



WESTERN IRRIGATION DISTRICT

**2006
ANNUAL REPORT**



ANNUAL MEETING

**April 4, 2007 — 1:30 P.M.
Strathmore Travelodge
350 Ridge Road, Strathmore**

PLEASE BRING THIS REPORT WITH YOU TO THE MEETING

FINANCIAL STATEMENT AND ANNUAL REPORT 2006

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Form 1 NOTICE OF ANNUAL MEETING

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

Take Note that the annual meeting of the Irrigators of the Western Irrigation District will be held at the Strathmore Travelodge, Strathmore, Alberta on the 4th day of April 2007 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	1
Director	1	4

Voting will take place on the 4th day of April 2007, between the hours of 10:00 am and 8:00 pm. The voting station will be located at Western Irrigation District office at 105—900 Pine Road, Strathmore, Alberta.

James Webber
Returning Officer

Voter Information for Poll

Irrigation Districts Act, Section 56:

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

An Irrigator:

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

Section 57(3):

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

Note:

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

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

CHAIRMAN'S REPORT

2006 was another strong financial year. The WID capitalized on opportunities that presented themselves. The surplus created has shown that. It may be a difficult task to match that value in coming years, but if and when shown the opportunity, this organization will take advantage. Such flexibility does mean some compromises. Diverting machine hours to create revenue can reduce our time spent on maintenance. Getting the right balance between revenue creation and service is very important, even though all revenues go back into the operation, and better prepare us for future challenges.

The District benefited this year from additional Provincial Funding to the value of \$2M. The Board and staff thank the province for these 100% rehabilitation "catch up" funds, allowing us to continue our accelerated work program. The WID is behind the rest of the irrigation industry and this is a big help in closing the gap. Canal upgrades are the way to achieve water conservation goals. Additional provincial funding allowed the District to concentrate on the smaller distribution systems, while the regular provincial funds were used out on the main canal lengths. Every little bit helps, but with \$130 million still needed to complete the system, it will take time to reach all the corners of our District.

The WID Board began a series of talks, negotiations and litigation with the Alberta Government regarding the WID water license. The issue relates to whether the WID's historical federal license of 1921 still exists with its priority of 1904. Last year's optimism that a negotiated solution was imminent was misplaced. After waiting more than 13 months for ratification by the provincial government, the District regrettably had to reactivate the court action. This is not our preferred way of doing business. As WID's water license is its most important asset, this matter must be resolved.

The licence issue was front and center in a renewed activity in November. The Board reactivated the Advisory Committee to help evaluate the WID's long term plans. Five WID waterusers were invited to a Board Retreat to discuss the long term goals. The Board enjoyed the opportunity to hear another set of viewpoints. The WID is so much more than agriculture, and it is important to get the balance right on all the issues.

I would like to close with thanks to the Directors and Staff for an excellent job continuing the improvements to the WID and helping to secure our future.

Submitted on behalf of the Board of Directors,

Henry Colpou

Chairman

MISSION STATEMENT

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



BOARD OF DIRECTORS:

From Left to Right

Director: Dale Dahm **Vice Chairman:** Barrie Clayton **Chairman:** Henry Colpoys
Director: Dale Dolphin **Director:** Wayne Risdon

Electoral Divisions of the Western Irrigation District

Division 1 – Dale Dolphin – Term expires 2007

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

Division 2 – Henry Colpoys – Term expires 2008

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

Division 3 – Wayne Risdon – Term expires 2009

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

Division 4 – Barrie Clayton – Term expires 2007

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

Division 5 – Dale Dahm – Term expires 2008

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

GENERAL MANAGER'S REPORT

The WID's irrigation system was designed for a rural area, and not for urbanized catchments. This we have strongly brought to the public's attention in the last 2 years. We can accommodate some stormwater, but the WID is close to saturation. The development industry is becoming aware of the restrictions they may face when operating inside the WID. To protect our downstream agricultural users will require vigilance as to new developments that have the potential to negatively impact the water quality. The WID is unique in this requirement compared to other irrigation districts in southern Alberta.

2006 was another wet year, where rainfall events reduced the farm demand, and the canals were operated at minimum flow. The high rainfall events and low canal flow reduced the canal's ability to absorb the wastewater effluent released from the Town of Strathmore. This temporary arrangement was for the convenience of Strathmore and Alberta Environment to provide them time to build a modern pipeline system to the Bow River. When built, a permit problem prevented the new works from being used, so the WID canal access was provided for one final year. At the end of 2006 the matter has yet to be resolved between the Town and Alberta Environment, but it will be no longer an issue for the WID.

Development pressure in a hot real estate market created problems for the WID works and associated lands. In Chestermere the District was taken to court to remove a restrictive caveat on lands linked with Chestermere Dam. While the lower court found in favour of the WID's caveat, upon appeal the matter appeared to reverse. To avoid higher expense, a court mediated settlement was found to satisfy both parties. In this real estate market any lands in close proximity to an urban center take on a new intensity involving much staff time and legal costs to secure the WID's continuing interest.

In 2006 the Provincial Government took the step not to accept new Water License applications for the Bow River. There were sufficient existing applications on file to more than take up the remaining surplus of the Bow River. As potential developments faced the new reality, it raised more questions than answers. The District has been approached to support new water issues, but the rules of the Water Act and Irrigation Districts Act put limits on how the District can respond. Over the coming year there will likely be much debate on this subject. This District is willing to put its expertise to the challenge of flexible water management to support a wider customer base. There will always be opportunity if one cares to look for it.

In closing, I would like to thank the Board of Directors for their continuing support in this 2006 year. Thanks to the provincial government for their continuing support and financial programs, and to our suppliers, consultants and contractors for their high level of service. A special thanks to all the WID staff for the time and effort that has made this year a special success.

Respectfully submitted,

Jim Webber

General Manager

CHESTERMERE LAND OFFICE

"In July 2004, the District opened a small office in Chestermere. The primary objectives for the office were to determine the extent and size of encroachment by each lakefront property owner, to communicate and deliver on the Board's commitment to the adage of "use what you own or own what you use", and be available to meet with individual lakefront property owners. The Board's objectives are targeted for completion within 3 years" (Source –Western Irrigation District's 2004 Annual Report)

With the end of that 3-year term approaching, a summary of the lengthy process that the Chestermere Land Office and the WID's Board have been involved in during that time with lakefront property owners, mostly through the Chestermere Lakefront Owners Association ("CLOA"), follows.



At CLOA's annual general meeting in September 2004, the WID gave a presentation that informed lakefront property owners that the WID would sell or lease its land to adjacent property owners if they wished to do so. The following month, the WID sent letters to lakefront property owners, estimating the size of their encroachment on WID-owned land to water's edge and confirming the selling price.

In January 2005, the first of what was to become many meetings was held between CLOA's representatives and the WID's Board. In order to consider issues that were raised by lakefront property owners and to discuss acceptable solutions, the October 2004 offer was withdrawn by the WID.

After numerous meetings where all substantive issues other than the selling price were resolved, and there being no hope for resolution to an acceptable value of the offered lands by both CLOA and the WID, an Offer to Sell was sent to adjacent lakefront property owners in late-December 2005, at a selling price that was determined by the WID's Board.

However, without achieving the number of accepted Offers that would obligate the WID to proceed with the sale of its lands, the WID's Board decided to give CLOA further time to come up with alternative proposals to determine a value for the WID's offered lands that the WID's Board could accept in order to achieve the required number of accepted offers.

CLOA provided the WID with their first written proposal setting the value of WID's offered lands in early-March 2006, and CLOA's last presentation to the WID's Board was made in late-June. Despite alternate proposals being presented to CLOA by the WID throughout this period, discussions did not result in agreement on the issue of "value" between CLOA and the WID.

In August, the WID advised CLOA that the WID's Board saw no resolution to the impasse on "value" and, accordingly, that the WID would be communicating with the adjacent property owners by letter in mid-September. At that time, the WID advised 371 lakefront property owners that discussions with CLOA did not result in an agreement between CLOA and the WID; that lakefront property owners' fixtures and chattels must be removed from WID-owned lands on or before January 31, 2007 (or such later date as provided for in an encroachment agreement if one existed); and that, if the lakefront property owners wished to avoid the cost and inconvenience of removing their fixtures and chattels from WID-owned lands, the WID would sell WID-owned lands at the same price as was previously communicated in December 2005 if the lakefront property owners advised the WID, in writing by or before October 31, 2006, that they wished to purchase.

The WID's legal counsel has, by letters in late-November and late-December, confirmed the WID's earlier advice to lakefront property owners who have not agreed to purchase WID-owned lands that fixtures and chattels must be removed from WID-owned lands on or before January 31, 2007, failing which lakefront property owners would be in trespass, to be dealt with under the *Petty Trespass Act*.

It is or certainly should be abundantly clear to those affected property owners that the WID's Board remains committed to bringing closure to encroachment on its lands by lakefront property owners adjacent to Chestermere Lake.

Operations & Maintenance Activities

Canal Road Crossing Replacement

This project SW of Rockyford saw the WID join forces once again with the Wheatland County to install a new bridge size road crossing culvert in the Glenrose canal. The new 35m long, 1600mm diameter csp replaced the shorter, failing structure. Located just upstream of the high-demand water pipeline, the increased capacity of the new pipe enabled greater flow and added length permits potential road widening in the future.



