



**2002
ANNUAL REPORT**

WESTERN IRRIGATION DISTRICT



ANNUAL MEETING

**May 1, 2003 – 1:30 P.M.
STRATHMORE FAMILY CENTRE
160 Brent Boulevard, Strathmore**

Form 1 NOTICE OF ANNUAL MEETING

Irrigation Districts Act Forms Regulations (Section 42(2)(b))

Take Note that the annual meeting of the Irrigators of the Western Irrigation District will be held at the Strathmore Family Centre, Strathmore, Alberta on the 1st day of May 2003 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 2nd day of May 2003, between the hours of 10:00 am and 8:00 p.m. The voting station will be located at Western Irrigation District office at 201 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, 2002

Much of my report for 2002 is a continuation of the tasks set in 2001. That will not be surprising to you, as it was expected to take several years to achieve our goals. Fiscal tightening has been the main focus of the Board and staff. I am pleased with the rapid progress that has been made. At the closure of the books in 2002 the WID was about to post its first positive cash flow, with no debt at the bank. Granted this took some land sales to remove the debt, but only in part. Cost savings in the organization, with the sale of some minor parcels achieved our goal of being debt free. Further the Board required the staff to submit a balanced budget for 2003, so as to maintain this economic flexibility.

The staff is to be congratulated on meeting the fiscal targets set by the Board.

Soon to be retired is an ongoing legal expense that is the Calgary Stormwater court action. In 2001 the Court action favoured the WID. In 2002 Alberta Environment and the City of Calgary launched appeals, and lost. So now we go forward to the last stage in this process, which is the determination of the amount of compensation. This has been a long and expensive road to what is justifiably ours. The Courts are the last resort to solving any problem. The three parties involved in this legal action, have always resolved our differences in a courteous and professional manner. The true benefits that may evolve from these court actions may be the new understanding and partnerships that will result between us.

Due to my personal time constraints I will not be seeking another term as a WID director. If you can devote the time, I would encourage you to seek a term on the Board. You will find the irrigation business complex and far-reaching. What will be quickly apparent is that you can take nothing for granted, and the status quo has to be worked for. On a final personal note I would like to close with thanks to my Directors and Staff for an excellent job. I am pleased with the achievements of the WID, and in such a short time frame. I further note that there are many challenges yet to come, but that the WID is now stronger to face them.

Submitted on behalf of the Board of Directors

Greg Appleyard.



Back Row: **Directors:** Lindy MacKenzie and Henry Colpoys
Middle: **Chairman:** Greg Appleyard
Front Row: **Vice Chairman:** Barrie Clayton **Director:** Dale Dahm

MISSION STATEMENT:

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

Electoral Divisions of the Western Irrigation Board

Division 1 – Lindy MacKenzie – Term expires 2004
Townships 21, 22, 23 and 24 in Ranges 20, 21 and 22

Division 2 – Henry Colpoys – Term expires 2005
Townships 22, 23 and 24 in Ranges 23 and 24 and Township 24 in Range 25

Division 3 – Greg Appleyard – Term expires 2003
Townships 21, 22 and 23 in Ranges 25, 26, 27 and 28 and Township 23 in Range 29

Division 4 – Barrie Clayton – Term expires 2004
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 2005
Townships 25, 26 and 27 in Ranges 21, 22, 23 and 24

GENERAL MANAGER'S REPORT, 2002

The year of 2002 was the second dry year in a row to test the WID canal system. In addition we had a cool spring delaying the early crop growth. This resulted in the demand for irrigation being compressed into the month of July. As luck would have it we also experienced a period of hot weather at the same time making the irrigation demand very high. Differing from the previous year the water was available at the Bow River source. What was not available was the canal capacity to meet the demand, and delays did result. The 2002 season reinforced our need of an accelerated program of canal rehabilitation, and the strategic siting of new internal reservoirs to ensure a supply of irrigation water is available in a timely fashion to all users.

In 2002 a milestone was reached in that the district reached the Irrigation District Expansion Limit of 95,000 irrigation acres. This is a provincially imposed Cap, which applies across the irrigation industry. Changes to the Irrigation District's Act do have provision for the individual irrigation districts to expand beyond the limit as set out in the Act. Several irrigation districts are addressing the required safeguards and are going to their waterusers to gain their approval to raise their individual irrigated acre cap. The WID will not be seeking such a route until the canal system has achieved a greater proportion of rehabilitation. This will change the way we do business for those who seek to increase their individual irrigation operations. Since there are no new acres available, from now on the "new" acres will have to be transferred from other parcels with existing acres. This in itself increases the stress on the system if those acres were not actively irrigated. These transfers must have Board approval and meet all the requirements of the Act, including Land Classification and the availability of water supply. The Board will monitor transfer approvals closely to ensure that the new acres would not unduly increase the stress on any particular part of the system.

The WID has made great strides in continuing to tighten its financial expenditures. Another year has gone by without a rise in the water rates, which have not changed since 1998. Legal costs are a short-term burden, and in 2002 the WID processed the Calgary Stormwater Appeal. We were awarded costs, but, as this is deemed a commercial dispute we receive less than half of our costs back. The last stage of this process is to litigate the actual amount of compensation. To save costs, and come to a quicker resolution, an agreement has been struck with Alberta Environment to negotiate the final step rather than use the courts. This process is ongoing, and now includes the City of Calgary at the table. The other major legal issue yet to address is the validity of the terms of the 1921 Federal water license. This issue is on hold while the stormwater issue is resolved to our satisfaction. Late in 2003 this action will recommence.

In 2002 there were many water issues that were brought to the foreground. Two years of drought raised the public's awareness in water issues. The province led discussions for a new Water Strategy for Alberta, which will be published in the spring of 2003. The competition for water caused by this provinces' rapid growth will focus new attention on our use of district water.

In closing I would like to thank the Board of Directors for their hard work and support in this 2002 year. To the staff special thanks for the time and effort, and for the long hours, that have made this year a success.

Respectfully submitted
James Webber, General Manager

MOVING DAY



In 1912 the CPR built a spur line in the CPID yards in north Strathmore, and a superintendent's residence and six cottages were built. When the operations were moved to their new premises in the current Strathmore townsite, the buildings were also relocated. The superintendent's residence was located at the northeast corner of the current Western Irrigation District operation. After the CPR left the irrigation business, the residence became the home of successive General Managers and other staff of the Western Irrigation District.

Much interest has been expressed in the site the house resided on, and in 2002 the decision was made that in order to preserve the building it would be sold and moved offsite. A call for tenders was advertised, and the building was successfully sold. And moved only a few short minutes south of Strathmore on Secondary Highway #817 in its new location.

Operations & Maintenance Activities

This year was, once again, an extremely active year for the Operations and Maintenance Department. The task of meeting an increased water demand within an older, non-rehabilitated system always provides a challenge. A relatively mild fall season allowed staff to complete projects that were delayed from the spring due to a fairly deep and late seasonal frost.

