



WESTERN IRRIGATION DISTRICT

**2010
ANNUAL REPORT**

ANNUAL MEETING

**April 6, 2011 — 1:30 P.M.
Strathmore Travelodge
350 Ridge Road, Strathmore**

PLEASE BRING THIS REPORT WITH YOU TO THE MEETING



FINANCIAL STATEMENT AND ANNUAL REPORT 2010

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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 2011 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.

Erwin Braun
General Manager

NOTICE OF ELECTION

Irrigation Districts Act (Section 53)
Local Authorities Election Act (Section 35, 46)

WESTERN IRRIGATION DISTRICT in the PROVINCE OF ALBERTA

Notice is hereby given that an election will be held for the filling of the following office(s):

Office(s)	Number of Vacancies	Division Number
Director	1	2
Director	1	5

Only those irrigators of the District can vote whose majority of irrigation acres fall within Electoral Division 2, which comprises Townships 22, 23 and 24 in Ranges 23 and 24 and Township 24 in Range 25 or within Electoral Division 5, which comprises Township 25, 26 and 27 in Ranges 21, 22, 23 and 24

Voting will take place on the 6th day of April 2011 between the hours of 10:00 am and 8:00 pm. The voting station will be located at the Western Irrigation District office at 105-900 Pine Road, Strathmore, Alberta.

Erwin Braun
Returning Officer

Voter Information for Poll

Irrigation Districts Act, Section 56:

- (2) A person is eligible to vote at an election of the district only if that person is
 - a) an irrigator recorded on the most recent assessment roll of the district as an irrigator of that district, or
 - b) appointed under a written authorization as an agent for a body corporate that is an irrigator of the district to vote on behalf of the body corporate.
- (3) An irrigator may cast only one vote at an election.
- (4) Notwithstanding subsection (3), an irrigator may also cast a vote on behalf of a body corporate if that irrigator is appointed as an agent for the body corporate in accordance with subsection (2)(b).
- (5) Where more than one irrigator is the owner of one or more parcels, the number of irrigators who may vote may not exceed the number of parcels.
- (6) An irrigator may vote in any voting subdivision of the district or electoral division, as the case may be, if
 - (a) the irrigator's name appears on the list of electors for the district or electoral division, or
 - (b) the irrigator makes a statement in the form prescribed in the regulations in the presence of an officer at the voting station that the irrigator is eligible to vote as an elector in the district or electoral division.

An Irrigator:

Section (1)(x): "irrigator" means an owner of a parcel with irrigation acres.

Section 57(3):

"an irrigator must vote in the electoral division in which that irrigator has irrigation acres, or if that irrigator has irrigation acres in more than one electoral division, the division in which the irrigator has the largest number of irrigation acres."

Note:

In the event there is only one nomination for an electoral division, the nominee becomes elected by acclamation and balloting becomes unnecessary.

Irrigators who are not sure which division applies to their lands, may check the listing of polling divisions contained in this announcement, or may contact the office of the Western Irrigation District.

CHAIRMAN'S REPORT

The Board and senior staff held a Strategic Planning Session in January 2010 to discuss the alternate futures that were now possible with the change in financial status. It was determined that putting works in the ground brought a better return than the return on investments. As long as construction prices remain competitive, WID should accelerate rehabilitation to \$13M annually for the next 5 years, and \$8M annually thereafter. The WID has in the past and hopes to continue to "cost share" the rehabilitation cost with the province. The funds received from the Province have provided a very significant contribution to the improvements made in the WID. These improvements are vital in the WID assisting the Province in reaching the goals of the "Water for Life" Strategy.

Water access is a challenge, and the public has to be educated as to the benefits of irrigated agriculture. To assist with that educational process, WID has partnered with EID and BRID and created a short series of video vignettes on irrigation related topics. It is constructed for YouTube and web access for the tech savvy generation, and each vignette is 2 to 3 minutes in length. You can watch these 10 vignettes on www.wid.net

Water savings have been compounding since we started rehabilitating our system, so we asked MPE to evaluate the savings earned since 1999. They projected the individual savings of each rehabilitation technique against the size of canal and the soils it passed through. Surprisingly they calculated that we are saving 21,000 acft per year. So with 2,000 acft transferred to Rocky View County (Balzac), and the license amendment of 3,500 acft applied for to be shared between the Counties of Rocky View and Wheatland, there is enough water to consider an irrigated acreage expansion. As we increase our rehabilitation efforts, further water savings come quicker.

Our local MLA Arno Doerksen is to be commended for his support of irrigated agriculture. He remains in contact and is involved with many issues we have brought to his attention.

As we enter 2011, we will see the retirement of Jim Webber after 10+ years with the WID. He leaves the WID in much better physical and financial shape than he found it in 2000. We would like to thank him for his achievements on our behalf and wish him well for the future. He has been succeeded by Erwin Braun as the new General Manager, and he in turn by Jeremy Hemsing as the new Manager of Operations and Maintenance.

I thank the Board of Directors and the staff for helping make 2010 a successful year for the WID and look forward to continued success as we take on the challenges of the future.

Submitted on behalf of the Board of Directors,



Chairman

MISSION STATEMENT

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

BOARD OF DIRECTORS:



Left to Right:

Director: Don Kathol **Director:** Grant Klaiber **Chairman:** Dan Shute

Director: Doug Brown **Vice Chairman:** Henry Colpoys **Director:** Rick Page

Electoral Divisions of the Western Irrigation District

Division 1 – Doug Brown – Term expires 2013

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

Division 2 – Henry Colpoys – Term expires 2011

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

Division 3 – Rick Page – Term expires 2012

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

Division 4 – Dan Shute – Term expires 2013

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

Division 5 – Don Kathol – Term expires 2011

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

Appointed Board Member – Grant Klaiber – Term expires 2012

GENERAL MANAGER'S REPORT

Abundant rainfall and cooler than average temperatures during the 2010 growing season resulted in a very low water demand year. The canal system still had to be kept flowing to be available to the farmer. The base flow required to do that is over 200 cubic feet per second (cfs). Return flows in 2010 were exceptionally high due to the low usage rates. The new Supervisory Control and Data Acquisition (SCADA) equipment logged much of that water movement. The WID will continue to improve its water management capability to ensure a high level of service and reliable secure water supply in the future.

Partnerships continue to grow and prosper. The Bow River Operational Model brought together many Bow River Stakeholders to develop and use computer models to predict river changes. New demands on the river also present new opportunities for sharing ideas on how to manage the river. Trans Alta Utilities was very cooperative in opening the door to operating their hydro facilities to support low river flows. The model also addresses irrigation expansion options and the effect of increased off stream storage. Scenarios can be introduced and modeled to test the positive or negative impacts of any change. Ongoing access for the WID to this planning process will be a valuable and creative tool in water management.

Regional Growth Studies are being completed by Counties, Towns, and Cities. As a result of growth there is increasing pressure for the WID to accept stormwater into the canals and drains that supply users. The WID has developed Stormwater Guidelines to assist the municipalities and the development community in planning infrastructure to handle this stormwater. This presents a challenge to the municipalities who are encouraging growth and also are concerned about water quality. Clean water is a priority for the water users in the WID as well as for the environment as a whole.

In closing, I extend a thank you to the Board of Directors for their continuing support. I also thank the staff for their continuing effort to provide a high level of service to the water users in the WID. Your enthusiasm, efforts and abilities are essential in the success of the WID.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'E. B.', written in a cursive style.

General Manager

Operations & Maintenance Activities

Graham Dam Upgrade

Located in the extreme northwest corner of the District, approximately 15 km east of Airdrie, lies Graham Dam reservoir, one of 5 small storage sites owned by WID. To comply with current Canadian Dam Safety requirements, the dam and overflow needed upgrading. Designed by AECOM, work was undertaken by District forces, and consisted mainly of increasing freeboard along the canal entering the reservoir, upgrading of structures, and enlargement of the emergency overflow. New overflow included construction of a granular/clay fuse plug, installation of sheet piling and importing of approximately 1,500 tonnes of large diameter rip rap for erosion control. Project substantially completed in summer 2010, minor cleanup scheduled for spring 2011. To date \$649,000 has been spent on the dam upgrade.



Secondary C Canal Erosion Control

Continuing project located along Serviceberry portion of Secondary C canal. Eroding banks in natural waterway requires protection to prevent further siltation along system downstream. Another 5,000 tonnes of rip rap and armor material was hauled and placed by WID equipment in 2010. Project will continue in 2011. Just over \$600,000 has been spent to date on this reach of canal.

Vegetation Management Program

The District conducts a comprehensive vegetation management program on an annual basis in an effort to control or eradicate unwanted weeds and brush throughout the system. This integrated program includes herbicide spraying, mechanical cattail cutting, mowing and aquatic chemical injection. The scope, severity and timing of the vegetation growth in a given location will dictate which control methods are implemented.



