



WESTERN IRRIGATION DISTRICT

2005 ANNUAL REPORT



ANNUAL MEETING

**April 6, 2006 — 1:30 P.M.
Strathmore Travelodge
350 Ridge Road, Strathmore**

PLEASE BRING THIS REPORT WITH YOU TO THE MEETING

FINANCIAL STATEMENT AND ANNUAL REPORT 2005

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Form 1 NOTICE OF ANNUAL MEETING

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

Take Note that the annual meeting of the Irrigators of the Western Irrigation District will be held at the Strathmore Travelodge, Strathmore, Alberta on the 6th day of April 2006 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

Voting will take place on the 7th day of April 2006, between the hours of 10:00 am and 8:00 pm. The voting station will be located at 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

This has been another financially strong year. Costs have increased, especially the oils and gas. Contract bids were also running higher for the construction industry. Those extra costs in 2005 were absorbed by the district operation. With offsetting increased revenues, another small surplus was registered. WID water rates can remain unchanged for the time being.

A retreat of the Board and management was held in late fall, and our future was discussed. The short term was working well, but there are concerns ten years from now. There is no opportunity to become complacent, because there is a lot of district yet to rebuild.

The most important process of the year was the reactivated court action related to the Federal Water Licence. WID's goal is to create economic security and provide for a faster system rehabilitation of this district. By mutual agreement, the court process was put in abeyance, and a mediated process started between Alberta Environment, Alberta Agriculture and the WID. I was pleased to be part of the negotiating committee for the WID. A negotiated settlement was reached by the committee by September and the deal was placed into the hands of the provincial government for their final approval.

Investments have been addressed with new vigor. Having money in the bank required more policy changes. The money had to work harder; it is a resource like any other. Investment experts were hired and accounts tailored to the conservative needs of the WID. This year investments are getting to a significant level earning over \$238,000 in interest. That amounts to over \$2.50 per acre earned. The policy is tailored to various accounts, and 3% rolls over back into the investment fund. Amounts in excess may go to the Capital and Operating Reserve where it can be allocated to new works to speed the rehabilitation process.

The biggest challenge of the year has been the Chestermere lakeshore encroachment issue. In late 2003, the Board determined that this 30-year issue would be finally resolved. The adjoining lot owners were offered discounted terms so that they could purchase the lands they used. At all times the WID provided a courteous and professional approach, giving them considerable time to address their individual situations. At the end of 2005, the matter lies in their hands. The status quo was not an option.

I would like to close with thanks to the Directors and staff for an excellent job continuing the improvements to the WID.

Submitted on behalf of the Board of Directors,

Henry Colpoys
Chairman

MISSION STATEMENT

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



BOARD OF DIRECTORS:

Back Row:

Director: Dale Dahm

Director: Wayne Risdon

Director: Dale Dolphin

Front Row:

Vice Chairman: Barrie Clayton

Chairman: Henry Colpoys

Electoral Divisions of the Western Irrigation Board

Division 1 – Dale Dolphin – Term expires 2007

Townships 21, 22, 23 and 24 in Ranges 20, 21 and 22

Division 2 – Henry Colpoys – Term expires 2008

Townships 22, 23 and 24 in Ranges 23 and 24 and Township 24 in Range 25

Division 3 – Wayne Risdon – Term expires 2006

Townships 21, 22 and 23 in Ranges 25, 26, 27 and 28 and Township 23 in Range 29

Division 4 – Barrie Clayton – Term expires 2007

Township 24 in Ranges 26, 27, and 28 and Townships 25, 26 and 27 in Ranges 25, 26, 27 and 28

Division 5 – Dale Dahm – Term expires 2008

Townships 25, 26 and 27 in Ranges 21, 22, 23 and 24

GENERAL MANAGER'S REPORT

Three key elements face the WID operation. They are financial health, maintaining service and environmental protection of the water resource. All three are interrelated and dependent upon the other. WID was in financial difficulty for a few years. Now with that position recovered, we have small surpluses and deficit free budgets.

Service levels have been maintained, but have not been improved. That is a function of the money available for canal rehabilitation. New funds such as the Calgary Stormwater settlement have accelerated that main canal program, but there is a lot to do in the smaller distribution systems.

The third element is protecting the water we take from the river. This issue has two components in water volume and quality. The Federal Licence court action is critical in determining what water volume is licensed to the WID, and what priority number it holds. There is no new water. We are confirming our rightful access to water as provided to the WID by the CPR. That was the mediated discussion referred to in the Chairman's Report.

A more urgent concern in 2005 was the need to protect water quality. The rapid urban growth in the Calgary region has resulted in urban clusters being approved throughout our upper system. Stormwater run-off can be directed towards the WID works. A landmark agreement was signed with the Town of Chestermere that set limits as to stormwater run-off for peak flows, total volume, and chemical content added to Chestermere Lake. New studies have been started to create the WID handbook for developers in our region who have the potential to impact our works. The irrigation system was designed for a rural area, and not for dense urbanized catchments. We can adapt to some degree, but there has to be a limit determined by the WID to protect our downstream users.

It is hard to refer to water conservation in a very wet year. For several days this summer the WID was essentially a stormwater management system. The year accentuated the need for more control structures throughout the canal systems to provide for tighter water management. It is a fact that the WID uses too much water to provide the farm service. Our canals and their condition do not yet provide the tools for more tighter control. In a wet year like 2005 it was the spillways that took the brunt of the wear and tear. Public sympathy requires water conservation for all industries using this precious resource. The WID concurs with that sentiment, because it is also the path to improved service levels and reliability. It takes its place alongside irrigation acre consolidations, canal rehabilitation, new pipeline distribution systems, new reservoir storage sites, and automated controls. In fact, it is a blend of the whole package and its speed of application is dependant on the money available.

In closing, I would like to thank the Board of Directors for their continuing support in this 2005 year. Thanks to the provincial government for their moral support and financial programs, and to our suppliers and contractors for their high levels of service. A special thank you to WID staff for the time and effort, and dedication that has made 2005 a continuing success.

Respectfully submitted,

Jim Webber

General Manager

CHESTERMERE LAND OFFICE

In last year's Annual Report, a number of steps taken by the WID between November 2003 and December 2004 to address long-standing issues associated with lakefront property owners' encroachment on WID-owned land around Chestermere Lake were highlighted. This included the WID, in late-October, putting forward an offer to sell or lease that land to water's edge and to provide an agreement for use of additional WID-owned land that extended into Chestermere Lake.

In mid-January, the WID's Board met with representatives of the Chestermere Lakefront Owners Association to discuss lakefront property owners' residents' questions and concerns with the October offer. The WID's Board decided to withdraw that offer in order to ensure that the lakefront residents' questions and concerns could be fully considered and addressed without the outcome being constrained by the offer.



Throughout 2005, the WID met frequently with representatives of the Town of Chestermere and, separately, with the Chestermere Lakefront Owners Association. Although taking far longer than necessary, a "use of works" agreement between the WID and the Town covering lake management and storm water discharge into the WID's works was finally accepted by the Town in October. Signing of that agreement, which provides lakefront property owners with the certainty of long-term use of a lake with water at the level maintained over the past 10 years, was considered to be a requirement by the Association before their appraisal report of WID-owned land could be completed. Meanwhile, matters such as shoreline re-alignment, a more permanent solution to addressing private usage of, liability for and access to land covered by water on or over which boating structures were to be permitted, and responsibility for administration and approval of boating and shoreline structures, and the certainty of long-term use of a lake with water at the level maintained over the past 10 years were discussed with the Association.

The last month of discussions focused on the independent appraisals commissioned by each of the WID and the Association addressing the question matter of the fair market value of WID-owned lands. If agreement on that value were reached, it would have then led to the determination of a price that the Association could recommend to its members for their individual acceptance. Unfortunately, the difference in both parties' determination of value was seen to be too large to resolve and the WID's Board set its price.

Based on the opinion of its original appraiser and a second professional opinion that gave the WID confidence that the original market value was conservative, and considering the principles of risk management and fiscal responsibility, the WID's Board determined in late-November what its price would be for a limited-time offer to the adjacent lakefront property owners.

In late-December, the WID mailed its Offer to Sell to 314 property owners who have encroached on WID-owned land to water's edge and beyond to their docks' end. The WID's Board will determine its next steps when it has reviewed those property owners' response to the Offer.

Operations & Maintenance Activities

“Heavy Maintenance” of Lateral Canal

Difficulty in supplying water to users down stream on this lateral canal near Strathmore was the main reason for initiating a large-scale rehabilitation of the channel.

Proper access for operations & maintenance forces was created by removing severe tree growth as required, deteriorated grade control structures were replaced, and deliveries upgraded. The canal bottom was set to grade, low banks were built up and trimmed.

This system has been added to the District's vegetation management program to ensure efficient water delivery and on going access for many years to come.



Spillway Replacement & Canal Rehab



This project near Cluny involved replacement of a combination open channel/corrugated steel pipe (csp) spillway flume and upstream canal rehabilitation.

Approximately 115m of 500mm PVC pipe was installed adjacent to an existing failed flume in the summer. Final structure tie-in and cleanup was conducted after the water season in Fall 2005.

In conjunction with the above spillway replacement, a stretch of nearly 1000m of canal was also addressed. Problems on this reach consisted mainly of extreme beaver activity and poor access for operations staff. District equipment trenched both banks to remove any holes or seams where water could escape, then resloped the sides and leveled.

Vegetation Management Program

After an early dry-spell in May, this past season turned into one of the wettest on record. Cooler temperatures and relatively low water usage as a result stalled the customary rapid growth of aquatic weeds and algae within the waterways. Chemical treatments were decreased from previous years although the District still remained active with mechanical cattail cutting. Chemical spraying for noxious weeds and woody vegetation continued as usual while 2005 saw an increase in canal bank mowing.

While spraying will always be a requirement in many locations, it has been shown that a regular mowing program will offer an effective compliment to the District's annual Vegetation Management Program.



