake, and was constructed along the CPR right of way and will transfer storm water from the Town to Eagle Lake. This project was done with WID forces and designed by due South Project Management Ltd.

- Total Project Cost to Date = \$941,000

### 2. Chestermere Dam Upgrade



The main dam at Chestermere Lake was upgraded to increase the safety factor as assessed by the Canadian Dam Safety Association Dam Safety Guidelines. The original dam was built in approximately 1903. A geo technical investigation was done by AECOM Canada Ltd. to determine the strength and stability of the earth structure.

The recommendation was to increase the berm width at the base of the dam and provide a drainage system to collect seepage water. A pump system was also designed to pump the collected water back into the reservoir. The WID forces completed this work in 2008. This work was funded with WID funds.

- Estimated Project Cost = \$400,000

### 3. South Cluny Pipeline Project

The South Cluny Project was made possible by the water transfer to the MD of Rocky View. The project involves installing a closed buried PVC pipeline system to replace 50 kilometers of open canal. The water savings of this project allowed for the water to be transferred permanently.

South Cluny canal presently serves approximately 5000 acres. Of these acres, 3000 were actively irrigated. The new pipeline is designed to irrigate over 8000 acres.

The project is being constructed over 2 years to allow for construction scheduling and budgets. Phase 1 involves the installation of a settling pond, inlet structures and approximately 25 kilometers of pipe. The first 4 kilometers of the pipeline is 48 inch diameter.

The first kilometer of pipe, inlet structures and settling pond were tendered and the successful bidder was Caliber Systems Inc. This contract was completed in summer of 2008.

The WID crews have installed the remainder of the PVC pipe. The design is complete for phase 2 and work will be completed in the fall/winter of 2009/2010. due South Project Management Ltd. is the Design Consultant on this project.



- Estimated Project Cost = \$16,800,000
- Cost to Date = \$6,630,000

#### 4. Secondary C Canal System Study

Secondary C canal system study was started in 2008 to investigate alternatives to rehabilitate the canal system. The study assists the WID in the planning of future rehabilitation plans. This study identifies which of the sublaterals can be rehabilitated with closed pipeline systems.

- Estimated Project Cost = \$100,000

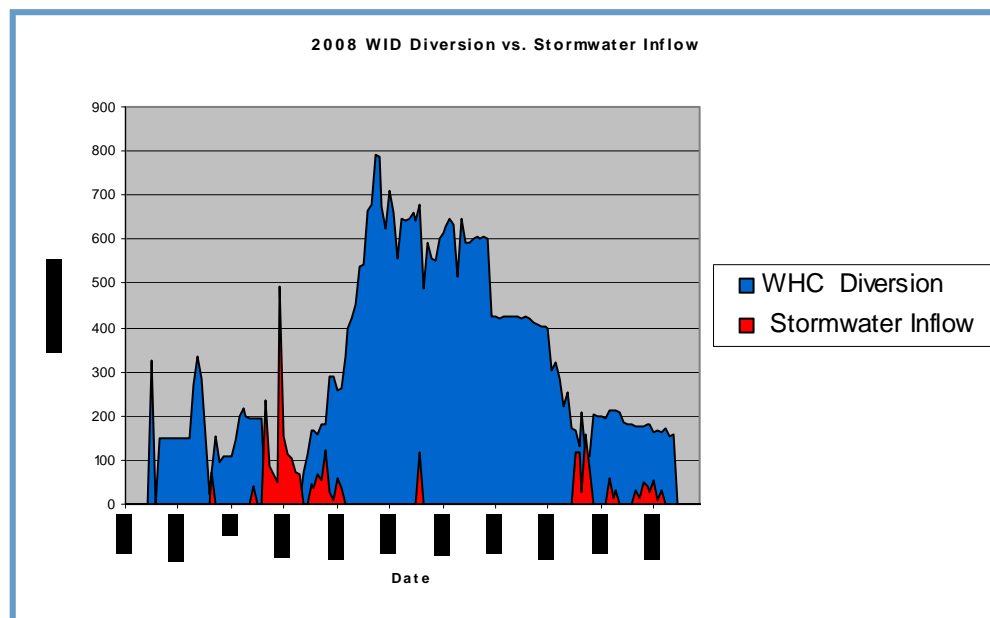
### Seepage Control Plan 2003-2010

The Western Irrigation District has prepared a Seepage Control Plan for the Years 2003 through 2010 in accordance with Section 164(1) of the Irrigation Districts Act. Currently the program is ahead of schedule.

The Plan addresses seepage in five areas:

### Seepage projects up to 2010

YEAR	PROJECT	SECTION	STATUS
2003	IRP 1934 Lateral 81	Sec. 24,25-22-22-W4	Completed
2004	IRP 1890 Lateral 84T2	Sec. 12-26-24-W4 & Sec. 7-26-23-W4	Completed
2005	IRP 2003 Lateral 81J7	Sec. 7-22-21-W4 & Sec.12,13,24-22-22-W4	Completed
2006	IRP 2018 Lateral 81G6	Sec. 26,27,34,35-22-23-W4	Completed
2007	IRP 1848 Lateral 82K15	Sec. 4,10-24-23-W4	Completed
2008	IRP 2068 Secondary A Canal 12 Mile to Highway 24	Sec. 16,20,21,-22-26-W4	Completed
2009	IRP 2124 Sec A Canal Highway 24 to Lateral 81C4	Sec. N 1/2 22-22-26-W4	Completed
2010	IRP 2124 Sec A Canal Lateral 81C4 to Highway 22	Sec. 26, 27-22-26-W4	Completed