As in past years, the District's O&M staff focused particular attention this year on aquatic vegetation existing throughout the system. The combination of a late spring runoff and high temperatures and nutrient levels provided an attractive environment for weed growth. In order to prevent the weeds from restricting flow within our system, the District wages its attack with two methods; mechanical and chemical weed removal. Two mechanical cattail cutters were utilized throughout the District to physically remove bulrushes, cattails and other aquatic weeds from the system. In addition to mechanical means, a chemical spray program was also employed in an effort to control woody vegetation and weed growth in and around the ditch banks. In the instances when other removal methods may be ineffective, the system is treated with an aquatic herbicide called Magnacide H in specific locations. Strict environmental and health guidelines limit the application of Magnacide H under certain circumstances. It is for this reason that the District cannot rely upon the sole use of Magnacide H for complete control of aquatic vegetation.



Weed removal operation in distribution canal

In addition to regular maintenance activities, District forces were busy with infrastructure installation resulting from the recent "Incentive" plan. Several new deliveries were added to the District's system in the form of standpipes, dugouts and basic turnout structures.

2002 Maintenance Activity Summary

Ditch Cleaning	80 km
Bank Leveling	65 km
Tree Removal	25 km
Ditch Abandonment	8 km
Turnout Replacement	24 units
Drop/Check Structure Replacement	6 units
Canal Crossing Replacement	7 units
Weed/Brush Control - Cattail Cutting	185 km
Weed/Brush Control - Brush Cutting	15 km
Weed/Brush Control - Chemical Spraying	400 km
Weed/Brush Control - Mowing	15 km

2002 District Equipment Fleet

1994	Kenworth Tandem Gravel Truck with Pup
2002	Mack Tandem Gravel Truck with Pup
1997	Mack Tandem Tractor with Lowbed Trailer
1996	John Deere 892 Excavator
1998	John Deere 230 Excavator
1997	John Deere 200 Excavator
2001	Komatsu 220 Excavator
2002	Komatsu D61PX12 Dozer
1990	John Deere 970 Tractor
1994	John Deere 410 Backhoe
1996	John Deere 544 Loader



The Operations and Maintenance Department was fortunate enough to have the assistance of two Co-op Work Term students this year. The District expresses its thanks to Ryan Bochek and Geoff Weibe for their hard work. Both students have returned back to school in Saskatchewan where their experience gained at the District will hopefully contribute to their future success.

Water Use & Conservation

The District typically begins the irrigation season on May 1 with the first water diversion from the Bow River. During the course of the season, our Water Supervisors (“Ditchriders”) operate numerous canals, reservoirs and gate structures in order to deliver water to farmers in a timely fashion. In order to deliver water to all users as quickly as possible, good communication between the farmers and their Ditchrider is critical. All users are encouraged to discuss their water requirements, length of irrigation and approximate shutdown time with their appropriate Ditchrider during the course of the irrigation season. This communication becomes extremely important during periods of water shortages and/or high demand.

Monitoring canal flows is the primary responsibility of a Ditchrider. Our system requires constant monitoring of demand, flow and canal conditions in order for its efficient operation. The Ditchriders operate the system based upon the water orders they receive from users. When users take water without the Ditchrider’s authorization, fellow downstream users are denied their water order. In other cases, when users do not inform their Ditchrider of equipment failure or irrigation shut-off, precious water is wasted down spillways that could be allocated to other users. With proper notice and communication, our Ditchriders can usually avoid these problems.

The Western Irrigation District is a member-owned, non-profit organization whose mission is to service the water needs of its large membership over a vast area. A network of approximately 1,000 km of canals, dams and reservoirs is operated to provide this service with the co-operation of all users.

The District invites you to contact the appropriate Ditchrider to discuss your water needs. The Ditchriders and their areas are as follows:

<u>AREA</u>	<u>NAME</u>	<u>PHONE #</u>
• Carseland	Don Brownlee	312-8029
• Strathmore	Geoff Smith	934-7243
• Rockyford	Wes Sproule	934-7239
• Gleichen	Leon Dufour	934-7364
• Crowfoot	Jeff Beaudry	934-0771
• Chestermere	Dwight Gittel	312-8031

Table 1 – 2002 Actual Irrigation Acres

Area	Total Acres Irrigated	Secondary A Canal	Secondary B&C Canal
Carseland	14,424	14,424	0
Strathmore	14,503	14,503	0
Rockyford	13,464	0	13,464
Gleichen	11,816	11,816	0
Crowfoot	14,372	0	14,372
Chestermere	7,145	876	6,269
<i>Total</i>	<i>75,724</i>	<i>41,619</i>	<i>34,105</i>
% Of Total	100	55	45

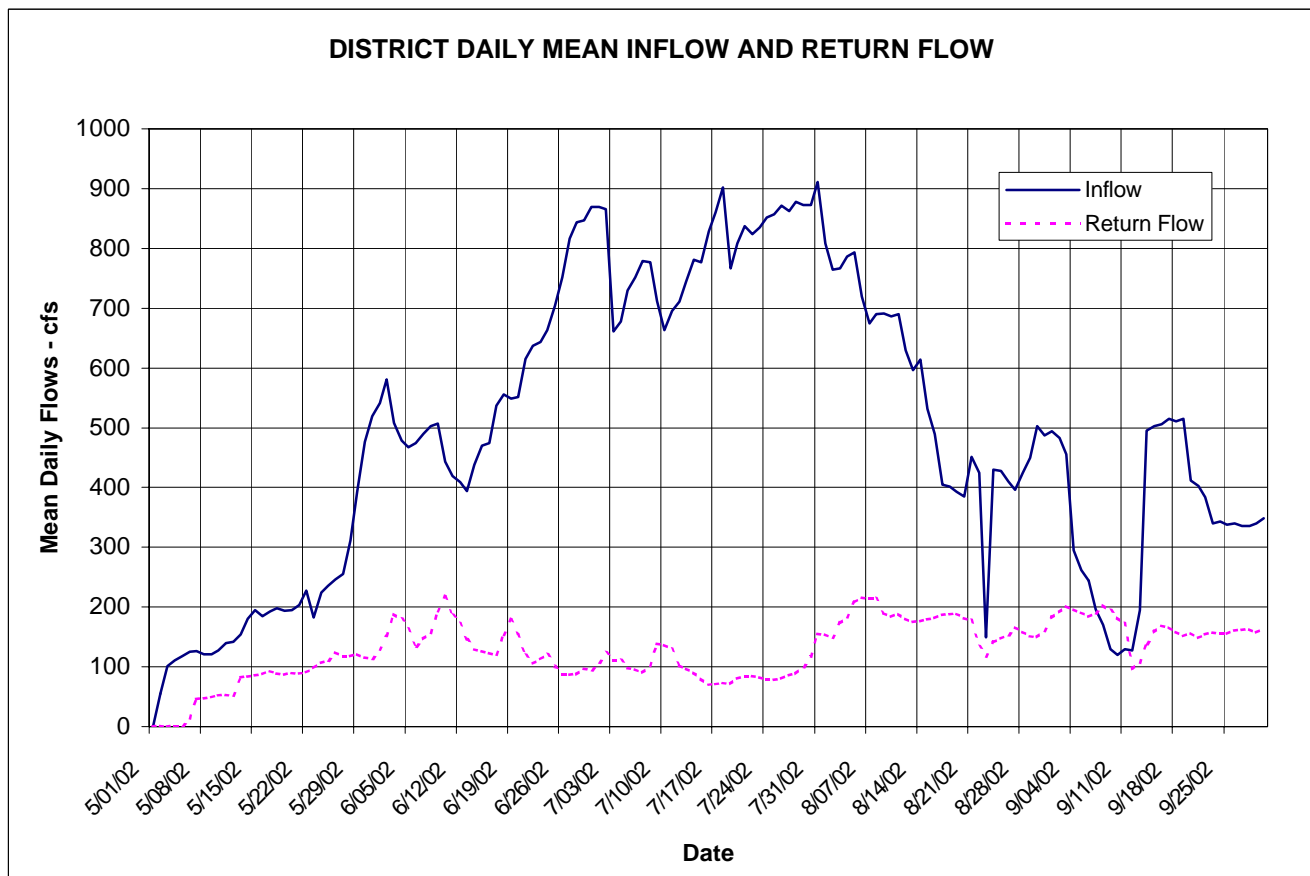
Table 1 summarizes the acres of actual irrigation for the 2002 water season. Approximately 80% of the total acres registered with the District were irrigated during the 2002 water season.

