

**The Manitoba  
Water Services Board**

**La Commission des services  
d'approvisionnement en eau du Manitoba**

**Annual Report  
2004-2005**

**Rapport Annuel  
2004-2005**





**MINISTER OF WATER STEWARDSHIP**

Legislative Building  
Winnipeg, Manitoba, CANADA  
R3C 0V8

August 27, 2005

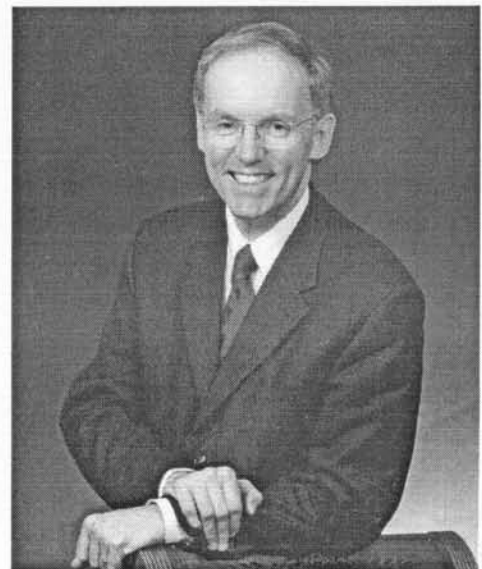
The Honourable John Harvard  
Lieutenant Governor of Manitoba  
Government House  
200 Kennedy Street  
Winnipeg MB R3C 1S4

Your Honour:

It is my pleasure to present to you The Manitoba Water Services Board Annual Report for the period extending from April 1, 2004 to March 31, 2005. This report records the activities of the Board for that period.

Yours sincerely,

Steve Ashton  
Minister of Water Stewardship







Deputy Minister of  
Water Stewardship

Legislative Building  
Winnipeg, Manitoba CANADA  
R3C 0V8

August 27, 2005

Honourable Steve Ashton  
Minister of Water Stewardship  
Room 314, Legislative Building  
Winnipeg MB R3C 0V8

Dear Minister:

I have the honour of presenting to you the 33rd Annual Report of The Manitoba Water Services Board for the fiscal year ending March 31, 2005, together with the financial statements for the same period.

Yours sincerely,

A handwritten signature in cursive script that reads "Gerry Berezuk".

Gerry Berezuk  
Chairman





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## The Manitoba Water Services Board

Box 22080, Brandon MB R7A 6Y9

Phone: 204-726-6076 Fax: 204-726-6290

Web: [www.gov.mb.ca/waterstewardship/mwsb/](http://www.gov.mb.ca/waterstewardship/mwsb/)

### BOARD:

**Gerry Berezuk**<sup>1</sup> (Chairman)  
Deputy Minister  
Water Stewardship

**Albert Delichte**  
Ethelbert, Manitoba

**Greg McCullough**  
Winnipeg, Manitoba

**Wayne Motheral**  
Morden, Manitoba

**Vacant**

### MANAGEMENT:

**R. (Dick) Menon**, P.Eng. (General Manager)  
Phone: 204-726-6073  
Email: [dmenon@gov.mb.ca](mailto:dmenon@gov.mb.ca)

**Dave Shwaluk**, P.Eng. (Engineering)  
Phone: 204-726-6084  
Email: [dshwaluk@gov.mb.ca](mailto:dshwaluk@gov.mb.ca)

**Ray Foreman**, P.Eng. (Operations)  
Phone: 204-726-6083  
Email: [rforeman@gov.mb.ca](mailto:rforeman@gov.mb.ca)

**Bill Kenning** (Contracts)  
Phone: 204-726-6096  
Email: [bkenning@gov.mb.ca](mailto:bkenning@gov.mb.ca)

**Cheryl Brigden** (Finances)  
Phone: 204-726-6093  
Email: [cbrigden@gov.mb.ca](mailto:cbrigden@gov.mb.ca)

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<sup>1</sup> Replaced Norm Brandson February 2005.



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# The Manitoba Water Services Board

## Foreword

The Manitoba Water Services Board (Board) was established in July 1972 as a Crown Corporation, under *The Manitoba Water Services Board Act*, to assist in the provision of water and sewerage facilities for the residents of rural Manitoba. The Board replaced The Manitoba Water Supply Board (1959-1972), taking over all responsibilities of the former Board, owning and operating 38 water supply installations in the Province.

In August 1981, the head office of The Manitoba Water Services Board, formerly in Winnipeg, was transferred to Brandon, Manitoba. The Board's primary mandate is the delivery of a Sewer and Water Program, which provides for the installation or upgrading of sewer and water facilities in Manitoba communities.