Efficiency Dugout



In 2006 the District implemented an efficiency grant policy for the construction of small dugouts in an effort to avoid demands for a constant stream of water throughout the season. Locations are chosen through a simple application process and evaluated based on estimated project costs, anticipated water savings and other potential benefits for both the District and the wateruser.

An initial cost shared project was selected along a lateral ditch near Gleichen.

The new dugout and associated infrastructure was designed to satisfy current yard and garden needs as well as provide storage for future irrigation pumping requirements. For more information or to apply for an efficiency grant contact your Water District Supervisor.

Vegetation Management Program

There are a variety of methods available when attempting to control unwanted vegetation along over 1000 kms of canal, both in the water and out. In addition to conventional chemical spraying and mowing, the District uses old fashioned manual slashing and/or handpicking crews in locations where equipment or chemical cannot be used.

For submersed aquatics, an underwater-injected chemical called "Magnacide H" is used to deprive weeds of oxygen, thereby causing them to disintegrate over a short period of time and open up the waterways for increased flow to downstream users.

The District also operates 2 excavator-mounted weed cutters that can be seen patrolling the ditchbanks during the summer months.

WID continues to work with the MD of Rockyview, Wheatland County and the Town of Strathmore to share information and ideas of new products and strategies in the world of vegetation management in our area.



NOTICE

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

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

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

Persons having specific concerns are encouraged to contact:

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

2006 MAINTENANCE ACTIVITY SUMMARY		2006 DISTRICT EQUIPMENT FLEET	
Ditch Cleaning	33 km	1997	Mack Tandem Tractor with Lowbed & Jeep
Bank Leveling	18 km	2002	Mack Tandem Gravel Truck with Pup
Tree Clearing	13 km	2003	Sterling Tandem Gravel Truck with Pup
Canal Fencing	3 km	2005	John Deere 230CLC Excavator - Leased
Delivery Installations	12 units	2006	Komatsu PC160-LC7 Excavator
Drop/Check Installations	9 units	2006	Komatsu 220-LC7 Excavator
Canal Crossing Installations	8 units	2002	Komatsu D61PX-12 Dozer
Pipelines	0 units	1990	John Deere 970 Tractor
Weed/Brush control - Cattail Cutting	175 km	1994	John Deere 410 Backhoe
Weed/Brush control - Chemical Spraying	250 km	1996	John Deere 544 Loader
Weed/Brush control - Bank Mowing	260 km	2002	Tandem Tip Trailer

Mastering the Delivery of Water

The Western Irrigation District's yearly diversion from the Bow River for 2006 totaled 73,000 acre/feet of water compared to 120,000 acre/feet in 2005 and 114,000 acre/feet in 2004.

Overall water demand for crop requirements was down due to the duration and timing of the natural rainfalls, which brought canal flows and associated water levels lower than what has been considered "normal" in previous years.

These lower levels gave the District an opportunity for analysis of the overall delivery system as well as for water users to see the future of water delivery and identify needs for water storage for their crops or livestock. If you noticed or perceived a delivery issue during these low flow times please contact your area supervisor or the water master at the number listed and we can review your situation. As a part of good water stewardship, continuous streams of water need to "dry up" and more effective methods of use and conservation adopted. Financial assistance may be available through the District to construct a dugout for your supply needs.

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



Langdon Reservoir was one location where SCADA control was installed in 2006.

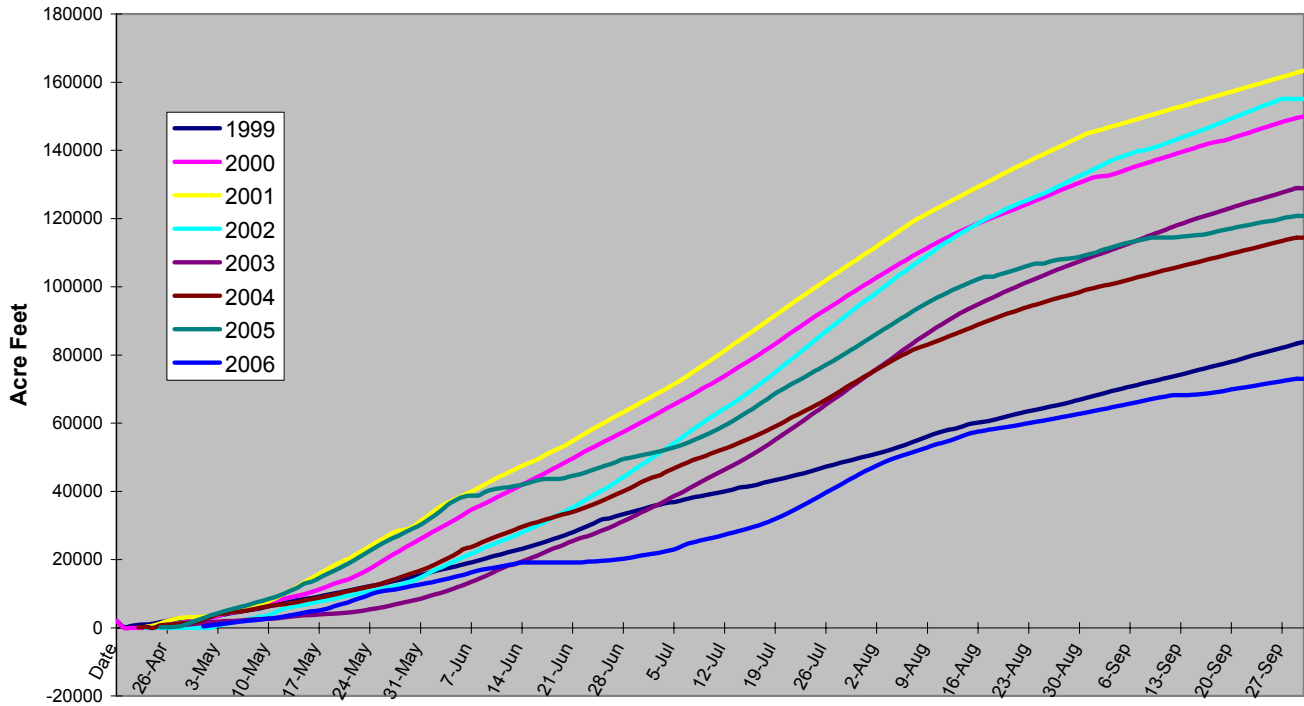
A new system called SCADA (Supervisory Control and Data Acquisition) was initiated within the WID in 2006. It makes use of various electronic tools to measure, record and transmit real time flow, level and consumption values at key locations on a reservoir, canal or pipeline. The SCADA system will be expanded as rehabilitation takes place and will enable supervisors to manage their areas using up to the minute information that will allow for better time management and more accurate adjustments.

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

Water Usage

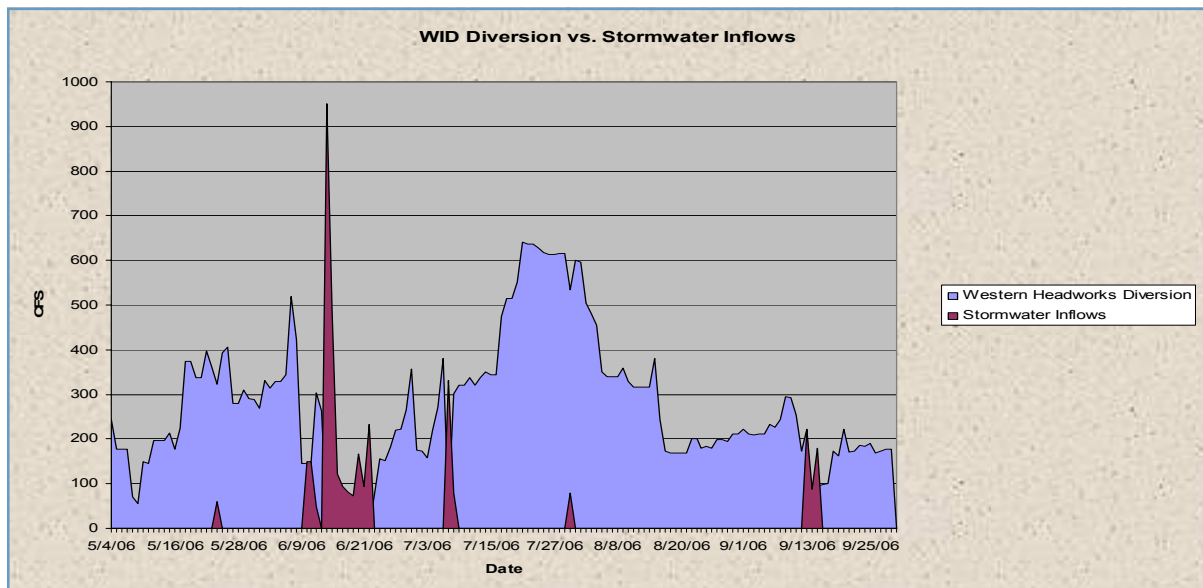
The following chart shows the accumulative water diverted into the District for the last five irrigation seasons.

