

WESTERN IRRIGATION DISTRICT 2017 ANNUAL REPORT



ANNUAL GENERAL MEETING
April 4th, 2018— 1:30 P.M.
Strathmore Travelodge
350 Ridge Road, Strathmore



PLEASE BRING THIS REPORT WITH YOU TO THE MEETING

FINANCIAL STATEMENT AND ANNUAL REPORT 2017

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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 4th day of April 2018 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	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 and 27 and Township 23 in Range 29.

Voting will take place on the 4th day of April 2018 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

In 2017, we experienced an operational environment unlike any we have seen in many years. Hot and dry weather conditions resulted in significant demand for irrigation. This peak demand was so high, record flows were observed in some areas of the system. The dedication of staff to service irrigators and customers under such challenging conditions reflects well on the character and professionalism of our staff. *Well done!*

This year demonstrated the benefit of focusing on our strategic priorities and making smart investments. These steps benefited the WID and our irrigators by:

- **Saving Water to Benefit Everyone**
- **Putting Acres to Work**
- **Enhancing Water Quality by Accessing External Funding Opportunities**
- **Investing in the System**

Our capability to provide service in near-record demand reinforces the resilience built in to our system. These improvements prepare us to accommodate greater levels of irrigation activity.

Saving Water to Benefit Everyone

The performance of our system in 2017 demonstrated the substantial increases achieved by the District in water efficiency. We diverted approximately 34,000-acre feet of water less than in 2001. Water savings like this are a testament to higher-efficiency irrigation systems and the District's investment of more than \$100 million since 2007 in storage expansion, rehabilitation and replacement of canals with pipelines. We intend to expand on these efforts in 2018 by implementing an incentive program to encourage irrigators to upgrade their systems to capture significant water savings. This targeted program is expected to be the most effective investment that the WID can make to increase water efficiency.

Putting Acres to Work

There has been a large increase in irrigators wishing to expand their irrigated acreage. This has resulted in a jump in activity. A record number of alternate parcel arrangements were approved in 2017. This program allows owners of idle irrigation acres to lease out their acres annually so that idle acres become active. Events were hosted allowing participants in the Sleeping Acre program to meet to seek to arrange a private sale of acres. We intend to build on these initiatives in 2018 by releasing a pool of returned acres acquired by cancelation of inactive terminable contracts and network rationalization. These allocations will be prioritized based on: efficiency of the irrigation system, delivery system used, system capacity and land classification.

Enhancing Water Quality by Accessing External Funding Opportunities

Water quality in the WID is regularly evaluated by Alberta Agriculture and found to be Excellent in 2017. This result recognizes the value of past efforts to protect source water and reduce drainage into our canal system. In 2017, we continued water quality enhancement efforts. We partnered

with Wheatland County on a project to reduce direct livestock access to WID water. We received funding to install fencing along rights-of-way and provide off-site watering systems to farmers at no cost. This initiative was truly cost-effective and will continue in 2018. The Province provided \$198,500 to fund 100% of these costs. In addition, the Cooperative Stormwater Management Initiative (CSMI), our partnership with five neighbouring municipalities to divert flows away from WID canals by constructing a separate drainage system, continued to evolve and received \$7.6 million funding to design and construct the initial stages of the system. We accessed Provincial funding, amounting to 1.9 million, under the Irrigation Rehabilitation Program.

These initiatives will continue in 2018 by emphasizing targeted practices in areas adjacent to our canal to enhance water quality.

Investing in the System

During 2017, we continued investing in rehabilitating canals and installing pipelines. WID staff constructed 8.5km of canal and installed 12 km of pipeline near Standard. This work benefited from economies of scale through coordination with construction of the new reservoir by the Wheatland Regional Corporation. We also updated our ten-year capital plan and prioritized projects on the basis of water savings, current and future irrigation activity as well as operations and maintenance expenditure. We also received 75% funding from the Growing Forward 2 Program towards development of a District-wide response plan that will limit impacts to service arising from emergency events. The construction priorities for 2018 involve construction of 5 km of pipeline and 11km of canal bringing the total investment to over \$130 million since 2007.

Looking Forward to 2018

We fully intend to:

- Build on the strong foundation of past boards and staff to increase the benefits of irrigation for the people we serve.
- Encourage irrigation by promoting activities to make idle acres active and make acres generated through various methods available.
- Review water operations and prioritize investments to generate the greatest water savings
- Make gains on our strategic plans for a water efficient delivery system that provides service to an active irrigation community, municipal customers and other water users.

As we head into our 74th year in 2018 and look to our 75th anniversary in 2019, delivering on our strategic plan will enable us to continue to improve our operations to build a system that will support irrigation and communities well into the next 75 years.

Submitted on Behalf of the Board of Directors



Ray Kettenbach, Chairman

Mission Statement

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

Board of Directors:



**Left to Right: Director: Henry Colpoys Vice Chairman: Dan Shute
Chairman: Ray Kettenbach Director: Doug Brown Director: Rick Page**

Electoral Divisions of the Western Irrigation District

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

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

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

Division 4 – Dan Shute – Term expires 2019
Township 24 in Ranges 26, 27 and 28 and Townships 25, 26 and 27 in Ranges 25, 26, 27 and 28

Division 5 – Ray Kettenbach – Term expires 2020
Townships 25, 26 and 27 in Ranges 21, 22, 23 and 24

General Manager's Report

The Western Irrigation District is committed to delivering water to our irrigators to ensure you can meet the needs on your farms. 2017 was a year which presented a challenging operating environment that demonstrated the value of the District's ongoing investments in water efficiency which will continue in 2018. I personally wish to recognize the commitment of staff who went the extra mile to provide service to our irrigators in extreme conditions that we have not seen in well over a decade.

The 2017 growing season was characterized by hot and dry conditions, which resulted in significant and sustained demand for water. Our experience this year validated all the decisions the WID and its irrigators have made to ensure water is used efficiently from the diversion on the Bow River to irrigation on the farm.

The last year when similar hot and dry conditions occurred was 2001 and it is useful to compare the two years to demonstrate the improvements that the District has made over time including:

- Installation of pipelines and storage has reduced return-flows by 23% or 8,400-acre feet
- Low-pressure pivot irrigation systems were 63%, more than 3 times the number in 2001
- Number of assessed acres has increased by 7800 acres or 9%.
- Water diversion decreased by 20% or 33,800-acre feet
- Water diversion as a percentage of license decreased from 103% to 69%

This comparison leads to one conclusion: **more acres are irrigated with less water now because of the actions the District and our irrigators have taken to save water.**

2017 was also a year in which substantial progress was made to achieve ongoing improvement of the water quality in the WID. The Western Irrigation District has been recognized for our collaborative efforts to improve water quality for our irrigators. The WID and Wheatland County were awarded grant funding of \$198,500 under the Watershed Resiliency and Restoration Program to construct fencing on canals and integrate off-site watering systems. This will reduce the impacts and contamination caused by direct watering of livestock. Substantial progress has also been made on the Cooperative Stormwater Management Initiative (CSMI), which will separate out municipal stormwater from the irrigation system with all costs for construction, operations and maintenance of the system to be borne by the municipalities.