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:

Jeremy Hemsing, P. Eng. Manager, Operations & Maintenance
403-934-3542, ext. 245

2010 MAINTENANCE ACTIVITY SUMMARY	
Ditch Cleaning/Rehab	17 km
Bank Leveling/Ditch Fill-In	9 km
Tree Clearing	1 km
Canal Fencing	2 km
Delivery Installations	14 units
Drop/Check Installations	9 units
Canal Crossing Installations	7 units
Pipelines	1 unit
Weed/Brush Control - Cattail Cutting	120 km
Weed/Brush Control - Chemical Spraying	180 km
Weed/Brush Control - Bank Mowing	200 km

2010 DISTRICT EQUIPMENT FLEET	
2008	Peterbilt Tandem Gravel Truck with Pup
2007	Sterling Tandem Gravel Truck with Pup
2007	Sterling Tandem lowbed tractor with lowbed/jeep
2008	John Deere 350DLC Excavator
2009	John Deere 240DLC Excavator
2009	John Deere 200LC Excavator
2009	Cat D6T Dozer
1990	John Deere 970 Tractor
2007	John Deere 410G Backhoe
2008	John Deere 544 Loader
2009	John Deere CT322 Skidsteer
2002	Tandem Tip Trailer

WID's Safety Program 2010

This year saw advancement with the introduction of the revised Safety Manual. The revision was undertaken in order to bring it to 2010 standards. Several employees spent many hours researching, reading, typing and in the end produced a very usable document. The 30+ manuals were distributed among O&M pickups, Management pickups, and Office areas.

The Safety program also took on a new chapter with the introduction of a Safety Committee. The 5 member group includes an operator, labourer, water district supervisor and management. The intent of the committee is to share duties and responsibilities with the Safety Officer, and to bring forth ideas, comments and concerns that arise from their group.

Once a month the 5 members meet to share, express, and review tool box, hazard assessments and incident forms. Safe work procedures or practices are reviewed, revised or developed. The standing members have a one (1) year term, and in March 2011 a new group will be introduced.

Water Operations

The Western Irrigation District diversion weir on the Bow River is undergoing some major alterations which will eliminate the drowning hazard caused by the weir but still maintain the integrity to divert flow into the Western Headwork's Canal.

The weir, which has claimed several lives since originally being built in the early 1900's, will no longer restrict access to emergency safety patrols, recreational paddlers and fish on the Bow River. The project was funded by the Province of Alberta, City of Calgary, the Calgary Foundation and the Parks Foundation Calgary.



The scope of the project included modification of the existing weir



Once completed, the manmade "islands" will increase the upstream water level thus eliminating the "drowning machine" effect caused by the weir

The project has three water courses built in to allow for all levels of user to pass through safely. It will also allow more use of the surrounding recreational facilities like the Pearce Estate Park Interpretive Wetland and the Sam Livingston Fish Hatchery.

2010 Year of Review

The 2010 water season finished with the total Bow River diversion of water at 65,850 acre/feet. Water diverted to privately owned license holders in the WID was approximately 6,000 acre/feet and return flows were calculated at 28,290 acre/feet. Irrigated acres totaled just over 48,700 for the year. The average irrigation application per acre over the entire district in 2010 was 8 inches.

The Shepard Stormwater Diversion, which is located close to the City of Calgary limits on 84 Street was in full operation in 2010. Its purpose is to remove the stormwater inflow introduced through a number of outfalls in the city to the Western Headwork's Canal so those flows no longer need to be passed through WID's infrastructure.

Another Water Management Tool Added

The SCADA system (electronic monitoring and control of flows) of the WID was complimented in 2010 with a new program, Recording and Monitoring (RAM). This new system replaces the manual recording of irrigation system usage and crop information from paper copy to the near real time electronic version. The district is able to monitor flows from Bow River diversion, through the canal system and out to return flow and combine that with monitoring of who, what and where systems are using water.

These valuable management tools for both field and office staff are helping to increase delivery efficiencies and reduce overall water diversion from the river.

Infrastructure upgrades like main canal rebuilding and piping of lateral canals continue to contribute water

savings as well. Canal rehabilitation and improved water management has resulted in water conservation of 21,000 acft annually. In comparison, the Rocky View County water transfer was 2,000 acft. The SCADA and RAM systems will continue to be developed and tweaked to help ensure that accounting for water use will be equitable and fair for all our users. As we continue to save more of our water license for usage by lowering the volumes lost to operational conveyance, a future step may be to ensure water for everyone under an allocation per acre program, a practice implemented in most other Alberta irrigation districts.



RAM overview screen showing each irrigation system in the WID. Sub screens show system usage, crop types and contract information. When a system is green, it means it is actively irrigating.



For the 6th consecutive year, the District will continue to offer to WID water users a cost share program for storage facility construction and/or alternate watering methods. This program is aimed at those who can benefit from storage for household yard and garden usage or for producers that could use a facility with or without a watering system for livestock.

Service Area	Water District Supervisor (WDS)	Phone Number
Chestermere	Jeff Maude	403-899-4638
Carseland	Don Brownlee	403-899-4641
Strathmore	Joey Mordy	403-325-4601
Gleichen/Cluny	Pat Smith	403-325-4642
Crowfoot	Eric Beingessner	403-325-4639
Rockyford	Wes Sproule	403-325-4640
Water Master	Brian Sander	403-325-0493

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 were:

▪ Provincial government (75%)	\$2,248,877
▪ District (25%)	\$749,626
▪ TOTAL (100%)	\$2,998,503

2010 IRP Project Summary

1. IRP 2157 Secondary A Canal Cairnhill Spillway to Glenmore Trail

This project is the continued rehabilitation of the Secondary A Canal System starting 2 kilometres upstream of the Cairnhill check and spillway and ending 2 kilometres downstream of Glenmore Trail. The canal design increased the canal capacity, improved accessibility and eliminated seepage. Richardson Bros. (Olds) Ltd. is the general contractor on this project. The 11.5 kilometre project was started in the fall of 2009 and completed in the spring of 2010. MPE Engineering Ltd. is the engineering consultant responsible for the design and contract administration for this project.



- Pre Tender Estimate = \$5,850,000
- Post Tender Estimate = \$5,010,000
- **Total Project Cost to November 30 = \$5,498,497**

2. IRP 2175 Secondary A Canal (Strathmore Golf Course to Parklane Drive)

This project is a continuation of the rehabilitation of the Secondary A Canal System starting at the Strathmore Golf Course and ending at Parklane Drive within the Town of Strathmore. This will complete the rehabilitation of the Secondary A Canal through the Town of Strathmore. The canal design increased the canal capacity, improved accessibility and eliminated seepage. Richardson Bros. (Olds) Ltd. is the general contractor on this project. The 3.4 kilometre project was started in the fall of 2010 and will be completed in the spring of 2011. MPE Engineering Ltd. is the engineering consultant responsible for the design and contract administration for this project.

- Estimated Project Cost = \$2,330,000
- **Total Project Cost to November 30 = \$833,109**

Other 2010 Projects



1. Secondary A Canal (Strathmore to Highway 1)

This project is the continued rehabilitation of the Secondary A Canal System starting at George Freeman Trail within the Town of Strathmore and ending at the TransCanada Highway. The canal design increased the canal capacity, improved accessibility and eliminated seepage. This reach is currently in the seepage control plan. Caliber Systems Ltd. is the general contractor. This 12 kilometre project was started in the fall of 2010 and will be completed in the spring of 2011. MPE Engineering Ltd. is the engineering consultant responsible for the design and contract administration for this project.

- Estimated Project Cost = \$6,900,000
- **Total Project Cost to November 30 = \$1,517,000**

2. Secondary A Canal (Highway 1 to Twp Road 234)

The District began preliminary design and planning of the Secondary A Canal South of Highway 1 in 2010. This project is scheduled to be constructed in the fall/winter of 2011/2012. Discussions are ongoing to finalize design and construction details.

- Estimated Project Cost = \$6,500,000

3. Secondary C Rockyford Spillway

This project is an open PVC pipeline that replaces the existing canal system. It will provide needed spillway capacity to allow for more closed pipelines to be constructed on the Secondary C System. WID forces are responsible for the installation of 5 kilometres of 750 mm (36 inch) diameter PVC pipe that makes up the main spillway. A tender was let for the construction of the spillway inlet structure and the successful bidder was Charmar Enterprises (1991) Ltd. This project is identified in the current seepage control plan. Construction started in the fall of 2010 and will be completed in the spring of 2011. MPE Engineering Ltd. is the engineering design consultant on this project.



- Estimated Project Cost (2009) = \$2,740,000
- **Total Project Cost to November 30 = \$1,088,965**

4. South Cluny Pipeline

South Cluny Project was made possible by the water transfer to Rocky View County. The project involved installing a closed PVC pipeline system to replace 50 kilometres of open canal. The water savings gained by this project allowed the water to be transferred permanently. South Cluny serves approximately 5,000 acres. The project was constructed over 2 years to allow for construction scheduling and budgets. Phase 1 involved the installation of a settling pond, inlet structures and approximately 25 kilometres of pipe. The first 4 kilometres of the pipeline is 48 inch diameter. Phase 1 was completed in the spring of 2009 and was utilized for the 2009 water season. Phase 2 was started in the fall of 2009 and completed for the 2010 water season.