In 1984, the Board assumed the responsibility of delivering a Water Development Program, which provides for the construction of agricultural area pipelines and farm water sources, with the primary objective being to provide a dependable, sustainable water supply in rural Manitoba. The Board has also been involved in a number of partnership agreements with the Government of Canada, the most recent one being the Partnership Agreement on Municipal Water Infrastructure (PAMWI).

In 1994, the Board assumed responsibility for managing the Conservation Districts Program. Although the Board is no longer responsible for the Conservation Districts Program activities, it still continues to provide banking functions.

The Board, made up of four citizen members chaired by the Deputy Minister of Manitoba Water Stewardship, reports to the Legislature through the Minister of Water Stewardship. The Board's activities are managed by a team headed by the General Manager.

The Board, under the authority of the Act, may enter into agreements with any organized area of the Province, including municipalities, local government districts, villages, towns and cities, excluding (a) the City of Winnipeg, (b) the areas under the jurisdiction of the Minister of Aboriginal and Northern Affairs, and (c) those areas of the Province under Federal Government jurisdiction.

# La Commission des services d'approvisionnement en eau du Manitoba

## Avant-propos

La Commission des services d'approvisionnement en eau du Manitoba est une société d'État créée en juillet 1972 en vertu de la *Loi sur la Commission des services d'approvisionnement en eau du Manitoba*. Sa raison d'être est de faciliter l'approvisionnement en eau et l'installation de systèmes de traitement des eaux usées au bénéfice des résidents des régions rurales du Manitoba. La Commission a succédé à la Manitoba Water Supply Board (1959-1972), héritant de toutes ses responsabilités ainsi que des 38 stations d'approvisionnement en eau qu'elle gère dans l'ensemble de la province.

En août 1981, le siège social de la Commission des services d'approvisionnement en eau du Manitoba a été transféré de Winnipeg à Brandon, au Manitoba. La mission principale de la Commission consiste à mettre en œuvre le Programme de service d'eau et d'égouts qui s'occupe de l'installation et de l'amélioration des systèmes d'eau et d'égouts dans les communautés du Manitoba.

En 1984, la Commission a pris en charge la mise en œuvre du Programme pour l'amélioration des services d'approvisionnement en eau. Ce programme se consacre à la construction de canalisations d'eau dans les régions agricole et à la construction d'infrastructures d'approvisionnement des fermes en eau. L'objectif principal est de fournir aux régions rurales du Manitoba un approvisionnement en eau fiable et renouvelable. La Commission a également conclu plusieurs ententes de partenariat avec le gouvernement canadien. La plus récente est l'Entente d'association sur les infrastructures hydrauliques municipales.

En 1994, la Commission a pris en charge la gestion du Programme des districts de conservation. Bien que la Commission des services d'approvisionnement en eau du Manitoba ne soit plus responsable des activités du Programme des districts de conservation, elle continue de fournir des services bancaires.

Quatre particuliers forment le Conseil d'administration de la Commission qui est présidé par le sous-ministre de la Gestion des ressources hydriques. La Commission rend compte à l'Assemblée législative par l'intermédiaire du ministre de la Gestion des ressources hydriques. Les activités de la Commission sont gérées par une équipe dirigée par le directeur général.

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Once an application for assistance or a resolution is received, the Board prioritizes the project and subject to availability of funds and approvals, makes the necessary physical and technical investigations, an offer (Agreement) is submitted to the municipality for the construction of new works, extensions and/or improvements to existing works. After the municipality has received the necessary Municipal Board approvals, the Agreement is executed and the Board enters into the necessary contracts for Engineering services and construction of the works. Generally, the Board provides Project Management, including interim financing and tendering of all construction contracts, for the projects undertaken.

En vertu de la *Loi*, la Commission peut conclure des ententes avec toutes les administrations locales de la province, notamment les municipalités, les districts d'administration locale, les villages et les villes, à l'exception a) de la ville de Winnipeg, b) des régions relevant du ministre des Affaires autochtones et du Nord et c) des régions de la province relevant du gouvernement fédéral.

Dès qu'elle reçoit une demande d'aide ou une résolution, la Commission détermine la priorité du projet. Puis, sous réserve d'acceptation et de fonds disponibles, elle effectue les recherches physiques et techniques nécessaires. On présente alors à la municipalité une offre (entente) de construction des nouveaux ouvrages, ou d'extension ou d'amélioration des ouvrages existants. Dès que la municipalité obtient les approbations indispensables de son conseil municipal, l'entente est mise en œuvre et la Commission entame le processus nécessaire d'attribution des contrats de services d'ingénierie et de construction des ouvrages. En règle générale, la Commission assume la gestion du projet, y compris le financement provisoire et les appels d'offres pour tous les contrats de construction.