In 2018, the WID will be taking multiple steps to build on our previous achievements including:

- Increasing water efficiency by matching grants for conversion of high to low pressure pivots
- Encouraging active irrigation by canceling inactive terminable contracts and allocating the acres.
- Execution of Master Agreement for CSMI and detailed engineering design of system

The WID is committed to ensuring the vitality of irrigated agriculture in the region and will partner with our irrigators in 2018 and beyond to ensure that existing irrigation acres are actively used, appropriate investments are made to further enhance water efficiency, excellent water quality is maintained, and the long-term sustainability of the District is assured. I again wish to extend my thanks to everyone at the WID, staff and Board members, as well as our irrigators, for working together in 2017 to achieve success and look forward to being even more successful in 2018.

Sincerely,



David McAllister PEng, MSc, MBA – General Manager

Water Operations

2017 water operations began on April 25th 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 4th and the peak demand came on July 11th when 303 contracts were recorded as using water on that day.

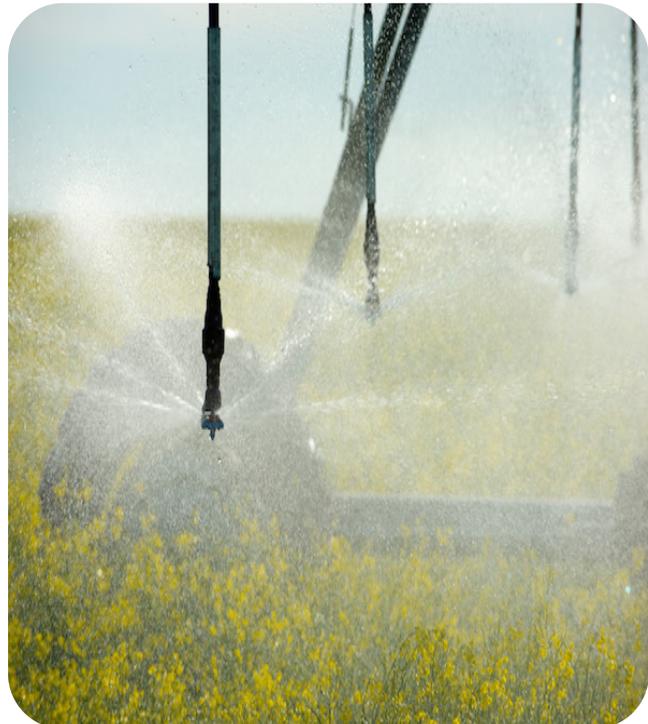
Diversion for the year totalled just slightly over 131,000 acre/feet which supplied all irrigation, household and domestic contract use as well as conveyance agreements with water. Peak diversion from the river occurred on July 7th when the district recorded 653 acre/feet of water being drawn from the Bow. A total of 68,139 acres of land was irrigated in 2017 with the average irrigation application throughout the entire WID recorded at 12 inches.

The drought conditions experienced throughout the province in 2017 were comparable to those in 2001. In the WID specifically, the comparison of the two years showed that the investment in updated infrastructure by the WID and the equally important investment in modern irrigation machinery by producers allowed the WID and its members to be significantly better stewards of the water. In 2001 the district diverted 164,000 acre/feet for 71,000 acres of irrigated land, 31,000 acre/feet more water for similar acres irrigated in 2017.

Looking Forward:

2018 High Pressure System Conversion Efficiency Grant:

The WID plans to continue efforts to improve water efficiency by making available to our irrigators grant funding 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 high-pressure pivot. The grant funds will cover the cost of sprinklers and control panel conversions. Combined with the current provincial Growing Forward 2 program (expiring March 31st of 2018) or the successor to GF2, the C.A.P. program set to be active on April 1st of 2018, the cost to producers to convert high-pressure pivots to low pressure could be reimbursed by up to 80% should a producer qualify under both programs. The WID program will not be retroactive to conversions done prior to February 2018.



WID Partners with Wheatland County for Water Quality Improvements:

WID in partnership with Wheatland County has received grant funding in 2017 under the Watershed Resiliency and Restoration Program (WRRP) by the province of Alberta. Landowners in Wheatland County with land adjacent to drainage within the Crowfoot Watershed can apply for 100% funding for new installations of riparian fencing and off-site watering systems in 2018 as well.

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.



Applications can be submitted at the Wheatland County office beginning on January 1st, 2018 until the time that funding has been fully allocated. Some criteria for eligibility for the 100% funding are:

- The site must be adjacent to the Crowfoot Creek or one of its tributaries or along WID drainage
- The applicant must have livestock that have direct access to the Crowfoot Creek or its tributaries
- The riparian fencing must be permanent

Funding is on a first come first serve basis. If you have a project, or know of someone who might be interested, please contact Sarah Schumacher at the Wheatland County office for more information or for copies of the application form.

WID policy regarding Water Limits for crop and stock use:

The WID is currently developing a policy to establish limits for the irrigation of crop and stock water, which will be reviewed by the Board for the 2018 water season. Based on past District water consumption records, consultation with other Irrigation Districts, and limits within the Alberta Water Act, maximum volumes or allocation of water are expected to be in effect in the WID for the 2018 water season.

The proposal will be to establish a limit of 18 inches of water per acre without penalty, and that penalties commence **above 24 inches of water as a grace period in the first year only**. For stock use, the maximum volume allowed before penalty will be 5 acre/feet. Overuse is recommended to be penalized at \$20.00 per acre/inch. A key part of the proposed policy will be to ensure that the WID water use records matches what the producers have in the field. WID has accurate methods to measure the output of irrigation systems and the volume of flowing water and will do so free of charge to ensure accuracy.

There is significant grant funding available for upgrading irrigation systems as well as stock water supply and distribution systems. The WID also offers cost sharing for expansion or establishment of storage dugouts. With almost 75 years of unregulated water volumes to our users, we feel that now is the time to plan for drought, flood and long term best management practices for the viability of our future. For more information contact the WID office.

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%	\$1,785,419
District	20%	\$595,140
Total	100%	\$2,380,559

2017 IRP Project Summary

IRP 2333 North Cluny Tailout Rehabilitation

The North Cluny Tailout 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 involves 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. The project also includes the construction of a level bank canal system and upgrading of the existing spillway along the North Cluny ditch. This will accommodate operational and emergency spill flows and provide adequate head on the proposed pipeline. The new line will tie into the existing Rougeau pipeline, bringing total accumulated acreage to nearly 2,700 acres at full build out.

The total project cost estimate is \$3.5 million and will be phased over 2 years to accommodate IRP funding. This will involve the installation of the pipeline in 2017 and filling in the open canal sections in 2018.



Estimated project cost \$3,500,000 Total project cost to September 30 \$303,096
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IRP 2305 Secondary B Standard Sublateral 85N5 Rehabilitation

This project is a closed PVC pipeline that replaces the existing lateral canal off the Secondary B canal system. This project starts at the Standard siphon located west of the Village of Standard and continues southwest and ending near Hwy 561. WID employees are responsible for the installation of approximately 4km of PVC pipeline of varying sizes 200mm (8 inch) to 600mm (12 inch). This project started in the fall of 2016 and was completed in the spring of 2017.



Estimated project cost \$710,000 Total project cost to September 30 \$569,528
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Other Projects for 2017

Secondary B Standard Ditch Rehabilitation

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 starts at the Standard/Glenrose split and continues eastward.