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., Manager, Operations & Maintenance
934-3542, ext. 230

2005 MAINTENANCE ACTIVITY SUMMARY	
Ditch Cleaning	41 km
Bank Leveling	35 km
Tree Clearing	12 km
Canal Fencing	5 km
Delivery Installations	22 units
Drop/Check Installations	12 units
Canal Crossing Installations	8 units
Pipelines	2 units
Weed/Brush control - Cattail Cutting	165 km
Weed/Brush control - Chemical Spraying	400 km
Weed/Brush control - Bank Mowing	250 km

2005 DISTRICT EQUIPMENT FLEET	
1997	Mack Tandem Tractor with Lowbed & Jeep
2002	Mack Tandem Gravel Truck with Pup
2003	Sterling Tandem Gravel Truck with Pup
2003	John Deere 230CLC Excavator - Leased
2005	John Deere 230CLC Excavator - Leased
2001	Komatsu 220LC-6 Excavator
2002	Komatsu D61PX-12 Dozer
1990	John Deere 970 Tractor
1994	John Deere 410 Backhoe
1996	John Deere 544 Loader
2002	Tandem Tip Trailer

Mastering the Delivery of Water

The Water Master is a new position to the Western Irrigation District and one that has been established to set the District and it's water users on a common course towards the use of water in the most efficient manner possible. To achieve this, the continuous upgrading of your delivery systems by our Operations and Maintenance division, and cooperation between users and their Water District Supervisors to track and record water consumption is the key.

We are striving to assess the needs of our users and the requirements of the canals and pipelines that service them. In order to get the information needed to improve our delivery to you, the beneficiary of our services, we need to know whom, where, and when the water is used. The requirement of 48 hours notice prior to starting up your irrigation system and 24 hours notice prior to shutting off your order is very important not only in helping your Water District Supervisor efficiently manage his daily flows, but also to the farming community by reducing the demands on our canal system and possibly making your water order available to you sooner.

The Water Master is here to work in conjunction with the Water District Supervisors to resolve any issues related to your water needs. Thanks to all of you that take the time during your busy day to call your Water District Supervisor for your water deliveries. We appreciate your cooperation, as it is useful for the District as a whole, from the first delivery to the last, to know when systems are on or off.

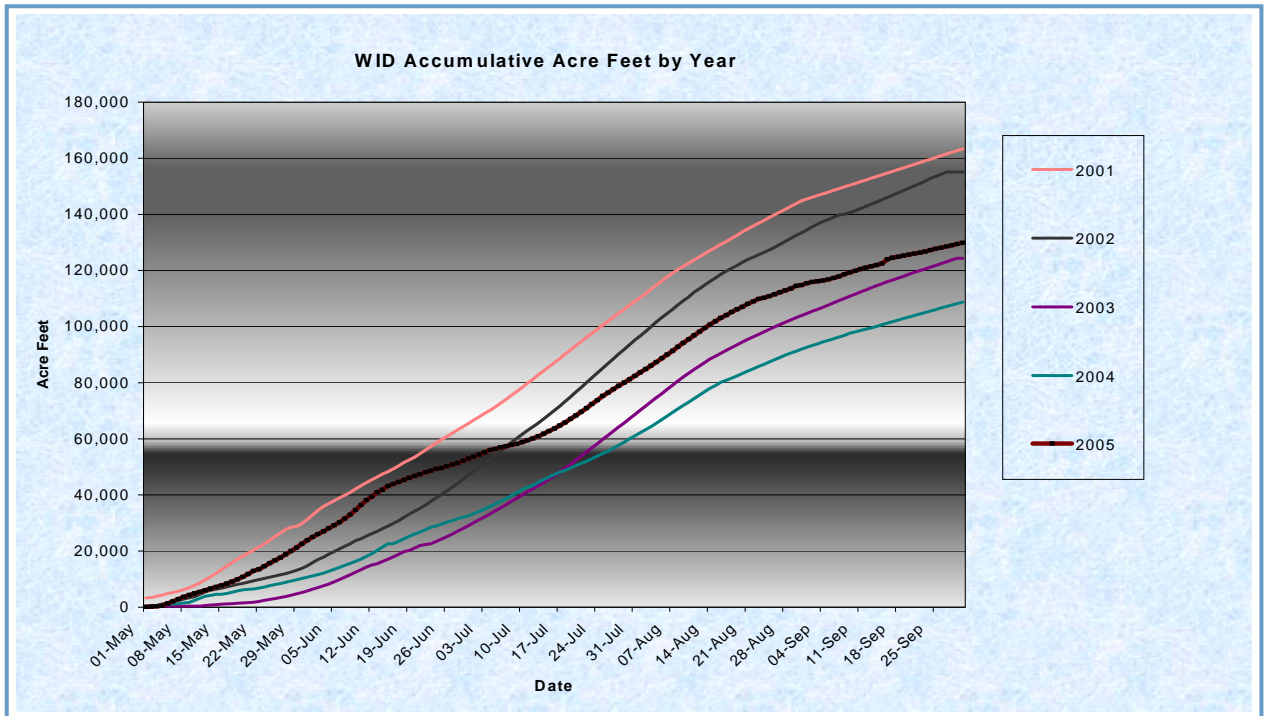
Water Master	
Brian Sander	325-0493
Water District Supervisors	
Chestermere Dwight Gittel	899-4638
Carseland Don Brownlee	899-4641
Strathmore Jeff Maude	325-4601
Rockyford Wes Sproule	325-4640
Crowfoot Chris Premack	325-4639
Gleichen/Cluny Pat Smith	325-4642



Did you know that according to Alberta Agriculture, seasonal water use for crops in Southern Alberta is:		
Alfalfa	680mm with the days of highest moisture use being	June 11 th – July 31 st
Barley	430mm with the days of highest moisture use being	June 21 st - July 20 th
Canola	480mm with the highest moisture use from	July 1 st – July 31 st
Peas	400mm with highest moisture use from	July 1 st – July 31 st
Wheat	480mm using the most moisture from	June 21 st – July 21 st
(Excerpt from Alberta Agriculture Irrigation Management Fieldbook by Vincent Ellert – November 1999)		

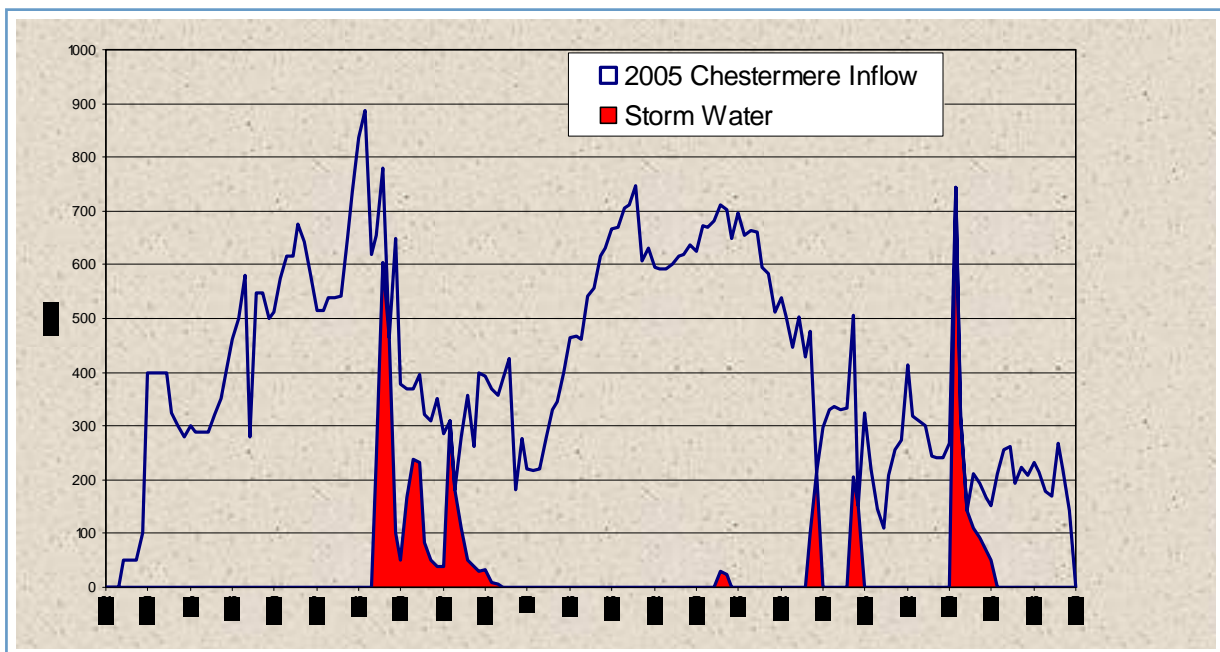
Water Usage

The following chart shows the accumulative water diverted into the district for the last five irrigation seasons.