L.W. Dennis Contracting Ltd. was the general contractor for the installation of 11 kilometres of 1050 mm (42 inch) diameter PVC pipe. WID forces installed 9.5 kilometres of PVC pipe varying in sizes from 900 mm (36 inch) to 600 mm (24 inch). dueSouth Project Management Ltd. is the design consultant on this project.

- Estimated Project Cost = \$16,000,000
- **Total Project Cost to November 30 = \$15,300,000**

5. Secondary A South Cluny Sub Laterals

The South Cluny sub laterals were completed with the installation of the mainline to accommodate an additional 3,000 over the existing 5,000 acres. WID forces were utilized for the installation of the 13 kilometres of PVC pipes varying in sizes from 500 mm (20 inch) to 100 mm (4 inch) diameter.

- Estimated Project Cost = \$2,400,000
- **Total Project Cost to November 30 = \$2,600,000**

Seepage Control Plan 2009-2013

The Western Irrigation District has prepared a Seepage Control Plan for the Years 2009 through 2013 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:

Table 1: Seepage projects from 2008 to 2013

YEAR	PROJECT	SECTION	STATUS
2008-2010	Lateral 81 J (South Cluny Pipeline Project)	Sec. 21, 28, 29, 30 T22-R20 W4 Sec. 3, 4, 5, 7, 8, 9, 10, 11, 13, 18, 19 T22-R21 W4 Sec. 13, 14, 21, 22, 23, 24, 25, 26, 27, 28, 29, 31, 32, 22, 34 T22-R22 W4	Complete
2010	Secondary A Canal (Strathmore Golf Course to Parklane Drive) and East Boundary Road to Broken Stone Pipeline	Sec. 13, 14, 15, 22, 23, 24, T24-R25 W4 Sec. 18, 19 T24-R24 W4	Not Complete
2010	Lateral 84T5 (Secondary C Rockyford Spillway)	Sec. 22, 23, 27, 28, 33 T26-R23 W4	Not Complete
2011	Lateral 84T (Secondary C Canal East C Pipeline)	Sec. 33, 34, 25 T26-R23 W4 Sec. 4, 5, 6, 7, 8, 9, 17 T27-R22 W4 Sec. 1, 2, 3 T27-R23 W4	Not Complete
2012	Lateral 81F11 (Secondary A Pipeline)	Sec. 5, 6, 7, 8, 16 T23-R23 W4	Not Complete
2012	Lateral 85N3 (Secondary B Pipeline)	Sec. 21, 22, 27, 28, 29 T24-R23 W4	Not Complete
2013	Lateral 84T4 (Secondary C Pipeline)	Sec. 20, 28, 29, 32 T26-R23 4W	Not Complete

2010 CROP DATA SUMMARY

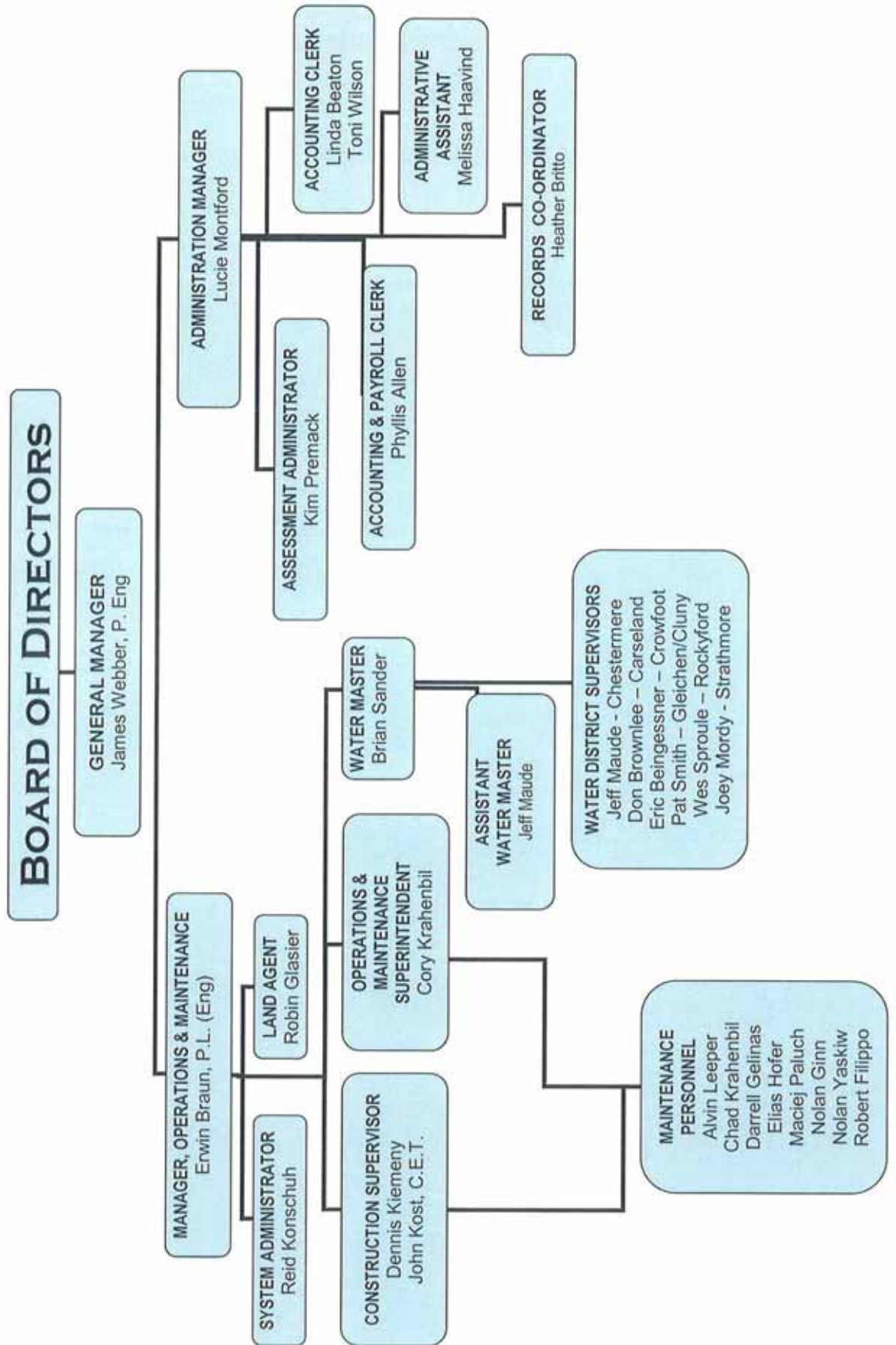
Crop Type	Irrigated Acres	Non Irrigated Acres	Total Acres
Alfalfa Hay	6,239	12,555	18,794
Alfalfa Silage	375	455	830
Barley	6,773	10,655	17,428
Barley Silage	6,728	2,510	9,238
Canola	11,404	7,562	18,966
Carrots	41	0	41
Corn-Grain	358	0	358
Corn Silage	346	355	701
Dry Peas	178	750	928
Flax	34	412	446
Grass Hay	696	1,255	1,951
Green Feed	938	355	1,293
Grass Seed	440	130	570
Market Gardens	156	65	221
Nursery	1,174	0	1,174
Oat Silage	415	0	415
Oats	365	1,225	1,590
Pasture	2,064	8,458	10,522
Potato	765	50	815
Rye	0	70	70
Small Fruit	115	65	180
Summer Fallow	0	168	168
Turf Sod	3,349	0	3,349
Wheat	5,747	7,495	13,242
Totals	48,700	46,927	95,627

PARCELS ADDED TO/REMOVED FROM
WESTERN IRRIGATION DISTRICT
FISCAL 2010

Name	Legal Description	Action
Hutterian Brethren Church of Tschetter	W 19-27-25 W4	Remove
Hutterian Brethren Church of Tschetter	N 14-27-26 W4	Add
Allen, Blair & Linda	NE 36-23-23 W4	Remove
Mullen, Lorne Alvin & Francis Elaine	SE 35-22-22 W4	Add
Hayes, Walter R. & Olive E.	SW 5-23-22 W4	Remove
Hutterian Brethren Church of Cluny	SE 4-22-21 W4	Remove
Hutterian Brethren Church of Cluny	SE 12-22-21 W4	Remove
Hutterian Brethren Church of Cluny	NW 1-22-21 W4	Remove
Hutterian Brethren Church of Cluny	NW 18-22-20 W4	Add
Vermunt, Darrell Edward & Mona Gay	NW 18-22-20 W4	Add
1027437 Alberta Ltd.	SW 29-22-22 W4	Remove
Mullen, Lorne Alvin & Francis Elaine	NE 34-23-22 W4	Remove
Mullen, Lorne Alvin, Frances Elaine, Shawn Kenton & Donna Marie	SW 32-23-22 W4	Remove
Mullen, Lorne Alvin, Frances Elaine, Shawn Kenton & Donna Marie	NE 30-23-22 W4	Remove
Mullen, Lorne Alvin & Francis Elaine	NE 26-22-22 W4	Remove
Downey, Daryl	NW 8-23-25 W4	Remove
Downey, Daryl	NE 17-23-25 W4	Remove
Downey, Daryl	SE 17-23-25 W4	Remove
Daryl Farms Ltd.	SE 17-23-25 W4	Remove
Mullen, Lorne Alvin & Francis Elaine	NE 26-23-22 W4	Add
Downey, Daryl	SW 8-23-25 W4	Add
Geeraert, Gerald R. & Dorthy M.	SE 22-26-23 W4	Add
Circle 3 Farms Ltd.	NE 12-24-23 W4	Remove
Circle 3 Farms Ltd.	NE 10-23-22 W4	Remove
Circle 3 Farms Ltd.	NW 10-23-22 W4	Remove
McCallum, Mervin Keith & Sharon Elaine	SE 12-24-23 W4	Remove
Mullen, Shawn K. & Donna M.	SE 6-25-23 W4	Add
Anderson, H. Jay & Carol A.	SE 24-22-22 W4	Add
Maynard, George Leo & Jean	SW 18-22-21 W4	Remove