The canal rehabilitation will consist of a buried liner and gravel on poly system as in previous years. A strategically located underdrain “fill” has been 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. Several small land swaps and/or purchases with adjacent land owners will be required to properly fit the canal within the District Right of Way.

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

Construction started in fall 2017 and will be completed in spring 2018.



Estimated Project Cost \$5,060,000 Total Project Cost to September 30 \$412,211
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Mercer Spillway Structure

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



Estimated Project Cost \$200,000 Total Project Cost to September 30 \$7,921
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Secondary B Standard Ditch Rehabilitation - Standard Headquarters to Standard Spillway

This project is the rehabilitation of the Secondary B Standard canal system. This Project starts at WID Standard Headquarters and ends at Standard Spillway. The canal design increased the canal capacity, improved accessibility and eliminated seepage. This project was approximately 8.5km in length and started in the fall of 2016. Canal rehabilitation was completed in the spring of 2017 by Contour Earthmoving as well as WID employees.



Estimated Project Cost \$5,093,000 Total Project Cost to September 30 \$4,566,846
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Secondary B Canal Lyalta Drop Structure Repair

Another significant structure within the secondary B canal conveyance system required repair in 2017. The repair consisted of removal and replacement of both failing concrete walls and the installation of a granular drainage system to protect against freeze/thaw. Robin Hansen Construction completed the repair prior to 2017 water season.



Estimated Project Cost \$115,000 Total Project Cost to September 30 \$86,506

Secondary B Standard Sublateral 85N6 Rehabilitation

This project is a closed PVC pipeline that replaces the existing lateral canal off the Secondary B canal system. This project starts at the Standard Ditch west of the Town of Standard and continues southeast and ending near Hwy 561 southeast of the Town of Standard. WID forces are responsible for the installation of approximately 10km of PVC pipeline of varying sizes 200mm (8 inch) to 600mm (24 inch). This project started in the fall of 2016 and was completed in the spring of 2017.



Estimated project cost \$2,240,000 Total project cost to September 30 \$2,004,615
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Operations & Maintenance Activities



Pump Site Enhanced

Pump site expansion near Gleichen to improve water efficiency and ease of management for the Water District Supervisor.

Storage Structure Repairs

The corrugated steel pipe (CSP) that was attached to this structure had reached its expiry date. The 26m length of CSP was replaced with PVC pipe and an adapter was manufactured to attach to the structure. Located south of Strathmore, the infrastructure repairs improved storage capacity for water efficiency.



Stock Water Dugouts

This large capacity dugout was a cost shared project east of Strathmore. The ability to self-level with spring fed streams and natural runoff waters are two ways to promote infrastructure for stock water storage.

General Maintenance Projects

High winds created extra work for WID employees throughout the District in 2017



Enhanced stock water dugout and new delivery near Cluny



Ditch Cleaning near Gleichen



Mowing



Check Box Installation



Abandoned Irrigation Ditch Rehabilitation



Maintenance Activity Summary

Ditch Cleaning/Rehab	16 KM
Bank Levelling/Ditch Fill In	7 KM
Tree Clearing	2 KM
Canal Fencing	11 KM
Delivery Installations	8 Units
Drop/Check Installations	3 Units
Canal Crossing Installations	6 Units
Pipelines	2 Units
Dugouts	8 Units
Cattail Cutting	117 KM
Chemical Spraying	250 km
Bank Mowing	528 HRS

2017 District Equipment Fleet

2016	Peterbilt Tandem Gravel Truck with Pup
2017	Peterbilt Tandem Gravel Truck with Pup
2014	Peterbilt tandem with 2016 Peerless lowbed, jeep, and booster
2017	Case CX350D Excavator
2015	John Deere 250 GLC Excavator
2015	John Deere 290 GLC Excavator
2015	John Deere 850K Dozer
2015	Kabota M7060 Tractor with 7' rotary mower
2014	John Deere 410K Backhoe
2014	John Deere 624K Loader
2016	John Deere 624K Loader
2015	John Deere CT323 E Skidsteer
2002	Tandem Tip Trailer
2011	Tandem Backhoe Trailer
2015	Midland side dump tridem trailer
2011	Dodge 1 ton with gooseneck
2012	Dodge 1 ton with dump trailer

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 Rng 265 to Salt Lake spillway	Sec. 17,20,28,29 T26 R26 W4	Complete
2016	Standard Lateral 85N6	Sec. 14,15,21,22 T24 R22 W4	Complete
2016	Secondary C Canal Salt Lake Spillway to Rng Rd 255	Sec. 25,26,27,36 T26 R26 W4 Sec. 30 T26 R25 W4	Complete
2017	Lateral 85M3 Pipeline	Sec. 9,16,17 T25 R24 W4	Not Complete
2017	Secondary C Canal Rng Rd 255 to Stoodley	Sec. 26,27,28,29,33,34 T26 R25 W4	Not Complete
2018	N. Cluny Tail out	Sec. 2,11,12 T23 R21 W4 Sec. 5,6,7 T23 R20 W4	In Progress
2018	Secondary C Canal Stoodley to Rng Rd 245	Sec. 23,24 T26 R25 W4 Sec. 18,19 T26 R25 W4	Not Complete
2019	Secondary C Canal Rng 245 to Hwy 21	Sec. 10,15,16,17,20,21 T26 R24 W4	Not Complete

2017 Weed Control

Prairie Environmental Services (PES) conducted the District's weed control program for the 2017 season. This is an important activity within our District preventing and controlling invasive as well as noxious species, which is mandated by the Provincial Weed Act. PES spent a total of 48 days on our canal system. This year saw an increase of tree sapling populations along rehabilitated canals. Control of these trees is vital to prevent their roots from penetrating the canal liner. The use of GPS technology over the past years has proved to be a valuable tool for the District and PES in tracking problematic species locations as well movements due to soil disturbance.

Prairie Environmental provided application services for Mag H, with 575 gals injected into the canals for aquatic weed control. Mag H requires mandatory yearly training provided by the chemical supplier, this training is mandated by the Canadian Federal Government.

Ratray Reclamation provided mowing to the District as they have for several years. Ratray provides up to three units to cover the District requirements in a timely fashion. Large tractor mowers cannot mow all areas, as the right of ways are too narrow, so the District utilizes our own Kubota mower unit.

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:

David McAllister, P. Eng., General Manager.

**PARCELS ADDED TO/REMOVED FROM
WESTERN IRRIGATION DISTRICT- FISCAL 2017**

Name	Legal Description	Action
Willowgreen Ranches Ltd.	SW 13-23-23 W4	Remove
Lorne & Frances Mullen	NE 34-23-22 W4	Add
Hans Jorgen & Kathleen Shirley Olsen	SW 23-24-22 W4	Remove
Ferndale Farms Ltd.	SE 22-22-26 W4 (4;26;22; 22;1,2,7)	Remove
Ferndale Farms Ltd.	SW 26-22-26 W4	Remove
Ag Venture Farms Ltd.	NE 34-24-23 W4	Add
Gordon & Viola Hilton	SW 32-24-23 W4	Add
Spencer & Lynne Hilton	SE 32-24-23 W4	Add
Spencer & Lynne Hilton	NE 19-24-23 W4	Remove
Strathmore Maple Leaf Square	NW 17-24-22 W4	Remove
Spencer & Lynne Hilton	NW 19-24-23 W4	Remove
Spencer & Lynne Hilton	NE 29-24-23 W4	Remove
1319265 Alberta Ltd.	NE 28-23-24 W4	Remove
Valebourne Farms Ltd.	SW 32-23-21 W4	Add
Gordon Upright	W 32-22-22 W4 (0211-252;2;3)	Remove
George & Linda Merik	SE 3-27-23 W4 (9312556;1)	Remove
Stanley Korschuh	SE 16-23-20 W4	Remove
Stanley Korschuh	SW 16-23-20 W4	Remove
Michael & Pamela Millette	NW 23-26-23 W4 (6349AV;28)	Remove
Fairwest Farms Ltd.	SW 4-23-22 W4	Add
Fairholme Resources Ltd.	NW 27-22-22 W4	Remove
Fairholme Resources Ltd.	SW 18-23-22 W4	Remove