WID Accumulative Acre Feet by Year



Water Analysis

The following chart shows the Stormwater additions in 2006 at Chestermere Lake. (Values are in cubic feet per second)



Irrigation Rehabilitation Program (IRP)

The Irrigation Rehabilitation Program (IRP) continued as a major source of funding for rehabilitation work within the District this year. The Program is funded 75% by the provincial government with the remaining 25% contributed by the District. In 2006 the District received an additional \$2,000,000 from the Provincial Government which was 100% funding. The total funds contributed this year for rehabilitation work approved by Irrigation Council was:

▪ Provincial government (75%)	\$1,932,932
▪ Provincial government (100%)	\$2,086,385
▪ <u>District (25%)</u>	<u>\$ 644,311</u>
▪ TOTAL (100%)	\$4,663,628

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

2006 IRP Project Summary

1. IRP 1848- Sub lateral Rehabilitation

The old earthen channel had many operational problems such as severe erosion, inadequate capacity, poor structures, seepage and access issues. The rehabilitation work involved eliminating the open ditch by installing 9,000 metres of PVC pipeline. The District was able to close 10,000 metres of ditch. Landowners transferred irrigation acres to utilize this project. The District started construction on this project in the fall of 2006. Final clean up will occur in the Spring of 2007. MPE Engineering designed this project.

- Located 20 km east of Strathmore
- Estimated Project Cost = \$1,400,000
- **Total Project Cost to Date = \$1,181,000**



2. IRP 2016 Lateral 81 Drop Structure Replacements

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

- Located 6 km north 5 km west of Gleichen
- Estimated Project Cost = \$337,000
- **Total Project Cost to Date = \$351,000**

3. IRP 2017 Lateral 81 Drop Structure Replacements

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

- Located 5 km north of Gleichen
- Estimated Project Cost = \$279,000
- **Total Project Cost to Date = \$307,000**

Before



After



4. IRP 2018 Sub Lateral 81G6 Rehabilitation

MPE commenced the engineering design in 2004, for a pipeline project. Landowner meetings were conducted early in 2005 with construction starting in Fall 2005. Completion of this project was in Spring 2006. The rehabilitation consisted of approximately 8 kilometres of buried PVC closed gravity pipeline. The new pipeline will improve the delivery operations and eliminate the seepage concerns associated with the existing canal. The construction of this project was done with WID labour and equipment.

- Located 5 km northwest of Gleichen
- Estimated Project Cost = \$1,310,000
- **Total Project Cost to Date = \$1,413,000**



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

This project is a continuation of the rehabilitation of the Secondary A Canal System. This project starts at Langdon Reservoir and ends at the turnout to the 12 Mile Spillway. The gates at the Langdon Reservoir were refurbished and electrified. The turnout structure to the 12 Mile Spillway is being replaced with a cast in place concrete structure. The canal design increases the canal capacity, improves accessibility, and eliminates seepage. Caliber Systems Ltd. was the successful bidder on this project. The design and contract administration was done by MPE Engineering Ltd. WID forces installed the gravel armour and turnouts.

- Estimated Project Cost = \$4,000,000
- **Total Project Cost to Date = \$3,450,000**



6. IRP 2047 Hammerhill Spillway Inlet Structure

The Hammerhill Spillway is an extremely critical element in the efficient operation of the A Canal system in the Cluny Block. The existing structure was very deteriorated and thus was in dire need of replacement. The rehabilitation involved the construction of a new spillway inlet structure. This structure is a cast in place concrete structure with a drop leaf gate. This structure was designed by MPE Engineering Ltd. Charmar Enterprises from Coaldale was the contractor. This structure will be completed in 2007 for the 2007 water season.



- Located 11 km northwest of Gleichen
- Estimated Project Cost = \$308,000
- **Total Project Cost to Date = \$50,000**

7. IRP 2068 Secondary A Canal 12 Mile

Spillway to Highway 24

This project is a continuation of the rehabilitation of the Secondary A Canal System. This project starts at the 12 Mile Spillway and ends at Highway 24. The canal design increases the canal capacity, improves accessibility, and eliminates seepage. This reach of canal is in the current Seepage Control Plan. Top Notch Construction is the main sub contractor on this project with Richardson Bros (Olds) Ltd. being the General Contractor.

MPE Engineering did the design and contract administration on this project. The WID forces installed the gravel armour and turnouts.



- Cost = \$3,300,000
- **Total Project Cost to Date = \$770,000**

▪ Estimated Project

Other 2006 Projects

1. Eagle Lake Drain

This project was funded by a Joint Stormwater Fund through an agreement between the WID and the Town of Strathmore. This project involved the construction of a drainage channel from the Town to Eagle Lake. This drain was constructed along the CPR right of way and will transfer storm water from the Town to Eagle Lake. This project was divided into 2 phases. Phase 1 was started in 2006 and will be completed in 2007. Phase 2 will be phased as budgets allow. This project was done with WID forces and designed by Due South Project Management Ltd.

- Estimated Project Cost Phase 1 and 2 = \$900,000
- **Total Project Cost to Date = \$505,000**

2. McElroy Lake

This project is required under a Use of Works Agreement between the WID and the Town of Chestermere. This project was started in 2006 and will be completed in 2007. The work involves the construction of a concrete cast in place control structure at the north end of McElroy Lake. This control structure will provide additional storm water capacity in the WID system for the Town of Chestermere. The General Contractor for this project is Charmar Enterprises Ltd. from Coaldale. The design and contract administration is being done by MPE Engineering Ltd.

- Estimated Project Cost = \$1,800,000
- **Total Project Cost to Date = \$183,000**

3. Burnco/Trendsetter Ditch

This project involved the relocation of 1 km of canal in an industrial subdivision in Strathmore. The relocated canal was lined and armoured by WID forces.

- Project Cost = \$90,000

Seepage Control Plan 2003-2010

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

The Plan addresses seepage in five areas:

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

Table 1: Seepage projects up to 2010



Dwight (Water District Supervisor for the Chestermere area) received recognition for his 30 years of service with the WID in 2006.

The Fish Rescue (left to right) Dwight Gittel & Wes Sproule

2006 CROP DATA SUMMARY

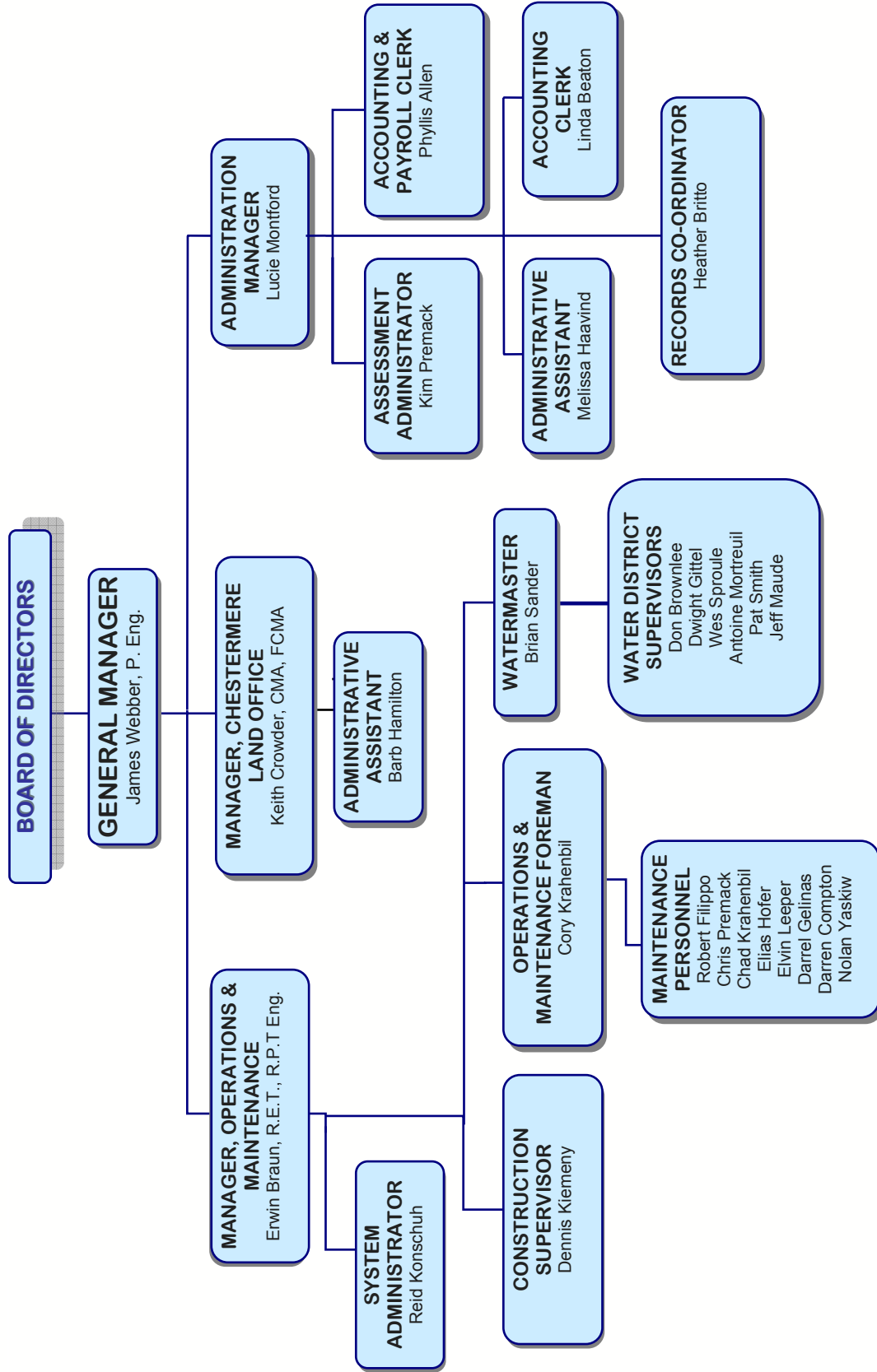
Crop Type	Irrigated Acres	Non Irrigated Acres	Total Acres
Alfalfa Hay	15,938	14,538	30,476
Barley	5,996	10,158	16,154
Barley Silage	6,740	1,991	8,731
Canola	3,766	2,751	6,517
Corn Silage	257	121	378
Dry Peas	130	250	380
Grass Hay	873	639	1,512
Grass Seed	—	264	264
Green Feed	271	364	635
Market Gardens	85	115	200
Nursery	971	544	1,515
Oats	—	241	241
Oat Silage	328	—	328
Pasture	4,020	12,831	16,851
Potato	100	340	440
Small Fruit	103	50	153
Turf Sod	733	688	1,421
Wheat	2,825	8,050	10,875
Totals	43,136	53,935	97,071