Water Analysis

The following chart shows the Stormwater additions in 2005 at Chestermere Lake. (Values are in cubic feet per second)



Calgary Stormwater Fund

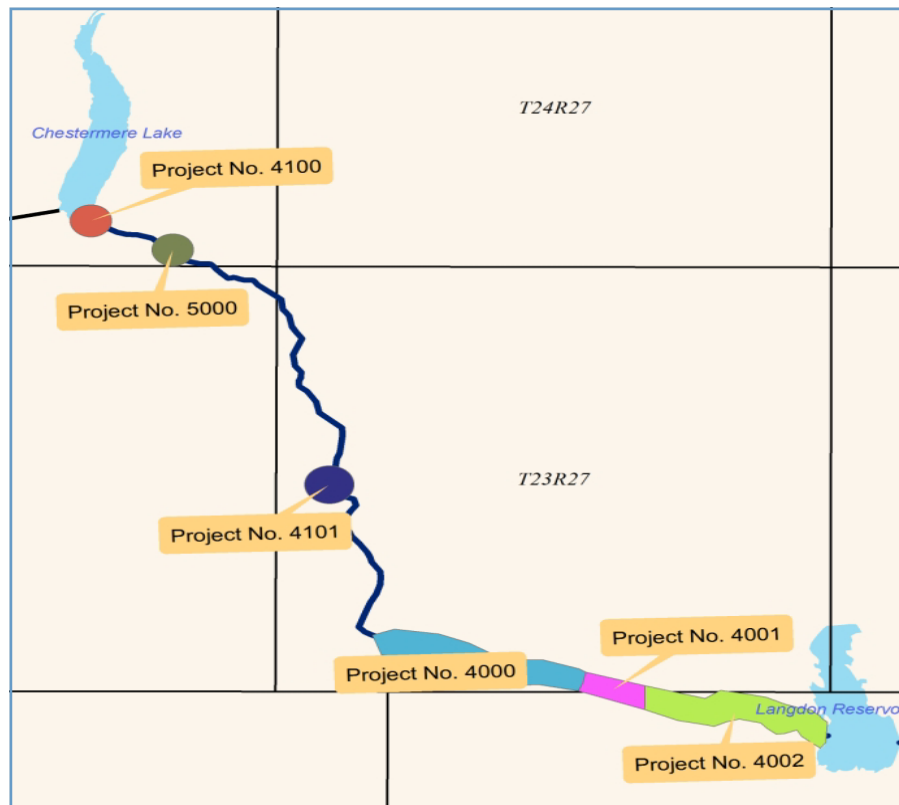
A \$5.7 million Capital Works Fund was established in 2003 for canal rehabilitation work on the Upper Secondary A Canal system. The District completed the rehabilitation and will have the benefit of full rehabilitation of its large works from Chestermere Lake to Langdon Reservoir. This money also allows for the acceleration of the District's long-term rehabilitation plan.

The following table summarizes the expenditure details of the Stormwater Capital Works Fund:

Project No.	Project Name	Schedule	Project Cost
4000	km 12.5 to km 16.9 Canal Rehab	2003/04	\$1,620,000
4001	km 16.9 to km 18.2 Canal Rehab	2004/05	\$1,600,000
4002	km 18.2 to km 22.0 Canal Rehab	2004/05	\$1,300,000
4100	Secondary A Canal Headgate Rehab	2004/05	\$1,480,000
		TOTAL	\$6,000,000

Project No. 4101 was withdrawn in 2004 due to bid prices exceeding available budgets. It will be addressed in a subsequent year.

The following map highlights the locations of the five projects financed by the Stormwater Capital Works Fund.



Calgary Stormwater Fund Project Updates

#4000 – Secondary A Canal Rehab (km 12.5 to km 16.9)

This portion of A Canal was funded under the Stormwater Capital Works Fund. A private contractor completed the earthwork portion of the contract. District crews completed the final placement of 18,500 tonnes of gravel armour during January and February 2004.

All construction activities apart from final fencing have been completed. Legal surveys and discussions with adjacent landowners regarding the sale of excess WID right-of-way are ongoing.

#4001 – Secondary A Canal Rehab (km 16.9 to SH797)

Caliber Systems was awarded this construction contract, through tender, for the amount of \$1,375,000, which includes canal earthwork and a major new concrete drop structure to be built by Graham Construction. Work started on October 18, 2004. ATCO Pipelines had to relocate a significant pipeline in order to accommodate the rehabilitation work. Caliber's contract stipulated that all work was to be complete prior to the 2005 water season. As in the past, WID crews were assigned to haul and place the gravel armour slope protection during the January/February timeframe.



#4002 – Secondary A Canal Rehab (SH797 to Langdon Reservoir)

Caliber Systems was contracted to complete this section of canal for a negotiated price of \$665,000. Caliber tackled this earthwork in tandem with the upstream #4001 canal rehab contract. The contractor predicted that all work under this contract would be completed prior to the 2005 water season. As in the past, WID crews hauled and placed both gravel armour and riprap during the January/February timeframe.

#4100 – Secondary A Canal Headgate Structure Rehab

This contract was re-tendered to reflect a reduced scope of work. The downstream drop (#4101), mechanical trash racks and weed rakes were removed from the contract as the original bid prices exceeded available budget. From a list of 12 concrete contractors, only two bids were received. The low bid from Chief at \$1,101,790 plus \$150,000 for the gate supply from Armtec made for a total price of \$1,251,790 for the contract. All contract work was completed prior to the 2005 water season.

#5000 – Flow Measurement Upgrades

This contract was initiated from the Stormwater Agreement with the City of Calgary and Alberta Environmental Protection. Under this agreement flow measurement and monitoring stations were installed on Secondary A Canal and Secondary B Canal. A concrete measurement flume was installed on Secondary A Canal and gate position indicators were installed on Secondary B Canal. The WID administered these contracts totaling \$240,000.



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%)	\$1,832,967
▪ District (25%)	\$ 610,989
▪ TOTAL (100%)	\$2,443,956

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

2005 IRP Project Summary

1. IRP 2003 – Sublateral 81J7 Rehabilitation

The old earthen channel had many operational problems such as severe erosion, inadequate capacity, poor structures, seepage and access issues. The rehabilitation work involved eliminating the open ditch by installing 1960m of PVC pipeline. The District was able to close 2600m of ditch. Landowners transferred irrigation acres to utilize this project.

- └ Located 4 km northwest of Cluny
- └ Estimated Project Cost = \$532,000
- └ Total Project Cost to Date = \$516,000

2. IRP 1718-3 – Lateral 81E1-A Rehabilitation

This project was completed as the year 2004 project under the District's current Seepage Control Plan. The existing lateral suffered from severe erosion, inadequate capacity, access issues and significant seepage. Due to the landowner concerns about tree removal to accommodate rehabilitation and ditch closure, the District decided to move the irrigation acres to be serviced by this pipeline. A 2.2 km long PVC pressure pipeline was installed as Phase 3 of the Barlow Pipeline. District crews completed the project construction in fall.

- Located 6 km south of Strathmore
- Estimated Project Cost = \$466,000
- Total Project Cost to Date = \$438,000

3. IRP 1997 – North A Sublateral 82K2 Rehabilitation

This project was designed by MPE Engineering in 2004. The major problems of the existing system include deteriorated csp and structures, erosion, seepage and access. The district installed 680m of 400mm PVC pipe to reclaim 1200m of existing channel. The pipeline was installed in the spring of 2005 by the WID and was operational for the 2005 water season.

- Located 1 km north of Strathmore
- Estimated Project Cost = \$200,000
- Total Project Cost to Date = \$184,000

4. IRP 2016 – Lateral 81 Drop Structure Rehabilitation

This project was designed in 2004 with the design of the drop structure on A Canal near E Ditch (Gleichen/Cluny block). This structure was tendered in 2005 and Robin Hansen Construction was the successful bidder. Construction started in the fall of 2005 and will be fully completed for the 2006 water season. The new structure is a cast in place concrete structure designed by MPE Engineering.

- Located 6 km north and 3 km west of Gleichen
- Estimated Project Cost = \$337,000
- Total Project Cost to Date = \$242,000



Before



After

5. IRP 2017 – Lateral 81 Drop Structure Rehabilitation

Due to the poor condition of the existing structure, the Board has given approval for the replacement of this structure. This structure was tendered in 2005 and Robin Hansen Construction was the successful bidder. Construction started in the fall of 2005 and will be fully completed for the 2006 water season. The new structure is a cast in place concrete structure designed by MPE Engineering.



- Located 6 km north of Gleichen
- Estimated Project Cost = \$279,000
- Total Project Cost to Date = \$85,000

6. IRP 2018 – Sublateral 81G6 Rehabilitation

MPE commenced the engineering design in 2004, for a pipeline project. Landowner meetings were conducted early in 2005 with construction scheduled for Fall 2005. The rehabilitation consisted of approximately 8 km of buried PVC closed gravity pipeline. The new pipeline will improve the delivery operations and eliminate the seepage concerns associated with the existing canal. The construction of this project was done with WID labour and equipment.

- Located 5 km north of Gleichen
- Estimated Project Cost = \$1,310,000
- Total Project Cost to Date = \$1,000,000



7. IRP 2024 – Sublateral 81C5D Ditch Pipeline

The rehabilitation consisted of replacing the upper reaches of the existing canal with a closed gravity PVC pipeline. The project consisted of 2200m of pipeline installed by the WID.

The new pipeline will improve delivery operations and eliminate the erosion and seepage concerns associated with the existing canal.



The project was completed in 2005 and will be ready for operation in 2006.

- Located 5 km north and 2 km west of Gleichen
- Estimated Project Cost = \$380,000
- Total Project Cost to Date = \$334,000

8. IRP 2025 – Secondary A Canal Langdon Reservoir to 12 Mile Spillway

This project is a continuation of the rehabilitation of the Secondary A Canal System. This project starts at Langdon Reservoir and ends at the turnout to the 12 Mile Spillway. The gates at the Langdon Reservoir were refurbished and electrified. The turnout structure to the 12 Mile Spillway is being replaced with a cast in place concrete structure. The canal design increases the canal capacity, improves accessibility, and eliminates seepage. Caliber Systems was contracted to do the construction. MPE Engineering completed the design.