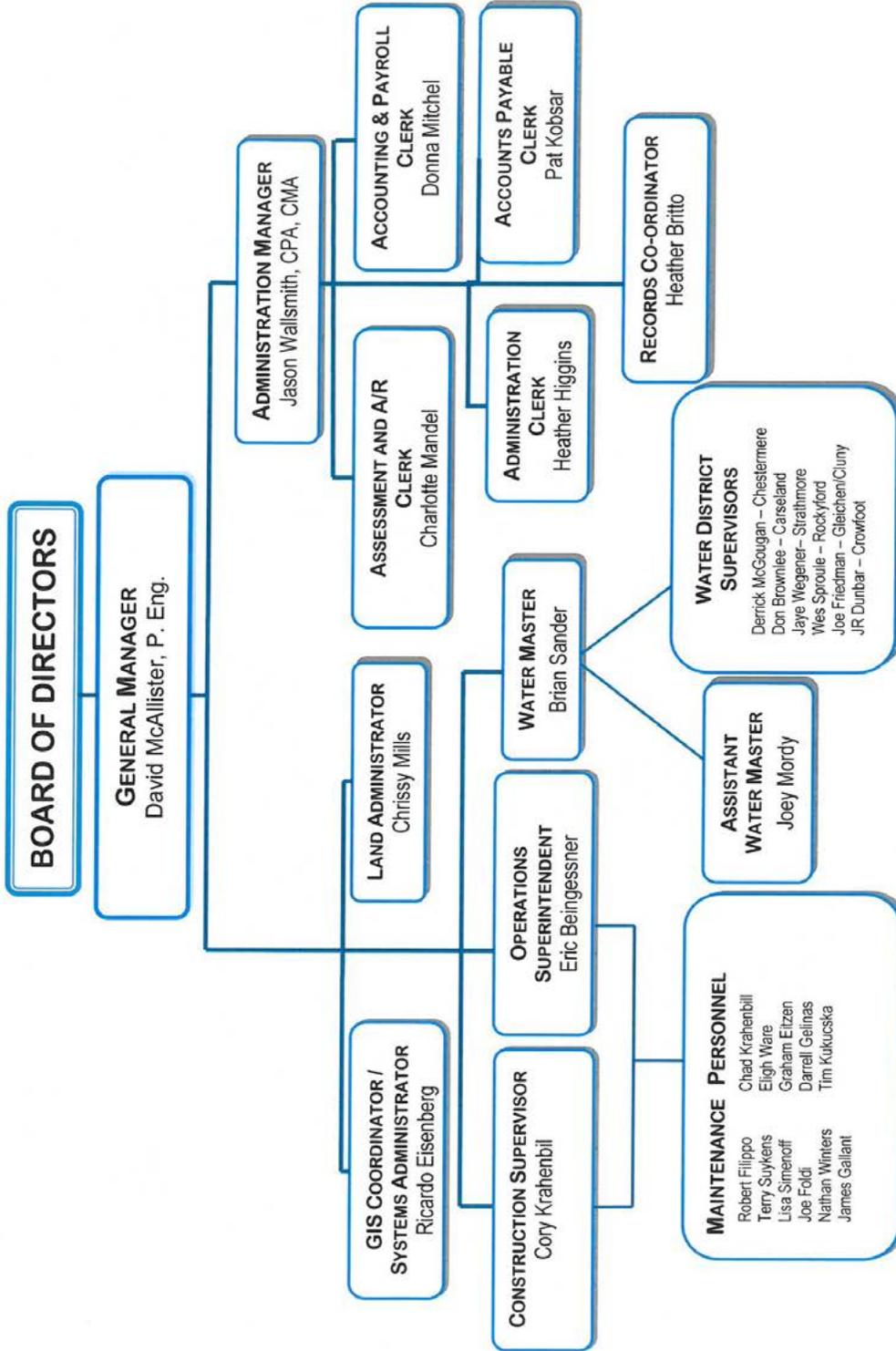
CROP DATA SUMMARY

Crop Name	Irrigated Acres	Non-Irrigated Acres	Total Acres
ALFALFA 2 CUT	8,260	1,202	9,462
ALFALFA 3 CUT	201	0	201
ALFALFA HAY	6,999	2,026	9,025
ALFALFA SILAGE	58	0	58
BARLEY	3,821	865	4,686
BARLEY SILAGE	5,739	435	6,174
BARLEY SILAGE UNDERSEED	278	0	278
BROME HAY	70	50	120
CANOLA	13,458	1,974	15,432
CORN SILAGE	75	0	75
CPS WHEAT	4,613	1,287	5,900
DRY PEAS	1,941	329	2,270
DURUM WHEAT	0	220	220
FLAX	0	25	25
FRESH PEAS	175	0	175
GRAIN CORN	130	0	130
GRASS HAY	681	192	873
GRASS SEED	481	50	531
GREEN FEED	248	0	248
HARD SPRING WHEAT	8,680	1,119	9,799
MARKET GARDENS	130	180	310
MALT BARLEY	1,560	104	1,664
MISC.	20	30	50
NATIVE PASTURE	2,703	1,940	4,643
NON-CROP	0	955	955
NURSERY	579	402	981
OATS	527	78	605
OATS SILAGE	125	0	125
POTATO	220	0	220
RYE	150	0	150
SEED POTATOES	97	0	97
SMALL FRUIT	60	25	85
SOFT WHEAT	728	197	925
TIMOTHY HAY	1,037	50	1,087
TURF SOD	2,335	425	2,760
TRITICALE	130	0	130
TAME PASTURE	1,602	904	2,506
WINTER WHEAT	220	0	220
SLEEPING ACRES		11,756	11,756
TOTAL	68,131	26,820	94,951



WESTERN IRRIGATION DISTRICT

AS OF SEPTEMBER 2017



Minutes of the Annual Meeting of the Water Users of the Western Irrigation District held in Strathmore, Alberta on April 5, 2017

PRESENT:

DIRECTORS:

Henry Colpoys
Dan Shute
Doug Brown
Ray Kettenbach
Rick Page

STAFF:

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

AUDITORS:

Farrah Williams and Shelly Harriman, Gregory Harriman & Associates LLP

CALL TO ORDER & INTRODUCTIONS

Ray Kettenbach called the meeting to order at 1:45 p.m. and welcomed everyone to the Fiscal 2016 Annual Meeting. He introduced the Board Members and Staff present. Approximately 23 water users were in attendance. Shelly Harriman and Farrah Williams were introduced.

ANNOUNCEMENTS

An election was being held for a Directors of Divisions 2 and 5. Both Henry Colpoys and Ray Kettenbach were successful in retaining their positions.