**PARCELS ADDED TO/REMOVED FROM
WESTERN IRRIGATION DISTRICT
FISCAL 2006**

Name	Legal Description	Action
M & R Damen Farms	SW 18-25-23 W4	Add
M & R Damen Farms	NW 18-25-23 W4	Add
M & R Damen Farms	NW 32-24-24 W4	Add
Donegan, Brian	NW 9-24-24 W4	Remove
Foothills Nursery Ltd.	SW 7-23-27 W4	Add
Heuver H. & J.	SW 33-23-28 W4	Add
Karg, Alice	NW 19-23-27 W4	Remove
Gutfriend, Teresa & Daryl	NE 6-22-21 W4	Add
Vanderkley, Karel	SW 14-24-23 W4	Remove
Tschetter Colony	NW 19-27-25 W4	Add
Tschetter Colony	SW 1-27-25 W4	Remove
Dunsbergen, Barend & Irene	NW 16-22-26 W4	Add
Scheer, Nancy Ann	NE 10-24-23 W4	Remove
Vergouwen, Lisbeth Elaine	NE 9-24-23 W4	Add
Scheer, John & Dorothy Ann	E ½ 19-23-23 W4	Remove
Bablake Ltd.	SW 21-22-26 W4	Add

WESTERN IRRIGATION DISTRICT ORGANIZATIONAL CHART

as of November 2006



**Minutes of the Annual Meeting of the Water Users of the
Western Irrigation District held in Strathmore, Alberta
Thursday, April 6, 2006**

PRESENT:

DIRECTORS:

Henry Colpoys
Barrie Clayton
Dale Dolphin
Wayne Risdon
Dale Dahm

STAFF:

Jim Webber, General Manager
Erwin Braun, Manager of Operations & Maintenance
Lucie Montford, Administration Manager
Kim Premack, Assessment Administrator & Recording Secretary

AUDITORS:

Karen Gregory and Nancy Ferguson, 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 2005 Annual Meeting. He introduced the Board Members present. Jim Webber, General Manager introduced staff present, as well as other guests including representatives from Alberta Agriculture, Alberta Environment, Irrigation Council, Ducks Unlimited, consulting firms and other affiliated agencies. Approximately 20 water users were in attendance.

ANNOUNCEMENTS

Election Division 3 by acclamation. The Board recognized the return of Wayne Risdon as Director for Division 3.

MEETING CHAIRMAN

Henry Colpoys called for nominations for Chairman of the meeting.

***MOVED by Dale Dolphin THAT Vern Hoff be appointed Chairman, SECONDED by Henry Colpoys.
CARRIED***

**RECORDING
SECRETARY**

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

ADOPTION OF AGENDA

Vern Hoff asked the audience to review the proposed agenda.

MOVED by Dave Kenney, THAT the agenda be adopted as presented.

CARRIED

**ADOPTION OF MINUTES
APRIL 7, 2005 ANNUAL MEETING**

Vern Hoff requested that the audience review the Minutes from April 7, 2005 Annual Meeting.

MOVED by Dave Nelson THAT the Minutes of the April 7, 2005 Annual Meeting be adopted as presented.

CARRIED

CHAIRMAN'S REPORT

Henry Colpoys presented the Chairman's Report, 2005, highlighting the year's activities. These included the continued financial strength despite the increasing operating costs. As a result of increased revenues, WID water rates can remain unchanged. Mr. Colpoys mentioned the retreat of the Board and management in the fall where future rehabilitation was discussed. Mr. Colpoys then outlined the federal Water Licence settlement achieved by the negotiating committee, and how it was placed into the hands of the provincial government for final approval. Significant investment earnings have been separated to various accounts, reinvested, and absorbed by the Capital and Operating Reserve to enhance the rehabilitation process. Mr. Colpoys then stated the biggest challenge of year, being the Chestermere Lakeshore encroachment issue and how the WID has offered adjoining lot owners discounted terms for purchasing the lands used. The WID being courteous and professional has provided considerable time and resources to address individual situations. Mr. Colpoys then thanked the Directors and staff for an excellent job continuing the improvements to the WID.

Vern Hoff asked if there were any questions or comments.

Bruce Walker and Knute Larsen required more details on the Federal Water Licence.

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

AUDITOR'S REPORT

Karen Gregory and Nancy Ferguson of Gregory, Harriman & Associates presented the Auditor's report for fiscal 2005. Karen Gregory referred to the new rules as of January 1, 2006 relating to the revised standards for the audit process which have come about as the result of the Sarbanes-Oxley Act in the U.S. She expressed the importance of our water sources and then turned the presentation over to Nancy. Nancy discussed the audit process and gave an overview. She explained that the main goal of an unqualified auditor's report was to plan, evaluate and understand industry while identifying risk factors and assess any new professional standards.

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

PRESENTATION BY THE FINANCE COMMITTEE

(Barrie Clayton & Dale Dolphin)

Dale Dolphin began with introductions of the Auditors, Karen McMillan and the members of the Credit Union being Bill Crawford, Lois Wegener, Mona Vermont and Tracey Anderson-Morin. Dale then began a power point presentation on behalf of the finance committee. The first slide was a simplified financial summary of incoming funds. An explanation was given by Barrie Clayton and Dale Dolphin of each category displayed, along with a per acre breakdown. Expenditures were also reviewed with a per acre breakdown explanation. The surplus allocation was examined with a discussion about how SCADA (Supervisory Control & Data Acquisition) will ultimately make better use of the water. Barrie Clayton then reviewed the bank balance and mentioned how far the WID has come over the years. There was then an explanation on how the Reserves have grown and how the accounts have been performing. Dale Dolphin presented the Investment types, Fixed Income (Bond) Investments, Equity (Stock) Investments and Equity Income-Trust Investments. Barrie mentioned increased construction costs and how the program will continue with the 10-year engineering plan. The discussion was concluded with the topic of urbanization and how the community will be involved with the demands of urbanization.

Mr. Clayton asked if there were any questions. Dale Dolphin recognized the benefits of working with Barrie.

MOVED by Dale Dolphin, THAT the Auditor's Report for Fiscal 2005 be adopted as presented.
CARRIED

MANAGER'S REPORT

Jim Webber, General Manager, reviewed the General Manager's report for 2005, bringing attention to the three key elements that face the WID operation: financial health, maintaining service, and environmental protection of the water resource and that each is dependant upon the other. Mr. Webber made mention of the water licence and how the Federal License court action is critical in determining what water volume is licenced to the WID and what priority number it holds. He explained that there is no new water and the WID is confirming their rightful access to water as provided to WID by the CPR. Mr. Webber discussed how rapid urbanization in the Calgary region has resulted in urban clusters being approved throughout the upper WID system that has brought forth concern with water quality and the need to protect it. Mr. Webber spoke of the 2005 wet season and how the WID worked as a stormwater management system and how there is a need for tighter water management. However, due to the canal conditions, we cannot yet have the careful control desired. This is all related to irrigation acre consolidations, canal rehabilitation, new pipeline distribution systems, new reservoir storage sites, automated controls and the speed of application is dependant on the money available. The discussion was concluded with thanks to the Board of Director's, provincial government, suppliers, contractors and the WID staff who's dedication made 2005 a continuing success.

Vern asked if there were any questions, there being none,

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

MAINTENANCE REPORT

Erwin Braun, Manager of Operations and Maintenance, presented the Operations report for fiscal 2005, and reviewed the 2005 water season as being a year of extremes. The irrigation season was reviewed with May being very dry. Significant rainfall started at the beginning of June, with above average rainfall throughout the water season. As a result, there was very low irrigation demand. The discussion continued on how the snowpack melts generally later in the year and how ideally, we would like to see the snowpack released until the middle of July. It was mentioned that communication between the farmer and the ditchrider makes for a more efficient system. A 2005 Maintenance Activity Summary chart was displayed with the activity accomplished throughout the year. The District Equipment Fleet was then presented with the mention of the benefits of keeping the fleet modern and new for warranty purposes. Mr. Braun then moved onto the Capital Works Summary. On regular rehab projects, \$2.4 million is spent annually, with WID contributing \$600,000 and the province \$1.8 million. The goal was to convert a majority of the ditches to pipelines. An upgrade of Secondary A Canal near the Langdon Reservoir was the project under the "New" Stormwater Fund of \$5.7 million. Mr. Braun then explained the IRP Rehabilitation Plan. Projects in 2005 included, Secondary A Canal-Langdon Reservoir to 12 Mile Spillway, E Ditch Pipeline, Wutzke Sub lateral, and 2 drop structures on A Canal. Plans for 2006 include the Scheer Pipeline and the Hammerhill Spillway Inlet Check Structure. For 2007, Secondary A Canal—12 Mile Spillway and the Grove Ditch Pipeline. In 2008, the Secondary C Canal (Serviceberry Creek) is planned for rehabilitation. A map of the areas where the work will be done under the 3-year plan was displayed. While showing a few pictures of IRP projects, Mr. Braun spoke of the benefits of the pipelines. Other proposed projects included Eagle Lake Drain and McElroy Slough.