Table 2 - 2002 Water Use

	Total District	Secondary A Canal	Secondary B&C Canal
Diverted Water (ac-ft)	149,577	64,468	85,109
Return Flow (ac-ft)	39,104	18,649	20,455
% Return	26%	29%	24%
Consumptive Use (ac-ft)	110,473	45,819	64,654
Irrigated Acres	75,724	41,619	34,105
Consumptive Use per Acre (ft)	1.5	1.1	1.9
Return Flow per Acre (ft)	0.52	0.45	0.60

Table 2 summarizes the water use for the 2002 water season.

The following chart presents the flow diversions and return flows for the 2002 irrigation season.



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:

Kipp Horton, Manager, Operations & Maintenance
 934-3542, ext. 230 or Cellular: 312-8025

Irrigation Rehabilitation Program

The Irrigation Rehabilitation Program (IRP) continued to be 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 were:

• Provincial government (75%)	\$1,861,684
• District (25%)	\$620,562
• TOTAL (100%)	\$2,482,246

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

2002 IRP Project Summary

1. IRP 1935 Lateral D Tailout Rehabilitation

The old earthen tailout channel had many operational problems such as severe erosion, inadequate capacity and seepage damage. The rehabilitation work involved a combination of canal rebuilding (700 m) and pipeline installation (1.5 km) to replace the old tailout channel. Associated work included channel armouring, turnouts, crossings and fencing.

- Located 13 km north of Gleichen
- Estimated Project Cost = \$480,000
- Total Project Cost to Date = \$383,010



2. IRP 1929 Lateral 81F1 Rehabilitation

The existing sublateral channel was experiencing severe erosion and capacity problems. A 1.9 km long PVC pressure pipeline was installed to replace the old earth channel.

- Located 5 km east of Strathmore
- Estimated Project Cost = \$237,000
- Total Project Cost to Date = \$247,442



3. IRP 1880 Lateral 81G3 Rehabilitation

Rehabilitation of the existing channel system was required due to extensive seepage damage, inadequate capacity and erosion problems. For these reasons in addition to land severance issues, a 1.9 km long PVC pressure pipeline was selected to replace the 4.8 km of sublateral channels.

- Located 13 km northwest of Gleichen
- Estimated Project Cost = \$247,000
- Total Project Cost to Date = \$269,021



4. IRP 1704 Secondary A Canal Rehabilitation

Another 4.1 km of Secondary A Canal between Chestermere and Langdon was rehabilitated this year. Although a private contractor completed the earthwork portion of the contract, the District supplied, hauled and placed approximately 15,500 tonnes of gravel armour slope protection required for the work. In addition, structure installation, drainage works, seeding and fencing will be completed by the District's own forces.

- Located between Lake Chestermere and Langdon Reservoir
- Estimated total Project Cost = \$8,085,000
- Project Cost to Date = \$3,493,357
(approx. 40% complete)



5. IRP 1849-4 Bridge Culvert Replacement Program

In partnership with Wheatland County and Alberta Infrastructure, two more bridge-sized culverts were replaced this year. The District's share of the work includes supply of equipment, labour and erosion protection for the culvert installations. As in previous years, this Program targets major culvert crossings in the District that are close to failure.



- Two locations within 8 km of Cluny
- Estimated Project Cost = \$40,000
- Total Project Cost to Date = \$29,754

6. IRP 889-3, 1059-2 & 1060-2 – Lateral A2 Strangmuir Rehabilitation

Significant erosion has occurred on this portion of Lateral A2 since the original rehabilitation work in the early 1980's. Approval was received to install 3.2 km of gravel armour slope protection, fence 6.4 km of ditch and place riprap at numerous drop structures.



- Located 7 km east of Carseland
- Estimated Project Cost = \$146,320
- Total Project Cost to Date = \$147,407

7. IRP 1906 – 10 Year Engineering Plan

Completed by an independent engineering consultant, the 10 Year Engineering Plan assessed the outstanding rehabilitation work remaining in the District. According to each system's priority, the Plan classifies the future rehab work on an annual basis for the next 10 years. This tool will allow the District to properly plan for future capital expenditures related to rehabilitation work.

- Estimated Project Cost = \$143,200
- Total Project Cost to Date = \$137,135

2002 CROP DATA SUMMARY

Crop Type	Irrigated Acres	Non Irrigated Acres	Total Acres
Alfalfa Hay	20,932	2,339	23,271
Pasture	12,649	5,130	17,779
Barley	9,605	5,482	15,087
Barley Silage	12,947	1,363	14,310
Canola	3,799	445	4,244
CPS Wheat	2,972	960	3,932
Green Feed	2,021	310	2,331
Hard Spring Wheat	1,585	1,382	2,967
Oats	450	76	526
Nursery	1,396	100	1,496
Turf Sod	674		674
Grass Hay	4,074	530	4,604
Grass Seed	1,053	30	1,083
Dry Peas	305	130	435
Misc	232	382	614
Potato	235	30	265
Small Fruit	65	80	145
Alfalfa Silage	260		260
Soft Wheat	0		0
Oats Silage	0		0
Market Gardens	302		302
Winter Wheat	0		0
Flax	65		65
Rye	0	77	77
Summer Fallow	0	1,022	1,022
Alfalfa Seed	15		15
			0
Totals	75,635	19,868	95,503