WESTERN IRRIGATION DISTRICT ORGANIZATIONAL CHART

as of November 2010



**Minutes of the Annual Meeting of the Water Users of the
Western Irrigation District held in Strathmore, Alberta
Wednesday, March 31, 2010**

PRESENT:

DIRECTORS:

Henry Colpoys
Dan Shute
Doug Brown
Don Kathol
Rick Page

STAFF:

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

AUDITORS:

Karen Gregory, Kristin Doyle and Stephen Johnson from Gregory, Harriman & Associates Professional Accountants.

**CALL TO ORDER &
INTRODUCTIONS**

Henry Colpoys called the meeting to order at 1:40 pm and welcomed everyone to the Fiscal 2009 Annual Meeting and introduced the Board Members. Jim Webber introduced staff present, as well as other guests including representatives from Alberta Agriculture, Alberta Environment, Irrigation Council and Credit Union. Approximately 17 water users were in attendance.

ANNOUNCEMENTS

The Board welcomes Doug Brown as Director for Division 1 by acclamation and the return of Dan Shute for Division 4 by acclamation. The Board wishes to recognize the substantial contribution by Dale Dolphin, the retiring Director of Division 1.

MEETING CHAIRMAN

Henry Colpoys called for nominations for Chairman of the meeting.

MOVED by Henry Colpoys THAT John Scheer be appointed Chairman

CARRIED

**RECORDING
SECRETARY**

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

ADOPTION OF AGENDA

Henry Colpoys asked the audience to review the proposed agenda.

MOVED by Vern Hoff and SECONDED by Dan Shute THAT the agenda be adopted as presented.

CARRIED

**ADOPTION OF MINUTES
2009 ANNUAL MEETING**

John Scheer requested that the audience review the Minutes from the April 1, 2009 Annual Meeting.

MOVED by Vern Hoff and SECONDED by Henry Colpoys THAT the Minutes of the April 1, 2009 Annual Meeting be adopted as presented.

CARRIED

CHAIRMAN'S REPORT

Henry Colpoys presented the Chairman's Report, stating that 2009 was the year for changes to the Board structure. As permitted in the Irrigation Districts Act, the Board appointed an additional Board member to make six Directors. This was decided due to the size of the WID investment portfolio and the need for in house expertise to know the best way to protect those investments and to grow them. Grant Klaiber was invited to join the Board recognizing his particular knowledge in the investment field.

Mr. Colpoys highlighted the Water for Life Strategy that is the overarching provincial policy on surface water. It promotes water conservation, increased economic productivity and water storage reservoirs both off-stream and on-stream. In partnership with Rocky View County, Wheatland County, Standard and Rockyford, the WID has campaigned for financial support from the province. This is a water supply solution to last for the next 50 years and is a true urban/agricultural partnership for all land east of Calgary. Director Dan Shute has led the partnership in meeting with the politicians to lay out the advantages of the project including future agricultural, urban, commercial and industrial development.

Mr. Colpoys highlighted that the Regional Water Storage Partnership has a financial requirement beyond the ability of the partners to front. This is not so with the expansion of the Langdon Reservoir. There is an opportunity to store an extra 6,000 acre feet inside existing infrastructure by raising the water level 1.5 metres. This project will be organized as a part of the WID rehabilitation plans and paid from the WID investments. The increased water storage allows us to carryover water from one year to the next. This is an operational advantage previously not available to us.

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

MOVED by Alice Booth and SECONDED by Bob McKay THAT the Chairman's Report be adopted as presented.

CARRIED

MANAGER'S REPORT

Jim Webber presented the Manager's Report outlining that with the extra funds provided by the past water transfer to Rocky View County, the accelerated rehabilitation program continues. With the continuing low bids received for construction contracts, current levels of rehabilitation should continue for several years. This is a good time to be building canals and pipelines.

Mr. Webber stated that 2009 could be considered the year of the study. Water is the key to all growth and it is not a good time to be building for a housing market. A casualty of this was the Langdon Reservoir Recreational Development that could not become a recognized growth node. The District will continue with the reservoir upgrade through its own means.

Mr. Webber summarized that to save on operational losses the WID experimented with a mail out of recorded water usages. The Water District Supervisor recorded the water ordered by the farmer and sent down the canal to the turnout. The farmer on the other hand recorded the water that was applied to the soil and crop. It was apparent that these numbers often differed. There is an urgent need to better notify of the turn on and turn off from the provided canal supply. This is an area of water savings that we can certainly improve on.

Mr. Webber highlighted that water conservation is the product of improved infrastructure and operational changes. WID is aware of the demand for new acres, especially infills on new pipelines that clear old canal systems from the land. In accordance with the Irrigation Districts Act, a plebiscite is in our future for raising the irrigation cap, once we have created a proven volume of water savings. It will be the water users that make that decision.

Jim thanked the Board of Directors for their continuing support and gave special thanks to the staff for their continuing effort and enthusiasm to keep costs down and goals high.

John Scheer asked if there were any questions.

MOVED by Gordon Hilton and SECONDED by Don Brown THAT the General Manager's Report be adopted as presented.

CARRIED

AUDITOR'S REPORT

Karen Gregory and Stephen Johnson of Gregory, Harriman & Associates Professional Accountants presented the Auditor's report for fiscal 2009. Ms. Gregory announced that she will be retiring and introduced the new partner Kristin Doyle. Ms. Gregory also presented Lucie Montford with a framed clean management report.

Stephen Johnson presented the financial statements. He noted that their report is a non-qualified auditors report. Mr. Johnson highlighted the changes on the balance sheet and presented the income statement.

Mr. Johnson asked if there were any questions and there were none.

MOVED by Dale Pine and SECONDED by Karl Reinhardt THAT the Auditor's Report for Fiscal 2009 be adopted as presented.

CARRIED

MAINTENANCE REPORT

Erwin Braun, Manager of Operations and Maintenance, presented the Operations report for fiscal 2009, and reviewed the 2009 water season. Mr. Braun explained the Calgary Stormwater Diversion Project also known as the Shepard Waste Way. Stormwater from the City of Calgary will be diverted away from the WID system and into a wetland where it will eventually flow into the Bow River. There is a committee with the City of Calgary and Alberta Environment that looks after the stormwater issues. WID is active with this committee that meets quarterly .

Mr. Braun reviewed the annual total Bow River diversion and summarized the snow pack monitoring stations. He then explained SCADA (Supervisory Control and Data Acquisition) and the location of the measuring units. This system will enable WID to better control and monitor the water flow at any time. Meters have been installed at all new canals to manage that water. We can tie into this by radio control so we can access these sites to see how much water is flowing and have better control over the water. Mr. Braun explained the water conservation in the District. We will be tracking the water usage in the District and will report that back to the water users. It's a goal to improve the efficiency and conserve water. Please give your water supervisor a minimum 48 hours notice to turn on the water and minimum 24 hours to turn off the water.

The 2009 Maintenance Activity Summary Chart was displayed with the activity accomplished throughout the year. Mr. Braun ended by showing the rehabilitation plan for the next three years.

MOVED by Don Kathol and SECONDED by Henry Colpoys THAT the 2009 Operations & Maintenance Report be adopted as presented.

CARRIED

EXTRA ITEMS

Jim Webber presented the Extra Items on the agenda.

THE BROADER CONTEXT

Mr. Webber summarized that it's been our practice for the past couple of years for the finance committee to bring forward numbers and interpretations. With the different levels of work that we do these days, we want to be efficient and make the money go further. Mr. Webber went over the financial summaries; 100% WID funded works and the Irrigation Rehabilitation Plan Projects (IRP) that Alberta Agriculture provides basic funding of 75% and WID provides 25%. J. Webber went over the investment accounts as of November 30, 2009.