MEETING CHAIRMAN

Ray Kettenbach called for nominations for Chairman of the meeting.

MOVED by Vern Hoff THAT Merv McCallum be appointed Chairman, seconded by Gail Cleeve

CARRIED

RECORDING SECRETARY

Merv McCallum called for nominations for Recording Secretary.

Dan Shute nominated Heather Higgins. Declared Heather Higgins the Recording Secretary.

ADOPTION OF
AGENDA

Merv McCallum 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

Merv McCallum requested that the audience review the Minutes from April 6, 2016 Annual Meeting.

MOVED by Vern Bretin and SECONDED by Jay Anderson THAT the Minutes of April 6, 2016 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. Our ten-year strategic plan has been finalized, and is our blueprint for moving forward. We continue to be a First-Class Organization. We have been granted a Junior License for an extra 32100-acre ft. water, which means there is a 20% increase and more water available. The IRP/Growing Forward initiative is a great success, and we are grateful for the support. Seminars were hosted for this is both Cheadle and Nightingale, and were well attended by our Irrigators.

Mr. Kettenbach thanked the Board of Directors and the Staff for helping make 2016 a successful year for the WID and look forward to continued success as we take on the challenges of the future. He mentioned and thanked both Erwin Braun, our recently retired GM, and Dennis Kiemeny, one of our longest serving employees, and now also retired, both of whom served the organization for many years.

MOVED by Jay Anderson and SECONDED by Mr. Heuver THAT the Chairman's Report be adopted as presented.

CARRIED

MANAGER'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 Bretin and SECONDED by Vern Hoff THAT the Chairman’s Report be adopted as presented.
CARRIED**

AUDITOR’S REPORT

Shelley Harriman and Farrah Williams of Gregory, Harriman & Associates LLP presented the Auditor’s report for the Fiscal 2016.

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

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

Farrah Williams also summarized the statement of revenue and expenses.

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

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

MOVED by Gail Cleeve and SECONDED by Grant Klaiber THAT the Auditor’s Report for Fiscal 2016 be adopted as presented.

CARRIED

OPERATIONS & MAINTENANCE REPORT

Jeremy Hemsing, Manager of Operations and Maintenance, presented the Operations Report for fiscal 2016, and reviewed the 2016 water season.

Mr. Hemsing asked water users to please give your water supervisor a minimum 48 hours’ notice to turn on the water and minimum 24 hours to turn off the water.

Mr. Hemsing also spoke about the various water savings, conservation and maintenance activities that the WID are involved in.

The 2016 Maintenance Activity Summary Chart was displayed with the activity accomplished throughout the year. Mr. Hemsing ended by showing the rehabilitation plan for the next three years.

**MOVED by Vern Bretin and SECONDED by Grant Klaiber
THAT the 2016 Operations & Maintenance Report be
adopted as presented.**

CARRIED

Extra Items

ADJOURNMENT

**MOVED by Gail Cleeve and SECONDED by Grant Klaiber
THAT the meeting be adjourned at 4.00 pm**

CARRIED



**GREGORY,
HARRIMAN
& ASSOCIATES LLP**

WESTERN IRRIGATION DISTRICT

**Financial Statements
September 30, 2017**

WESTERN IRRIGATION DISTRICT

SEPTEMBER 30, 2017

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**GREGORY,
HARRIMAN
& ASSOCIATES LLP**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the Western Irrigation District

We have audited the accompanying financial statements of Western Irrigation District (the "District"), which comprise the statement of financial position as at September 30, 2017 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, 2017 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Strathmore, Alberta
January 24, 2018

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

**WESTERN IRRIGATION DISTRICT
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2017**

	UNRESTRICTED FUND		RESTRICTED FUNDS		COMBINED	
	OPERATING 2017	2016	DISTRICT CAPITAL 2017	2016	IRRIGATION WORKS 2017	2016
CURRENT ASSETS						
Cash (Notes 4, 18, 32)	\$ 3,463,676	\$ 2,127,630	\$ 4,597,499	\$ 5,936,862	\$ 2,765,032	\$ 1,125,813
Accounts receivable (Note 5)	1,782,073	2,682,173	-	-	-	-
Accrued interest receivable (Note 6)	-	-	293,573	451,125	-	-
Short term investments (Note 7)	-	-	8,561,925	14,244,853	-	-
Inventory (Note 8)	250,416	264,940	231,454	332,661	-	-
Prepaid expenses	43,353	33,063	-	-	-	-
Interfund receivables (payables) (Note 25)	178,635	215,842	(86,812)	(222,757)	(91,823)	6,915
	5,718,153	5,323,648	13,597,639	20,742,744	2,694,209	1,132,728
OTHER ASSETS						
Loan receivable (Note 9)	-	-	5,500	6,500	-	-
Preliminary costs pending (Notes 10, 29)	-	-	99,375	99,657	-	-
Water rights (Note 11)	-	-	51,975	51,975	-	-
Deferred development costs (Note 12)	-	-	2,009,840	1,658,250	-	-
Other intangible asset (Note 13)	-	-	29,023	41,333	-	-
Investments (Notes 14, 15, 32)	52,885	52,386	30,169,549	28,882,062	12,898	12,378
	52,885	52,386	32,365,262	30,739,777	12,898	12,378
PROPERTY AND EQUIPMENT						
Property and equipment (Note 16)	-	-	6,973,312	7,222,558	49,436	49,436
Irrigation works (Note 17)	-	-	83,772,349	78,657,745	79,344,373	79,892,592
	-	-	90,745,661	85,880,303	79,393,809	79,942,028
	\$ 5,771,038	\$ 5,376,034	\$136,708,562	\$137,362,824	\$ 82,100,916	\$ 81,087,134
TOTAL ASSETS						
CURRENT LIABILITIES						
Accounts payable and accrued liabilities (Note 19)	\$ 306,627	\$ 360,796	\$ -	\$ -	\$ -	\$ -
Goods and Services Tax liability	89,647	132,816	-	-	-	-
Capital levy trust (Note 20)	-	-	2,374	54,909	-	-
Current portion of deferred revenue (Note 21)	-	-	4,145	2,412	-	-
	396,274	493,612	6,519	57,321	-	-
OTHER LIABILITIES						
Deferred revenue (Note 21)	-	-	16,857	17,710	-	-
Asset retirement obligation (Note 22)	-	-	471,597	439,464	-	-
	-	-	488,454	457,174	-	-
	396,274	493,612	494,973	514,495	-	-
FUND BALANCES						
Invested in property and equipment (Note 23)	-	-	90,355,062	85,534,147	79,393,809	79,942,028
Externally restricted (Note 24)	-	-	-	-	2,707,107	1,145,106
Internally restricted (Notes 25)	-	-	45,868,527	51,314,182	-	-
Unrestricted	5,374,764	4,882,422	-	-	-	-
	5,374,764	4,882,422	136,213,589	136,848,329	82,100,916	81,087,134
	\$ 5,771,038	\$ 5,376,034	\$136,708,562	\$137,362,824	\$ 82,100,916	\$ 81,087,134
TOTAL LIABILITIES AND FUND BALANCES						
Economic Dependence (Note 2)						
Contingent Liabilities (Note 29)						
Environmental Contingencies (Note 31)						