**PARCELS ADDED TO/REMOVED FROM
WESTERN IRRIGATION DISTRICT FISCAL 2002**

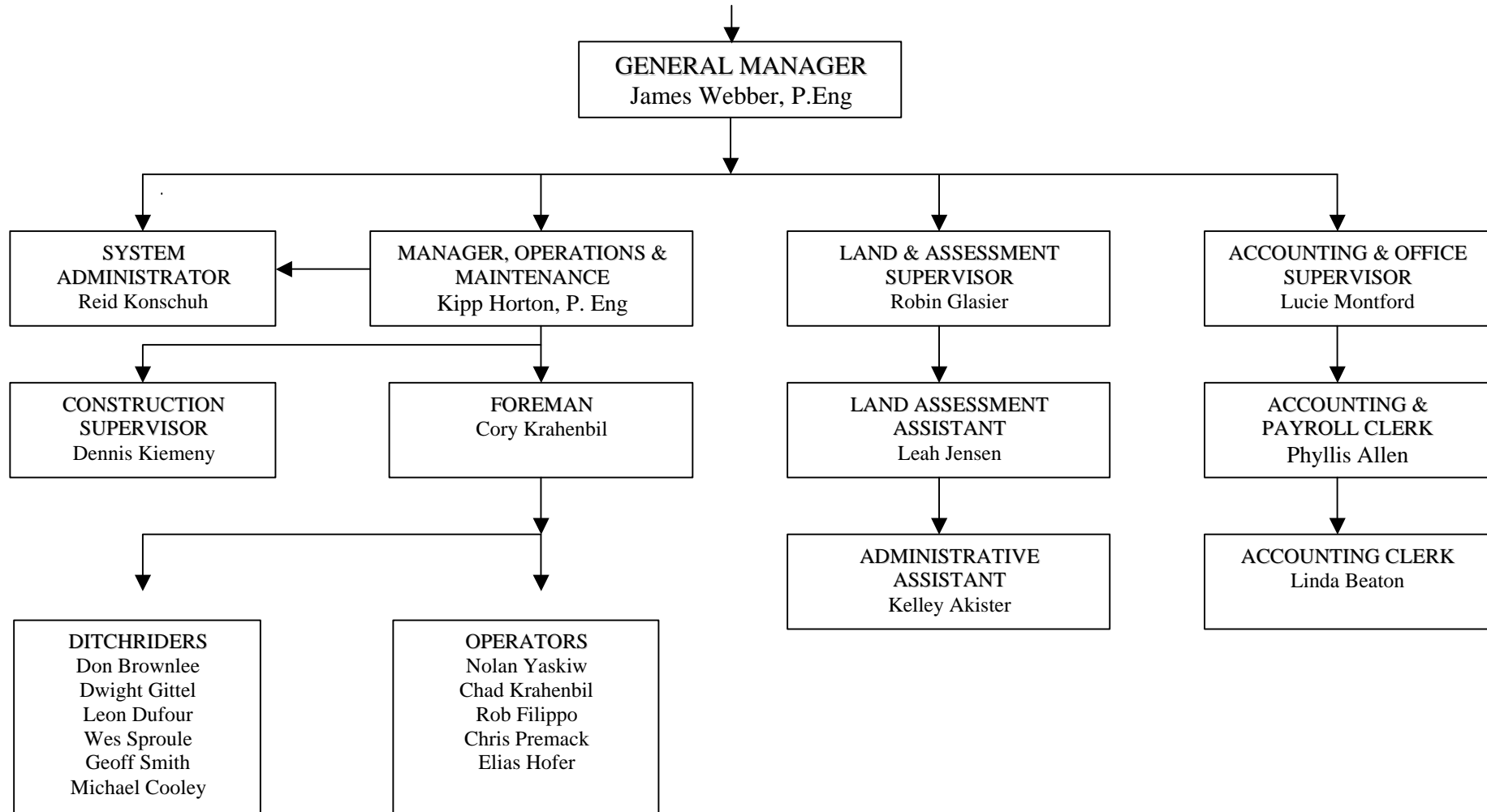
Name	Legal Description	Action
512868 Alberta Ltd.	SE 23-27-26-W4	Add
705370 Alberta Ltd.	NW 23-26-26-W4	Add
705370 Alberta Ltd.	SW 23-26-26-W4	Add
Ag Venture Farms Ltd.	SE 3-25-23-W4	Add
Bruce Farms Ltd.	SW 13-23-26-W4	Add
Bruce Farms Ltd.	NW 13-23-26-W4	Add
Bruce Farms Ltd.	NW 23-23-26-W4	Add
Bruce Farms Ltd.	NE 23-23-26-W4	Add
Bruce Farms Ltd.	SE 14-23-26-W4	Add
Bruce Farms Ltd.	SW 14-23-26-W4	Add
Byron Damen	NE 13-25-24-W4	Add
Crocus Hill Farms Ltd.	NE 6-27-22-W4	Add
Crocus Hill Farms Ltd.	NW 6-27-22-W4	Add
Crooked Creek Farms Ltd.	NE 28-26-25-W4	Add
Crooked Creek Farms Ltd.	NW 28-26-25-W4	Add
Crooked Creek Farms Ltd.	SE 33-26-25-W4	Add
Crooked Creek Farms Ltd.	NE 33-26-25-W4	Add
Crooked Creek Farms Ltd.	SW 33-26-25-W4	Add
Crooked Creek Farms Ltd.	SW 34-26-25-W4	Add
Crooked Creek Farms Ltd.	NW 34-26-25-W4	Add
Daniel & Katherine Corbiell	SE 6-23-21-W4	Add
Daryl & Connie Lausen	NE 7-22-25-W4	Add
Donald & Dianne Brown	NE 25-22-22-W4	Add
Donald Reinhardt	NW 29-26-24-W4	Add
Donald Reinhardt	SW 29-26-24-W4	Add
G. John & Madonna Kalbhen	NW 9-25-25-W4	Add
Garry Harwood	SE 32-26-25-W4	Add
Gordon Bishop	NW 29-23-27-W4	Add
Greg Appleyard	NE 11-23-25-W4	Add
Harold & Glenda Stewart	SE 4-27-25-W4	Add
Harold & Glenda Stewart	SW 4-27-25-W4	Add
Henry & Mary Ann Colpoys	NW 9-23-23-W4	Add
Hutterian Brethren Church of Cluny	NW 1-22-21-W4	Add
Hutterian Brethren Church of Wheatland	SE 19-25-23-W4	Add
Hutterian Brethren Church of Wheatland	NE 18-25-23-W4	Add
Hutterian Brethren Church of Wheatland	NE 3-25-23-W4	Add
Hutterian Brethren Church of Wheatland	SE 10-25-23-W4	Add
Joan Yule	NW 28-22-22-W4	Add