- Located 5 km north and 10 km west of Carseland
- Estimated Project Cost = \$4,000,000

▪ Total Project
Cost to Date =
\$640,000



Seepage Control Plan 2006-2010

The Western Irrigation District has prepared a Seepage Control Plan for the Years 2006 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 the following areas:

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	
2007	IRP 1848 Lateral 82K15	Sec. 4,10-24-23-W4	
2008	IRP 2068 Secondary A Canal 12 Mile to Highway 24	Sec. 16,20,21,-22-26-W4M	
2009	Secondary A Canal Highway 24 to Lateral 81C4	Sec. N 1/2 22-22-26-W4M	
2010	Secondary A Canal Lateral 81C4 to Highway 22	Sec. 26, 27-22-26-W4M	

2005 CROP DATA SUMMARY

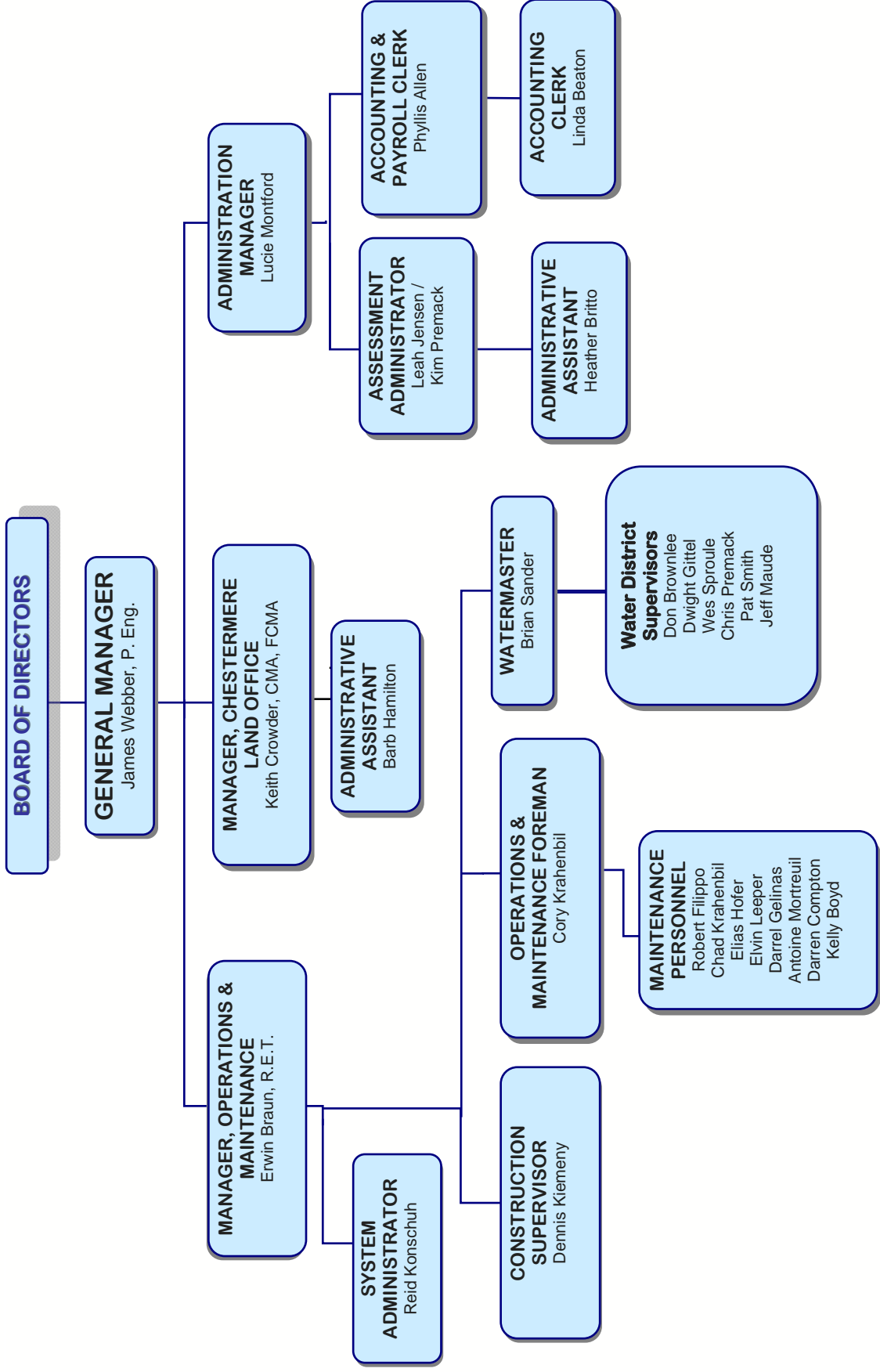
Crop Type	Irrigated Acres	Non Irrigated Acres	Total Acres
Alfalfa Hay	21,371	10,047	31,418
Alfalfa Silage	160	—	160
Barley	7,661	7,395	15,056
Barley Silage	6,230	1,603	7,833
Canola	4,208	3,256	7,464
Corn Silage	167	—	167
Dry Peas	210	170	380
Grass Hay	1,121	604	1,725
Grass Seed	264	—	264
Green Feed	121	169	290
Market Gardens	60	125	185
Nursery	1,030	485	1,515
Oats	226	385	611
Oat Silage	590	132	722
Pasture	5,964	9,367	15,331
Potato	390	40	430
Small Fruit	65	88	153
Summer Fallow	—	230	230
Triticale	305	161	466
Turf Sod	664	375	1,039
Wheat	5,379	6,074	11,453
Totals	56,186	40,706	96,892

**PARCELS ADDED TO/REMOVED FROM
WESTERN IRRIGATION DISTRICT
FISCAL 2005**

Name	Legal Description	Action
1026663 Alberta Ltd.	NE 19-23-24 W4	Remove
Kernaghan, Gerald & Marion	NE 16-24-25 W4	Remove
Ellis, Gwendolyn	NW 11-22-27 W4	Add
Bruce Farms Ltd.	SW 31-24-24 W4	Add
Gordon, Larry & Denise	NW 4-23-21 W4	Remove
Kleysen Equipment Ltd.	SW 33-22-25 W4	Remove
Brown, Dianne Lorraine	NW 25-22-22 W4	Remove
Brown, Donald Hugh & Dianne Lorraine	NE 25-22-22 W4	Remove
Brown, Donald Douglas	SE 13-22-22 W4	Add
Brown, Donald Hugh & Dianne Lorraine	NW 13-22-22 W4	Add

WESTERN IRRIGATION DISTRICT ORGANIZATIONAL CHART

as of November 30, 2005



**Minutes of the Annual Meeting of the Water Users of the
Western Irrigation District held in Strathmore, Alberta
Thursday, April 7, 2005**

PRESENT:

DIRECTORS:

Henry Colpoys
Barrie Clayton
Dale Dolphin
Wayne Risdon

Dale Dahm was unable to attend

STAFF:

Jim Webber, General Manager
Erwin Braun, Manager of Operations & Maintenance
Lucie Montford, Administration Manager
Leah Jensen, Assessment Administrator & Recording Secretary
Kim Grams, Administrative Assistant
Keith Crowder, Manager, Chestermere Land Office

AUDITORS:

Karen Gregory and Farrah Williams, 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 2004 Annual Meeting. He introduced the Board Members present. Jim Webber, General Manager introduced staff present, as well as other guests including previous members of the Board, representatives from Alberta Agriculture, Alberta Environment, Irrigation Council, Ducks Unlimited, consulting firms and other affiliated agencies. Approximately 18 water users were in attendance.

ANNOUNCEMENTS

The Board recognized the return of Henry Colpoys as Director for Division 2, and Dale Dahm as Director for Division 5, both by acclamation.

MEETING CHAIRMAN

Henry Colpoys called for nominations for Chairman of the meeting. Dale Dolphin nominated Vern Hoff.

***MOVED by Dave Nelson THAT nominations cease, SECONDED by Bev Bateman.
CARRIED***

No other nominations being received, Vern Hoff assumed the Chair.
Vern Hoff called for nominations for Recording Secretary.

**RECORDING
SECRETARY**

Jim Webber nominated Leah Jensen. No other nominations being received, Vern Hoff declared Leah Jensen the Recording Secretary

ADOPTION OF AGENDA

Vern Hoff asked the audience to review the proposed agenda.

***MOVED by Bea Dolphin, THAT the agenda be adopted as presented.
CARRIED***

**ADOPTION OF MINUTES
APRIL 1, 2004 ANNUAL MEETING**

Vern Hoff requested a motion to adopt the minutes from the April 1, 2004 Annual Meeting as the minutes were enclosed in the Annual Report for review prior to the Annual Meeting.

MOVED by Jay Anderson THAT the Minutes of the April 1, 2004 Annual Meeting be adopted as presented.

CARRIED

CHAIRMAN'S REPORT

Henry Colpoys presented the Chairman's Report for the year ended November 30, 2004, highlighting the year's activities. These included the positive bank balance for fiscal 2004 and that the District ended the year with a surplus. However, it was made clear that the District must look forward to the future and address rising costs and try to prevent negative bank balances. Mr. Colpoys then discussed the importance of securing the terms of the old Federal Water License and how provincial studies have indicated a need for 120,000 to 130,000 paying irrigation acres to provide the critical mass of tax monies to pay for the maintenance of the district. Mr. Colpoys closed by thanking the Directors and staff for an excellent job in continuing to improve WID, and a special thank you to Barrie Clayton and Dale Dolphin for the work and effort put forward for the special presentation of the financials.

Vern Hoff asked if there were any questions or comments, and there being none,

MOVED by John Kalbhen THAT the Chairman's Report be adopted as presented.
CARRIED

AUDITOR'S REPORT

Karen Gregory and Farrah Williams of Gregory, Harriman & Associates presented the Auditor's report for fiscal 2004. Farrah Williams began with an explanation of the auditor's responsibilities and audit standards. It was their opinion that the financial statements were presented fairly in accordance with Canadian generally accepted accounting principles. Karen Gregory then went on to say that there was an increase in operating expenses and revenues and a surplus in the land account. It was felt that the District was sitting in a good cash position, and currently has no debt. The equity in the District is steadily increasing.

Karen Gregory asked if there were any questions. There being none, Dale Dolphin stood up and thanked Lucie, staff, Karen and Farrah for preparation of the financials.

PRESENTATION BY THE FINANCE COMMITTEE (Barrie Clayton & Dale Dolphin)

Dale Dolphin began a power point presentation on behalf of the finance committee. The first slide displayed a simplified financial summary of incoming funds. A brief explanation was given of each heading and the amount of income as well as a break down of the income per acre. Mr. Dolphin explained that the finance committee wanted to present the financial statements from the Annual Report in a more simplified manner so the water users could understand how the district did business. Expenditures were then reviewed. It was explained that the \$1.67 million spent under the heading of "Running the System" included such things as gas, telephone, equipment, and maintenance on canals. Mr. Dolphin explained that other income is extremely important for the District but is unpredictable and cannot be completely depended upon. Mr. Dolphin then went on to present the cash surplus portion of the presentation. It was explained that the \$0.88 million in the Land Account is not used for the operation of the District and is kept separate. Mr. Dolphin then asked if there were any questions, there being none, the presentation was turned over to Barrie Clayton.