## 2008 CROP DATA SUMMARY

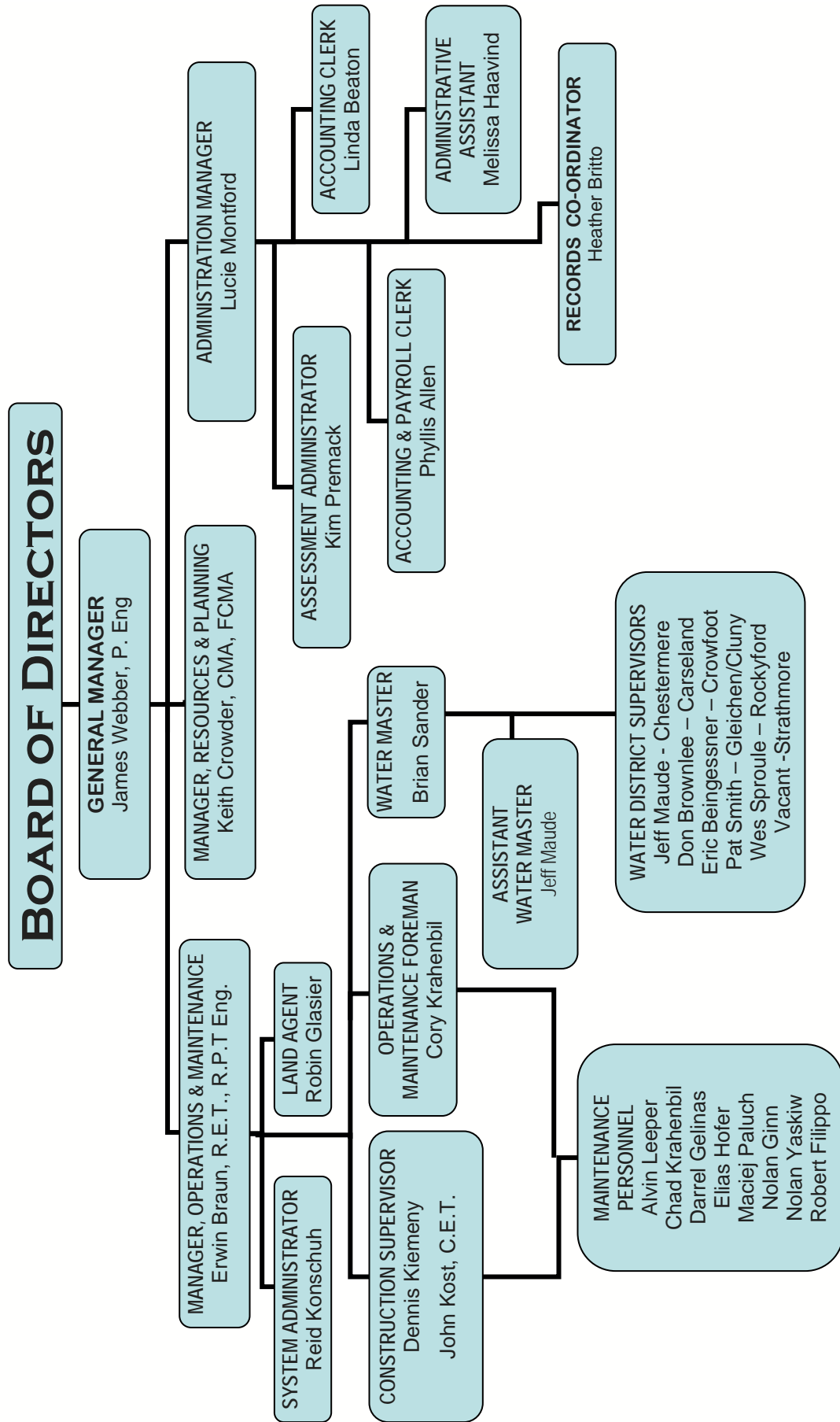
Crop Type	Irrigated Acres	Non Irrigated Acres	Total Acres
Alfalfa Hay	9,234	8,799	18,032
Barley	6,227	8,146	14,373
Barley Silage	6,019	1,381	7,400
Canola	9,437	6,375	15,812
Corn Silage	130	52	182
Dry Peas	326	325	651
Flax	260	0	260
Grass Hay	368	1,402	1,770
Grass Seed	260	264	524
Green Feed	0	50	50
Market Gardens	65	150	215
Nursery	555	971	1,526
Oats	505	120	625
Oat Silage	133	0	133
Pasture	5,867	12,402	18,269
Potato	130	583	713
Small Fruit	0	125	125
Summerfallow	0	70	70
Rye	130	0	130
Turf Sod	1,980	300	2,280
Wheat	6,500	6,738	13,238
<b>Totals</b>	<b>48,126</b>	<b>48,252</b>	<b>96,378</b>

**PARCELS ADDED TO/REMOVED FROM  
WESTERN IRRIGATION DISTRICT  
FISCAL 2008**

<b>Name</b>	<b>Legal Description</b>	<b>Action</b>
Heuver, Antonius Johannes & Johanna Antonia Hendrika	NW 8-24-24 W4	Add
Heuver, Antonius Johannes & Johanna Antonia Hendrika	SW 5-24-24 W4	Add
971089 Alberta Ltd.	NW 22-23-24 W4	Add
MacKenzie, Lindy & Scott, Suzan & Muller, Glen	SE 30-24-24 W4	Add
Downey, Harold & Lynne	NE 14-23-25 W4	Add
Downey, Harold & Lynne	NW 14-23-25 W4	Add
Downey, Harold & Lynne	SW 14-23-25 W4	Add
Malinowski, Leonard K. & Jeanette C.	NW 36-26-26 W4	Remove
Lausen Ranches Ltd.	SW 5-23-25 W4	Add
Howard, John William & Marie Ann	NW 26-23-24 W4	Add
Nightherder Land & Cattle Co. Ltd.	NW 2-24-24 W4	Add
Nightherder Land & Cattle Co. Ltd.	SW 2-24-24 W4	Add
Nightherder Land & Cattle Co. Ltd.	NW 35-23-24 W4	Add
Nightherder Land & Cattle Co. Ltd.	SW 35-23-24 W4	Add
Sturgeon River Ranch Inc.	SW 17-27-23 W4	Add
Kalbhen, Warren Michael	SE 17-27-23 W4	Add
Garrioch, Keith & Ingrid E.M.	SW 16-24-24 W4	Add
Bretin, Vern & Patricia Ann	NE 18-23-27 W4	Add
Kettenbach, Frank William	SEC 34-26-23 W4	Add
Brown, Donald H. & Dianne L.	NE 25-22-22 W4	Add
Brown, Dianne Lorraine	NW 25-22-22 W4	Add
Wathen, Leonard Eric	E 24-23-24 W4	Add
Reinhardt, Karl W., Margaret & Karl Darren	S 1/2 & NW 16-26-24 W4	Add
Seitz, Mary & Scott Lee	NW 34-25-24 W4	Remove
Seitz, Mary & Scott Lee	NW 14-25-24 W4	Remove
Moor, Leonard Martin & Jennifer Louise	NE 18-23-27 W4	Remove

# WESTERN IRRIGATION DISTRICT ORGANIZATIONAL CHART

as of November 2008



**Minutes of the Annual Meeting of the Water Users of the  
Western Irrigation District held in Strathmore, Alberta  
Wednesday, April 2, 2008**

**PRESENT:**

**DIRECTORS:**

Henry Colpoys  
Wayne Risdon  
Dale Dolphin  
Dan Shute  
Dale Dahm

**STAFF:**

Jim Webber, General Manager  
Erwin Braun, Manager of Operations & Maintenance  
Lucie Montford, Administration Manager  
Melissa Haavind, Administrative Assistant & Recording Secretary

**AUDITORS:**

Karen Gregory and Kerry Glass, from Gregory, Harriman & Associates Professional Accountants.

**CALL TO ORDER &  
INTRODUCTIONS**

Henry Colpoys called the meeting to order at 1:45 pm and welcomed everyone to the Fiscal 2007 Annual Meeting. He introduced the Board Members and staff present, as well as other guests including representatives from Alberta Agriculture, Alberta Environment, & Irrigation Council. Approximately 25 water users were in attendance.

**ANNOUNCEMENTS**

Election Division 2 by acclamation. The Board recognizes the return of Henry Colpoys as Director for Division 2, and there is an Election today in Division 5, candidates are Dale Dahm and Don Kathol.