APPROVED BY:  Chairman of the Board
 General Manager

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

WESTERN IRRIGATION DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	OPERATING		DISTRICT CAPITAL		IRRIGATION WORKS		TOTALS	
	2017	2016	2017	2016	2017	2016	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES								
Cash receipts	\$ 4,609,510	\$ 3,329,285	\$ 374,632	\$ 605,425	\$ 1,768,773	\$ 1,774,436	\$ 6,752,915	\$ 5,709,146
Cash paid to suppliers and employees	(2,693,274)	(2,984,708)	(521,180)	(280,539)	-	-	(3,214,454)	(3,265,247)
Cash transferred to/from other funds	37,207	238,706	(135,943)	(44,803)	98,738	(177,449)	-	16,454
Interest received	50,406	34,262	1,254,204	1,103,632	18,604	15,357	1,323,214	1,153,251
Cash flows from operating activities	2,003,849	617,545	971,713	1,383,715	1,886,115	1,612,344	4,861,677	3,613,604
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchases of property and equipment	-	-	(7,426,317)	(7,728,777)	(820,516)	(4,272,913)	(8,246,833)	(12,001,690)
Proceeds from sale of assets	-	-	1,069,099	636,078	-	-	1,069,099	636,078
Sales (purchase) of investments	(499)	(461)	4,026,232	(1,776,634)	(520)	(498)	4,025,213	(1,777,593)
Preliminary costs pending	-	-	282	30,261	-	-	282	30,261
Cash flows from investing activities	(499)	(461)	(2,330,704)	(8,839,072)	(821,036)	(4,273,411)	(3,152,239)	(13,112,944)
CASH FLOWS FROM FINANCING ACTIVITIES								
Irrigation provision	(595,140)	(596,963)	-	-	595,140	596,963	-	-
Trust funds received	-	-	(52,535)	(14,419)	-	-	(52,535)	(14,419)
Cash flows from financing activities	(595,140)	(596,963)	(52,535)	(14,419)	595,140	596,963	(52,535)	(14,419)
NET CASH INCREASE (DECREASE)	1,408,210	20,121	(1,411,527)	(7,469,776)	1,660,219	(2,064,104)	1,656,902	(9,513,759)
Cash, opening balance	2,127,630	2,935,213	5,936,862	12,578,934	1,125,813	3,189,917	9,190,305	18,704,064
Interfund balance adjustments	(72,164)	(827,704)	72,164	827,704	-	-	-	-
CASH, CLOSING 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
CASH REPRESENTED BY:								
Cash on hand and in banks (Note 4)	3,463,676	2,127,630	4,597,499	5,936,862	2,786,032	1,125,813	10,847,207	9,190,305
TOTAL CASH	\$ 3,463,676	\$ 2,127,630	\$ 4,597,499	\$ 5,936,862	\$ 2,786,032	\$ 1,125,813	\$ 10,847,207	\$ 9,190,305

WESTERN IRRIGATION DISTRICT
SCHEDULE 1 - OPERATING AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	DEPARTMENTS			TOTALS	
	OPERATIONS AND MAINTENANCE	WATER DELIVERY	GENERAL AND ADMINISTRATION	2017	2016
Advertising, publications, ratepayers meetings	\$ -	-	\$ 13,525	\$ 13,525	\$ 14,212
Association fees	-	-	31,778	31,778	31,899
Board of Directors expenditures	-	-	57,563	57,563	61,197
Building maintenance	77,268	-	-	77,268	59,637
Computer expense	-	-	88,218	88,218	56,831
Equipment and easement rental	78,344	-	-	78,344	123,952
Equipment maintenance, gas, oil, grease	498,220	52,782	-	551,002	578,519
Gravel pit expenses	6,632	-	-	6,632	8,532
Insurance	19,997	4,053	10,005	34,055	79,906
Interest and bank charges	-	-	1,158	1,158	882
Land titles charges and classification	-	-	1,261	1,261	692
Materials and supplies, office supplies	150,774	19,460	7,891	178,125	340,178
Payroll service charges	-	-	4,744	4,744	4,798
Postage, freight and courier	-	-	5,442	5,442	5,015
Professional fees	-	22,723	271,091	293,814	326,395
Public relations	-	-	26,615	26,615	17,079
Safety supplies	8,594	1,842	623	11,059	13,727
Salaries and wages	1,808,306	343,843	805,651	2,957,800	2,991,256
Small tools and equipment	6,634	-	-	6,634	9,737
Social committee	9,753	-	-	9,753	12,753
Stationary, printing, photocopies, fax	-	-	14,801	14,801	12,988
Telephone	15,476	6,491	12,805	34,772	34,070
Travel and staff training	1,723	94	4,157	5,974	10,623
Utilities	45,019	62,074	-	107,093	92,840
Vegetation and pest control	-	228,937	-	228,937	238,299
Welding supplies	-	1,427	-	1,427	1,755
	<u>2,726,740</u>	<u>743,726</u>	<u>1,357,328</u>	<u>4,827,794</u>	<u>5,127,772</u>
Transfer as asset to irrigation works (Note 28)	<u>(2,227,624)</u>	<u>-</u>	<u>-</u>	<u>(2,227,624)</u>	<u>(2,434,976)</u>
	<u>\$ 499,116</u>	<u>\$ 743,726</u>	<u>\$ 1,357,328</u>	<u>\$ 2,600,170</u>	<u>\$ 2,692,796</u>

**WESTERN IRRIGATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

Note 1 Purpose of the Organization

The Western Irrigation District (the District) is charged with the responsibility of efficient and economical distribution of water for users of the District. The Western Irrigation District operates under the authority of the Irrigation Districts Act, Chapter I -11, which was proclaimed in force on May 1, 2000. The District operates as a not-for-profit organization.

Note 2 Economic Dependence

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

Note 3 Significant Accounting Policies and Reporting Practices

Basis of Presentation

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

Basis of Accounting

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

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

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

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

..... continues

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

Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the General 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 General 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 GIC's and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than 90 days and/or are redeemable at any time.

Short Term Investments

Short term investments are investments in term deposits and Guaranteed Investment Certificates and are valued at cost plus accrued interest. Investments maturing prior to September 30, 2018 have been classified as short term investments.

Investments Subject to Significant Influence

The District has elected to record investments in companies subject to significant influence using the equity method. Using this method, the investment is initially recorded at cost and the carrying value adjusted thereafter to include the District's pro rata share of post-acquisition earnings of the investee.

Inventory

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

Capitalization

Additions to the District irrigation works are capitalized when the materials utilized exceed \$12,000 per structure. For any addition representing a rebuilding of a canal or ditch, the cost of materials must exceed \$12,000 to be capitalized. Whenever any concrete structure is installed on the distribution system, and it is a replacement of an existing structure, the value of the structure to be replaced is to be 20% of all costs associated with the new structure being installed.

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

..... continues

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

Amortization and Depletion

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

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

Irrigation works are amortized on a straight-line basis over their estimated average useful lives of 75 years. Amortization is claimed in full in year of addition and no amortization is claimed in year of disposition.

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

Income Tax

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

Goods and Services Tax

The District is part of the Alberta Crown and is listed as a tax-exempt Government of Alberta agency, and is therefore included in the Province's constitutional tax immunity. As a result, the District is not subject to taxes or Goods and Services Tax on purchases, but is still required to collect and remit Goods and Services Tax on services provided.