Mr. Webber summarized the timelines of starting the "new WID" in 2000 when we addressed our problems at the time. Years 2000-2005 removed the debt; 2005-2010 were spent cleaning up the legal cases; 2010-2020 will be rebuilding the infrastructure; 2015-2020 could be changing the WID as water supplier. J. Webber summarized the legal clean-ups, evolving opportunities such as water conservation, expanding irrigation, water for lease, off-stream water storage, wetland compensation and recreational access to WID water bodies.

Water Conservation Planning is a provincial priority. All major water license holders will be required to submit their intentions. AIPA (Alberta Irrigation Projects Association) is going first, and will submit an irrigation industry plan by June 2010 and the WID is preparing a submission. Water and business plans are interwoven. Everyone is planning these days and with different strategies, that will become public debate that will be revolved around water.

The WID's future includes the money for extensive rehabilitation for the next 10 years. The WID has limited money for non-infrastructure activities. The rehabilitation creates water savings and the water saved is the key to broadening fiscal creativity and it provides opportunity. The water saved is unlikely to be permanently transferred as we tried with Balzac and we only had 75% in favour. We will take a serious look at water leasing and discuss with our partners Rocky View County and Wheatland County. Climate change is an unknown, we need to be cautious and create a mix of: water security, irrigation expansion, water leased revenues, regional economic opportunity, and value added agricultural outlets.

Mr. Webber summarized the water license amendments and the water act changes.

Questions were asked and discussions followed on the 2009 Annual Meeting Presentations.

MOVED by Bruce Walker and SECONDED by Loren Stewart THAT a general consideration of appreciation be extended to the WID.

ADJOURNMENT

MOVED by Doug Brown and SECONDED by Wayne Risdon THAT the meeting be adjourned at 3:20 pm.

Chairman

General Manager



**GREGORY,
HARRIMAN
& ASSOCIATES
PROFESSIONAL ACCOUNTANTS**

WESTERN IRRIGATION DISTRICT

**Financial Statements
November 30, 2010**

WESTERN IRRIGATION DISTRICT

NOVEMBER 30, 2010

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GREGORY,
HARRIMAN
& ASSOCIATES
PROFESSIONAL ACCOUNTANTS



**GREGORY,
HARRIMAN
& ASSOCIATES
PROFESSIONAL ACCOUNTANTS**

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, 2010 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, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Strathmore, Alberta
January 26, 2011

Gregory, Harriman & Associates
Gregory, Harriman & Associates
Professional Accountants

**WESTERN IRRIGATION DISTRICT
STATEMENT OF FINANCIAL POSITION
AS AT NOVEMBER 30, 2010**

	UNRESTRICTED FUND		RESTRICTED FUNDS		COMBINED	
	OPERATING		DISTRICT CAPITAL	IRRIGATION WORKS		
	2010	2009	2010	2009	2010	2009
CURRENT ASSETS						
Cash (Notes 4, 19, 21)	817,461	290,454	2,240,030	2,957,803	2,910,418	4,813,081
Accounts receivable (Note 5)	1,714,172	1,611,146	-	-	-	-
Interest receivable (Note 6)	-	-	1,312,569	1,178,692	-	-
Short term investments (Note 7)	-	-	20,261,771	16,244,836	-	-
Inventory (Note 8)	90,759	83,716	-	-	-	-
Prepaid expenses	-	10,100	-	-	-	-
Interfund receivables/(payables)	2,215,764	2,341,226	(1,727,788)	(1,628,791)	(487,976)	(712,435)
	4,838,156	4,336,642	22,086,582	18,752,540	2,422,442	4,100,646
OTHER ASSETS						
Note receivable (Note 9)	-	-	-	5,095,700	-	-
Loan receivable (Note 10)	-	-	12,500	13,500	-	-
Preliminary costs pending (Notes 11, 33)	-	-	262,727	245,087	-	-
Water rights (Note 12)	-	-	8,025	8,025	-	-
Deferred development costs (Note 13)	-	-	701,649	734,759	-	-
Other intangible asset (Note 14)	-	-	89,636	-	-	-
Investments (Notes 15, 16)	17,245	16,924	77,710,548	77,025,111	10,425	10,141
	17,245	16,924	78,785,085	83,122,182	10,425	10,141
PROPERTY AND EQUIPMENT						
Property and equipment (Note 17)	-	-	2,443,094	2,717,656	149,455	149,455
Irrigation works (Note 18)	-	-	22,549,425	15,886,050	70,137,318	66,681,454
	-	-	24,992,519	18,603,706	70,286,773	66,830,909
	4,855,401	4,353,566	125,864,186	120,478,428	72,719,640	70,941,696
TOTAL ASSETS						
	1,575,519	1,977,639	-	-	-	-
	64,725	73,303	-	-	-	-
	-	-	101,745	69,350	-	-
	-	-	58,938	31,079	23,437	127,088
	-	-	14,253	14,243	-	-
	-	-	-	23,235	-	-
	1,640,244	2,050,942	174,936	137,907	23,437	127,088
OTHER LIABILITIES						
Deferred revenues, net (Note 22)	-	-	95,115	54,258	-	-
Asset retirement obligation (Note 24)	-	-	142,900	142,781	-	-
	-	-	238,015	197,039	-	-
	1,640,244	2,050,942	412,951	334,946	23,437	127,088
TOTAL LIABILITIES						
	-	-	24,947,280	18,445,715	70,286,773	66,830,909
	-	-	-	-	2,409,430	3,983,699
	-	-	100,503,955	101,697,767	-	-
	3,215,157	2,302,624	-	-	-	-
	3,215,157	2,302,624	125,451,235	120,143,482	72,696,203	70,814,608
	4,855,401	4,353,566	125,864,186	120,478,428	72,719,640	70,941,696
FUND BALANCES						
Invested in property and equipment (Note 25)	-	-	-	-	-	-
Externally restricted (Note 26)	-	-	-	-	-	-
Internally restricted (Note 27)	-	-	-	-	-	-
Unrestricted	3,215,157	2,302,624	-	-	-	-
	3,215,157	2,302,624	125,451,235	120,143,482	72,696,203	70,814,608
	4,855,401	4,353,566	125,864,186	120,478,428	72,719,640	70,941,696
TOTAL LIABILITIES AND FUND BALANCES						
	1,575,519	1,977,639	-	-	-	-
	64,725	73,303	-	-	-	-
	-	-	101,745	69,350	-	-
	-	-	58,938	31,079	23,437	127,088
	-	-	14,253	14,243	-	-
	-	-	-	23,235	-	-
	1,640,244	2,050,942	174,936	137,907	23,437	127,088
	-	-	95,115	54,258	-	-
	-	-	142,900	142,781	-	-
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	4,855,401	4,353,566	125,864,186	120,478,428	72,719,640	70,941,696
TOTAL LIABILITIES AND FUND BALANCES						
	1,575,519	1,977,639	-	-	-	-
	64,725	73,303	-	-	-	-
	-	-	101,745	69,350	-	-
	-	-	58,938	31,079	23,437	127,088
	-	-	14,253	14,243	-	-
	-	-	-	23,235	-	-
	1,640,244	2,050,942	174,936	137,907	23,437	127,088
	-	-	95,115	54,258	-	-
	-	-	142,900	142,781	-	-
	-	-	238,015	197,039	-	-
	1,640,244	2,050,942	412,951	334,946	23,437	127,088
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TOTAL LIABILITIES AND FUND BALANCES						
	1,575,519	1,977,639	-	-	-	-
	64,725	73,303	-	-	-	-
	-	-	101,745	69,350	-	-
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	-	-	238,015	197,039	-	-
	1,640,244	2,050,942	412,951	334,946	23,437	127,088
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	-	-	101,745	69,350	-	-
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	-	-	14,253	14,243	-	-
	-	-	-	23,235	-	-
	1,640,244	2,050,942	174,936	137,907	23,437	127,088
	-	-	95,115	54,258	-	-
	-	-	142,900	142,781	-	-
	-	-	238,015	197,039	-	-
	1,640,244	2,050,942	412,951	334,946	23,437	127,088
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TOTAL LIABILITIES AND FUND BALANCES						
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TOTAL LIABILITIES AND FUND BALANCES						
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	4,855,401	4,353,566	125,864,186	120,478,428	72,719,640	70,941,696
TOTAL LIABILITIES AND FUND BALANCES						
	1,575,519	1,977,639	-	-	-	-
	64,725	73,303	-	-	-	-
	-	-	101,745	69,350	-	-
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	3,215,157	2,302,624	-	-	-	-
	3,215,157	2,302,624	125,451,235	120,143,482	72,696,203	70,814,608
	4,855,401	4,353,566	125,864,186	120,478,428	72,719,640	70,941,

APPROVED BY:

General Manager

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

Gregory, Hariman & Associates, Professional Accountants

WESTERN IRRIGATION DISTRICT
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED NOVEMBER 30, 2010