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

MOVED by Erwin Braun, THAT the 2005 Operations & Maintenance Report be adopted as presented.

CARRIED

Jim Webber presented the Extra Items on the agenda.

TOWN OF CHESTERMERE USE OF WORKS AGREEMENT

Mr. Webber discussed how the Town of Chestermere has become a heavily developed reservoir and that the Stormwater Agreement is in default and needs to be rewritten. The Lake Management Agreement was due for renewal in October 2007. Mr. Webber spoke of how in 2005 the two Agreements were blended into a "Use of Works Agreement" that contains fees tagged to inflation, stormwater peak flow volume limits and water quality controls for 2007 and onwards. WID will create more stormwater storage as a service provided to the town and provide public foot access to the lake.

CHESTERMERE LAKESHORE

Mr. Webber discussed how the status quo, starting in 2003, was unacceptable to the WID and how the WID had a stranded investment providing value to lot owners, but not to the WID. Chestermere Lakeshore Owners Association (CLOA) were invited to represent the lot owners and discussion started in 2004 and went into 2005. Mr. Webber explained that the issue was delayed due to overlap on public issues with the Town's "Use of Works" agreement, when once signed, CLOA conducted local public meetings. Mr. Webber informed how the WID had 2 professional appraisals that show the value in excess of \$20 million dollars and how the WID offered, for a limited time to 314 lots, the option to purchase to the end of the docks for \$8 million dollars. CLOA did its own appraisal that came to an offer of \$4.25 million dollars. Mr. Webber explained that there is a very large spread as only 15 lots so far have signed up and there is a Vendors condition of 250 lots to sign up. The process has been ongoing and will be resolved one way or another. Mr. Webber stated that the WID requires the land to be owned by those using it, or the shoreline should be cleared and returned to its natural state.

FEDERAL WATER LICENCE

Mr. Webber explained the history of the Federal Water Licence and how in 1921 it was allotted for 600,00 acre-feet. In 1963, the Provincial substitution decreased the licence to 160,400 acre-feet without the WID signing off on the change. In 1998 the WID commenced the Court process to recover the lost asset. Mr. Webber explained that the WID offered to explore a court regulated negotiated solution in 2004. A Mediator was appointed and AENV and AAFRD were at the table. In September 2005, a mediated settlement was reached. Mr. Webber then explained that in early 2006, the settlement was in the upper provincial government seeking endorsement. He then finalized the discussion with hopes of making an announcement in another 2 months.

WATER CONSERVATION

Mr. Webber pointed out the rapid changes happening with urban versus rural priorities being a political factor. He explained that the Alberta Water Council is addressing provincial targets of 30% savings or productivity gain and nobody knows what that means just yet. The WID will address its own needs. With only 20% of the District being rehabilitated, we have very little storage and a lot of canal work to complete. Mr. Webber explained that saving water losses should improve the service and the water security. Rehabilitation expenditures need to increase, water storage sites need to be found, and more water control points have to be built back into the system. Mr. Webber explained that SCADA with WID dollars will be starting in 2006, and the Watermaster will manage better water handling and timing. He then discussed how canals can be used as storage and how WID has to refine its water handling and accountability. Water allocations are now practiced in some irrigation districts and the WID needs more instrumentation to catch up on water efficiency.

NEW POLICY DEVELOPMENT

Mr. Webber discussed the 'Operational Efficiency Dugout', the 'Water Storage Dugouts' and 'On Farm Efficiency' grants, which will assist with both operational efficiency and farm improvement. Mr. Webber then explained plans for an Advisory Committee that would put together campaigns of concerns before government. He also explained that members of the Advisory Committee would be on a 3-year term, and that it would be in a retreat format.

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

John Scheer commented on the snowpack being slightly less than last year. Mr. Scheer farmed in the area all his life and wondered what were WID's rationing plans?

Erwin Braun answered by explaining the overall water storage situation, including EID & BRID storage sites. Communication with the other Districts allowed the WID to temporarily divert 150 CFS from the BRID.

Dale Dolphin commented that within sight of his place, 5 pivots couldn't run.

Vern Hoff commented on drought times and how the Districts got together and shared the water. He mentioned that the Districts should be awarded for spirit.

Rod Vergouwen asked of the status of Town effluent and the quality of the stormwater.

Jim Webber explained that the Town agreement (effluent) ended in 2005, and has not been renewed. The Town built a line to the Bow River, but recognizing the delay caused by a concern of the Sisika Nation, the WID extended the agreement to August 2006. The Strathmore Stormwater agreement is due for renewal in 2007. This agreement will be rewritten with the maximum stormwater released into the A Canal being set through science and negotiation.

Patsy Cross commented that Strathmore samples stormwater at 3 locations on a monthly basis:

- Highway 1 by Leroy's Motel
- Pivot fields
- Drain near highway crossing east of the Highway 817

She then had an overall stormwater discussion concerning Eagle Lake Drain and Chestermere Lake. She commented how 1996 & 1997 sampling both upstream and downstream show no real difference. She then discussed the idea regarding stormwater access and how most is in Eagle Lake drain, not in the canal.

Erwin Braun expressed appreciation with the co-operation of the Irrigation Secretariat Office and Len Ring.

Barrie Clayton commented how extremely pleased the Board is with Jim Webber as General Manager and complimented staff on competence and expressed his confidence in the staff.

Jim Webber closed with commenting on how the WID would like to hear ideas on the efficiency grants, candidates for Advisory Committee and input to the way things are done. He then thanked all who attended and asked if there were any more questions or comments, there being none,

ADJOURNMENT

MOVED by John Scheer, THAT the meeting be adjourned at 3:45 pm.

Chairman

General Manager



**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, 2006**

WESTERN IRRIGATION DISTRICT

NOVEMBER 30, 2006

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GREGORY,
HARRIMAN
& ASSOCIATES
PROFESSIONAL ACCOUNTANTS



**GREGORY,
HARRIMAN
& ASSOCIATES
PROFESSIONAL ACCOUNTANTS**

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

Shelley Harriman
Certified General Accountant
Professional Corporation

AUDITORS' REPORT

To the Board of the Western Irrigation District and Management

We have audited the statement of financial position of Western Irrigation District (the "District") as at November 30, 2006 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, 2006 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 1, 2007