Asset Retirement Obligation

Asset retirement obligations, related to the gravel pits, include the legal obligation the District will be required to spend to reclaim the gravel pit sites. The current asset retirement obligation, which is equal to the initially estimated fair value of the total asset retirement obligation, is capitalized as part of the cost of the gravel pit. Changes in the estimated obligation resulting from revisions to estimated timing or amount of undiscounted cash flows are recognized as a change in the asset retirement obligation.

The future site restoration costs are calculated as the total undiscounted amount of estimated cash flows required to reclaim the gravel pit, which has been discounted using the credit-adjusted risk free rate of 3.2% (rate of interest on monetary assets that are essentially free of default risk, adjusted for the effect of an entity's credit standing). Increases in the site restoration obligation resulting from the passage of time are recorded as accretion of the asset retirement obligation in the Statement of Operations and Changes in Fund Balances.

... continues

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

Financial Instruments

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

Measurement Uncertainty

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The precise value of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a year involves the use of approximations, which have been made using careful judgment by management. Actual results could differ from those approximations.

A significant area requiring the use of management's estimates was the inventory valuation and the asset retirement obligation. The value of the inventory was determined using net realizable value and estimated market value at September 30, 2017. 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

	2017	2016
<i>Operating</i>		
Petty cash	\$ 1,000	\$ 1,000
Credit card prepaid balance	-	6,000
Bank account balance	3,462,676	2,120,630
	<u>3,463,676</u>	<u>2,127,630</u>
<i>District Capital</i>		
Cash held for reinvestment	703,098	1,154,440
Credit Union special grant account, interest rate of Prime minus 1.5%	3,333,361	4,446,145
Credit Union land bank account, interest rate of Prime minus 1.5%	558,700	281,400
Credit Union capital trust levy bank account, interest rate of Prime minus 1.5%	2,340	54,877
	<u>4,597,499</u>	<u>5,936,862</u>
<i>Irrigation Works</i>		
Bank account balance, interest rate of Prime minus 1.5%	2,786,032	1,125,813
	<u>\$ 10,847,207</u>	<u>\$ 9,190,305</u>

A portion of the cash balance for District Capital, \$2,374 (2016 - \$54,909), is restricted in accordance with the terms of the Capital Levy Trust, as documented in Note 20.

Note 5 Accounts Receivable

	2017	2016
<i>Operating</i>		
Water rates and charges	\$ 1,691,539	\$ 2,535,722
Sundry debtors	90,534	146,451
	<u>\$ 1,782,073</u>	<u>\$ 2,682,173</u>

Note 6 Accrued Interest Receivable

	2017	2016
<i>District Capital</i>		
Interest receivable on investments	\$ 293,573	\$ 451,125
	<u>\$ 293,573</u>	<u>\$ 451,125</u>

Note 7 Short Term Investments

	2017	2016
<i>District Capital</i>		
Current portion of fixed income securities	\$ 549,373	\$ 894,853
Current portion of guaranteed investment certificates	8,012,552	13,350,000
	<u>\$ 8,561,925</u>	<u>\$ 14,244,853</u>

Note 8 Inventory

	2017	2016
<i>Operating</i>		
Supplies and materials	\$ 250,416	\$ 264,940
<i>District Capital</i>		
Gravel	231,454	332,661
	\$ 481,870	\$ 597,601

Note 9 Loan Receivable

The loan of \$5,500 (2016 - \$6,500) is a result of the sale of land to the City of Chestermere. The loan will be repaid over the next six years with six annual payments of \$1,000 and one \$500 payment in the form of issuing a bursary. There is no interest and the funds shall be utilized for the purpose of the bursary.

Note 10 Preliminary Costs Pending

The expenditures of \$99,375 (2016 - \$99,657) 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, 2017. As projects are approved, costs will be recovered from the cost shared program.

Note 11 Water Rights

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

	2017	2016
<i>District Capital</i>		
189 Irrigated Acres (2016 - 189 Acres)	\$ 51,975	\$ 51,975
	\$ 51,975	\$ 51,975

Note 12 Deferred Development Costs

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

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

	2017	2016
Co-operative Stormwater Management Initiative	\$ 1,328,294	\$ 976,705
Orchard Park	313,592	313,591
Regional Water Reservoir Study	205,549	205,549
Regional Water Supply Project	92,381	92,381
Other	70,024	70,024
	\$ 2,009,840	\$ 1,658,250

Note 13 Other Intangible Asset

	2017			2016	
	Cost	Accumulated Amortization	Net	Net	
<i>District Capital</i>					
Digital data	\$ 123,104	\$ 94,081	\$ 29,023	\$ 41,333	
	\$ 123,104	\$ 94,081	\$ 29,023	\$ 41,333	

These costs were incurred for the purposes of developing a web based video promoting the District's irrigation activities in addition to aerial photographs. The web based video costs are shared with two other irrigation districts. The digital data costs have been capitalized and are being amortized straight-line over 10 years.

Note 14 Investments

Long term investments held with the Calgary Co-operative Association, United Farmers of Alberta, common shares with the Chinook Credit Union Ltd. and partnership interest in the Kinniburgh South Limited Partnership are accounted for using the equity method.

Other long term investments are held for trading and are accounted for and reported using the fair market value as at September 30, 2017.

	2017		2016	
<i>Operating</i>				
Calgary Co-operative Association equity	\$	1,100	\$	1,076
United Farmers of Alberta equity		39,874		39,874
Chinook Credit Union Ltd. common shares		11,911		11,436
		52,885		52,386
<i>District Capital</i>				
Fixed income securities, at fair value		10,783,564		10,993,654
Guaranteed investment certificates, at amortized cost		16,784,552		21,750,000
Common shares and equities		6,492,871		6,301,414
Mutual funds, at fair value		2,344,223		2,378,416
Exchange traded funds		970,299		260,117
Chinook Credit Union Ltd. common shares		11,225		10,773
Kinniburgh South Limited Partnership (<i>Note 15</i>)		1,344,740		1,432,541
Less: Investments maturing in the next fiscal year (<i>Note 7</i>)		(8,561,925)		(14,244,853)
		30,169,549		28,882,062
<i>Irrigation Works</i>				
Chinook Credit Union Ltd. common shares		12,898		12,378
	\$	30,235,332	\$	28,946,826

The fixed income securities mature between February 26, 2018 and June 2, 2045 with interest ranging from 1.107% and 7.768%.

The guaranteed investment certificates mature between January 28, 2018 and December 16, 2019 with interest ranging from 1.75% 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. As an investment subject to significant influence, it is being accounted for using the equity method.

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

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

	2017	2016
<i>Statement of Financial Position</i>		
Investments	\$ 1,344,740	\$ 1,432,541
	\$ 1,344,740	\$ 1,432,541

Note 16 Property and Equipment

			2017	2016
	Cost	Accumulated Amortization	Net	Net
<i>District Capital</i>				
Land and farm property	\$ 3,765,665	\$ -	\$ 3,765,665	\$ 3,765,564
Resource property	591,419	145,140	446,279	446,736
Computers	135,691	123,712	11,979	15,228
Trucks	768,264	388,308	379,956	501,893
Office equipment	21,941	15,936	6,005	7,506
Other equipment and furniture	148,236	93,020	55,216	61,571
Power equipment	3,377,675	1,356,918	2,020,757	2,121,778
Shop and office complex	955,275	681,770	273,505	287,900
Industrial subdivision costs	40,304	26,354	13,950	14,382
	9,804,470	2,831,158	6,973,312	7,222,558
<i>Irrigation Works</i>				
Land	49,436	-	49,436	49,436
	\$ 9,853,906	\$ 2,831,158	\$ 7,022,748	\$ 7,271,994

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.