Mr. Clayton started off by noting that the financials of the District have improved and that is due to better policies, and looking for new and improved ways of doing jobs. He then thanked staff for their efforts and commented that it was an honor to be on the Board. Mr. Clayton then continued on to explain the bank balance over the past couple of years. It was explained that the slight rise is an indicator of when the district receives the majority of the water rate revenue for the year, and the slight dip indicates when the District must pay their portion for IRP projects. Mr. Clayton touched on how the money collected from land sales is placed into a separate account. In the past, land sale money was used for the operation of the district, but the current Board did not want to continue that practice. Discussed next were the balances as of November 30, 2004 in the various accounts, and the purpose of each account. It was also brought forward that the District had chosen to change banks to Chinook Credit Union Ltd., Strathmore and is also working closely with Credential Securities from Drumheller. Credential will be handling the investment of monies from the Land Account, and the District's Long Term Investments. Mr. Clayton briefly mentioned that the District is currently working with the Town of Chestermere regarding their Stormwater Agreement, and the ongoing issues regarding the encroachment onto WID owned land. The issues involving the water license are still in progress. Mr. Clayton concluded the finance committee's presentation by touching on a few outlooks for the future such as, being proactive in good water stewardship and using water more wisely, recognizing urbanization is growing in surrounding communities and trying to find new ways to deal with new demands, and with new funding the District hopes for accelerated rates of rehabilitation.

Mr. Clayton asked if there were any questions, and there were none,

MOVED by Dale Dolphin, THAT the Auditor's Report for Fiscal 2004 be adopted as presented.
CARRIED

MANAGER'S REPORT

Jim Webber, General Manager, presented the General Manager's Report for fiscal 2004 using a power point presentation. He started off by commenting on how last year was a wet year for some parts of the District and resulted in less demand for water, however the District still had to maintain a certain level of water in the canals to supply water for those who required it. In the end, this meant the District was less efficient and had more return flow. In a dry year the return flow was 24%, but in a wet year such as last year, the return flow was 60%. The District is looking further into the possibility of creating reservoir sites around the District, which would help decrease the high return flows. Mr. Webber then introduced the new Water Master, Mark Potvin, explaining that Mr. Potvin will assist in the timing, measuring, and

accounting of water in the District. He mentioned that the Chestermere Stormwater Agreement is up for renewal, and they have particular issues which must be addressed, water quality being one of them especially with all the new growth and development planned for that area. Calgary is addressing their stormwater issues by spending \$36 million in the Shepard wetlands project, which will help improve stormwater surge control. Mr. Webber informed the audience that in early 2004 the Board attended a full day retreat to discuss the future of WID. Some of the topics discussed were economic sustainability, water license, reservoir action plan, Chestermere Land Office, \$1 million new revenue stream, Chestermere Lake Management Agreement, and capital fund policy. Mr. Webber then briefly touched on a few financial points of the District. It was stressed that although the WID has been able to hold expenses down, the fact of the matter is costs are rising every year, and we must not become complacent. We must find revenues to help respond to the growing costs of doing business. Water revenue was also discussed and with no new acres and no rate change since 1998, it means the District must operate with no increase in income, but deal with rising costs. Mr. Webber briefly discussed funds spent on rehabilitation projects and WID recoveries. Mr. Webber concluded his presentation with a long-term outlook. WID needs to maximize resources, increase acreage to 120,000, seek business opportunities carefully, embrace urban influence, and maximize cash in all areas.

Jim Webber asked if there were any questions. There being none,

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

MAINTENANCE REPORT

Erwin Braun, Manager of Operations and Maintenance, presented the Operations report for fiscal 2004, and reviewed the 2004 water season. A chart displaying accumulated river diversions was shown on a power point presentation displaying 1999 to 2004. In 2004 the WID diverted 110,000 acre feet of water. The next slide displayed the snow-pack in the Sunshine Village Snow Pillow. The snow-pack for 2004 was below average, however with the rain received that year, what could have been a dry year, turned out not as bad as predicted. Mr. Braun then touched again on the role of the new Water Master. This individual would be covering for ditchriders in the summer when time off may be needed, and will be a troubleshooter for water efficiency. A summary of the 2004 maintenance activity was then displayed corresponding the activity to the number of kilometers. There was 65 km of ditch cleaning performed, 50 km of bank leveling, 15 km of tree removal, 300m of new O & M pipelines, 165 km of weed/brush control – cattail cutting, 450 km of chemical spraying, 150 km of mowing, 8 km of fencing, 25 turnouts installed, 14 drop and check structures, and 8 canal crossings. The next slide displayed canal banks damaged by cattle, followed by a slide showing a canal where heavy maintenance had been performed, and then a slide showing the WID performing silt removal. Mr. Braun then moved onto the Capital Works summary. On regular IRP rehab projects \$2.2 million is spent annually, with WID contributing \$500,000, and the province \$1.7 million. Under the new Stormwater Fund, WID received \$5.7 million from the City of Calgary settlement, and upgrades to Secondary A Canal near Langdon Reservoir are being performed. Mr. Braun then explained the WID rolling 3 and 5 year plans for performing IRP projects. In year 1 (2005), Secondary A Canal – Langdon Reservoir to 12 Mile Spillway, E Ditch Pipeline, Wutzke Sublateral, and Cluny Block Off Stream Storage will all be performed. In year 2 (2006), Secondary C Canal, Scheer Ditch Pipeline, Hammerhill Spillway Inlet Structure, and E Ditch Structure will be performed. In year 3 (2007), Secondary A Canal (12 Mile Spillway to Hwy 24), and Grove Ditch Pipeline will be done. A map of the areas where work will be done under the 3 year plan was displayed. After showing a few pictures of IRP projects, Mr. Braun discussed the Stormwater Fund projects. Rehab of Secondary A Canal (reach 1) was completed in 2004 at a cost of \$1.6 million. Rehab of Secondary A Canal (reach 2 & 3) will be completed in 2005 and will cost \$1.6 and \$1.2 million respectively, and A Canal Headgate Structure will be completed in 2005 and will cost \$1.3 million. Pictures of the areas under rehab were shown.

Erwin Braun asked if there were any questions. Dale Dolphin referred back to the picture with the heading Heavy Maintenance that showed a canal where Heavy O&M work had been performed, and there was a cow trail leading to the canal bank where the water would be, if it were flowing. Mr. Dolphin wanted to know why there was a cow trail if this was rehabbed ditch and should be fenced out. Wes Sproule a ditchrider for the WID spoke from the audience and explained that the cows got into the canal before WID staff were able to erect fencing in that area.

Mr. Braun asked if there were any other questions. There being none,

MOVED by Erwin Braun, THAT the 2004 Operations & Maintenance Report be adopted as presented.

CARRIED

Jim Webber asked if there were any further questions or comments.

Knute Larsen asked if the Bow River was over allocated. Jim Webber responded by explaining the license issues surrounding the Bow River, and that yes it was likely that the Bow River is fully allocated. The bigger problem to deal with now is what to do for people who want more water. Some Districts have allocated portions of their license to those who need or want it.

Karl Reinhardt wanted to know if the WID will be receiving more water (more of the license)? Jim Webber explained that he could not comment, as the issue is still considered confidential.

Dave Nelson commented on how Brad Walls (ditchrider) and himself had trouble with the beaver population last year, and how he felt there was not much help from the management, and would like to see more co-operation. Dale Dolphin agreed that the beavers are destructive and agreed that the WID has to do more. WID tries to cut out dams, but before you know it another one is in its place. Wes Sproule, a ditchrider for the District commented by saying that any farmer can take it upon himself to also trap or shoot the beavers, since they do not require a license. It would help immensely as the ditchrider can't always be there to take care of the problem.

Rheta Borgal wanted to know if the Alternate Irrigation Application/Agreement was still around and if people could still apply for that arrangement? Jim Webber commented by saying that type of arrangement is still active, but still requires a land class for the alternate parcel.

Dave Nelson wanted to know more about the possibility of WID reservoirs. Mr. Webber explained that storage reservoirs provide huge advantages, however geographically the WID does not have a lot of options. There are currently two options. One of the options is for a big reservoir site outside the upper east end of Calgary, but the downfall of that situation is the large land prices. The other option is a 2 to 3 day storage site about 2/3 of the way down the system in the Cluny area. This would allow us to run 3 to 4 days with some pumping costs. The WID hopes to build a storage/reservoir site in 2005.

Jim Webber asked if there were any more questions or comments. There being none,

ADJOURNMENT

MOVED by Jay Anderson, THAT the meeting be adjourned at 3:20 pm.