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

WESTERN IRRIGATION DISTRICT
STATEMENT OF FINANCIAL POSITION
AS AT NOVEMBER 30, 2006

	UNRESTRICTED FUND		RESTRICTED FUNDS				COMBINED	
	OPERATING		DISTRICT CAPITAL		IRRIGATION WORKS		2006	2005
	2006	2005	2006	2005	2006	2005		
		(Restated)		(Restated)		(Restated)		(Restated)
CURRENT ASSETS								
Cash and cash equivalents (Notes 4, 15)	1,388,526	710,243	3,124,207	3,044,990	3,548,628	4,274,266	8,061,361	8,029,499
Accounts receivable (Note 5)	1,485,451	1,511,641	133,186	-	-	-	1,618,637	1,511,641
Interest receivable	-	-	47,809	40,636	-	-	47,809	40,636
Inventory (Note 6)	101,835	90,799	-	21,070	-	-	101,835	111,869
Prepaid expenses	8,315	7,452	-	-	-	-	8,315	7,452
Interfund receivables/(payables)	208,074	206,722	-	374	(208,074)	(207,096)	-	-
	<u>3,192,201</u>	<u>2,526,857</u>	<u>3,305,202</u>	<u>3,107,070</u>	<u>3,340,554</u>	<u>4,067,170</u>	<u>9,837,957</u>	<u>9,701,097</u>
OTHER ASSETS								
Loan receivable (Note 7)	-	-	14,000	14,500	-	-	14,000	14,500
Preliminary costs pending (Notes 8, 23)	-	-	205,502	212,817	-	-	205,502	212,817
Water rights (Note 9)	-	-	64,060	37,760	-	-	64,060	37,760
Deferred development costs (Note 10)	-	-	517,527	500,288	-	-	517,527	500,288
Investments (Note 11)	7,870	6,634	3,951,247	3,167,145	4,229	1,762	3,963,346	3,175,541
	<u>7,870</u>	<u>6,634</u>	<u>4,752,336</u>	<u>3,932,510</u>	<u>4,229</u>	<u>1,762</u>	<u>4,764,435</u>	<u>3,940,906</u>
PROPERTY AND EQUIPMENT								
Property and equipment (Note 12)	-	-	1,838,725	2,168,260	149,455	149,455	1,988,180	2,317,715
Irrigation works (Note 13)	-	-	378,725	293,231	58,886,169	54,763,582	59,264,894	55,056,813
	<u>-</u>	<u>-</u>	<u>2,217,450</u>	<u>2,461,491</u>	<u>59,035,624</u>	<u>54,913,037</u>	<u>61,253,074</u>	<u>57,374,528</u>
TOTAL ASSETS	<u>3,200,071</u>	<u>2,533,491</u>	<u>10,274,988</u>	<u>9,501,071</u>	<u>62,380,407</u>	<u>58,981,969</u>	<u>75,855,466</u>	<u>71,016,531</u>
CURRENT LIABILITIES								
Bank loans and overdraft (Note 14)	-	-	-	-	-	-	-	-
Accounts payable	408,572	488,788	2,698	2,548	-	-	411,270	491,336
Goods and Services Tax liability	76,749	95,310	-	-	-	-	76,749	95,310
Capital levy trust (Note 15)	-	-	932,727	1,310,318	-	-	932,727	1,310,318
Progress estimates payable and holdbacks	-	-	-	-	650,943	541,115	650,943	541,115
Current portion of long term debt (Note 17)	-	-	122,326	-	-	-	122,326	-
Current portion of deferred revenues (Note 16)	-	-	6,154	9,820	-	-	6,154	9,820
	<u>485,321</u>	<u>584,098</u>	<u>1,063,905</u>	<u>1,322,686</u>	<u>650,943</u>	<u>541,115</u>	<u>2,200,169</u>	<u>2,447,899</u>
OTHER LIABILITIES								
Deferred revenues, net (Note 16)	-	-	144,953	67,244	-	-	144,953	67,244
Long term debt (Note 17)	-	-	142,714	-	-	-	142,714	-
Provision for site restoration (Note 18)	-	-	128,003	120,757	-	-	128,003	120,757
	<u>-</u>	<u>-</u>	<u>415,670</u>	<u>188,001</u>	<u>-</u>	<u>-</u>	<u>415,670</u>	<u>188,001</u>
TOTAL LIABILITIES	<u>485,321</u>	<u>584,098</u>	<u>1,479,575</u>	<u>1,510,687</u>	<u>650,943</u>	<u>541,115</u>	<u>2,615,839</u>	<u>2,635,900</u>
FUND BALANCES								
Invested in property and equipment	-	-	1,824,407	2,340,734	59,035,624	54,913,037	60,860,031	57,253,771
Externally restricted (Note 19)	-	-	-	-	2,693,840	3,527,817	2,693,840	3,527,817
Internally restricted (Notes 20, 25)	-	-	6,971,006	5,649,650	-	-	6,971,006	5,649,650
Unrestricted	2,714,750	1,949,393	-	-	-	-	2,714,750	1,949,393
	<u>2,714,750</u>	<u>1,949,393</u>	<u>8,795,413</u>	<u>7,990,384</u>	<u>61,729,464</u>	<u>58,440,854</u>	<u>73,239,627</u>	<u>68,380,631</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>3,200,071</u>	<u>2,533,491</u>	<u>10,274,988</u>	<u>9,501,071</u>	<u>62,380,407</u>	<u>58,981,969</u>	<u>75,855,466</u>	<u>71,016,531</u>
Lease Commitments (Note 22)								
Contingent Liabilities (Note 23)								
Environmental Contingencies (Note 24)								

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, 2006

	UNRESTRICTED FUND		RESTRICTED FUNDS					
	OPERATING		DISTRICT CAPITAL		IRRIGATION WORKS		TOTAL RESTRICTED	
	2006	2005	2006	2005	2006	2005	2006	2005
		(Restated)		(Restated)		(Restated)		(Restated)
REVENUE								
Irrigation rates, net (Note 21)	1,621,670	1,630,253	-	-	-	-	-	-
Domestic and miscellaneous	996,397	1,022,647	-	-	-	-	-	-
Storm water	232,958	192,849	-	-	-	-	-	-
Penalties	13,055	12,164	-	-	-	-	-	-
TOTAL WATER EARNINGS	2,864,080	2,857,913	-	-	-	-	-	-
OTHER EARNINGS								
Government contributions	-	-	-	-	4,019,317	1,832,967	4,019,317	1,832,967
Interest revenue	56,827	47,186	273,679	193,846	116,946	134,122	390,625	327,968
Gravel revenue	-	-	326,177	280,034	-	-	326,177	280,034
Farm, land and building rentals	-	-	121,500	125,732	-	-	121,500	125,732
Gain on disposal of land	-	-	115,752	401,485	-	-	115,752	401,485
Gain/(loss) on disposal of assets	-	-	103,817	(2,148)	-	-	103,817	(2,148)
Capital asset charges	-	-	17,980	5,400	-	-	17,980	5,400
Fees and other income	243,247	164,955	5,943	250	-	-	5,943	250
Settlement revenue (Note 16)	-	-	-	2,763,519	-	-	-	2,763,519
Miscellaneous	3,074	1,842	-	2,120	-	-	-	2,120
Government grants	3,981	3,411	-	-	-	-	-	-
Inventory adjustment	-	-	3,729	(190)	-	-	3,729	(190)
TOTAL OTHER EARNINGS	307,129	217,394	968,577	3,770,048	4,136,263	1,967,089	5,104,840	5,737,137
	3,171,209	3,075,307	968,577	3,770,048	4,136,263	1,967,089	5,104,840	5,737,137
EXPENSES								
Amortization of property and equipment	-	-	304,868	277,444	1,491,965	1,524,375	1,796,833	1,801,819
Depletion of resource properties	-	-	21,186	(38,273)	-	-	21,186	(38,273)
Gravel expenses	-	-	24,798	23,690	-	-	24,798	23,690
Interest and bank charges	45	470	-	-	-	-	-	-
Land development costs	-	-	158,215	173,335	-	-	158,215	173,335
Operating and administrative (Schedule 1)	1,402,080	1,970,071	500	500	-	-	500	500
Property taxes	-	-	6,150	8,103	-	-	6,150	8,103
Provision for site restoration (Note 18)	-	-	7,246	6,835	-	-	7,246	6,835
Settlement expenditures (Note 16)	-	-	-	2,763,519	-	-	-	2,763,519
	1,402,125	1,970,541	522,963	3,215,153	1,491,965	1,524,375	2,014,928	4,739,528
EXCESS OF REVENUE OVER EXPENSES	1,769,084	1,104,766	445,614	554,895	2,644,298	442,714	3,089,912	997,609
Fund balances at beginning of year	1,949,393	1,527,561	7,990,384	7,363,544	58,440,854	57,387,151	66,431,238	64,750,695
Interfund transfers (Note 20)	(359,415)	(71,945)	359,415	71,945	-	-	359,415	71,945
Irrigation provision (Notes 19, 20)	(644,312)	(610,989)	-	-	644,312	610,989	644,312	610,989
FUND BALANCES AT END OF YEAR	2,714,750	1,949,393	8,795,413	7,990,384	61,729,464	58,440,854	70,524,877	66,431,238

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, 2006

	OPERATING		DISTRICT CAPITAL		IRRIGATION WORKS		TOTALS	
	2006	2005 (Restated)	2006	2005 (Restated)	2006	2005 (Restated)	2006	2005 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES								
Cash receipts	3,139,220	3,018,056	416,560	485,752	4,130,123	2,446,543	7,685,903	5,950,351
Cash paid to suppliers and employees	(1,512,756)	(2,568,655)	(185,182)	(3,087,792)	-	-	(1,697,938)	(5,656,447)
Interest received	56,827	48,794	266,506	184,737	116,946	141,507	440,279	375,038
Interest paid	(45)	(472)	-	-	-	-	(45)	(472)
Cash flows from operating activities	1,683,246	497,723	497,884	(2,417,303)	4,247,069	2,588,050	6,428,199	668,470
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchases of property and equipment	-	-	(796,024)	(589,500)	(5,614,552)	(2,589,057)	(6,410,576)	(3,178,557)
Purchase of water rights	-	-	(26,300)	(20,000)	-	-	(26,300)	(20,000)
Proceeds from sale of assets	-	-	933,580	611,436	-	-	933,580	611,436
Change in investments	(1,236)	(1,133)	(784,102)	(2,097,375)	(2,467)	(1,762)	(787,805)	(2,100,270)
Preliminary costs pending	-	-	7,315	93,824	-	-	7,315	93,824
Cash flows from investing activities	(1,236)	(1,133)	(665,531)	(2,001,615)	(5,617,019)	(2,590,819)	(6,283,786)	(4,593,567)
CASH FLOWS FROM FINANCING ACTIVITIES								
Proceeds from long term debt	-	-	366,978	-	-	-	366,978	-
Repayment of long term debt	-	-	(101,938)	-	-	-	(101,938)	-
Irrigation provision	(644,312)	(610,989)	-	-	644,312	610,989	-	-
Trust funds received	-	-	(377,591)	249,242	-	-	(377,591)	249,242
Cash flows from financing activities	(644,312)	(610,989)	(112,551)	249,242	644,312	610,989	(112,551)	249,242
NET CASH INCREASE (DECREASE)	1,037,698	(114,399)	(280,198)	(4,169,676)	(725,638)	608,220	31,862	(3,675,855)
Cash and cash equivalents, opening	710,243	896,587	3,044,990	7,142,721	4,274,266	3,666,046	8,029,499	11,705,354
Interfund balance adjustments	(359,415)	(71,945)	359,415	71,945	-	-	-	-
CASH & TERM DEPOSITS, CLOSING	1,388,526	710,243	3,124,207	3,044,990	3,548,628	4,274,266	8,061,361	8,029,499
CASH REPRESENTED BY:								
Cash equivalents (Note 4)	-	-	3,064,552	2,806,617	-	-	3,064,552	2,806,617
Cash on hand and in banks (Note 4)	1,388,526	710,243	59,655	238,373	3,548,628	4,274,266	4,996,809	5,222,882
TOTAL CASH & TERM DEPOSITS	1,388,526	710,243	3,124,207	3,044,990	3,548,628	4,274,266	8,061,361	8,029,499