			2017	2016
	Cost	Accumulated Amortization	Net	Net
<i>District Capital</i>				
Irrigation Works	\$ 90,501,230	\$ 6,728,881	\$ 83,772,349	\$ 78,657,745
<i>Irrigation Works</i>				
Irrigation Council Works	125,937,018	46,592,645	79,344,373	79,892,592
	\$ 216,438,248	\$ 53,321,526	\$ 163,116,722	\$ 158,550,337

Note 18 Bank Loans and Overdraft

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

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

Note 19 Accounts Payable and Accrued Liabilities

	2017	2016
<i>Operating</i>		
Vacation payable	\$ 168,444	\$ 173,826
Accounts payable and accrued liabilities	133,894	184,248
Accrued payroll	4,289	2,722
	\$ 306,627	\$ 360,796

Note 20 Capital Levy Trust

The amount of \$2,374 (2016 - \$54,909), which includes cash as well as the related credit union share value held, represents the Capital Levies paid by various municipalities in accordance with the Storm Water Discharge agreements signed with them. These funds can only be spent with the concurrence of the District and the affected municipality, and only on capital projects that will be of benefit to both parties.

Note 21 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 a lease agreement with Pheasants Forever Calgary Chapter for the lease of certain lands. The term of the lease is for 15 years commencing March 1, 2003, and expired March 30, 2017. The District received a payment of \$15,000 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, therefore the full amount has been allocated as current portion.

	2017	2016
<i>District Capital</i>		
George Freeman Marshland	14,927	15,922
Pheasants Forever	-	1,000
Town of Strathmore - tower agreement	3,150	-
Other leases	2,925	3,200
	21,002	20,122
Less: Current portion	(4,145)	(2,412)
	\$ 16,857	\$ 17,710

Note 22 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:

	2017		2016
Asset retirement obligation, beginning of the year	\$ 439,464	\$	369,583
Accretion expense	32,133		69,881
Asset retirement obligation, end of the year	\$ 471,597	\$	439,464

No expenditures for reclamation have been made to date. The total undiscounted amount to settle the Asset Retirement Obligation, based on management's estimate, is \$848,602 (2016 - \$662,445). 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 -2.06% a credit-adjusted risk-free discount rate of 3.2%, and a weighted average useful life of production facilities and equipment of 24 and 17 years. Elements of uncertainty in estimating this amount include, changes in the projected pit life, reclamation expenditures incurred during ongoing operations and reclamation and remediation requirements and alternatives.

Note 23 Invested in Property and Equipment

	2017		2016
<i>District Capital</i>			
Water Rights (Note 11)	\$ 51,975	\$	51,975
Other intangible asset (Note 13)	29,023		41,333
Property and equipment (Note 16)	6,973,312		7,222,558
Irrigation works (Note 17)	83,772,349		78,657,745
Asset retirement obligation (Note 22)	(471,597)		(439,464)
	90,355,062		85,534,147
<i>Irrigation Works</i>			
Property and equipment (Note 16)	49,436		49,436
Irrigation Works (Note 17)	79,344,373		79,892,592
	79,393,809		79,942,028
	\$ 169,748,871	\$	165,476,175

Note 24 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 25 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 24.

Note 26 Irrigation Rates

Irrigation rates, net, consist of:

Acres	2017	2016
83,181.5 <u>Assessment roll acres</u> irrigation acres at \$18.00 per acre, plus additional pressure and/or screening charges where applicable	\$ 1,618,058	\$ 1,613,865
658.0 minimum charge irrigation acres at \$450.00 per parcel	16,650	16,650
8,245.5 terminable acres at \$19.75 per acre, plus additional pressure and/or screening charges where applicable	162,651	165,614
688.0 minimum charge terminable acres at \$493.75 per parcel	17,283	18,355
105.0 annual acres at \$19.75 per acre, plus additional pressure and/or screening charges where applicable	2,074	2,074
22.5 minimum charge annual acres at \$493.75 per parcel	494	494
694.0 annual acres - off creek at \$15.75 per acre plus additional pressure and/or screening charges where applicable	10,931	10,931
115.0 annual acres - irrigation acres at \$18.00 per acre, plus additional pressure and/or screening charges where applicable	2,128	2,683
1,610.0 sleeping acre annual agreement acres at \$19.75 per acre plus additional pressure and/or screening charges where applicable	32,441	32,441
95,319.5	\$ 1,862,710	\$ 1,863,107

... continues

Note 26 Irrigation Rates ... continued

Where water is supplied by way of pressure pipeline, the charge per acre for irrigation, terminable and annual acres is based on the water pressure supplied at an additional charge per acre, at a rate of \$0.31 per PSI as designed.

Where water is supplied by way of a system accommodated with a functioning automatic screen cleaner, the charge is \$0.50 per irrigation, terminable and annual acre.

Annual acres – sleeping acre annual agreement at \$19.75 per acre plus additional pressure and/or screening charge where applicable. This type of agreement ends December 2019.

Temporary suspended acres – agreements signed for irrigation acres within the District not being irrigated. These were then distributed in the form of sleeping acre annual agreements ending in 2019 (as noted above).

a) A \$4.00 rate discount was applied to irrigators who were under terminable agreements and conveyed water via a creek if they converted to a special agreement in order to allow the District to accommodate permanent acre applications in process through the period in which the acreage cap for the District's terminable acres was met (95,000 acres).

b) Further to this, the District offered the applications in process during this same period, a special annual agreement reflecting the rate for the type of agreement they would otherwise have entered into.

Note 27 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 28 Transfer as Asset to Irrigation Works

The Western Irrigation District has transferred \$2,227,624 (2016 - \$2,434,976) 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 29 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.

At September 30, 2017, the District had expended \$99,375 (2016 - \$99,657) 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 30 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 \$167,924 for the year ended September 30, 2017 (2016 - \$164,047).

Note 31 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 32 Financial Instruments

The District, as part of its operations, carries a number of financial instruments. These financial instruments consist of cash, accounts receivable, accrued interest receivable, short term investments, loan receivable, long term investments, accounts payable and accrued liabilities 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.

The District provides its services to a large volume of customers and as a result, its credit risk is minimized. The District manages its portfolio investments based on its cash flow needs and with a view to optimizing its interest income.

Credit Risk

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

Fair Value

The fair value of cash, accounts receivable, accrued interest receivable, short term investments, accounts payable and accrued liabilities 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 33 Commitment Fee

In consideration of entering into an agreement with Rocky View County (the County) for the supply and conveyance of water in 2011, the District has received a commitment fee in the amount of \$750,000 from the County. The agreement is for the District to allocate 2,500 acre-feet of raw water to the County and to convey up to 2,500 acre-feet of raw water as required by the County as and when permitted. No water has been allocated to the County by September 30, 2017, 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 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 24, 2018.



WESTERN IRRIGATION DISTRICT

Box 2372, 105-900 Pine Road Strathmore, Alberta T1P 1K3 www.wid.net