Name	Legal Description	Action
Joan Yule	NE 28-22-22-W4	Add
Kerry & Heather Hebbes	SW 25-25-25-W4	Add
Ksenia Vera Morgan	SE 24-24-24-W4	Add
Leonard & Jennifer Moor	SE 19-23-27-W4	Add
Leonard & Jennifer Moor	NE 18-23-27-W4	Add
Leonard, Florence, & Eric Wathen	SE 14-23-24-W4	Add
Marie Praeker	NW 27-23-23-W4	Add
Muller Farms Ltd.	NW 8-23-20-W4	Add
Patrick & Donna Durnin	SE 8-26-27-W4	Add
Robert Damen	NW 33-24-24-W4	Add
Robert Koester	SW 29-26-23-W4	Add
Ron & Elleanor Reinhardt	SW 12-26-25-W4	Add
Ron & Elleanor Reinhardt	NW 22-26-25-W4	Add
Ron & Elleanor Reinhardt	NE 22-26-25-W4	Add
Roy & Gail Peterson	NE 3-23-21-W4 Title 821117216A	Add
Roy & Gail Peterson	NE 3-23-21-W4 Title 821117216B	Add
Ted & Diana Rougeau	SE 15-23-21-W4 LSD 1&2 , 7 &8	Add
Brad & Cheri Malinowski	SW 36-26-26-W4	Remove
Bruce & Grace Walker	NE 17-23-22-W4	Remove
Bruce Farms Ltd.	NE 18-22-25-W4	Remove
Claire Kuchle	NE 10-23-21-W4	Remove
Crocus Hill Farms Ltd.	NW 36-26-23-W4	Remove
Crocus Hill Farms Ltd.	NE 36-26-23-W4	Remove
Fred Daw	SE 36-22-23-W4	Remove
Garry & Kim Geeraert	SE 10-26-24-W4	Remove
Gordon & Darlene Koester	NE 7-26-23-W4	Remove
Hutterian Brethren Church of Rosebud	SE 13-27-23-W4	Remove
Hutterian Brethren Church of Wheatland	NW 20-25-23-W4	Remove
Hutterian Brethren Church of Wheatland	NW 20-25-23-W4	Remove
Hutterian Brethren Church of Wheatland	NW 19-25-23-W4	Remove
Kerry & Heather Hebbes	NW 25-25-25-W4	Remove
Ksenia Vera Morgan	SW 9-24-23-W4	Remove
McBean Farms Ltd.	SE 24-22-23-W4	Remove
Ross Miller	SW 2-22-27-W4	Remove
Stobart Farms Ltd.	NE 28-22-23-W4	Remove
Stobart Farms Ltd.	SW 28-22-23-W4	Remove

WESTERN IRRIGATION DISTRICT ORGANIZATIONAL CHART

as of November 30, 2002

BOARD OF DIRECTORS





**GREGORY,
HARRIMAN
& ASSOCIATES
PROFESSIONAL ACCOUNTANTS**

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

Shelley Harriman
Certified General Accountant
Professional Corporation

WESTERN IRRIGATION DISTRICT

**Financial Statements
November 30, 2002**

WESTERN IRRIGATION DISTRICT

NOVEMBER 30, 2002

CONTENTS

	<u>Page</u>
AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Operations and Changes in Fund Balances	3
Statement of Cash Flows	4
Schedule 1 – Operating and Administrative Expenses	5
Notes to the Financial Statements	6 - 18



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

AUDITOR'S 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, 2002 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, 2002 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 6, 2003

Shelley Harriman & Assoc.
Gregory, Harriman & Associates
Professional Accountants

**WESTERN IRRIGATION DISTRICT
STATEMENT OF FINANCIAL POSITION
AS AT NOVEMBER 30, 2002**

	UNRESTRICTED FUND		RESTRICTED FUNDS		COMBINED	
	2002	2001	DISTRICT CAPITAL 2002	IRRIGATION WORKS 2002	2002	2001
CURRENT ASSETS						
Cash and cash equivalents (Notes 4, 14 & 15)	20,671	1,062	887,723	3,004,774	3,913,168	3,777,301
Accounts receivable (Note 5)	1,490,043	1,484,878	26,261	-	1,516,304	1,536,937
Interest receivable	9	8	22,611	6,704	29,324	34,649
Inventory (Note 6)	75,697	73,868	100,429	-	176,126	130,157
Prepaid expenses	-	1,000	-	-	-	1,000
Interfund receivables / (payables)	174,265	378,839	-	(174,265)	-	-
	<u>1,760,685</u>	<u>1,939,655</u>	<u>1,037,024</u>	<u>2,837,213</u>	<u>5,634,922</u>	<u>5,480,044</u>
OTHER ASSETS						
Preliminary costs pending (Notes 7 & 19)	-	-	272,766	-	272,766	317,604
Deferred development costs (Note 8)	-	-	503,371	-	503,371	800,158
Investments (Note 9)	4,956	5,139	877,197	-	882,153	810,000
	<u>4,956</u>	<u>5,139</u>	<u>1,653,334</u>	<u>-</u>	<u>1,658,290</u>	<u>1,927,762</u>
PROPERTY, PLANT AND EQUIPMENT						
Property, plant and equipment (Note 10)	-	-	2,412,501	134,185	2,546,686	2,420,880
Assets under capital lease (Note 11)	-	-	-	-	-	164,882
Irrigation works (Note 12)	-	-	313,271	53,275,625	53,588,896	52,926,919
	<u>-</u>	<u>-</u>	<u>2,725,772</u>	<u>53,409,810</u>	<u>56,135,582</u>	<u>55,512,681</u>
TOTAL ASSETS	<u>1,765,641</u>	<u>1,944,794</u>	<u>5,416,130</u>	<u>56,247,023</u>	<u>63,428,794</u>	<u>62,920,487</u>
CURRENT LIABILITIES						
Bank loans and overdraft (Note 13)	490,000	1,583,367	-	-	490,000	1,583,367
Accounts payable	318,546	288,277	-	-	318,546	308,011
Accrued interest payable	-	-	-	-	-	9,347
GST liability	93,276	84,496	-	-	93,276	84,496
Capital levy trust (Note 14)	-	-	589,234	-	589,234	462,933
Progress estimates payable and holdbacks	-	-	-	448,147	448,147	382,501
Deferred contributions (Note 15)	-	-	-	182,329	182,329	240,047
Current obligation under capital lease (Note 16)	-	-	-	-	-	41,015
Current portion of deferred revenues (Note 17)	-	-	74,705	-	74,705	33,531
	<u>901,822</u>	<u>1,956,140</u>	<u>663,939</u>	<u>630,476</u>	<u>2,196,237</u>	<u>3,145,248</u>
OTHER LIABILITIES						
Deferred revenues, net (Note 17)	-	-	20,105	-	20,105	22,458
Deferred contributions	-	-	-	-	-	-
Obligations under capital lease (Note 16)	-	-	-	-	-	98,395
Provision for site restoration (Note 18)	-	-	69,100	-	69,100	35,368
	<u>-</u>	<u>-</u>	<u>89,205</u>	<u>-</u>	<u>89,205</u>	<u>156,221</u>
TOTAL LIABILITIES	<u>901,822</u>	<u>1,956,140</u>	<u>753,144</u>	<u>630,476</u>	<u>2,285,442</u>	<u>3,301,469</u>
FUND BALANCES						
Invested in property, plant and equipment	-	-	2,725,772	53,409,810	56,135,582	55,373,271
Externally restricted (Note 19)	-	-	-	2,206,737	2,206,737	2,162,969
Internally restricted (Note 20)	-	-	1,937,214	-	1,937,214	2,094,124
Unrestricted	863,819	(11,346)	-	-	863,819	(11,346)
	<u>863,819</u>	<u>(11,346)</u>	<u>4,662,986</u>	<u>55,616,547</u>	<u>61,143,352</u>	<u>59,619,018</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>1,765,641</u>	<u>1,944,794</u>	<u>5,416,130</u>	<u>56,247,023</u>	<u>63,428,794</u>	<u>62,920,487</u>