**MEETING CHAIRMAN**

Henry Colpoys called for nominations for Chairman of the meeting.

***MOVED by Wayne Risdon THAT John Scheer be appointed Chairman, SECONDED by Henry Colpoys.***

***CARRIED***

**RECORDING  
SECRETARY**

Jim Webber nominated Melissa Haavind. John Scheer declared Melissa Haavind the Recording Secretary.

**ADOPTION OF AGENDA**

John Scheer asked the audience to review the proposed agenda

***MOVED by John Scheer, THAT the agenda be adopted.***

***CARRIED***

**ADOPTION OF MINUTES  
2007 ANNUAL MEETING**

John Scheer requested that the audience review the Minutes from the April 4, 2007 Annual Meeting.

***MOVED by Tony Heuver THAT the Minutes of the April 4, 2007 Annual Meeting be adopted as presented.***

***CARRIED***

**CHAIRMAN'S REPORT**

Henry Colpoys presented the Chairman's Report, 2007, stating that it's good to earn more than you spend, as it will cost \$230 million to complete the rehabilitation of the District. All gains will go to rebuilding the canal system and that we are constantly looking for ways to accelerate the rebuilding program. This year WID was strongly focused on the water conservation ethic as a way to increase the rehabilitation progress. An opportunity arose with the Municipal District of Rocky View who was short of water for their Balzac development. The WID struck a deal where the MD would provide the capital for the South Cluny pipeline project for a share in the water savings. The Irrigation Districts Act process required a plebiscite first and we thank you for the input and debate that resulted. There was a strong turnout with 57% voting in favour of granting the 2,000 acft Water License transfer to the MD. That was followed by the public processes of the Water Act, and the Alberta Environmental Appeal Board. The year of 2007 will be remembered as the year of the water transfer.

This may be the last permanent transfer as the process was so onerous. We accept the challenge that the Irrigation District License has to go further and support other users. Through conservation, the WID can capture surplus water volumes from its spillways and stormwater. At the same time we can improve the service and security to existing irrigation users. It won't be given free, water conservation has to be engineered and constructed. The urban marketplace can assist by supplying new financial capital. Those who gain will be expected to put up the investment. If done right, we will all gain and our region will enjoy the continued economic growth.

Mr. Colpoys also announced WID received the \$85 million from the government to improve water efficiency and address long-term sustainability of the local area by developing storage capacity and rehabilitating existing canals

Henry Colpoys thanked the Board of Directors and staff for an excellent job in continuing the improvement to the WID. Then asked if there were any questions or comments.

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

***CARRIED***

## **MANAGER'S REPORT**

Jim Webber presented the Manager's report, highlighting that Stormwater has been a strong focus for the District these last two years. A timely study was completed entitled "Western Irrigation District: Stormwater Guidelines". In previous years we have expressed concerns for the rate of urban growth that seek canals for their stormwater releases. The previous ad hoc style of approvals will now be replaced with taxing requirements for volume control and water quality conditions. If the development cannot meet those requirements then it will have to address disposal in some other fashion, away from the canal. WID will accept stormwater if the release can be controlled, and when the water quality is upgraded to irrigation quality. WID will not accept a lesser standard.

Mr. Webber then outlined that an engineering evaluation in 2005 estimated it would take \$130 million to complete the rehabilitation of the WID. In 2007 dollars it would take \$235 million to rehabilitate our works. To ensure that the WID total system is here in perpetuity, it would require a provision of 2% depreciation in annual reconstruction on an estimated worth of \$300 million. This would amount to \$6 million per year, each and every year. In 2007 we spent \$4.7 million in rehabilitation. In the next three years we will spend \$ 9 million per year in system upgrades thanks to the water transfer to the MD of Rocky View. WID is a not for profit organization and all we earn will go back into the system. New funding sources are constantly sought, and new services to new customers will be created. It is a fact that farming alone cannot support the costs of the system. New customers are required to create revenue and to share that financial burden.

Mr. Webber summarized that new ventures include a joint partnership to develop land in Chestermere, Chestermere lakeshore land sales, a new regional reservoir with new municipal services, stormwater servicing, water license changes to permit water leasing, and recreational land development on existing water bodies or future water bodies. Any and all opportunities are explored for a suitable fit. Some ventures will require investment of time to complete their evaluation. The WID has likely the most diverse activity of any irrigation district, and has the most opportunity with the larger population centers so close.

Jim thanked the Board of Directors for their continuing support and gave special thanks to the staff for their continuing effort and enthusiasm.

John Scheer asked if there were any questions.

***MOVED by Jim Webber THAT the General Manager's Report be adopted as presented.***

***CARRIED***

## AUDITOR'S REPORT

Karen Gregory and Kerry Glass of Gregory, Harriman & Associates Professional Accountants presented the Auditor's report for fiscal 2007. Ms. Gregory mentioned these are exciting times for all of us in the District and the importance of water management. There is a lot of pressure on the Board and Management and so we have to look forward to how well we progress over the next few years. Karen announced that she will present the balance sheet and Kerry Glass will present the income statement. The Finance Committee will present their report that will be more relevant to the ratepayers. Karen explained the three different funds to track monies and investments. The three funds are Operating Fund, District Capital, and Irrigation Council. The District is a non-profit organization with all the money generated in operations being reinvested into the irrigation works.

Ms. Gregory asked if there were any questions and there were none.

Kerry Glass presented the income statement.

There were questions regarding the income on the sale of the 2000 acre feet of WID's water license.

***MOVED by Bill Kalbhen THAT the Auditor's Report for Fiscal 2007 be adopted as presented.***

***CARRIED***

Dale Dolphin stood up and thanked Karen Gregory, Kerry Glass, and Lucie Montford for the preparation of the financials.

## PRESENTATION BY THE FINANCE COMMITTEE (Dale Dolphin & Dan Shute)

Mr. Dolphin began with introductions of the members of the Chinook Credit Union being Bill Crawford, Jack Hiller, Lois Wegener, Mona Vermont and Tracey Anderson-Morin. Mr. Dolphin explained that WID's fiscal year runs from December 1st to November 30th and monies from the Balzac water transfer for the Cluny project did not come in until after that timeline. Mr. Dolphin then began a power point presentation on behalf of the finance committee. The first slide was a simplified financial summary of incoming funds. An explanation was given on each revenue and expenditure category displayed, along with a per acre breakdown. There was an explanation on 100% Funded Works and the Irrigation Rehabilitation Projects (IRP). Mr. Dolphin presented the Investment types, Fixed Income (Bond) Investments, Equity (Stock) Investments and Equity Income—Trust Investments. It was stated that irrigation rates have not changed since 1998. The Budget for 2008 was presented with the revenue and expenditure including a per acre breakdown. Mr. Dolphin went over the replacement cost of the system.

Dale Dolphin asked if there were any questions and there were none.

John Scheer thanked Dale and Dan for the presentation.