	UNRESTRICTED FUND		RESTRICTED FUNDS			
	OPERATING		DISTRICT CAPITAL	IRRIGATION WORKS	TOTAL RESTRICTED	
	2010	2009	2010	2009	2010	2009
REVENUE						
Irrigation rates, net (Note 28)	1,629,664	1,632,361	-	-	-	-
Domestic and miscellaneous	1,148,609	921,585	-	-	-	-
Storm water	406,655	404,871	-	-	-	-
Penalties	10,326	8,176	-	-	-	-
TOTAL WATER EARNINGS	3,195,254	2,966,993	-	-	-	-
OTHER EARNINGS						
Government contributions	-	-	-	5,135,053	2,248,877	5,135,053
Interest revenue	16,635	16,121	3,645,581	34,501	3,680,082	3,963,262
Gravel revenue	-	-	162,655	-	162,655	17,400
Farm, land and building rentals	-	-	131,822	-	131,822	130,576
Gain on sale of land	-	-	126,981	-	126,981	6,439,832
Gain (loss) on sale of assets	-	-	(20,068)	-	(20,068)	1,006
Realized gain (loss) on investments	-	-	466,184	-	466,184	(2,340,580)
Unrealized gain (loss) on investments (Note 16)	-	-	1,818,066	-	1,818,066	5,856,898
Capital asset charges	-	-	33,020	-	33,020	500
Fees and other income	168,252	117,279	262	4,762	262	4,762
Miscellaneous	13,801	1,459	-	-	-	-
Government grants (Note 30)	6,665	-	-	-	-	-
Inventory adjustment	19,760	16,042	-	-	-	-
TOTAL OTHER EARNINGS	225,113	150,901	6,364,503	5,179,691	8,647,881	19,208,709
	3,420,367	3,117,894	6,364,503	5,179,691	8,647,881	19,208,709
EXPENSES						
Amortization of property and equipment (Note 36)	-	-	715,689	1,904,315	1,867,098	2,702,475
Amortization of intangible asset (Note 14)	-	-	9,959	-	9,959	-
Depletion of resource properties	-	-	6,715	-	6,715	718
Commissions expense	-	-	71,786	-	71,786	156,403
Bursary expense	-	-	1,000	-	1,000	1,000
Operating and administrative (Schedule 1)	2,004,751	1,774,051	-	-	-	-
Property taxes	-	-	4,939	4,196	4,939	4,196
Accretion expense (Note 24)	-	-	119	20,032	119	20,032
	2,004,751	1,774,051	810,207	1,904,315	1,961,616	2,884,824
EXCESS OF REVENUE OVER EXPENSES	1,415,616	1,343,843	5,554,296	3,275,376	6,686,265	16,323,885
Fund balances at beginning of year	2,302,624	2,763,565	120,143,482	65,889,672	190,958,090	172,829,421
Interfund transfers (Note 27)	246,543	(158,062)	(246,543)	2,838	(246,543)	158,062
Irrigation provision (Notes 26, 27)	(749,626)	(1,646,722)	-	1,646,722	749,626	1,646,722
FUND BALANCES AT END OF YEAR	3,215,157	2,302,624	125,451,235	70,814,608	198,147,438	190,958,090

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, 2010

	OPERATING		DISTRICT CAPITAL		IRRIGATION WORKS		TOTALS	
	2010	2009	2010	2009	2010	2009	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES								
Cash receipts	3,426,168	1,203,340	5,563,325	1,080,390	2,024,418	5,829,091	11,013,911	8,112,821
Cash paid to suppliers and employees	(2,412,392)	(874,122)	(15,756)	(275,453)	-	-	(2,428,148)	(1,149,575)
Interest received	16,635	16,121	3,511,704	3,625,299	34,501	44,638	3,562,840	3,686,058
Cash flows from operating activities	1,030,411	345,339	9,059,273	4,430,236	2,058,919	5,873,729	12,148,603	10,649,304
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchases of property and equipment	-	-	(7,486,792)	(9,404,544)	(4,710,924)	(5,550,894)	(12,197,716)	(14,955,438)
Purchase of water rights	-	-	-	(12,500)	-	-	-	(12,500)
Purchase of other intangible asset	-	-	(99,595)	-	-	-	(99,595)	-
Proceeds on sale of intangible assets (Note 29)	-	-	-	7,500,000	-	-	-	7,500,000
Proceeds from sale of assets	-	-	(503,527)	1,214,059	-	-	(503,527)	1,214,059
Purchase of investments	(321)	(6,547)	(1,432,110)	(2,951,842)	(284)	(3,120)	(1,432,715)	(2,961,509)
Preliminary costs pending	-	-	(17,640)	(31,981)	-	-	(17,640)	(31,981)
Cash flows from investing activities	(321)	(6,547)	(9,539,664)	(3,686,808)	(4,711,208)	(5,554,014)	(14,251,193)	(9,247,369)
CASH FLOWS FROM FINANCING ACTIVITIES								
Proceeds (repayment) of long term debt	-	-	(23,234)	(113,325)	-	-	(23,234)	(113,325)
Irrigation provision	(749,626)	(1,646,722)	-	-	749,626	1,646,722	-	-
Trust funds (paid) received	-	-	32,395	(37,967)	-	-	32,395	(37,967)
Cash flows from financing activities	(749,626)	(1,646,722)	9,161	(151,292)	749,626	1,646,722	9,161	(151,292)
NET CASH INCREASE (DECREASE)	280,464	(1,307,930)	(471,230)	592,136	(1,902,663)	1,966,437	(2,093,429)	1,250,643
Cash, opening balance	290,454	1,756,446	2,957,803	2,210,443	4,813,081	2,843,806	8,061,338	6,810,695
Interfund balance adjustments	246,543	(158,062)	(246,543)	155,224	-	2,838	-	-
CASH, CLOSING BALANCE	817,461	290,454	2,240,030	2,957,803	2,910,418	4,813,081	5,967,909	8,061,338
CASH REPRESENTED BY:								
Cash on hand and in banks (Note 4)	817,461	290,454	2,240,030	2,957,803	2,910,418	4,813,081	5,967,909	8,061,338
TOTAL CASH	817,461	290,454	2,240,030	2,957,803	2,910,418	4,813,081	5,967,909	8,061,338

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, 2010

	DEPARTMENTS		TOTALS	
	OPERATIONS AND MAINTENANCE	WATER DELIVERY	GENERAL AND ADMINISTRATION	
				2010 2009
Advertising, publications, ratepayers meetings	-	-	19,477	19,477 13,420
Association fees	-	-	20,976	20,976 21,122
Board of Directors expenditures	-	-	68,324	68,324 43,355
Building maintenance	84,908	-	-	84,908 83,023
Computer expense	-	-	40,921	40,921 33,385
Crop, flood and property damage	-	-	-	- 2,247
Equipment and easement rental	70,910	-	-	70,910 11,175
Equipment maintenance, gas, oil, grease	338,863	53,694	-	392,557 441,136
Insurance	48,586	4,445	24,678	77,709 85,146
Interest and bank charges	-	-	89	89 64
Land titles charges and classification	-	-	1,653	1,653 6,579
Materials and supplies, office supplies	169,759	29,552	21,811	221,122 246,814
Miscellaneous	983	-	-	983 5
Payroll service charges	-	-	4,181	4,181 4,108
Postage, freight and courier	-	-	4,263	4,263 4,121
Professional fees	-	-	285,823	285,823 258,487
Public relations	-	-	33,009	33,009 9,842
Safety supplies	6,942	775	-	7,717 5,550
Salaries and wages	1,541,040	256,514	697,410	2,494,964 2,607,135
Small tools and equipment	7,582	511	-	8,093 9,877
Stationary, printing, photocopies, fax	-	-	12,980	12,980 10,143
Telephone	12,707	9,906	15,017	37,630 38,899
Travel and staff training	2,804	1,734	6,659	11,197 12,583
Utilities	40,828	2,109	-	42,937 43,542
Vegetation and pest control	-	136,829	-	136,829 199,421
Welding supplies	1,665	-	-	1,665 1,043
	2,327,577	496,069	1,257,271	4,080,917 4,192,222
Transfer as asset to irrigation works (Note 31)	(2,070,149)	(5,525)	(492)	(2,076,166) (2,418,171)
	257,428	490,544	1,256,779	2,004,751 1,774,051

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, 2010**

Note 1 Purpose of the Organization

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

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

Note 2 Economic Dependence

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

Note 3 Significant Accounting Policies and Reporting Practices

Fund Accounting

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

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

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

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

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Financial Instruments

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

Investments Subject to Significant Influence

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

Inventories

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

Capitalization

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

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

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

Amortization and Depletion

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

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

Irrigation works are amortized on a straight-line basis over their estimated average useful lives of 75 years (*Note 36*).

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

Asset Retirement Obligations

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

The future site restoration costs are calculated as the total undiscounted amount of estimated cash flows required to reclaim the gravel pit, which has been discounted using the credit-adjusted risk free rate of 3.0% (rate of interest on monetary assets that are essentially free of default risk, adjusted for the effect of an entity's credit standing). Increases in the site restoration obligation resulting from the passage of time are recorded as accretion of the asset retirement obligation in the Statement of Operations and Changes in Fund Balances.