Chairman

General Manager

WESTERN IRRIGATION DISTRICT

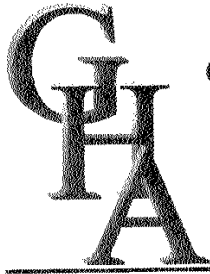
NOVEMBER 30, 2005

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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, 2005 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, 2005 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Strathmore, Alberta
February 9, 2006


Gregory, Harriman & Associates
Professional Accountants

COMBINED		
	2005	2004
	8,029,499	11,705,354
	1,509,066	1,590,026
	40,636	40,520
	111,869	87,251
	7,452	738
	-	-
	9,698,522	13,423,889
	14,500	-
	212,817	306,641
	37,760	17,760
	500,288	469,208
	3,175,541	1,075,271
	3,940,906	1,868,880
	2,210,241	2,061,256
	55,056,813	54,002,886
	57,267,054	56,064,142
	70,906,482	71,356,911
	-	-
	488,761	1,049,015
	95,310	96,155
	1,310,318	1,061,076
	541,115	105,316
	-	-
	-	-
	9,820	10,773
	2,445,324	2,322,335
	67,244	2,749,872
	85,651	75,015
	152,895	2,824,887
	2,598,219	5,147,222
	57,267,054	56,064,142
	3,527,817	3,538,796
	5,563,999	5,079,190
	1,949,393	1,527,561
	68,308,263	66,209,689
	70,906,482	71,356,911

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WESTERN IRRIGATION DISTRICT
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED NOVEMBER 30, 2005

	UNRESTRICTED FUND		DISTRICT CAPITAL		RESTRICTED FUNDS		
	OPERATING		2005	2004	IRRIGATION WORKS	TOTAL RESTRICTED	
REVENUE	2005	2004			2005	2004	
Irrigation rates, net (Note 21)	1,630,253	1,631,863	-	-	-	-	-
Storm water	192,849	128,700	-	-	-	-	-
Domestic and miscellaneous	1,022,647	991,193	-	-	-	-	-
Penalties	12,164	11,488	-	-	-	-	-
TOTAL WATER EARNINGS	2,857,913	2,763,244	-	-	-	-	-
OTHER EARNINGS							
Gain/(loss) on disposal of assets	-	-	(2,148)	(126)	-	(2,148)	(126)
Gain on disposal of land	-	-	401,485	877,402	-	401,485	877,402
Farm, land and building rentals	-	-	125,732	120,669	-	125,732	120,669
Interest revenue	47,186	108,590	193,846	110,965	134,122	327,968	185,442
Gravel revenue	-	-	280,034	33,350	-	280,034	33,350
Fees and other income	164,955	188,378	250	-	-	250	-
Miscellaneous	1,842	954	2,120	-	-	2,120	-
Government grants	3,411	15,943	-	-	-	-	-
Government contributions	-	-	-	-	-	-	-
Settlement revenue (Note 17)	-	-	2,763,519	2,704,135	1,832,967	1,832,967	1,746,946
Inventory adjustment	-	-	(190)	3,214	-	2,763,519	2,704,135
Capital asset charges	-	-	5,400	16,220	-	(190)	3,214
TOTAL OTHER EARNINGS	217,394	313,865	3,770,048	3,865,829	1,967,089	5,737,137	5,687,252
	3,075,307	3,077,109	3,770,048	3,865,829	1,967,089	5,737,137	5,687,252
EXPENSES							
Operating and administrative (Schedule 1)	1,970,069	1,547,297	500	-	-	500	-
Provision for site restoration (Note 18)	-	-	10,636	2,411	-	10,636	2,411
Property taxes	-	-	8,103	11,197	-	8,103	11,197
Amortization of property, plant and equipment	-	-	277,444	226,230	1,524,375	1,801,819	1,698,824
Depletion of resource properties	-	-	(38,273)	-	-	(38,273)	-
Interest and bank charges	472	1,106	-	-	-	-	-
Land development costs	-	-	173,335	86,260	-	173,335	86,260
District capital miscellaneous	-	-	-	5,750	-	-	5,750
Settlement expenditures (Note 17)	-	-	2,763,519	2,704,135	-	2,763,519	2,704,135
Interest on capital lease obligations	-	-	-	-	-	-	-
Gravel expenses	-	-	23,690	14,107	-	23,690	14,107
	1,970,541	1,548,403	3,218,954	3,050,090	1,524,375	4,743,329	4,522,684
EXCESS OF REVENUES OVER EXPENSES	1,104,766	1,528,706	551,094	815,739	442,714	993,808	1,164,568
Fund balances at beginning of year	1,527,561	1,369,290	7,294,977	5,691,118	57,387,151	64,682,128	62,147,125
Interfund transfers (Note 20)	(71,945)	(788,120)	71,945	788,120	-	71,945	788,120
Irrigation provision (Notes 19, 20)	(610,989)	(582,315)	-	-	610,989	610,989	582,315
FUND BALANCES AT END OF YEAR	1,949,393	1,527,561	7,918,016	7,294,977	58,440,854	66,358,870	64,682,128

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, 2005

	OPERATING		DISTRICT CAPITAL		IRRIGATION WORKS		2005	2004	2005	2004
	2005	2004	2005	2004	2005	2004				
CASH FLOWS FROM OPERATING ACTIVITIES										
Cash receipts	3,018,056	2,408,209								
Cash paid to suppliers and employees	(2,568,655)	(806,041)	485,752	6,081,872	2,446,543	1,626,448	5,950,351	10,116,529		
Interest received	48,794	108,193	(3,087,792)	(2,714,542)	-	-	(5,656,447)	(3,520,583)		
Interest paid	(472)	(1,106)	184,737	104,786	141,507	72,819	375,038	285,798		
	497,723	1,709,255	(2,417,303)	3,472,116	2,588,050	1,699,267	668,470	(1,106)		
Cash flows from operating activities										
CASH FLOWS FROM INVESTING ACTIVITIES										
Purchases of property, plant and equipment	-	-	(589,500)	(163,651)	(2,589,057)	(1,258,551)	(3,178,557)	(1,422,202)		
Proceeds of water rights	-	-	(20,000)	(17,760)	-	-	(20,000)	(17,760)		
Proceeds from sale of assets	-	-	611,436	932,268	-	-	611,436	932,268		
Change in investments	(1,133)	(301)	(2,097,375)	50,321	(1,762)	-	(2,100,270)	50,020		
Preliminary costs pending	-	-	93,824	(86,165)	-	-	93,824	(86,165)		
	(1,133)	(301)	(2,001,615)	715,013	(2,590,819)	(1,258,551)	(4,593,567)	(543,839)		
Cash flows from investing activities										
CASH FLOWS FROM FINANCING ACTIVITIES										
Irrigation provision	(610,989)	(582,315)	-	-	610,989	582,315	-	-		
Trust funds received	-	-	249,242	136,735	-	-	249,242	136,735		
Trust funds utilized	-	-	-	-	-	-	-	-		
	(610,989)	(582,315)	249,242	136,735	610,989	582,315	249,242	136,735		
Cash flows from financing activities										
NET CASH INCREASE (DECREASE)										
	(114,399)	1,126,639	(4,169,676)	4,323,864	608,220	1,023,031	(3,675,855)	6,473,534		
	896,587	558,068	7,142,721	2,030,737	3,666,046	2,643,015	11,705,354	5,231,820		
Cash and cash equivalents, opening	(71,945)	(788,120)	71,945	788,120	-	-	-	-		
Interfund balance adjustments	710,243	896,587	3,044,990	7,142,721	4,274,266	3,666,046	8,029,499	11,705,354		
CASH & TERM DEPOSITS, CLOSING										
CASH REPRESENTED BY:										
Cash equivalents (Note 4)	-	-	2,806,617	5,336,647	-	-	2,806,617	5,336,647		
Cash on hand and in banks (Note 4)	710,243	896,587	238,373	1,806,074	4,274,266	3,666,046	5,222,882	6,368,707		
TOTAL CASH & TERM DEPOSITS										
	710,243	896,587	3,044,990	7,142,721	4,274,266	3,666,046	8,029,499	11,705,354		

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, 2005

	DEPARTMENTS			TOTALS	
	OPERATIONS AND MAINTENANCE	WATER DELIVERY	GENERAL AND ADMINISTRATION	2005	2004
Salaries and wages	872,616	218,147	416,765	1,507,528	1,385,541
Equipment maintenance, gas, oil, grease	256,827	62,662	-	319,489	309,223
Materials and supplies, office supplies	424,268	-	5,000	429,268	139,598
Professional fees	-	-	197,714	197,714	148,126
Vegetation and pest control	-	114,208	-	114,208	122,227
Equipment and easement rental	129,221	-	-	129,221	87,856
Insurance	30,359	6,673	19,377	56,409	49,058
Utilities	31,972	2,148	-	34,120	36,288
Building maintenance	39,013	-	-	39,013	30,890
Telephone	12,326	8,490	11,234	32,050	26,760
Board of directors expenditures	-	-	27,877	27,877	20,693
Association fees	-	-	21,596	21,596	19,862
Shop tools	8,155	-	-	8,155	14,714
Advertising, publications, ratepayers meetings	-	-	14,766	14,766	14,485
Travel and staff training	1,990	2,516	6,139	10,645	9,014
Safety supplies	6,064	-	-	6,064	4,634
Stationary, printing, photocopies, fax	-	-	9,282	9,282	7,267
Postage, freight and courier	-	-	7,007	7,007	5,873
Welding supplies	2,778	-	-	2,778	2,395
Miscellaneous	2,284	5,369	238	7,891	2,226
Land titles charges and classification	-	-	2,893	2,893	1,356
Public relations	-	-	7,164	7,164	1,290
Crop, flood and property damages	-	-	-	-	-
Payroll service charges	-	-	3,250	3,250	3,077
Computer expense	-	-	21,169	21,169	18,652
Salary, wage recovery and overhead	(252,003)	-	-	(256,003)	(305,385)
Equipment pool recoveries	(783,485)	-	-	(783,485)	(608,423)
	<u>782,385</u>	<u>416,213</u>	<u>771,471</u>	<u>1,970,069</u>	<u>1,547,297</u>

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, 2005**

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-11.7, 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%.

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.

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

Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized proportionately over the term of the respective investments.

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

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 and office equipment	50%
Trucks	30%
Power equipment	15%
Other equipment and furniture	20%
Building	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. In 2005, it was determined the gravel reserve was significantly underestimated originally. A revised estimate has increased the reserve from 150,000 tonnes to 1,000,000 tonnes. This increase has resulted in an adjustment to previous claims, and an income inclusion of \$38,273 for 2005.

Site Restoration Costs

Future site restoration costs, related to the gravel pit, are expensed when the District engages in activities that generate the future liability. The costs are based on year end engineering estimates of the anticipated net costs of site restoration, which may vary from year to year. Actual expenditures will be applied against the future site restoration liability when incurred.

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 \$66,193 for the year ended November 30, 2005 (2004 - \$47,136).