## MAINTENANCE REPORT

Erwin Braun, Manager of Operations and Maintenance, presented the Operations report for fiscal 2007, and reviewed the 2007 water season. Mr. Braun explained the 2007 WID diversion and stormwater inflow. Mr. Braun showed a slide of the diversions from the last 7 years. He then explained SCADA (Supervisory Control and Data Acquisition) and the location of the measuring units. This system will enable WID to better control and monitor the water flow at any time. Meters have been installed at all new canals to manage that water. Mr. Braun summarized the snow pack condition and the water order procedure. The 2007 Maintenance Activity Summary Chart was displayed with the activity accomplished throughout the year. Mr. Braun reminded the water users of the efficiency programs that are offered through the District. Rehabilitation is \$2.4 million annually with \$1.8M from the province and \$600k from WID. The majority of this funding has been used to convert ditches to pipelines. Over the past 2 years we have received an additional \$2 million from the province. Mr. Braun ended by showing the rehabilitation plan for the next three years.

Questions were asked and discussions followed with details of the maintenance within the District.



*MOVED by Erwin Braun, THAT the 2007 Operations & Maintenance Report be adopted as presented.*

**CARRIED**

**EXTRA ITEMS**

Jim Webber presented the Extra Items on the agenda.

**FEDERAL WATER LICENSE**

Mr. Webber announced that at the Special Board meeting on March 17, 2008 the WID Board adopted a Motion to accept the Provincial offer to settle the Federal License issue. This now ended the Queen's Court action that commenced in 1996. The 2008 Provincial offer was to create an economic and sustainable irrigation unit (WID) and there would be \$85 Million upfront and in one payment. It would be restricted to Works of the District as defined in the Irrigation District's Act and requires an annual audit and a separate bank account. The Provincial Settlement will be used to create an economic and sustainable irrigation unit. It will be reinvested into the system.

**WATER TRANSFER**

Mr. Webber briefly went over the Water Transfer and the work that was involved. WID had to go through the plebiscite process required by the Irrigation Act. With 709 potential votes, 328 voted and 57% voted in favour for the water transfer and that was only the start of the process. There were 7 against the Water Act Application and 1 appeal to the AEAB. The reality from the Water Transfer is that growth of urban development is high and we have to respond in some form or rules will change.

**WID VENTURES**

Mr. Webber discussed the new ventures that included the joint partnership to develop the land in Chestermere, There is a potential of \$10 Million to WID over the next 5 years. The construction of the deep services will start in 2008. Another new venture is the Langdon Reservoir development that will include a 1.0m rise in water level to the reservoir. There is potential of more than \$14M to WID over 7 years after municipal approvals are received. Mr. Webber spoke about the ventures and that the new wetland policy would give wetlands compensation for any development looking to build housing. The WID will construct and operate the wetlands and it will start with WID land and expand to partner with adjoining landowners. The last venture that WID is exploring, is the regional reservoir as it can be a major regional investment. We are proposing a jointly owned, jointly operated water body. WID is involved as this reservoir is attached to our system and the water would flow through it. WID sees an opportunity here that would create new services to supplement its income. The water leasing would operate from here to conserve water and we could use a new reservoir site and we would market it to the municipalities. This irrigation expansion will be on a local scale.

**STORMWATER POLICY**

The stormwater policy we touched on in the annual report and water quality protection is the goal.

We are recognizing the upper system urban pressures. We don't know where development will take place and we have a private system where we control who comes in and who does not. The irrigation system is maxed out and any new material that is coming needs to be treated. This is the WID system, so WID rules. WID Stormwater Guidelines have been accepted by the development industry.

**WATER QUALITY**

There is testing for phosphorus, fecal coliform, and sodium. We must do our part as farmland has run off too.

Questions were asked and discussions followed on the 2007 Annual Meeting Presentations.

**ADJOURNMENT**

*MOVED by John Scheer THAT the meeting be adjourned at 4:15 pm.*

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Chairman

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General Manager



**GREGORY,  
HARRIMAN  
& ASSOCIATES  
PROFESSIONAL ACCOUNTANTS**

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Karen A. Gregory  
B.A., B.Comm., C.A.  
Professional Corporation

Shelley Harriman  
Certified General Accountant  
Professional Corporation

**WESTERN IRRIGATION DISTRICT**

**Financial Statements  
November 30, 2008**

# WESTERN IRRIGATION DISTRICT

NOVEMBER 30, 2008

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GREGORY,  
HARRIMAN  
& ASSOCIATES  
PROFESSIONAL ACCOUNTANTS



**GREGORY,  
HARRIMAN  
& ASSOCIATES  
PROFESSIONAL ACCOUNTANTS**

Karen A. Gregory  
B.A., B.Comm., C.A.  
Professional Corporation

Shelley Harriman  
Certified General Accountant  
Professional Corporation

**AUDITORS' REPORT**

To the Board of the Western Irrigation District and Management

We have audited the statement of financial position of Western Irrigation District (the "District") as at November 30, 2008 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District as at November 30, 2008 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Strathmore, Alberta  
January 21, 2009

  
Gregory, Harriman & Associates  
Professional Accountants

**WESTERN IRRIGATION DISTRICT  
STATEMENT OF FINANCIAL POSITION  
AS AT NOVEMBER 30, 2008**

	UNRESTRICTED FUND		RESTRICTED FUNDS		COMBINED
	OPERATING		IRRIGATION WORKS		
	2008	2007	DISTRICT CAPITAL	2008	2007
<b>CURRENT ASSETS</b>					
Cash and cash equivalents (Notes 4, 14, 15)					
Accounts receivable (Note 5)	1,756,446	1,489,378	17,830,767	2,843,806	3,559,127
Interest receivable	1,335,777	1,484,551	7,538,823	-	-
Inventory (Note 6)	-	-	885,367	37,255	-
Prepaid expenses	75,873	74,735	-	-	-
Interfund receivables/(payables)	10,391	7,044	-	-	-
	718,162	269,868	(699,766)	(18,396)	(269,868)
<b>OTHER ASSETS</b>	3,896,649	3,325,576	25,555,191	2,825,410	3,289,259
<b>PROPERTY AND EQUIPMENT</b>					
Loan receivable (Note 7)	-	-	14,500	-	-
Preliminary costs pending (Notes 8, 22)	-	-	213,106	-	-
Water rights (Note 9)	-	-	17,014	-	-
Deferred development costs (Note 10)	-	-	898,737	-	-
Investments (Note 11)	10,377	7,868	70,188,456	7,022	4,236
	10,377	7,868	71,331,813	7,022	4,236
<b>TOTAL ASSETS</b>	3,907,026	3,333,444	107,442,588	66,971,126	65,124,190
<b>CURRENT LIABILITIES</b>					
Accounts payable and accrued liabilities	1,081,799	425,817	-	-	-
Goods and Services Tax liability	61,662	81,850	-	-	-
Capital levy trust (Note 15)	-	-	107,317	-	-
Progress estimates payable and holdbacks	-	-	27,017	1,082,054	559,389
Current portion of deferred revenues (Note 16)	-	-	14,253	-	-
Current portion of long term debt (Note 17)	-	-	113,325	-	-
	1,143,461	507,667	261,912	1,082,054	559,389
<b>OTHER LIABILITIES</b>					
Deferred revenues, net (Note 16)	-	-	94,943	-	-
Long term debt (Note 17)	-	-	23,235	-	-
Asset retirement obligation (Note 18)	-	-	122,749	-	-
	-	-	240,927	-	-
<b>TOTAL LIABILITIES</b>	1,143,461	507,667	502,839	1,082,054	559,389
<b>FUND BALANCES</b>					
Invested in property and equipment	-	-	10,313,289	64,139,295	61,830,695
Externally restricted (Note 19)	-	-	-	1,750,377	2,734,106
Internally restricted (Note 20)	-	-	96,626,460	-	-
Unrestricted	2,763,565	2,825,777	106,939,749	65,889,672	64,564,801
	2,763,565	2,825,777	107,442,588	66,971,126	65,124,190
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	3,907,026	3,333,444	107,442,588	66,971,126	65,124,190