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Employee Future Benefits

The District and its eligible employees participate in the Local Authorities Pension Plan (LAPP). This is a multi-employer, contributory defined benefit pension plan, for which specific information concerning the District's interest in the assets and liabilities is not readily available. The Alberta Pensions Administration (APA) administers the plan, with the employee and District's contributions to the LAPP determined by the plan rules. The required contributions are determined by actuarial valuations conducted at least on a triennial basis. These valuations are made in accordance with legislative requirements and with the recommendations of the Canadian Institute of Actuaries for the valuation of a pension plan. Commencing December 1, 2000, the District prospectively applied the new accounting recommendations for employee future benefits, and is accounting for the plan, as though it were a defined contribution plan. There were no transitional assets or obligations at the time the change was made.

Pension cost of the LAPP is disclosed as part of salaries and wages. The expense for this pension plan is equivalent to the annual contributions of \$134,266 for the year ended November 30, 2010 (2009 - \$115,464).

Revenue Recognition

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

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

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

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

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, 2010. Significant changes in the market value of the inventory could result in impairment of the inventory.

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

Note 4 Cash

	2010	2009
<i>Operating</i>		
Petty cash	\$ 1,000	\$ 1,000
Credit card prepaid balance	6,000	6,000
Bank account balance	810,461	283,454
	817,461	290,454
<i>District Capital</i>		
Cash held for reinvestment	60,094	884,998
Credit Union special grant account, interest rate of Prime minus 1.5%	1,894,360	-
Credit Union land bank account, interest rate of Prime minus 1.5%	285,576	4,825
Credit Union South Cluny Project bank account, interest rate of Prime minus 1.5%	-	2,067,980
	2,240,030	2,957,803
<i>Irrigation Works</i>		
Bank account balance, interest rate of Prime minus 1.5%	2,910,418	4,813,081
	\$ 5,967,909	\$ 8,061,338

Note 5 Accounts Receivable

	2010	2009
<i>Operating</i>		
Water rates and charges	\$ 1,520,017	\$ 1,480,641
Sundry debtors	194,155	130,505
	\$ 1,714,172	\$ 1,611,146

Note 6 Interest Receivable

	2010	2009
<i>District Capital</i>		
Interest receivable on investments	\$ 1,312,569	\$ 1,087,912
Accrued interest on note receivable (Note 9)	-	90,780
	\$ 1,312,569	\$ 1,178,692

Note 7 Short Term Investments

A portion of the short term investment balance for District Capital (\$101,718; 2009 - \$69,332) is restricted in accordance with the terms of the Capital Levy Trust, as documented in Note 21.

	2010	2009
<i>District Capital</i>		
Fixed income investments maturing in the next fiscal year	\$ 20,160,053	\$ 16,175,504
Capital Levy Trust accounts (Note 21)		
Credit Union bank account, interest rate of Prime minus 1.5%	101,718	69,332
	<u>\$ 20,261,771</u>	<u>\$ 16,244,836</u>

Note 8 Inventory

	2010	2009
<i>Operating</i>		
Supplies and materials	\$ 90,759	\$ 83,716
	<u>\$ 90,759</u>	<u>\$ 83,716</u>

Note 9 Note Receivable

This amount represents funds receivable from the Town of Chestermere relating to the sale of shoreline land. The note bears interest at a rate of Canadian prime plus 2% compounded annually. Principal and interest were due on April 30, 2019. This balance has been paid in full during the current year.

	2010	2009
<i>District Capital</i>		
Town of Chestermere	\$ -	\$ 5,095,700
	<u>\$ -</u>	<u>\$ 5,095,700</u>

Note 10 Loan Receivable

The loan of \$12,500 (2009 - \$13,500) is a result of the sale of land to the Town of Chestermere. The loan will be repaid over the next 13 years with 12 annual payments of \$1,000 and one \$500 payment in the form of issuing a bursary. There is no interest and the funds shall be utilized for the purpose of the bursary.

Note 11 Preliminary Costs Pending

The expenditures of \$262,727 (2009 - \$245,087) 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, 2010. If the projects are submitted for funding and approved, these costs will be recovered from the cost shared program.

Note 12 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.

	2010	2009
<i>District Capital</i>		
45 Irrigated Acres (2009 – 45 Acres)	\$ 8,025	\$ 8,025
	\$ 8,025	\$ 8,025

Note 13 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.

	2010	2009
<i>Orchard Park</i>		
Phase I	\$ -	\$ -
Phase II	54,863	54,863
Phase III	250,842	250,842
<i>Other Developments</i>		
Chestermere Land Lakefront	-	-
Regional Water Storage Study	205,549	205,549
Regional Water Storage Project	92,381	94,541
Other	98,014	128,964
	\$ 701,649	\$ 734,759

Note 14 **Other Intangible Asset**

			2010	2009
	Cost	Accumulated Amortization	Net	Net
<i>District Capital</i>				
Web based media	\$ 99,595	\$ 9,959	\$ 89,636	\$ -
	\$ 99,595	\$ 9,959	\$ 89,636	\$ -

These costs were incurred for the purposes of developing a web based video promoting the District's irrigation activities. The costs are shared with two other irrigation districts. The District's portion has been capitalized and is being depreciated straight line over ten years.

Note 15**Investments**

Long term investments held with the Calgary Co-operative Association, United Farmers of Alberta, Common Shares with the Chinook Credit Union Ltd. and partnership interest in the Kinniburg South Limited Partnership are carried at the lower of cost and market value.

Other long term investments are held for trading and are accounted for and reported using the fair market value as at November 30, 2010.

	2010	2009
<i>Operating</i>		
Calgary Co-operative Association equity	\$ 898	\$ 881
United Farmers of Alberta equity	6,720	6,678
Chinook Credit Union Ltd. common shares	9,627	9,365
	17,245	16,924
<i>District Capital</i>		
Fixed income securities with coupons ranging from 3.100% to 8.875% and maturing between December 1, 2010 and November 30, 2014	6,341,149	1,175,296
Chinook Credit Union term deposits with interest rates ranging from 1.200% to 4.390% and maturing between December 1, 2010 and November 30, 2014	65,395,558	55,662,183
Fixed income securities with coupons ranging from 4.400% to 7.768% and maturing between December 1, 2014 and November 30, 2019	929,807	673,917
Chinook Credit Union term deposit with the interest rate of 3.700% maturing between December 1, 2014 and November 30, 2019	5,000,000	7,843,043
Fixed income securities with coupons ranging from 3.350% to 8.100% and maturing between December 1, 2019 and June 1, 2037	685,569	538,702
Money market	700,000	389,938
Common shares	13,327,397	21,490,187
Mutual funds	1,634,102	1,589,498
Real estate trust units	-	105,228
Trust units	2,297,851	2,115,906
Preferred shares	564,081	614,904
Chinook Credit Union Ltd. common shares	9,073	8,806
Kinniburgh South Limited Partnership (<i>Note 16</i>)	986,014	993,007
Less: Fixed income investments maturing in the next fiscal year (<i>Note 7</i>)	(20,160,053)	(16,175,504)
	77,710,548	77,025,111
<i>Irrigation Works</i>		
Chinook Credit Union Ltd. common shares	10,425	10,141
	\$ 77,738,218	\$ 77,052,176

Note 16 Related Party Transactions

In 2009 the District sold land for \$1,000,000 to the Kinniburgh South Limited Partnership in exchange for 10 Class B Units which represents 49.95% ownership of outstanding shares. As an investment subject to significant influence, it is being accounted for using the equity method. The following is a summary of the District's related party transactions:

	2010	2009
<i>Statement of Financial Position</i>		
Investments	\$ 986,014	\$ 993,007
<i>Statement of Operations and Changes in Fund Balances</i>		
Gain on sale of land	-	950,690
Unrealized gain (loss) on investments	(6,993)	(6,993)

Note 17 Property and Equipment

			2010	2009
	Cost	Accumulated Amortization	Net	Net
<i>District Capital</i>				
Land and farm property	\$ 364,231	\$ -	\$ 364,231	\$ 275,928
Resource property	190,043	50,353	139,690	146,405
Computers	308,306	295,554	12,752	12,773
Trucks	703,726	327,534	376,192	384,193
Office equipment	41,523	25,190	16,333	8,858
Other equipment and furniture	88,098	63,954	24,144	32,101
Power equipment	1,871,712	717,813	1,153,899	1,483,188
Buildings and dwellings	-	-	-	-
Shop and office complex	905,705	567,029	338,676	356,501
Industrial subdivision costs	40,304	23,127	17,177	17,709
	4,513,648	2,070,554	2,443,094	2,717,656
<i>Irrigation Works</i>				
Land	149,455	-	149,455	149,455
	\$ 4,663,103	\$ 2,070,554	\$ 2,592,549	\$ 2,867,111

Note 18 Irrigation Works

Irrigation works transferred from the Canadian Pacific Railway Company in 1944, were taken into account at their amortized values, as estimated by District officials. Subsequent additions and betterments to these assets are shown in the accounts at cost. These assets are being amortized over their estimated average useful lives of 75 years on a straight-line basis.

Commencing in 1998, irrigation works constructed without the use of Irrigation Council cost shared funds, have been capitalized as part of the District Capital Fund.