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, 2006

	DEPARTMENTS			TOTALS	
	OPERATIONS AND MAINTENANCE	WATER DELIVERY	GENERAL AND ADMINISTRATION	2006	2005 (Restated)
Advertising, publications, ratepayers meetings	-	-	12,785	12,785	14,766
Association fees	-	-	23,448	23,448	21,596
Board of Directors expenditures	-	-	41,315	41,315	27,877
Building maintenance	40,473	-	-	40,473	39,013
Computer expense	-	-	20,832	20,832	21,169
Crop, flood and property damage	3,449	500	-	3,949	-
Equipment and easement rental	92,362	-	-	92,362	129,221
Equipment maintenance, gas, oil, grease	294,284	58,086	-	352,370	319,489
Equipment pool recoveries	(1,187,116)	-	-	(1,187,116)	(783,485)
Insurance	24,996	6,700	18,735	50,431	56,409
Land titles charges and classification	-	-	378	378	2,893
Materials and supplies, office supplies	142,682	-	4,612	147,294	429,268
Miscellaneous	-	-	19	19	7,893
Payroll service charges	-	-	3,536	3,536	3,250
Postage, freight and courier	-	-	2,760	2,760	7,007
Professional fees	-	-	215,878	215,878	197,714
Public relations	-	-	13,563	13,563	7,164
Safety supplies	7,546	-	-	7,546	6,064
Salaries and wages	971,428	225,259	467,479	1,664,166	1,507,528
Salary, wage recovery and overhead	(300,843)	(4,260)	-	(305,103)	(256,003)
Shop tools	10,621	-	-	10,621	8,155
Stationary, printing, photocopies, fax	-	-	9,796	9,796	9,282
Telephone	12,739	5,935	11,583	30,257	32,050
Travel and staff training	1,850	3,351	1,578	6,779	10,645
Utilities	35,206	3,187	-	38,393	34,120
Vegetation and pest control	-	102,460	-	102,460	114,208
Welding supplies	2,888	-	-	2,888	2,778
	<u>152,565</u>	<u>401,218</u>	<u>848,297</u>	<u>1,402,080</u>	<u>1,970,071</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, 2006**

Note 1 Purpose of the Organization

The Western Irrigation District (the "District") is charged with the responsibility of efficient and economical distribution of water for users of the District. The Western Irrigation District operated under the authority of the Irrigation Act, Chapter I-11, Revised Statutes of Alberta 1980, as amended, until it was replaced by the Irrigation Districts Act, Chapter I-11.7, which was proclaimed in force on May 1, 2000.

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

Note 2 Economic Dependence

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

Note 3 Significant Accounting Policies and Reporting Practices

Fund Accounting

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

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

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

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

Inventories

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



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

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

Capitalization

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

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

Amortization and Depletion

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

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

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

Depletion of the resource property is calculated using the unit of production method, which is calculated using the quantity of gravel actually extracted and processed, compared with the best estimate of gravel reserves remaining and site restoration costs. In 2005, it was determined the gravel reserve was significantly underestimated originally. A revised estimate increased the reserve from 150,000 tonnes to 1,000,000 tonnes. This increase has resulted in an adjustment to previous claims, and an income inclusion of \$38,273 for 2005. In 2006 the depletion expense was \$21,186.



Site Restoration Costs

Future site restoration costs, related to the gravel pit, include the legal obligation the organization will be required to reclaim the gravel pit site. The organization is only responsible for the restoration costs incurred up until the excavation rights were leased to a contractor on January 9, 2004. The contractor is responsible for any additional reclamation costs incurred after that date. The site restoration cost, equal to the initially estimated fair value of the site restoration 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 restoration obligation and the restoration cost.

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 (6%). Increases in the site restoration obligation resulting from the passage of time are recorded as accretion of the restoration obligation in the statement of operations and changes in fund balances.

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 \$74,712 for the year ended November 30, 2006 (2005 - \$66,193).

Revenue Recognition

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

Capital contributions are recorded as deferred contributions until spent on irrigation works. Once spent, they are recognized in revenue as grants or contributions, as appropriate, and form part of the balance reported as Invested in Capital Assets.

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

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

Measurement Uncertainty

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

A significant area requiring the use of management estimates was the inventory valuation. The value of the inventory was determined using the average cost method at November 30, 2006. Significant changes in the market value of the inventory could result in impairment of the inventory.

Note 4 Cash and Cash Equivalents

A portion of the cash balance for District Capital (\$932,727) is restricted in accordance with the terms of the Capital Levy Trust, as documented in Note 15.

	2006	2005
<i>Operating</i>		
Petty cash	\$ 1,000	\$ 1,000
Credit card prepaid balance	6,000	6,000
Bank account balance	1,381,526	703,243
	1,388,526	710,243
<i>District Capital</i>		
Petty cash	250	250
Credit Union capital and operating reserve account, interest rate of Prime minus 1.5%	234,270	218,025
Credit Union land bank account, interest rate of Prime minus 1.5%	59,405	238,123
Money market funds, 6,331,469 units at \$10/unit	-	63,315
Portfolio of other securities consistent with a temporary investment account including Real Estate Investment Trust i Shares (Market value \$333,547), Short term Bond Index Fund I shares (Market value \$521,001), and Sentry Select Diversified Income Trust Units (Market value \$258,638)	1,079,577	1,039,762

... continues

Note 4 Cash and Cash Equivalents ... continued

TD Income Advantage portfolio, Canadian Income Balanced Fund (Market value \$418,388)	409,746	-
Book value of fixed income investments, maturing in the next fiscal year (Market value \$418,000; 2005 - \$176,867)	409,193	175,197
Capital Levy Trust accounts (Note 15)		
Temporary cash available for reinvestment	544	273
Credit Union bank account, interest rate of Prime minus 1.5%	33,150	434,778
Credit Union bank account, interest rate of Prime minus 1.5%	568,364	454,148
Money market funds, 1,071.473 units at \$10/unit	-	10,715
Money market funds, 534.401 units at \$10/unit	-	5,344
Bonds with coupons ranging from 4.0% to 5.25% and maturing between December 1, 2006 and September 1, 2008 (Market value - \$329,504)	329,708	405,060
	3,124,207	3,044,990
<i>Irrigation Works</i>		
Bank account balance, interest rate of Prime minus 1.5%	3,548,628	4,274,266
	\$ 8,061,361	\$ 8,029,499

Note 5 Accounts Receivable

	2006	2005
<i>Operating</i>		
Water rates and charges	\$ 1,367,813	\$ 1,449,633
Sundry debtors	109,010	62,008
Government contributions	8,628	-
Allowance for doubtful accounts	-	-
	1,485,451	1,511,641
<i>District Capital</i>		
Capital receivables	133,186	-
	\$ 1,618,637	\$ 1,511,641



Note 6 Inventory

	2006	2005
<i>Operating</i>		
Supplies and materials located at shop	\$ 101,835	\$ 90,799
<i>District Capital</i>		
Rock and gravel located at gravel pit	-	21,070
	\$ 101,835	\$ 111,869

Note 7 Loan Receivable

This loan is a result of the sale of land to the Town of Chestermere. The loan will be repaid over the next 18 years with \$500 being repaid in the current year and \$1,000 being repaid annually over the next 18 years in the form of issuing a bursary. There is no interest and the funds shall be utilized for the purpose of the bursary.

Note 8 Preliminary Costs Pending

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, 2006. If the projects are submitted for funding and approved, these costs will be recovered from the cost shared program.