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

Gregory, Harriman & Associates, Professional Accountants

WESTERN IRRIGATION DISTRICT
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED NOVEMBER 30, 2002

	UNRESTRICTED FUND		RESTRICTED FUNDS			
	OPERATING	DISTRICT CAPITAL	IRRIGATION WORKS		TOTAL RESTRICTED	
	2002	2001	2002	2001	2002	2001
REVENUE						
Irrigation rates, net (Note 21)	1,634,152	1,502,547	-	-	-	-
Storm water	141,253	101,131	-	-	-	-
Domestic and miscellaneous	710,878	728,466	-	-	-	-
Penalties	16,892	19,321	-	-	-	-
TOTAL WATER EARNINGS	2,503,175	2,351,465	-	-	-	-
OTHER EARNINGS						
Gain/(loss) on disposal of assets	-	-	14,993	(33,268)	14,993	(33,268)
Gain on disposal of land	-	-	338,836	117,158	338,836	117,158
Farm, land and building rentals	-	-	133,260	138,768	133,260	138,768
Interest revenue	1,828	35,244	67,343	102,091	71,678	139,021
Gravel revenue	-	-	173,220	71,912	-	173,220
Fees and other income	134,759	257,435	-	-	-	-
Miscellaneous	373	2,485	-	-	-	-
Government grants	22,689	32,009	-	-	-	-
Government contributions	-	-	-	-	-	-
Capital construction charges	-	-	-	-	1,861,684	4,126,162
Capital asset charges	-	-	26,850	-	26,850	-
TOTAL OTHER EARNINGS	159,649	327,173	828,865	399,974	2,762,227	4,580,039
EXPENSES						
Operating and administrative (Schedule 1)	1,462,744	1,426,038	-	-	-	-
Provision for site restoration (Note 18)	-	-	33,732	2,221	33,732	2,221
Property taxes	-	-	11,127	16,272	11,127	16,272
Amortization of property, plant and equipment	-	-	310,215	336,874	1,957,670	1,894,916
Depletion of resource properties	-	-	16,865	12,604	-	2,231,790
Interest and bank charges	31,155	121,075	-	337	-	12,604
Land development costs	-	-	-	-	-	337
District capital miscellaneous	-	-	5,973	-	5,973	-
Interest on capital lease obligations	-	-	4,067	6,371	4,067	6,371
Gravel expenses	-	-	67,169	19,596	67,169	19,596
	1,493,899	1,547,113	449,148	394,275	1,957,670	2,289,191
EXCESS OF REVENUES OVER EXPENSES	1,168,925	1,131,525	379,717	5,699	(24,308)	2,290,848
Fund balances at beginning of year	(11,346)	(711,314)	4,610,071	4,789,318	55,020,293	52,118,641
Interfund transfers (Note 20)	326,802	184,947	(326,802)	(184,947)	-	-
Commutation fund adjustment (Note 20)	-	-	-	-	-	-
Irrigation provision (Notes 19 & 20)	(620,562)	(616,504)	-	-	620,562	616,504
FUND BALANCES AT END OF YEAR	863,819	(11,346)	4,662,986	4,610,070	55,616,547	59,630,364

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, 2002

	OPERATING		DISTRICT CAPITAL		IRRIGATION WORKS	
	2002	2001	2002	2001	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash receipts	2,655,832	2,632,128	557,753	390,069	1,861,682	4,121,957
Cash paid to suppliers and employees	(1,219,950)	(890,845)	(172,528)	(352,944)	-	-
Interest received	1,827	35,254	72,773	109,828	71,678	55,814
Interest paid	(31,155)	(121,075)	(13,414)	(12,523)	(104)	-
Income taxes paid	-	-	-	-	-	-
Cash flows from operating activities	1,406,554	1,655,462	444,584	134,430	1,933,256	4,177,771
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of property, plant and equipment	-	-	(603,932)	(525,030)	(2,510,155)	(1,981,650)
Proceeds from sale of assets	-	-	731,662	545,481	-	-
Purchase of investments	-	-	(72,336)	-	(29,755)	-
Proceeds from investments	182	90	-	260,706	-	-
Cash flows from investing activities	182	90	55,394	281,157	(2,539,910)	(1,981,650)
CASH FLOWS FROM FINANCING ACTIVITIES						
Repayment of long term liabilities	-	-	(139,410)	(112,702)	-	-
Proceeds from long term liabilities	-	-	-	-	-	-
Irrigation provision	(620,562)	(616,504)	-	-	620,562	616,504
Trust funds received	-	-	126,301	218,033	-	-
Trust funds utilized	-	-	-	-	(57,717)	-
Cash flows from financing activities	(620,562)	(616,504)	(13,109)	105,331	562,845	616,504
NET CASH INCREASE (DECREASE)	786,174	1,039,048	486,869	520,918	(43,809)	2,812,625
Cash and cash equivalents, opening	(1,582,305)	(2,806,300)	727,656	391,685	3,048,583	235,958
Interfund balance adjustments	326,802	184,947	(326,802)	(184,947)	-	-
CASH & TERM DEPOSITS, CLOSING	(469,329)	(1,582,305)	887,723	727,656	3,004,774	3,048,583
CASH REPRESENTED BY:						
Cash equivalents (Note 4)	-	-	887,723	727,553	182,329	239,747
Cash on hand and in banks (Note 4)	20,671	1,062	-	103	2,822,445	2,808,836
Bank overdraft (Note 13)	-	(223,367)	-	-	-	-
Bank loans (Note 13)	(490,000)	(1,360,000)	-	-	-	-
TOTAL CASH & TERM DEPOSITS	(469,329)	(1,582,305)	887,723	727,656	3,004,774	3,048,583