Revenue Recognition

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

Capital contributions are recorded as deferred contributions until spent on irrigation works. Once spent, they are recognized in revenue as grants or contributions, as appropriate, 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.

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, 2005. Significant changes in the market value of the inventory could result in impairment of the inventory.



Note 4**Cash and Cash Equivalents**

A portion of the cash balance for District Capital (\$1,310,318) is restricted in accordance with the terms of the Capital Levy Trust, as documented in Note 15.

	2005	2004
<i>Operating</i>		
Petty cash	\$ 1,000	\$ 1,000
Credit card prepaid balance	6,000	-
Bank account balance	703,243	895,587
	710,243	896,587
<i>District Capital</i>		
Petty cash	250	-
Investment brokerage and other cash account balance	-	183,679
Calgary Stormwater funds, interest rate of Prime minus 1.875%	-	3,555,676
Credit Union capital and operating reserve account, interest rate of Prime minus 1.5%	218,025	448,088
Royal Bank of Canada bank account, interest rate of Prime minus 2.5%	-	46,441
Royal Bank of Canada Land sales bank account, interest rate of Prime minus 2.0%	-	1,806,074
Credit Union land bank account, interest rate of Prime minus 1.5%	238,123	-
Money market funds 6,331.469 units at \$10 per unit	63,315	-
Portfolio of other securities consistent with a temporary investment account including Real Estate Investment Trust I Units (Market value \$277,126), Short Bond Index Fund I Units (Market value \$529,053) and Diversified Income Trust Units (Market value \$260,977)	1,039,762	-
Book value of fixed income investments, maturing in the next fiscal year (Market value \$176,867)	175,197	-
Capital Levy Trust accounts (Note 15)		
Farm Credit Corporation bond, interest rate of 4%, maturing April 15, 2006 (Market value \$50,314; 2004 - \$50,897)	50,235	50,235
Province of British Columbia bond, interest rate of 5.25%, maturing December 1, 2006 (Market value \$52,007; 2004 - \$53,408)	51,873	51,873
Canada Housing Trust bond, interest rate of 4.75%, maturing March 15, 2007 (Market value \$51,050; 2004 - \$52,227)	51,110	51,110
Farm Credit Corporation bond, interest rate of 4.35%, maturing August 15, 2007 (Market value \$50,376; 2004 - \$51,214)	50,480	50,480
Canada Housing Trust bond, interest rate of 4.4%, maturing March 15, 2008 (Market value \$51,012; 2004 - \$51,874)	49,952	49,952
Government of Canada bond, interest rate of 4.25%, maturing September 1, 2008 (Market value \$51,100; 2004 - \$51,781)	49,562	49,562
Money market funds 1,071.473 units at \$10 per unit	10,715	-
RBC Canadian T-Bill fund, 31,587.77 units at \$10 per unit	-	315,877
Farm Credit Corporation bond, interest rate of 4.0%, maturing April 15, 2006 (Market value \$25,157; 2004 - \$25,449)	25,117	25,117



Note 4 Cash and Cash Equivalents ... continued

Province of British Columbia bond, interest rate of 5.25%, maturing December 1, 2006 (Market value \$26,004; 2004 - \$26,704)	25,936	25,936
Canada Housing Trust bond, interest rate of 4.75%, maturing March 15, 2007 (Market value \$25,525; 2004 - \$26,114)	25,555	25,555
Farm Credit Corporation bond, interest rate of 4.35%, maturing August 15, 2007 (Market value \$25,188; 2004 - \$25,607)	25,240	25,240
Money market funds, 534.401 units at \$10 per unit	5,344	-
Cash held for reinvestment	273	-
Money market funds, 33,877.271 units at \$10 per unit	-	338,773
Book value of investments maturing in the next fiscal year (Note 11)	-	43,053
Credit Union bank account, interest rate of Prime minus 1.5%	434,778	-
Credit Union bank account, interest rate of Prime minus 1.5%	454,148	-
	3,044,990	7,142,721
<i>Irrigation Works</i>		
Bank account balance, interest rate of Prime minus 1.5%	4,274,266	3,666,046
	4,274,266	3,666,046
	\$ 8,029,499	\$ 11,705,354

Note 5 Accounts Receivable

	2005	2004
<i>Operating</i>		
Water rates and charges	\$ 1,449,633	\$ 1,487,189
Sundry debtors	62,008	104,974
Employees	(2,575)	(2,137)
Allowance for doubtful accounts	-	-
	\$ 1,509,066	\$ 1,590,026

Note 6 Inventory

	2005	2004
<i>Operating</i>		
Supplies and materials located at shop	\$ 90,799	\$ 62,574
<i>District Capital</i>		
Rock and gravel located at gravel pit	21,070	24,677
	\$ 111,869	\$ 87,251

Note 7 Loan Receivable

This loan is a result of the sale of land to the Town of Chestermere. The loan will be repaid over the next 19 years, with \$500 being repaid annually in the form of issuing a bursary for the next nine years and increasing to \$1,000 for the remaining years. There is no interest and the funds shall be utilized for the purpose of the bursary.

Note 8 Preliminary Costs Pending

These expenditures 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, 2005. 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.

	2005	2004
	\$ 37,760	\$ 17,760

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.

	2005	2004
<i>Orchard Park</i>		
Phase I	\$ -	\$ 55,228
Phase II	53,893	39,377
Phase III	248,340	202,058
 <i>Other Developments</i>	 198,055	 172,545
	\$ 500,288	\$ 469,208

Note 11

Investments

Operating fund investments are recorded at the lower of cost and net realizable value.

	2005	2004
<i>Operating (Fair value approximates cost)</i>		
Calgary Co-operative Association equity	\$ 522	\$ 507
United Farmers of Alberta equity	1,000	1,000
United Farmers of Alberta patronage loans	4,672	3,994
Chinook Credit Union Ltd. common shares	440	-
	6,634	5,501

	2005	2004
<i>District Capital</i>		
Municipal Finance Authority of B.C., interest rate of 7.25%, maturing September 25, 2006 (Market value \$93,664; 2004 - \$97,744)	91,141	92,533
Metropolitan Toronto sinking fund debenture, interest rate of 6.1%, maturing August 15, 2007 (Market value \$94,830; 2004 - \$97,729)	90,769	91,220
City of Winnipeg debenture, interest rate of 10%, paid semi-annually, maturing December 14, 2009 (Market value \$126,435; 2004 - \$131,375)	104,483	105,593
Regional Municipality of Waterloo sinking fund debenture, interest rate of 8.875%, maturing September 2, 2012 (Market value \$96,853; 2004 - \$97,186)	76,864	77,140
Province of Ontario bond, interest rate of 5.20%, maturing March 8, 2007 (Market value \$60,659; 2004 - \$62,271)	59,459	59,820
Province of British Columbia fund, interest rate of 5.25%, maturing December 1, 2006 (Market value \$62,405; 2004 - \$64,089)	60,421	60,842
Royal Bank of Canada senior deposit notes, interest rate of 5.6%, maturing April 22, 2008 (Market value \$60,430; 2004 - \$61,885)	58,777	59,102
Province of Ontario bond, interest rate of 5.7%, maturing December 1, 2008 (Market value \$45,274; 2004 - \$46,261)	42,546	42,727
Province of Ontario bond, interest rate of 5.5%, maturing July 15, 2008 (Market value \$104,935; 2004 - \$107,225)	100,746	101,412
Farm Credit Corporation, interest rate of 4.4%, maturing July 15, 2005 (Market value 2004 - \$44,120)	-	43,053
City of Brandon debenture, interest rate of 4.875%, maturing December 1, 2006 (Market value \$58,849; 2004 - \$60,056)	57,329	57,657
BC Municipal Finance Authority bond, interest rate of 5.25%, maturing June 1, 2009 (Market value \$60,888; 2004 - \$61,734)	58,121	58,441

	2005	2004
Farm Credit Corporation note, interest rate of 5.0%, maturing September 15, 2007 (Market value \$59,694; 2004 - \$61,026)	58,727	59,133
Regional Municipality of Durham series debentures, interest rate of 6.25%, maturing October 30, 2011 (Market value \$48,994; 2004 - \$48,915)	46,569	47,003
Province of Ontario bond, interest rate of 6.1%, maturing November 19, 2010 (Market value \$47,035; 2004 - \$47,410)	45,335	45,805
Municipal Finance Authority of BC, interest rate of 4.5%, maturing October 3, 2010 (Market value \$57,127; 2004 - \$57,360)	56,000	56,000
City of Toronto debenture, interest rate of 4.875%, maturing September 25, 2011 (Market value \$57,647; 2004 - \$57,044)	55,293	55,342
Bell Canada Enterprises Inc. common shares (Market value \$35,919)	38,707	-
Emera Inc. common shares (Market value \$40,633)	38,213	-
Manulife Financial Corp common shares (Market value \$26,860)	23,121	-
Petro Canada common shares (Market value \$35,640)	28,478	-
Teck Cominco Ltd. Class B common shares (Market value \$37,485)	28,386	-
Toronto Dominion Bank common shares (Market value \$42,763)	37,967	-
Bonavista Energy Trust (Market value \$31,500)	27,815	-
Calloway Real Estate Investment Trust (Market value \$31,318)	27,609	-
Yellow Pages Income Fund (Market value \$29,070)	26,770	-
Money market securities and cash (Market value \$22,039)	22,039	-
Canada general interest strip bond, maturing December 1, 2005 with a maturity value of \$42,000 (Market value \$42,000)	42,327	-
Province of British Columbia general interest strip bond, maturing June 18, 2006 with a maturity value of \$42,000 (Market value \$41,203)	41,730	-
Province of Saskatchewan bond, interest rate of 4.75%, maturing December 1, 2006 (Market value \$43,375)	42,618	-
Caterpillar Financial bond, interest rate of 5.76%, maturing June 1, 2007 (Market value \$44,268)	43,354	-
Province of Newfoundland bond, interest rate of 5.9%, maturing December 12, 2007 (Market value \$44,744)	43,813	-
Transcanada PipeLines Ltd. bond, interest rate of 5.84%, maturing June 27, 2008 (Market value \$44,857)	44,092	-