The accompanying notes form an integral part of these financial statements.

Gregory, Harriman & Associates, Professional Accountants

**WESTERN IRRIGATION DISTRICT**  
**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED NOVEMBER 30, 2008**

	UNRESTRICTED FUND		RESTRICTED FUNDS			
	OPERATING		DISTRICT CAPITAL		IRRIGATION WORKS	
	2008	2007	2008	2007	2008	2007
<b>REVENUE</b>						
Irrigation rates, net (Note 21)	1,621,185	1,622,108	-	-	-	-
Domestic and miscellaneous	1,033,888	1,088,346	-	-	-	-
Storm water	254,871	245,078	-	-	-	-
Penalties	9,893	11,567	-	-	-	-
<b>TOTAL WATER EARNINGS</b>	<b>2,919,837</b>	<b>2,967,099</b>	-	-	-	-
<b>OTHER EARNINGS</b>						
Government contributions	-	-	-	-	-	-
Interest revenue	72,607	87,029	-	-	2,318,329	3,913,790
Gravel revenue	-	-	2,704,538	323,235	122,999	158,211
Farm, land and building rentals	-	-	330,884	87,930	-	-
Gain on disposal of land	-	-	135,469	118,730	-	-
Gain on disposal of assets	-	-	113,985	336,571	-	-
Gain on sale of intangible assets (Note 22)	-	-	98,365	72,313	-	-
Realized gain (loss) on financial instruments	-	-	15,000,000	-	-	-
Unrealized loss on financial instruments	-	-	(341,763)	208,120	-	-
Capital asset charges	-	-	(7,324,007)	(350,234)	-	-
Fees and other income	171,708	178,523	279,558	191,944	-	-
Miscellaneous	152,837	155,710	5,190	1,981	-	-
Government grants (Note 23)	3,189	4,319	-	-	-	-
Inventory adjustment	11,343	1,012	85,000,000	-	-	-
<b>TOTAL OTHER EARNINGS</b>	<b>411,684</b>	<b>426,593</b>	-	-	-	-
<b>EXPENSES</b>						
Amortization of property and equipment	-	-	658,938	348,958	1,812,396	1,874,594
Depletion of resource properties	-	-	13,661	(20,562)	-	-
Interest and bank charges	67	165	-	-	-	-
Commissions expense	-	-	55,252	15,105	-	-
Land development costs	-	-	-	120,499	-	-
Miscellaneous	-	-	-	405	-	-
Bursary expense	-	-	2,500	500	-	-
Operating and administrative (Schedule 1)	1,546,111	1,731,609	-	-	-	-
Property taxes	-	-	6,003	6,283	-	-
Accretion expense (Note 18)	-	-	14,131	6,148	-	-
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>1,546,178</b>	<b>1,731,774</b>	<b>750,485</b>	<b>477,336</b>	<b>1,812,396</b>	<b>1,874,594</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>1,785,343</b>	<b>1,661,918</b>	<b>95,251,734</b>	<b>513,254</b>	<b>628,932</b>	<b>2,197,407</b>
Fund balances at beginning of year	2,825,777	2,714,750	10,536,399	8,795,413	64,564,801	61,729,464
Interfund transfers (Note 20)	(1,148,779)	(912,961)	1,151,616	912,961	(2,837)	-
Initial financial instrument fair value adjustment (Note 3)	-	-	-	314,771	-	-
Irrigation provision (Notes 19, 20)	(698,776)	(637,930)	-	-	698,776	637,930
<b>FUND BALANCES AT END OF YEAR</b>	<b>2,763,565</b>	<b>2,825,777</b>	<b>106,939,749</b>	<b>10,536,399</b>	<b>65,889,672</b>	<b>64,564,801</b>