	2010		2009	
	Cost	Accumulated Amortization	Net	Net
<i>District Capital</i>				
Irrigation works	\$ 23,418,401	\$ 868,976	\$ 22,549,425	\$ 15,886,050
<i>Irrigation Works</i>				
Irrigation works	107,847,575	37,710,258	70,137,318	66,681,454
	\$131,265,976	\$ 38,579,234	\$ 92,686,743	\$ 82,567,504

Note 19 Bank Loans and Overdraft

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

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

Note 20 Accounts Payable and Accrued Liabilities

	2010	2009
<i>Operating</i>		
Accounts payable and accrued liabilities	\$ 1,440,690	\$ 1,813,867
Accrued payroll	4,133	8,517
Vacation payable	130,696	155,255
	\$ 1,575,519	\$ 1,977,639

Note 21 Capital Levy Trust

The amount of \$101,745 (2009 - \$69,350), which includes cash as well as the related credit union share value held, represents the Capital Levies paid by various municipalities in accordance with the Storm Water Discharge agreements signed with them. These funds can only be spent with the concurrence of the District and the affected municipality, and only on capital projects that will be of benefit to both parties.

Note 22 Deferred Revenues

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

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

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

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.

	2010	2009
<i>District Capital</i>		
Craigantler Syphon	\$ 8,400	\$ 9,800
George Freeman Marshland	21,893	22,888
Pheasants Forever	7,000	8,000
Annual leases on properties	10,838	10,848
Other leases	3,725	3,965
Deferred revenue from land sales	57,512	13,000
	109,368	68,501
Less: Current portion	(14,253)	(14,243)
	\$ 95,115	\$ 54,258

Note 23 Long Term Debt

	2010	2009
Conditional sales contract bearing no interest, repayable in monthly principal installments of \$7,745, maturing February 21, 2010. Specific equipment with a net book value of \$171,226 has been pledged as security.	\$ -	\$ 23,235
Less: Current portion	-	(23,235)
	\$ -	\$ -

Note 24 Asset Retirement Obligation

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

	2010	2009
Asset retirement obligation, beginning of year	\$ 142,781	\$ 122,749
Accretion expense	119	20,032
Asset retirement obligation, end of year	\$ 142,900	\$ 142,781

No expenditures for reclamation have been made to date. The total estimated undiscounted amount to reclaim the site is \$165,535, for estimated costs to be incurred in fiscal 2016.

Note 25 Invested in Property and Equipment

	2010	2009
<i>District Capital</i>		
Water rights (Note 12)	\$ 8,025	\$ 8,025
Other intangible asset (Note 14)	89,636	-
Property and equipment (Note 17)	2,443,094	2,717,656
Irrigation works (Note 18)	22,549,425	15,886,050
Long term debt (Note 23)	-	(23,235)
Asset retirement obligation (Note 24)	(142,900)	(142,781)
	24,947,280	18,445,715
<i>Irrigation Works</i>		
Property and equipment (Note 17)	149,455	149,455
Irrigation works (Note 18)	70,137,318	66,681,454
	70,286,773	66,830,909
	\$ 95,234,053	\$ 85,276,624

Note 26 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 27 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 26.

Note 28 Irrigation Rates

Irrigation rates, net, consist of:

Acres		2010	2009
	<u>Assessment roll acres</u>		
78,681.5	irrigation acres at \$16.25 per acre, plus additional pressure and/or screening charges where applicable	\$ 1,344,243	\$ 1,352,252
843.0	minimum charge irrigation acres at \$406.25 per parcel	19,094	20,719
3,992.5	incentive irrigation acres at \$12.19 per acre, plus additional pressure and/or screening charges where applicable	49,983	49,983
9,049.5	terminable acres at \$18.00 per acre, plus additional pressure and/or screening charges where applicable	164,140	166,840
840.0	minimum charge terminable acres at \$450.00 per parcel	17,550	18,000
170.0	annual acres at \$18.00 per acre, plus additional pressure and/or screening charges where applicable	3,060	3,060
22.5	minimum charge annual acres at \$450.00 per parcel	450	450
694.0	annual acres – off creek at \$14.00 per acre, plus additional pressure and/or screening charges where applicable	9,716	9,716
145.0	annual acres – irrigation acres at \$16.25 per acre, plus additional pressure and/or screening charges where applicable	2,356	2,356
			... continues

Note 28**Irrigation Rates ... continued**

Acres		2010	2009
650.5	annual acres – incentive irrigation acres at \$12.19 per acre, plus additional pressure and/or screening charges where applicable	8,680	8,680
15.0	minimum charge annual acres – incentive irrigation acres at \$304.75 per parcel	305	305
524.0	temporary suspended acres at \$19.25 per acre	10,087	-
95,627.5		\$ 1,629,664	\$ 1,632,361

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

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

Annual acres – temporary suspension agreement at \$19.25 per acre plus additional pressure and/or screening charge where applicable. This type of agreement ends December 2019.

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

Note 29 Gain on Sale of Intangible Assets

In 2007 the Western Irrigation District had entered into a transfer agreement with the Municipal District of Rocky View No. 44 where the District had agreed to transfer two thousand acre feet of water from Water License No. 19 to the Municipal District of Rocky View No. 44. In exchange, the Western Irrigation District has received \$15,000,000, which has been allocated for the purpose of developing the South Cluny Canal Rehabilitation, whereby the current open canal system will be converted to a closed pipeline system, which will allow substantial water conservation. The funds were to be received as follows:

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

However, the funds were not received until December 2007 and December 2008. In 2007, a public appeal process had commenced and the potential to not receive the funds was possible and therefore the amount had not been accrued. The appeal process was completed in the prior year, entitling the Western Irrigation District to the funds as originally intended, and the full amount was recognized on the Statement of Operations and Changes in Fund Balances with the final payment of \$7,500,000 being accrued on the Statement of Financial Position in 2008. This payment was received in 2009.

Note 30 Government Grants

In 2008, the District received \$85,000,000 in a legal settlement with Her Majesty the Queen as represented by the Minister of Environment. The action Western Irrigation District claimed was alleging that a license issued to Canadian Pacific Railway ("CPR") on September 3, 1921, continued to subsist in force while the water license issued to Western Irrigation District on July 2, 1963, for 160,400 acre feet of water was not in force even though it had the same priority as the CPR license. The action was settled by way of this grant, which is to be used for the constructing, rehabilitating and enhancing of irrigation works. The funds are required to be invested in a risk-free manner. The funds are invested appropriately and detailed in Note 15.

Note 31 Transfer as Asset to Irrigation Works

The Western Irrigation District has transferred \$2,076,166 (2009 - \$2,418,171) as an asset to infrastructure. This amount represents the recovery of District labour and equipment that has been incorporated into the capital cost of the irrigation works.

Note 32 Lease Commitment

The District leases equipment under a long term operating lease. Future minimum lease payments as at November 30, 2010, are as follows:

2011	\$ 56,160
2012	56,160
2013	<u>4,680</u>
	<u>\$ 117,000</u>

Note 33 Contingent Liabilities

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

At November 30, 2010, the District had expended \$262,727 (2009 - \$245,087) 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 26 and 27.

Note 34 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 35 Financial Instruments

The District chooses to apply the presentation and disclosure requirements in Section 3861 Financial Instruments – Presentation and Disclosure in place of Sections 3862 and 3863.

The District, as part of its operations, carries a number of financial instruments. These financial instruments consist of cash, accounts receivable, interest receivable, note receivable, loan receivable, investments, accounts payable and accrued liabilities, progress estimates payable and holdbacks, and long term debt. These financial instruments may be exposed to the following risks:

... continues

Note 35 Financial Instruments ... continued

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the District manages exposure through its normal operating and financing activities. The District's interest rate risk is reduced due to minimal debt held, the credit quality of the entities to which it provides services, as well as from the return on its investments and a diversified portfolio in which the investments are held. The District provides its services to a large volume of customers and as a result, its credit risk is minimized. The District manages its portfolio investments based on its cash flow needs and with a view to optimizing its interest income.

Credit Concentration Risk

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

Fair Value

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

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

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

Note 36 Change in Accounting Estimate

Upon review of the useful life of the District's irrigation works, it has been determined that the useful life of these assets is 75 years (2009 – 50 years). The Western Irrigation District revised the estimated useful life of the irrigation works asset effective December 1, 2009.

The revised estimate results in a decrease in amortization of irrigation works in the amount \$845,051 in the current period. The revised estimate will be applied on a prospective basis.

Note 37 Capital Management

The District's capital is its equity, which is represented by its fund balances comprised of equity in property and equipment and internally and externally restricted funds.

The District manages its revenues, expenses, assets, liabilities, and general financial dealings prudently. The objective of managing the District's equity is to ensure the District effectively achieves its goals and objectives for which it has been established, while remaining a going concern.

Note 38 Comparative Figures

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

Note 39 Approval of Financial Statements

The management of the Western Irrigation District approved these financial statements on February 16, 2011.



WESTERN IRRIGATION DISTRICT

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