Note 11

Investments ... continued

	2005	2004
Royal Bank bond, interest rate of 3.96%, maturing January 27, 2009 (Market value \$42,337)	42,364	-
Province of Nova Scotia bond, interest rate of 5.4%, maturing June 1, 2009 (Market value \$45,058)	44,285	-
BMO bond, interest rate of 7%, maturing January 28, 2010, (Market value \$47,453)	46,669	-
Government of Canada bond, interest rate of 5.5%, maturing June 1, 2010 (Market value \$45,931)	44,863	-
Province of Quebec bond, interest rate of 6.25%, maturing December 1, 2010 (Market value \$47,366)	45,966	-
Government of Canada bond, interest rate of 6.0%, maturing June 1, 2011 (Market value \$47,525)	46,049	-
Bell Canada bond, interest rate of 6.9%, maturing December 15, 2011 (Market value \$48,712)	47,240	-
Government of Canada bond, interest rate of 5.25%, maturing June 1, 2012 (Market value \$46,196)	44,718	-
Province of Ontario bond, interest rate of 5.375%, maturing December 2, 2012 (Market value \$46,291)	44,532	-
Government of Canada bond, interest rate of 5.25%, maturing June 1, 2013 (Market value \$46,502)	44,797	-
Royal Bank of Canada bond, interest rate of 5.0%, maturing January 20, 2014 (Market value \$44,388)	43,051	-
Government of Canada bond, interest rate of 5.0%, maturing June 1, 2014 (Market value \$45,965)	44,159	-
Canadian Wheat Board bond, interest rate of 4.75%, maturing December 1, 2014 (Market value \$43,680)	42,839	-
Government of Canada bond, interest rate of 4.5%, maturing June 1, 2015 (Market value \$44,383)	42,568	-
Province of Manitoba bond, interest rate of 5.2%, maturing December 3, 2015 (Market value \$46,208)	44,402	-
Bell Canada bond, interest rate of 5.0%, maturing February 15, 2017 (Market value \$50,811)	51,711	-
CIBC preferred Class A, series 27 shares (Market value \$83,700)	82,079	-



Note 11

Investments ... continued

	2005	2004
Great West Life Co. preferred 4.8% non-cumulative, series E shares (Market value \$83,860)	84,782	-
Power Financial Corporation preferred 5.5% 1 st series D shares (Market value \$70,200)	68,324	-
TD Bank preferred Class A 1 st series M shares (Market value \$66,960)	67,135	-
Aliment Couche-Tard Class B common shares (Market value \$31,066)	26,612	-
Bank of Nova Scotia common shares (Market value \$46,402)	42,412	-
Encana Corp. common shares (Market value \$41,416)	34,196	-
Manulife Financial Corp. common shares (Market value \$33,575)	29,270	-
Teck Cominco Ltd. Class B common shares (Market value \$48,195)	41,218	-
Toronto Dominion Bank common shares (Market value \$42,824)	35,311	-
Calpine Power Income Fund (Market value \$34,440)	44,414	-
IDX Systems Corporation Fund I Units (Market value \$282,440)	251,896	-
Summit Real Estate Investment Trust (Market value \$41,219)	32,786	-
Viking Energy Royalty Trust (Market value \$52,034)	43,682	-
Yellow Pages Income Fund (Market value \$35,190)	31,779	-
Money market security, 8,596 units at \$10/unit and cash (Market value \$86,316)	86,312	-
Chinook Credit Union Ltd. common shares	302	-
Less: Book value of investments maturing in the next fiscal year (Note 4)	(175,197)	(43,053)
	3,167,145	1,069,770
<i>Irrigation Works</i>		
Chinook Credit Union Ltd. common shares	1,762	-
	\$ 3,175,541	\$ 1,075,271



Note 12 Property, Plant and Equipment

		2005		2004
	Cost	Accumulated Amortization	Net	Net
<i>District Capital</i>				
Land and farm property	\$ 711,489	\$ -	\$ 711,489	\$ 711,490
Resource property	82,570	28,636	53,934	15,661
Shop and office complex	737,642	478,446	259,196	272,838
Power equipment	1,395,693	749,268	646,425	711,502
Trucks	576,658	268,974	307,684	129,100
Computer and office equipment	403,383	374,339	29,044	23,174
Other equipment and furniture	72,631	57,973	14,658	12,170
Buildings and dwellings	80,179	61,826	18,353	19,319
Industrial subdivision costs	40,304	20,301	20,003	20,622
	4,100,549	2,039,763	2,060,786	1,915,876
<i>Irrigation Works</i>				
Land	149,455	-	149,455	145,380
	\$ 4,250,004	\$ 2,039,763	\$ 2,210,241	\$ 2,061,256

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.

		2005		2004
	Cost	Accumulated Amortization	Net	Net
<i>District Capital</i>				
Irrigation works	\$ 339,811	\$ 46,580	\$ 293,231	\$ 299,911
<i>Irrigation Works</i>				
Irrigation works	84,239,162	29,475,580	54,763,582	53,702,975
	\$ 84,578,973	\$ 29,522,160	\$ 55,056,813	\$ 54,002,886

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%.

	2005	2004
<i>Operating</i>		
Operating loan	\$ -	\$ -
	\$ -	\$ -

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

These amounts represent 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 Contributions

Deferred contributions represent capital contributions from the Province of Alberta for the building and maintenance of irrigation works. The contributions are recognized as revenue of the appropriate fund as expenditures are incurred on the projects to which they apply.

Note 17 Deferred Revenues

Ducks Unlimited has entered into two lease agreements with the District for the lease of certain lands. In accordance with the first agreement, the District received a \$20,000 lump sum payment in 1985 in respect of land known as Thirwell Uplands. This amount is being recognized as revenue in equal amounts over 21 years and was totally recognized in the current year. In accordance with the terms of the second 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.

Note 17 **Deferred Revenues ... continued**

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.

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.

	2005	2004
<i>District Capital</i>		
Thirwell Uplands	\$ -	\$ 952
Craigantler Syphon	15,400	16,800
George Freeman Marshland (Thirwell Uplands)	26,869	27,864
City of Calgary	-	2,669,300
Annual leases on properties	6,400	6,400
Pheasants Forever	12,000	13,000
Other leases	155	130
Deferred revenue from land sales	16,240	26,199
	77,064	2,760,645
Less current portion:	(9,820)	(10,773)
	\$ 67,244	\$ 2,749,872

The District reached a settlement agreement in the prior year, for damages with the City of Calgary for a total of \$5,700,000, on the condition these funds are expended by March 31, 2007 on the rehabilitation of Canal A. These funds were completely brought into income in the current year as the money was expended on Canal A.

Note 18 **Provision for Site Restoration**

The provision is based on engineering estimates of the current costs to restore the property after the resources are depleted. The site restoration liability of \$85,651 (2004 - \$75,015) represents the estimate of cumulative costs. No expenditures for reclamation have been made. The provision is not expected to change materially in the near term.

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.

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:

Acres		2005	2004
<u>Assessment roll acres</u>			
75,477.5	irrigation acres at \$16.25 per acre, plus additional pressure charge where applicable	\$ 1,272,778	\$ 1,269,224
944.0	minimum charge irrigation acres at \$406.25 per parcel	21,937	21,937
4,012.5	incentive irrigation acres at \$12.19 per acre, plus additional pressure charge where applicable	49,582	52,758
13,181.0	terminable acres at \$18.00 per acre, plus additional pressure charge where applicable	238,824	241,274
1,108.0	minimum charge terminable acres at \$450.00 per parcel	22,950	22,500
167.5	annual acres at \$18.00 per acre, plus additional pressure charge where applicable	3,015	3,015
25.0	minimum charge annual acres at \$450.00 per parcel	450	450

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

Acres		2005	2004
694.0	annual acres - off creek at \$14.00 per acre, plus additional pressure charge where applicable	9,716	9,716
90.0	annual acres - irrigation acres at \$16.25 per acre, plus additional pressure charge where applicable	1,463	1,463
700.5	annual acres - incentive irrigation acres at \$12.19 per acre, plus additional pressure charge where applicable	9,233	9,221
15.0	minimum charge annual acres - incentive irrigation acres at \$304.75 per parcel	305	305
96,415.0		\$ 1,630,253	\$ 1,631,863

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 WID 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**Commitments**

The District has signed a lease agreement with Telus Mobility to provide land for a cellular phone transmission tower and related equipment. Lease payments are valued at \$6,834 per year. This income has been recorded in the District Capital Fund under Farm and Land Rental Revenue, and the expense has been recorded in the Operating Fund under Telephone expense. The agreement is in effect until May 31, 2006.



Note 22 Commitments ... continued

A 2005 John Deere Hydraulic Excavator has been leased in the prior year. The lease has been determined to be an operating lease based on the agreement terms. The District is required to make monthly payments of \$4,174 for 36 months with the last payment being November 30, 2007. The interest rate implicit in the lease is 6.06%.

Future minimum lease payments are as follows:

2006	\$ 50,091
2007	<u>50,091</u>
	<u>\$100,182</u>

Note 23 Contingencies

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, 2005, the District had expended \$212,817 (2004 - \$306,641), 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 24 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 25 Comparative Numbers

Some numbers presented for comparative purposes have been revised to conform to the presentation adopted for the current year.

Note 26 Approval of Financial Statements

The management of the Western Irrigation District approved these financial statements on February 22, 2006.

Note 27 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, bank loans and overdraft, and accounts payable. These financial instruments may be exposed to the following risks:

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the District manages exposure through its normal operating and financing activities. The District 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 fulfill 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, loan receivable, bank loans and overdraft, and accounts payable, corresponds approximately to their carrying amount because of their short term maturity dates. The carrying amount of the loan receivable and long term investments approximates fair value because the interest rates are close to the market rates.





WESTERN IRRIGATION DISTRICT

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