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



**WESTERN IRRIGATION DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED NOVEMBER 30, 2008**

	OPERATING		DISTRICT CAPITAL		IRRIGATION WORKS		TOTALS	
	2008	2007	2008	2007	2008	2007	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Cash receipts								
Cash paid to suppliers and employees	2,959,394	3,245,769	(5,772,863)	175,767	2,589,523	3,884,030	(223,946)	7,305,566
Government grants (Note 23)	(914,802)	(1,680,892)	(397,465)	(165,473)	-	-	(1,312,267)	(1,846,365)
Interest received	-	-	85,000,000	-	-	-	85,000,000	-
Interest paid	72,607	87,029	1,856,426	333,789	122,999	158,211	2,052,032	579,029
	(67)	(165)	-	-	-	-	(67)	(165)
	<u>2,117,132</u>	<u>1,651,741</u>	<u>80,686,098</u>	<u>344,083</u>	<u>2,712,522</u>	<u>4,042,241</u>	<u>85,515,752</u>	<u>6,038,065</u>
<b>Cash flows from operating activities</b>								
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Purchases of property and equipment	-	-	(8,733,735)	(1,257,229)	(4,120,996)	(4,669,665)	(12,854,731)	(5,926,894)
Purchase of water rights	-	-	(11,250)	44,090	-	-	(11,250)	44,090
Proceeds on sale of intangible assets (Note 22)	-	-	15,000,000	-	-	-	15,000,000	-
Proceeds from sale of assets	-	-	102,530	1,025,570	-	-	102,530	1,025,570
Change in investments	(2,509)	2	(63,950,594)	(797,292)	(2,786)	(7)	(63,955,889)	(797,297)
Transitional gain on financial instruments (Note 3)	-	-	-	314,771	-	-	-	314,771
Unrealized gain (loss) on financial instruments	-	-	(7,324,007)	(350,234)	-	-	(7,324,007)	(350,234)
Preliminary costs pending	-	-	(15,675)	8,071	-	-	(15,675)	8,071
	<u>(2,509)</u>	<u>2</u>	<u>(64,932,731)</u>	<u>(1,012,253)</u>	<u>(4,123,782)</u>	<u>(4,669,672)</u>	<u>(69,059,022)</u>	<u>(5,681,923)</u>
<b>Cash flows from investing activities</b>								
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
Proceeds from long term debt	-	-	-	278,812	-	-	-	278,812
Repayment of long term debt	-	-	(215,264)	(192,029)	-	-	(215,264)	(192,029)
Irrigation provision	(698,776)	(637,930)	-	-	698,776	637,930	-	-
Trust funds received	-	-	3,005	(828,415)	-	-	3,005	(828,415)
	<u>(698,776)</u>	<u>(637,930)</u>	<u>(212,259)</u>	<u>(741,632)</u>	<u>698,776</u>	<u>637,930</u>	<u>(212,259)</u>	<u>(741,632)</u>
<b>Cash flows from financing activities</b>								
<b>NET CASH INCREASE (DECREASE)</b>	<u>1,415,847</u>	<u>1,013,813</u>	<u>15,541,108</u>	<u>(1,409,802)</u>	<u>(712,484)</u>	<u>10,499</u>	<u>16,244,471</u>	<u>(385,490)</u>
Cash and cash equivalents, opening	1,489,378	1,388,526	1,138,043	1,634,884	3,559,127	3,548,628	6,186,548	6,572,038
Interfund balance adjustments	(1,148,779)	(912,961)	1,151,616	912,961	(2,837)	-	-	-
<b>CASH &amp; TERM DEPOSITS, CLOSING</b>	<u>1,756,446</u>	<u>1,489,378</u>	<u>17,830,767</u>	<u>1,138,043</u>	<u>2,843,806</u>	<u>3,559,127</u>	<u>22,431,019</u>	<u>6,186,548</u>
<b>CASH REPRESENTED BY:</b>								
Cash equivalents (Note 4)	-	-	15,620,397	480,793	-	-	15,620,397	480,793
Cash on hand and in banks (Note 4)	1,756,446	1,489,378	2,210,370	657,250	2,843,806	3,559,127	6,810,622	5,705,755
<b>TOTAL CASH &amp; TERM DEPOSITS</b>	<u>1,756,446</u>	<u>1,489,378</u>	<u>17,830,767</u>	<u>1,138,043</u>	<u>2,843,806</u>	<u>3,559,127</u>	<u>22,431,019</u>	<u>6,186,548</u>

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

**WESTERN IRRIGATION DISTRICT**  
**SCHEDULE 1 - OPERATING AND ADMINISTRATIVE EXPENSES**  
**FOR THE YEAR ENDED NOVEMBER 30, 2008**

	DEPARTMENTS			TOTALS	
	OPERATIONS AND MAINTENANCE	WATER DELIVERY	GENERAL AND ADMINISTRATION	2008	2007
Advertising, publications, ratepayers meetings	-	-	13,752	13,752	13,407
Association fees	-	-	25,133	25,133	23,336
Board of Directors expenditures	-	-	53,820	53,820	28,470
Building maintenance	48,227	-	-	48,227	96,903
Computer expense	-	-	26,270	26,270	21,015
Crop, flood and property damage	-	-	-	-	4,982
Equipment and easement rental	47,811	-	-	47,811	61,341
Equipment maintenance, gas, oil, grease	399,343	75,517	-	474,860	322,610
Insurance	35,714	8,018	19,418	63,150	56,617
Land titles charges and classification	-	-	2,878	2,878	915
Materials and supplies, office supplies	128,552	30,521	21,872	180,945	139,918
Miscellaneous	-	-	6,005	6,005	(5)
Payroll service charges	-	-	3,978	3,978	3,804
Postage, freight and courier	-	-	4,796	4,796	5,597
Professional fees	-	-	237,178	237,178	413,899
Public relations	-	-	9,383	9,383	8,717
Safety supplies	5,661	501	-	6,162	7,199
Salaries and wages	1,275,030	312,424	732,723	2,320,177	1,899,011
Shop tools	8,065	-	-	8,065	10,765
Stationary, printing, photocopies, fax	-	-	12,091	12,091	8,286
Telephone	15,249	8,734	14,302	38,285	32,114
Travel and staff training	5,668	5,704	8,395	19,767	10,900
Utilities	41,576	2,327	-	43,903	45,591
Vegetation and pest control	-	155,494	-	155,494	124,067
Welding supplies	5,712	-	-	5,712	4,200
	2,016,608	599,240	1,191,994	3,807,842	3,343,659
Transfer as asset to irrigation works (Note 24)	(2,246,486)	(4,770)	(10,475)	(2,261,731)	(1,612,050)
	(229,878)	594,470	1,181,519	1,546,111	1,731,609

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

**WESTERN IRRIGATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2008**

**Note 1      Purpose of the Organization**

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

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

**Note 2      Economic Dependence**

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

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

*Fund Accounting*

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

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

The District Capital Fund reports the assets, investments, liabilities, revenues and expenses related to the District's land, buildings and equipment.

The Irrigation Works Fund accounts for capital receipts for new irrigation works and interest earnings arising from such monies. Costs incurred in constructing new irrigation works and in replacing and rehabilitating existing structures are provided for from the fund. The Province of Alberta contributes 75% of expenditures approved by the Irrigation Council and the District contributes 25%.

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*Financial Instruments*

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

*Inventories*

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

*Capitalization*

Additions to District irrigation works are capitalized when the materials utilized exceed \$12,000 per structure. For any addition representing a rebuilding of a canal, the cost of materials must exceed \$12,000 to be capitalized.

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

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

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

Computers	50%
Trucks	30%
Office equipment	20%
Other equipment and furniture	20%
Power equipment	15%
Buildings and dwellings	5%
Shop and office complex	5%
Industrial subdivision costs	3%

Irrigation works are amortized on a straight-line basis over their estimated average useful lives of 50 years.

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

*Asset Retirement Obligations*

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

The future site restoration costs are calculated as the total undiscounted amount of estimated cash flows required to reclaim the gravel pit, which has been discounted using the credit-adjusted risk free rate of 6% (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.

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*Employee Future Benefits*

The District and its eligible employees participate in the Local Authorities Pension Plan (LAPP). This is a multi-employer, contributory defined benefit pension plan, for which specific information concerning the District's interest in the assets and liabilities is not readily available. The Alberta Pensions Administration (APA) 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 \$97,559 for the year ended November 30, 2008 (2007 - \$85,751).

*Revenue Recognition*

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

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

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

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*Measurement Uncertainty*

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

A significant area requiring the use of management estimates was the inventory valuation. The value of the inventory was determined using the average cost method at November 30, 2008. Significant changes in the market value of the inventory could result in impairment of the inventory.

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

*Accounting Changes*

In July 2006, the Accounting Standards Board ("AcSB") issued a replacement of The Canadian Institute of Chartered Accountants' Handbook ("CICA Handbook") Section 1506, Accounting Changes. The new standard allows for voluntary changes in accounting policy only when they result in the financial statements providing reliable and more relevant information, requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and calls for enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements. The impact that the adoption of Section 1506 will have on the District's results of operations and financial condition will depend on the nature of future accounting changes.