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, 2002

	DEPARTMENTS			TOTALS	
	OPERATIONS AND MAINTENANCE	WATER DELIVERY	GENERAL AND ADMINISTRATION	2002	2001
Salaries and Wages	749,021	141,274	440,012	1,330,307	1,183,843
Professional Fees	-	-	245,787	245,787	292,412
Equipment Maintenance	167,628	39,841	-	207,469	180,779
Materials and Supplies	114,013	-	-	114,013	142,778
Vegetation and Pest Control	17,910	80,926	-	98,836	87,500
Insurance	21,242	2,616	10,815	34,673	37,987
Board of Directors Expenditures	-	-	29,526	29,526	33,706
Utilities	36,100	833	-	36,933	32,190
Association Fees	-	-	14,224	14,224	20,946
Building Maintenance	21,626	-	-	21,626	20,395
Computer	-	-	19,450	19,450	18,916
Telephone	5,518	5,894	6,045	17,457	17,871
Advertising	-	-	16,136	16,136	10,960
Stationary and Printing	-	-	12,042	12,043	9,728
Travel and Staff Training	3,476	2,150	4,455	10,081	8,108
Shop Tools	6,116	-	-	6,116	7,169
Crop, Flood and Property Damages	-	-	-	-	6,674
Miscellaneous	4,900	5,200	6,925	17,025	6,332
Postage	-	-	5,676	5,676	6,185
Land Titles Charges	-	-	5,174	5,174	4,781
Safety Supplies	3,832	-	-	3,832	2,869
Payroll Service Charges	-	-	2,438	2,438	-
Welding Supplies	1,910	-	-	1,910	1,888
Land Classification Expense	-	-	6,743	6,743	941
Public Relations	-	-	2,644	2,644	238
Equipment Rental	560	-	-	560	50
Parcel Removal	15,000	-	-	15,000	-
Recovery of Doubtful Accounts	-	-	-	-	(7,057)
Salary and Wage Recovery	(264,930)	(2,945)	(49,467)	(317,342)	(277,391)
Computer Cost Recoveries	-	-	(25,002)	(25,002)	(29,081)
Equipment Pool Recoveries	(470,591)	-	-	(470,591)	(395,679)
	<u>433,331</u>	<u>275,789</u>	<u>753,623</u>	<u>1,462,744</u>	<u>1,426,038</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, 2002**

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 in order to continue normal operations.

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.

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 \$10,000 per structure. For any addition representing a rebuilding of a canal, the cost of materials must exceed \$10,000 to be capitalized.

Other property, plant and equipment purchased are recorded at cost.

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%

Assets under capital lease are recorded at cost and amortized in accordance with the general class of asset to which they belong.

Irrigation works are amortized on a straight-line basis over their estimated average useful lives of 40 years.

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

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 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 is disclosed as part of salaries and wages. This represents the payments made to the plan by the District.

Revenue Recognition

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 preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Note 4**Cash and Cash Equivalents**

A portion of the cash balance for District Capital (\$562,910) is restricted in accordance with the terms of the Capital Levy Trust, as documented in Note 14. A portion of the cash balance for Irrigation Works (\$182,329) is restricted for the Weed Lake Project, as documented in Note 15.

	2002	2001
<i>Operating</i>		
Petty cash	\$ 1,000	\$ 1,000
Bank account balance	19,671	62
	20,671	1,062
<i>District Capital</i>		
Investment brokerage and other cash account balance	34,660	103
Solicitor's trust account balance	10,000	10,000
Royal Canadian T-Bill mutual fund, unit value fixed at \$10.00 (Market value \$562,910, 2001 - \$410,709)	562,910	410,709
Royal Bank of Canada GIC, interest rate of 4.60%, maturing December 7, 2002	45,819	45,819
Book value of investments maturing in the next fiscal year (Note 9)	234,334	261,025
	887,723	727,656
<i>Irrigation Works</i>		
Bank account balance	2,822,445	2,808,536
Investment brokerage cash account balance	---	300
Royal Canadian T-Bill mutual fund, unit value fixed at \$10.00 (Market value \$182,329; 2001 - \$ 239,747)	182,329	239,747
Book value of investments maturing in the next fiscal year (Note 9)	---	---
	3,004,774	3,048,583
	\$ 3,913,168	\$ 3,777,301

Note 5**Accounts Receivable**

	2002	2001
<i>Operating</i>		
Water rates and charges	\$ 1,440,901	\$ 1,320,441
Sundry debtors	3,380,011	3,096,651
Employees	(802)	1,665
Allowance for doubtful accounts	(3,330,067)	(2,933,879)
	1,490,043	1,484,878
<i>District Capital</i>		
Water rates and charges	26,261	52,059
	\$ 1,516,304	\$ 1,536,937

Note 6 Inventory

	2002	2001
<i>Operating</i>		
Supplies and materials located at shop	75,697	73,868
<i>District Capital</i>		
Rock and gravel located at gravel pit	100,429	56,289
	<u>\$ 176,126</u>	<u>\$ 130,157</u>

Note 7 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, 2002. If the projects are submitted for funding and approved, these costs will be recovered from the cost shared program.

Note 8 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.

	2002	2001
<i>Orchard Park</i>		
Phase I	51,707	361,330
Phase II	36,883	13,902
Phase III	189,136	190,398
<i>Other Developments</i>	225,645	234,528
	<u>\$ 503,371</u>	<u>\$ 800,158</u>

Note 9**Investments**

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

	2002	2001
<i>Operating</i>		
Calgary Co-operative Association equity	\$ 506	\$ 502
United Farmers of Alberta equity	1,000	1,000
United Farmers of Alberta patronage loans	3,450	3,637
	4,956	5,139
<i>District Capital</i>		
Canada Mortgage & Housing bond, interest rate of 6.25%, matured January 2, 2002 (Market value 2001 - \$88,675)	---	85,983
Province of B.C. debenture, direct and guaranteed, interest rate of 9%, matured January 9, 2002 (Market value 2001 - \$104,585)	---	99,992
New Brunswick Telephone debenture, interest rate of 10%, matured June 15, 2002 (Market value 2001 - \$81,323)	---	75,051
Province of Ontario debenture, direct and guaranteed, interest rate of 8%, maturing March 11, 2003 (Market value \$81,476; 2001 - \$85,554)	78,894	78,472
Province of Alberta debenture, interest rate of 7.75%, maturing May 5, 2003 (Market value \$82,048; 2001 - \$85,921)	80,367	81,467
Government of Canada bond, interest rate of 9.5%, maturing October 1, 2003 (Market value \$80,094; 2001 - \$84,611)	75,072	75,159
AGT Limited unsecured debenture, interest rate of 9.5%, maturing August 24, 2004 (Market value \$103,109; 2001 - \$113,025)	100,131	100,209
Canadian Imperial Bank of Commerce debenture, interest rate of 8.65%, maturing August 22, 2005 (Market value \$104,574; 2001 - \$106,938)	93,083	93,490
Municipal Finance Authority of B.C., interest rate of 7.25%, maturing September 25, 2006 (Market value \$100,400; 2001 - \$100,705)	95,315	96,732
Metropolitan Toronto sinking fund debenture, interest rate of 6.1%, maturing August 15, 2007 (Market value \$97,320; 2001 - \$95,735)	92,121	92,575
City of Winnipeg debenture, interest rate of 10%, paid semi- annually, maturing December 14, 2009 (Market value \$132,827; 2001 - \$132,480)	107,792	108,789
Regional Municipality of Waterloo sinking fund debenture, interest rate of 8.875%, maturing September 2, 2012 (Market value \$95,355; 2001 - \$94,091)	77,691	77,967
Province of Ontario non-callable fund, interest rate of 5.20%, maturing March 8, 2007 (Market value \$61,598)	60,543	---
Province of British Columbia fund, interest rate of 5.25%, maturing December 1, 2006 (Market value \$63,670)	61,681	---