Note 9 Water Rights

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

	2006	2005
	\$ 64,060	\$ 37,760

Note 10 **Deferred Development Costs**

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

	2006	2005
<i>Orchard Park</i>		
Phase I	\$ -	\$ -
Phase II	54,860	53,893
Phase III	248,345	248,340
<i>Other Developments</i>	214,322	198,055
	<u>\$ 517,527</u>	<u>\$ 500,288</u>

Note 11 **Investments**

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

	2006	2005
<i>Operating (Fair value approximates cost)</i>		
Calgary Co-operative Association equity	\$ 621	\$ 522
United Farmers of Alberta equity	5,878	5,672
Chinook Credit Union Ltd. common shares	1,371	440
	<u>7,870</u>	<u>6,634</u>
<i>District Capital</i>		
Cash held for reinvestment	10,560	1,328
Money market securities and cash (Market value \$11,650)	6,315	20,711
Money market security, 956.402 units at \$10/unit and cash (Market value \$14,789; 2005 - \$86,312)	9,565	86,312
Fixed income securities with coupons ranging from 3.96% to 10% and maturing between December 1, 2006 and November 30, 2010 (Market value - \$1,118,717)	1,133,987	1,319,969
Fixed income securities with coupons ranging from 4.5% to 8.875% and maturing between December 1, 2010 and November 30, 2015 (Market value - \$748,210)	702,158	624,645
Fixed income securities with coupons ranging from 4.55% to 6.14% and maturing between December 1, 2015 and March 21, 2018 (Market value - \$430,503)	419,389	96,113
Common shares (Market value - \$864,845)	737,026	403,891

... continues



Note 11 Investments ... continued

	2006	2005
Mutual funds		
(Market value - \$622,609)	533,379	251,896
Trust units		
(Market value - \$340,030)	343,694	234,855
Preferred shares		
(Market value - \$468,927)	462,761	302,320
Chinook Credit Union Ltd. common shares	1,607	302
Less: Book value of fixed income investments maturing in the next fiscal year (<i>Note 4</i>)	(409,193)	(175,197)
	3,951,248	3,167,145
<i>Irrigation Works</i>		
Chinook Credit Union Ltd. common shares	4,228	1,762
	\$ 3,963,346	\$ 3,175,541

Note 12 Property and Equipment

			2006	2005
	Cost	Accumulated Amortization	Net	Net
<i>District Capital</i>				
Land and farm property	\$ 292,247	\$ -	\$ 292,247	\$ 711,490
Resource property	190,043	49,821	140,222	161,408
Shop and office complex	737,642	491,406	246,236	259,195
Power equipment	1,530,857	751,856	779,001	646,425
Trucks	559,027	247,641	311,386	307,684
Computers	339,739	336,128	3,611	7,223
Office equipment	63,644	46,187	17,457	21,821
Other equipment and furniture	72,630	60,904	11,726	14,658
Buildings and dwellings	80,179	62,743	17,436	18,353
Industrial subdivision costs	40,304	20,901	19,403	20,003
	3,906,312	2,067,587	1,838,725	2,168,260
<i>Irrigation Works</i>				
Land	149,455	-	149,455	149,455
	\$ 4,055,767	\$ 2,067,587	\$ 1,988,180	\$ 2,317,715

Note 13 Irrigation Works

Irrigation works transferred from the Canadian Pacific Railway Company in 1944 were taken into account at their amortized values, as estimated by District officials. Subsequent additions and betterments to these assets are shown in the accounts at cost. These assets are being amortized over their estimated average useful lives of 50 years on a straight-line basis.

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

			2006	2005
	Cost	Accumulated Amortization	Net	Net
<i>District Capital</i>				
Irrigation works	\$ 433,866	\$ 55,141	\$ 378,725	\$ 293,231
<i>Irrigation Works</i>				
Irrigation works	89,853,714	30,967,545	58,886,169	54,763,582
	\$ 90,287,580	\$ 31,022,686	\$ 59,264,894	\$ 55,056,813

Note 14 Bank Loans and Overdraft

The bank overdraft and operating loans with a limit of \$1,000,000 are secured by a general security agreement over assets. The borrowings were approved in By-Law 322. Interest is charged monthly on any outstanding balance at the Chinook Credit Union Ltd. Prime Rate minus 0.50%.

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

Note 15 Capital Levy Trust

These amounts represent the Capital Levies paid by various municipalities in accordance with the Storm Water Discharge agreements signed with them. These funds can only be spent with the concurrence of the District and the affected municipality, and only on capital projects that will be of benefit to both parties.

Note 16**Deferred 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 Craignantler 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.

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

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

	2006	2005
<i>District Capital</i>		
Craignantler Syphon	\$ 14,000	\$ 15,400
George Freeman Marshland	25,874	26,869
Annual leases on properties	2,758	6,150
Pheasants Forever	11,000	12,000
Other leases	105	405
Deferred revenue from land sales	97,370	16,240
	151,107	77,064
Less: Current portion	(6,154)	(9,820)
	<u>\$ 144,953</u>	<u>\$ 67,244</u>

The District reached a settlement agreement in a prior year, for damages with the City of Calgary for a total of \$5,700,000, on the condition these funds were expended by March 31, 2007, on the rehabilitation of Canal A. These funds were completely brought into income in 2005 as the money was expended on Canal A.



Note 17**Long Term Debt**

	2006	2005
Conditional sales contract bearing no interest, repayable in monthly principle installments of \$5,796, maturing January 11, 2009, specific equipment with a net book value of \$177,353 has been pledged as security.	\$ 150,692	\$ -
Conditional sales contract bearing no interest, repayable in monthly principle installments of \$4,398, maturing January 20, 2009, specific equipment with a net book value of \$134,579 has been pledged as security.	114,348	-
	265,040	-
Less: Current portion	(122,326)	-
	<u>\$ 142,714</u>	<u>\$ -</u>

Principle repayment terms are approximately:

2007	\$ 122,326
2008	122,326
2009	<u>20,388</u>
	<u>\$ 265,040</u>

Note 18**Provision for Site Restoration**

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

	2006	2005
Provision for site restoration, beginning of year	\$ 120,757	\$ 113,922
Accretion expense	7,246	6,835
Provision for site restoration, end of year	<u>\$ 128,003</u>	<u>\$ 120,757</u>

No expenditures for reclamation have been made to date. The total undiscounted amount to reclaim the site is \$140,890. It is estimated that these costs will be incurred in fiscal 2008.



Note 19 Externally Restricted Funds

The net assets of the Irrigation Council Works Fund are restricted under the terms of the Irrigation Rehabilitation Funding Agreement. These funds can only be spent on projects approved by the Irrigation Council, and the costs are shared with the District. Once the District has transferred its 25% share of costs into the Irrigation Council Works Fund, and received the 75% matching deposit from the Irrigation Council, the cash is restricted from use on other projects.

Note 20 Internally Restricted Funds and Interfund Transfers

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

Interfund transfers are required to fund the cash outlays for capital asset acquisitions and loan principle payments as well as expenses requiring Board approval.

The irrigation provision reflects the District's required 25% contribution for the Irrigation Council cost shared projects, as described in Note 19.

Note 21 Irrigation Rates

Irrigation rates, net, consist of:

Acres		2006	2005
<u>Assessment roll acres</u>			
75,535.5	irrigation acres at \$16.25 per acre, plus additional pressure charge where applicable	\$ 1,271,277	\$ 1,272,778
995.0	minimum charge irrigation acres at \$406.25 per parcel	23,156	21,937
4,012.5	incentive irrigation acres at \$12.19 per acre, plus additional pressure charge where applicable	49,582	49,582
12,846.0	terminable acres at \$18.00 per acre, plus additional pressure charge where applicable	232,073	238,824
... continues			



Note 21

Irrigation Rates ... continued

Acres		2006	2005
1,059.0	minimum charge terminable acres at \$450.00 per parcel	22,050	22,950
167.5	annual acres at \$18.00 per acre, plus additional pressure charge where applicable	3,015	3,015
25.0	minimum charge annual acres at \$450.00 per parcel	450	450
694.0	annual acres - off creek at \$14.00 per acre, plus additional pressure charge where applicable	9,716	9,716
50.0	annual acres - irrigation acres at \$16.25 per acre, plus additional pressure charge where applicable	812	1,463
700.5	annual acres - incentive irrigation acres at \$12.19 per acre, plus additional pressure charge where applicable	9,234	9,233
15.0	minimum charge annual acres - incentive irrigation acres at \$304.75 per parcel	305	305
96,100.0		\$ 1,621,670	\$ 1,630,253

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

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



Note 22 Lease 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 were \$3,417 during the current 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 was in effect until May 31, 2006.

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

Future minimum lease payments are as follows:

2007	\$ <u>50,091</u>
------	------------------

Note 23 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, 2006, the District had expended \$205,502 (2005 - \$212,817), on irrigation works without approval of the Irrigation Council. Until formal approval is received from Irrigation Council for the balance of irrigation works expenditures paid by the District, the unapproved amounts cannot be cost shared with the Province of Alberta, as detailed in Notes 19 and 20.

Note 24 Environmental Contingencies

The District is vulnerable to lawsuits with respect to government regulations concerning environmental issues. As well, the operation of a gravel pit may have the potential to pollute ground water. The risk of these contingencies occurring, and the potential clean up costs of polluted ground water, has not been determined but could be material.

Note 25 Restatement of Prior Period

The organization's financial statements for the year ended November 30, 2005 contained an error in an accounting estimate regarding the calculation of the projected costs to reclaim the gravel pit at the end of its useful life (Note 18).

The error was corrected by recording a prior period adjustment to November 30, 2005 retained earnings.

The net effect of the adjustment to retained earnings at November 30, 2006 is summarized as follows:

Balance Sheet

Increase in opening retained earnings	\$ (68,566)
Increase in resource cost base	107,474
Increase in asset retirement obligation	<u>(35,107)</u>
Increase in closing retained earnings	\$ <u>3,801</u>

Income Statement

Decrease in reclamation allowance	\$ (3801)
Decrease in net income	<u>(3801)</u>

Note 26 Approval of Financial Statements

The management of the Western Irrigation District approved these financial statements on February 21, 2007.

Note 27 Financial Instruments

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

Interest Rate Risk

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

... continues



Credit Concentration Risk

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

Fair Value

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

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

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





WESTERN IRRIGATION DISTRICT

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