**Note 4****Cash and Cash Equivalents**

A portion of the cash balance for District Capital (\$107,300; 2007 - \$103,348) is restricted in accordance with the terms of the Capital Levy Trust, as documented in Note 15.

	2008	2007
<i>Operating</i>		
Petty cash	\$ 1,000	\$ 1,000
Credit card prepaid balance	6,000	6,000
Bank account balance	1,749,446	1,482,378
	1,756,446	1,489,378
<i>District Capital</i>		
Cash held for reinvestment	460,434	4,574
Credit Union capital and operating reserve account, interest rate of Prime minus 1.5%	73	135,233
Credit Union land bank account, interest rate of Prime minus 1.5%	66,925	652,675
Credit Union South Cluny Project bank account, interest rate of Prime minus 1.5%	1,683,011	-
Fixed income investments maturing in the next fiscal year	15,513,024	242,213
<b>Capital Levy Trust accounts (Note 15)</b>		
Credit Union bank account, interest rate of Prime minus 1.5%	107,300	56
Credit Union bank account, interest rate of Prime minus 1.5%	-	2,190
Bonds with coupons ranging from 4.25% to 4.40% and matured in the current year	-	101,102
	17,830,767	1,138,043
<i>Irrigation Works</i>		
Bank account balance, interest rate of Prime minus 1.5%	2,843,806	3,559,127
	\$ 22,431,019	\$ 6,186,548

**Note 5**      **Accounts Receivable**

	2008	2007
<i>Operating</i>		
Water rates and charges	\$ 1,257,534	\$ 1,449,019
Sundry debtors	78,243	35,532
Allowance for doubtful accounts	-	-
	1,335,777	1,484,551
<i>District Capital</i>		
Capital receivables	38,823	300,794
M.D. of Rocky View No. 44 (Note 22)	7,500,000	-
	7,538,823	300,794
	\$ 8,874,600	\$ 1,785,345

**Note 6**      **Inventory**

	2008	2007
<i>Operating</i>		
Supplies and materials located at shop	\$ 75,873	\$ 74,735
	\$ 75,873	\$ 74,735

**Note 7**      **Loan Receivable**

The loan of \$14,500 (2007 - \$17,000) is a result of the sale of land to the Town of Chestermere. The loan will be repaid over the next fifteen years with fourteen 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 8**      **Preliminary Costs Pending**

The expenditures of \$213,106 (2007 - \$197,431) represent preliminary costs incurred by the District on irrigation works projects that have not been submitted to Irrigation Council for cost shared funding as of November 30, 2008. If the projects are submitted for funding and approved, these costs will be recovered from the cost shared program.



**Note 9 Water Rights**

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

	2008	2007
<i>District Capital</i>		
116 Irrigated Acres (2007 – 172 Acres)	\$ 17,014	\$ 19,970
	\$ 17,014	\$ 19,970

**Note 10 Deferred Development Costs**

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

	2008	2007
<i>Orchard Park</i>		
Phase I	\$ -	\$ -
Phase II	54,863	54,863
Phase III	250,842	250,842
<i>Other Developments</i>		
Chestermere Land Lakefront	114,630	77,296
Regional Water Storage Study	200,214	-
Regional Water Storage Project	97,163	-
Other	181,025	156,108
	\$ 898,737	\$ 539,109

**Note 11**
**Investments**

	2008	2007
<i>Operating</i>		
Calgary Co-operative Association equity	\$ 843	\$ 621
United Farmers of Alberta equity	6,678	5,878
Chinook Credit Union Ltd. common shares	2,856	1,369
	10,377	7,868
<i>District Capital</i>		
Fixed income securities with coupons ranging from 3.8% to 10% and maturing between December 1, 2008 and November 30, 2012	815,900	920,142
Chinook Credit Union term deposits with interest rates ranging from 3.80% to 4.39% and maturing between January 28, 2009 and July 31, 2012	61,102,137	-
Fixed income securities with coupons ranging from 4.35% to 5.375% and maturing between December 1, 2012 and November 30, 2017	613,457	675,528
Fixed income securities with coupons ranging from 4.55% to 6.14% and maturing between December 1, 2017 and March 21, 2018	61,659	148,275
Common shares	16,071,970	956,432
Mutual funds	3,235,448	2,585,564
Real estate trust units	90,800	224,352
Trust units	247,121	331,225
Preferred shares	3,462,100	636,948
Chinook Credit Union Ltd. common shares	888	1,609
Less: Fixed income investments maturing in the next fiscal year (Note 4)	(15,513,024)	(242,213)
	70,188,456	6,237,862
<i>Irrigation Works</i>		
Chinook Credit Union Ltd. common shares	7,022	4,236
	\$ 70,205,855	\$ 6,249,966

**Note 12**
**Property and Equipment**

			<b>2008</b>	<b>2007</b>
	Cost	Accumulated Amortization	Net	Net
<i>District Capital</i>				
Land and farm property	\$ 269,411	\$ -	\$ 269,411	\$ 270,075
Resource property	190,043	42,921	147,122	160,784
Computers	316,924	294,220	22,704	12,513
Trucks	786,390	346,952	439,438	299,409
Office equipment	59,855	48,783	11,072	13,840
Other equipment and furniture	85,906	62,930	22,976	8,798
Power equipment	2,053,261	584,252	1,469,009	983,336
Buildings and dwellings	80,179	64,443	15,736	16,564
Shop and office complex	873,698	522,216	351,482	233,925
Industrial subdivision costs	40,304	22,048	18,256	18,818
	4,755,971	1,988,765	2,767,206	2,018,062
<i>Irrigation Works</i>				
Land	149,455	-	149,455	149,455
	\$ 4,905,426	\$ 1,988,765	\$ 2,916,661	\$ 2,167,517

**Note 13**
**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 50 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.

			<b>2008</b>	<b>2007</b>
	Cost	Accumulated Amortization	Net	Net
<i>District Capital</i>				
Irrigation works	\$ 8,018,954	\$ 230,576	\$ 7,788,378	\$ 694,122
<i>Irrigation Works</i>				
Irrigation works	98,644,374	34,654,535	63,989,839	61,681,240
	\$106,663,328	\$ 34,885,111	\$ 71,778,217	\$ 62,375,362

**Note 14      Bank Loans and Overdraft**

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

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

**Note 15      Capital Levy Trust**

The amount of \$107,317 (2007 - \$104,312) 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 16      Deferred Revenues**

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

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

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

**... continues**



**Note 16**      **Deferred Revenues ... continued**

The District has subdivided and developed land in the Strathmore area. The District recognizes revenue, using the percentage of completion method described in Note 3, as each lot is sold. The District has also received payments on other properties for which the sales have not yet been finalized.