Note 9**Investments ... continued**

Royal Bank of Canada senior deposit notes, interest rate of 5.6%, maturing April 22, 2008 (Market value \$60,529)	59,751	---
Province of Ontario, interest rate of 5.7%, maturing December 1, 2008 (Market value \$45,099)	43,090	---
Province of Ontario convertible series bonds, interest rate of 5.5%, maturing July 15, 2008 (Market value \$44,347)	42,778	---
Farm Credit Corporation medium term note, interest rate of 4.4%, maturing July 15, 2005 (Market value \$44,140)	43,222	---
Less: Book value of investments maturing in the next fiscal year (Note 4)	(234,334)	(261,025)
	877,197	804,861
	\$882,153	\$810,000

Note 10**Property, Plant and Equipment**

	2002		2001	
	Cost	Accumulated Amortization	Net	Net
<i>District Capital</i>				
Land and farm property	\$ 711,490	\$ ---	\$ 711,490	\$ 711,490
Resource property	82,570	66,909	15,661	32,526
Shop and office complex	737,641	435,328	302,313	305,938
Power equipment	2,013,250	994,264	1,018,986	790,549
Trucks	398,344	279,756	118,588	121,225
Computer and office equipment	481,255	428,623	52,632	88,944
Other equipment and furniture	87,608	64,657	22,951	20,946
Buildings and dwellings	123,384	90,487	32,897	73,858
Industrial subdivision costs	251,901	114,918	136,983	141,219
	4,887,443	2,474,942	2,412,501	2,286,695
<i>Irrigation Works</i>				
Land	134,185	---	134,185	134,185
	\$ 5,021,628	\$ 2,474,942	\$ 2,546,686	\$ 2,420,880

An adjustment was made to buildings and dwellings to reduce the cost recorded from \$265,738 to \$123,384 and correspondingly reduce accumulated amortization from \$191,880 to \$88,837. The District's equity in property, plant and equipment was accordingly reduced by the net amount of \$39,311. This capital loss was included in gain on disposal of assets on the statement of operations. These revised amounts more accurately reflect the District's investment in buildings and dwellings.

Note 11 Assets under Capital Leases

	2002		2001	
	Cost	Accumulated Amortization	Net	Net
<i>District Capital</i>				
Power Equipment	\$ ---	\$ ---	\$ ---	\$ 164,882

Note 12 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 forty 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.

	2002		2001	
	Cost	Accumulated Amortization	Net	Net
<i>District Capital</i>				
Irrigation works	\$ 339,810	\$ 26,539	\$ 313,271	\$ 203,779
<i>Irrigation Works</i>				
Irrigation works	78,306,813	25,031,188	53,275,625	52,723,140
	\$ 78,646,623	\$ 25,057,727	\$ 53,588,896	\$ 52,926,919

Note 13 Bank Loans and Overdraft

The bank overdraft and operating loans are secured by the accounts receivable totaling \$1,516,304. The borrowings were approved in By-Law #293. Interest is charged monthly at the Royal Bank Prime Rate minus 0.25%.

	2002	2001
<i>Operating</i>		
Bank overdraft	\$ ---	\$ 223,367
Operating loan	490,000	1,360,000
	\$ 490,000	\$ 1,583,367

Note 14 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 15 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.

A contribution was received from Alberta Agriculture to fund the construction of required Irrigation Works surrounding the Weed Lake area. The grant will be recognized as the head works are constructed, or other approved expenditures, are incurred. The grant and related accrued interest are to be spent by March 31, 2004, or the full balance will need to be repaid.

Note 16 Obligations Under Capital Leases

	2002	2001
<i>District Capital</i>		
1998 John Deere 230LC excavator lease contract, total amount of \$228,210, repayable in annual installments of \$50,362 including interest calculated at 6.71%, with an option to purchase, which was exercised in the current fiscal year, of \$105,000, otherwise maturing December 1, 2003.	\$ ---	\$ 151,086
	---	151,086
Total amount of executory costs and interest included in installments	(---)	(11,676)
		139,410
Less: Current portion	(---)	(41,015)
	\$ ---	\$ 98,395

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. 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.

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.

	2002	2001
<i>District Capital</i>		
Thirwell Uplands	\$ 2,857	\$ 3,810
Craigantler Syphon	19,600	21,000
Annual leases on properties	9,706	8,478
Deferred revenue from land sales	62,647	22,701
	94,810	55,989
Less current portion:	(74,705)	(33,531)
	\$ 20,105	\$ 22,458

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 \$69,100 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, lease and loan principal payments.

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		Dollars
<u>Assessment roll acres</u>		
75,940.5	irrigation acres at \$16.25 per acre, plus additional pressure charge where applicable	\$1,284,237
3,941.5	incentive irrigation acres at \$12.19 per acre, plus additional pressure charge where applicable	48,749
<u>14,884.5</u>	terminable acres at \$18.00 per acre, plus additional pressure charge where applicable	<u>277,523</u>
94,766.5		1,610,509
<u>Annual Agreements</u>		
170	annual agreement acres at \$18.00 per acre, plus additional pressure charge where applicable	3,060
694	Special annual agreements at \$14.00 plus additional pressure charge where applicable. See note a)	9,716
881.5	Special annual agreements at \$12.19 per acre, plus additional pressure charge where applicable. See note b)	10,867
<u>96,512</u>		<u>\$ 1,634,152</u>



Note 21 Irrigation Rates ... continued

Commencing in 1994, 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 \$2.60 per 10 PSI delivered.

- a) A \$4 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 have 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 received as free airtime and other concessions for the District's cellular phones, 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.

The District, in the normal course of operations, has several parcels of land that, at November 30, 2002, are subject to Offers to Sell, or are conditionally sold. The proceeds received to date are included in the Deferred Revenues account. It is expected that these transactions will close in the following fiscal year, and that the revenue will be recognized and the parcels of land removed from the District's assets.

Note 23 Contingencies

Legal action continues against the Province of Alberta and the City of Calgary to recover amounts owed to the District under an agreement to share the costs of maintaining a section of canal utilized by the City of Calgary for wastewater and storm water discharge. The court has ruled in favour of the District, but the amount of compensation has not yet been determined. The District continues to bill the City under the terms of the agreement, but no revenue will be recognized until the courts render their decision in the case. An appropriate amount has been provided as part of the allowance for doubtful accounts.

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, 2002, the District had expended \$272,766 (2001 - \$317,604), 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. The operation of a gravel pit may have the potential to pollute ground water. The risk of this contingency occurring, and the potential clean up costs of polluted ground water, has not been determined but could be material.

Note 25 Prior Period Adjustment

The prior period has been adjusted to reflect a change in accounting policy related to the recording of investments in property, plant and equipment for the Irrigation Works Fund. Invested in Capital Assets was increased by \$603,319 and a corresponding reduction was made to the Externally Restricted account. The total fund balance is unchanged, but the allocation within the fund has been adjusted. This change has been incorporated into the opening balances of the respective funds for the current year.

Note 26 Comparative Numbers

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

Note 27 Approval of Financial Statements

The Board of the Western Irrigation District approved these financial statements on February 21, 2003.