	2008	2007
<i>District Capital</i>		
Craigantler Syphon	\$ 11,200	\$ 12,600
George Freeman Marshland	23,883	24,879
Pheasants Forever	9,000	10,000
Annual leases on properties	10,858	2,758
Other leases	55	80
Deferred revenue from land sales	54,200	47,080
	109,196	97,397
Less: Current portion	(14,253)	(6,154)
	\$ 94,943	\$ 91,243

**Note 17**      **Long Term Debt**

	2008	2007
Conditional sales contract bearing no interest, repayable in monthly principal installments of \$5,796, maturing January 11, 2009, specific equipment with a net book value of \$128,138 has been pledged as security.	\$ 11,592	\$ 81,142
Conditional sales contract bearing no interest, repayable in monthly principal installments of \$4,398, maturing January 20, 2009, specific equipment with a net book value of \$97,233 has been pledged as security.	8,796	61,572
Conditional sales contract bearing no interest, repayable in monthly principal installments of \$7,745, maturing February 21, 2010, specific equipment with a net book value of \$201,442 has been pledged as security.	116,172	209,109
	136,560	351,823
Less: Current portion	(113,325)	(215,263)
	\$ 23,235	\$ 136,560

... continues

**Note 17 Long Term Debt ... continued**

Principal repayment terms are approximately:

2009	\$ 113,325
2010	<u>23,235</u>
	<u>\$ 136,560</u>

**Note 18 Asset Retirement Obligation**

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

	2008	2007
Asset retirement obligation, beginning of year	\$ 108,618	\$ 128,003
Adjustment for change in estimated gravel reserves	-	(25,533)
Accretion expense	14,131	6,148
Asset retirement obligation, end of year	\$ 122,749	\$ 108,618

No expenditures for reclamation have been made to date. The total estimated undiscounted amount to reclaim the site is \$166,489 for estimated costs to be incurred in fiscal 2014.

**Note 19 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 20 Internally Restricted Funds and Interfund Transfers**

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

... continues

**Note 20 Internally Restricted Funds and Interfund Transfers ... continued**

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 19.

**Note 21 Irrigation Rates**

Irrigation rates, net, consist of:

<u>Acres</u>		<u>2008</u>	<u>2007</u>
<u>Assessment roll acres</u>			
79,371.5	irrigation acres at \$16.25 per acre, plus additional pressure charge (\$0.31 per acre) where applicable	\$ 1,342,579	\$ 1,300,093
942.0	minimum charge irrigation acres at \$406.25 per parcel	21,938	22,750
3,992.5	incentive irrigation acres at \$12.19 per acre, plus additional pressure charge where applicable	49,338	49,582
9,305.5	terminable acres at \$18.00 per acre, plus additional pressure charge where applicable	166,408	205,451
865.0	minimum charge terminable acres at \$450.00 per parcel	18,000	20,700
167.5	annual acres at \$18.00 per acre, plus additional pressure charge (\$0.31 per acre) where applicable	3,015	3,015
25.0	minimum charge annual acres at \$450.00 per parcel	450	450
694.0	annual acres – off creek at \$14.00 per acre, plus additional pressure charge where applicable	9,716	9,716
... continues			



**Note 21****Irrigation Rates ... continued**

<b>Acres</b>	<b>2008</b>	<b>2007</b>
50.0 annual acres – irrigation acres at \$16.25 per acre, plus additional pressure charge where applicable	812	812
650.5 annual acres – incentive irrigation acres at \$12.19 per acre, plus additional pressure charge where applicable	8,624	9,234
15.0 minimum charge annual acres – incentive irrigation acres at \$304.75 per parcel	305	305
96,078.5	\$ 1,621,185	\$ 1,622,108

Where water is supplied by way of pressure pipeline, the charge per acre for permanent and terminable acres is based on the water pressure supplied at an additional charge per acre, at a rate of \$3.10 per 10 PSI delivered.

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

**Note 22****Gain on Sale of Intangible Assets**

The Western Irrigation District has entered into a transfer agreement with the Municipal District of Rocky View No. 44 where the District has agreed to transfer two thousand acre feet of water from Water License No. 19 to the Municipal District of Rocky View No. 44. In exchange, the Western Irrigation District has received \$15,000,000, which has been allocated for the purpose of developing the South Cluny Canal Rehabilitation, whereby the current open canal system will be converted to a closed pipeline system, which will allow substantial water conservation. The funds were to be received as follows:

July 31, 2007	\$ 7,500,000
July 31, 2008	<u>7,500,000</u>
	<u>\$15,000,000</u>

... continues

**Note 22      Gain on Sale of Intangible Assets ... continued**

However, the funds were not received until December 2007 and December 2008. In the prior year, a public appeal process had commenced and the potential to not receive the funds was possible and therefore the amount had not been accrued. The appeal process was completed in the current year, entitling the Western Irrigation District to the funds as originally intended, and the full amount has been recognized on the Statement of Operations and Changes in Fund Balances with the final payment of \$7,500,000 being accrued on the Statement of Financial Position (Note 5).

**Note 23      Government Grants**

During the year, 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 11.

**Note 24      Transfer as Asset to Irrigation Works**

The Western Irrigation District has transferred \$2,261,731 (2007 - \$1,612,050) 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 25      Contingent Liabilities**

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

At November 30, 2008, the District had expended \$213,106 (2007 - \$197,431) on irrigation works without approval of the Irrigation Council. Until formal approval is received from Irrigation Council for the balance of irrigation works expenditures paid by the District, the unapproved amounts cannot be cost shared with the Province of Alberta, as detailed in Notes 19 and 20.

**Note 26      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 27      Subsequent Events**

The District has entered into a limited partnership agreement with Kinniburgh South Limited Partnership ("the Partnership") as of November 14, 2007, and intends to own a capital investment in the Partnership of 10 Class B Units at a price of \$100,000 per unit for an aggregate capital contribution of \$1,000,000. An agreement of purchase and sale has been drafted for the District's sale of land for the sum of \$1,000,000, which will be satisfied on closing by the issuance of 10 Class B Units at \$100,000 per share in the Partnership. The agreement for purchase and sale has not been signed as at the date of the financial statements.

Subsequent to the year end, the Town of Chestermere and the Western Irrigation District entered into an agreement for the Town of Chestermere to purchase encroached land from the Western Irrigation District for \$5,700,000, conditional on certain provisions.

**Note 28      Approval of Financial Statements**

The management of the Western Irrigation District approved these financial statements on February 18, 2009.

**Note 29      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, interest receivable, loan receivable, preliminary costs pending, investments, accounts payable and accrued liabilities, progress estimates payable and holdbacks, and long term debt. These financial instruments may be exposed to the following risks:

... continues

**Note 29      Financial Instruments ... continued**

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 is exposed to interest rate risk that arises from the credit quality to the entities to which it provides services, as well as from the return on its investments. The District provides its services to a variety of customers and as a result, its credit risk is minimized. The District manages its portfolio investments based on its cash flow needs and with a view to optimizing its interest income.

Credit Concentration Risk

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

Fair Value

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

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

The fair value of long term debt is determined using the present value of future cash flows under current financing agreements.

**Note 30      Comparative figures**

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





## WESTERN IRRIGATION DISTRICT

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