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## Objectives

The Manitoba Water Services Board has the following specific objectives:

- a) To assist municipalities with the construction of all plants and works necessary for obtaining, collecting, storing, treating, purifying and transmitting water.
- b) To assist municipalities in the transmission of water from a source of supply or a point of storage to a point of acceptance by the individual.
- c) To assist municipalities with the construction of works for the collection of sewage.
- d) To assist municipalities with the construction of works for the treatment and disposal of sewage.
- e) To assist agricultural communities with the upgrading of water supply/treatment facilities and/or sewage treatment systems.

## Capital Programs

To meet its objectives, the Board enters into agreements with Municipalities and/or Water Cooperatives, to provide technical and financial assistance to construct and/or upgrade water and/or sewerage infrastructure works. The primary objective is to ensure that a safe and sustainable water supply is available and that the wastewater is treated and disposed of in an environmentally sustainable manner.

Generally, the Board's total annual expenditure for water and sewerage, including Municipal and Federal contribution, is approximately \$30.0M.

## Objectifs

Voici les objectifs précis de la Commission des services d'approvisionnement en eau du Manitoba :

- a) aider les municipalités à construire les stations et ouvrages nécessaires pour se procurer l'eau, la recueillir, l'entreposer, la traiter, la purifier et l'acheminer;
- b) aider les municipalités à acheminer l'eau de sa source ou de son lieu d'entreposage jusqu'au point d'alimentation accepté par les particuliers;
- c) aider les municipalités à construire les ouvrages nécessaires à la collecte des eaux usées;
- d) aider les municipalités à construire les ouvrages nécessaires au traitement et à l'évacuation des eaux usées;
- e) aider les communautés agricoles à améliorer les installations d'approvisionnement et de traitement des eaux naturelles, ainsi que les systèmes de traitement des eaux usées.

## Programmes 'immobilisations

Pour atteindre ses objectifs, la Commission conclut des ententes avec les municipalités ou les coopératives d'eau afin de fournir une aide technique et financière leur permettant de construire ou d'améliorer des infrastructures hydrauliques ou de traitement des eaux usées. L'objectif principal est de garantir un approvisionnement en eau sécuritaire et renouvelable, ainsi que le traitement et l'évacuation des eaux usées d'une façon renouvelable et respectueuse de l'environnement.

En général, les dépenses totales réalisées par la Commission en matière d'eau naturelle et d'eau usée sont d'environ 30 millions de dollars par an (ce qui inclut les contributions municipales et fédérales).

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# Activities Carried Out To Meet The Objectives

## Water Treatment Plants

### 1.0 Previously Constructed Works

The Manitoba Water Services Board assumed responsibilities for 38 water treatment plants constructed between 1961 and 1972, under the authority of *The Manitoba Water Supply Board Act*.

To meet the objectives of the Board and at the request of the municipalities, the Board has transferred the following water treatment plants:

Hartney, Town	January 1, 1979
Altona, Gretna, Rhineland	March 31, 1987
Letellier, (Montcalm, R.M.)	March 31, 1987
Winkler, Town	January 1, 1989
Holland, (Victoria, R.M.)	December 1, 1991
Gilbert Plains, Town	April 1, 1992
Dominion City, (Franklin, R.M.)	July 1, 1993
St. Jean Baptiste, (Montcalm, R.M.)	December 31, 1993
Ste. Rose du Lac, Village	December 31, 1993
Ste. Agathe, (Ritchot, R.M.)	April 1, 1994
Hamiota, Town	January 1, 1998
Erickson, Town	January 1, 1998
Cartwright, Village	January 1, 1998
Deloraine, Town	April 1, 1998
St. Claude, Village	April 1, 1998
Kenton, (Woodworth, R.M.)	July 1, 1998
Angusville, (Silver Creek, R.M.)	January 1, 1999
Manitou, Town	April 1, 1999
Reston, (Pipestone, R.M.)	April 1, 1999
Russell, Town	April 1, 1999
Elie, (Cartier, R.M.)	June 1, 1999
Pilot Mound, Town	August 1, 1999
Benito, Village	April 1, 2000
Kelwood, (Rosedale, R.M.)	October 1, 2000
Rosburn, Town	November 1, 2000
McCreary, Village	April 1, 2002
Minitonas, Town	March 1, 2003
Bowsman, Village	March 31, 2003
Ethelbert, Village	March 31, 2003
Belmont, (Strathcona, R.M.)	April 1, 2003

*The Manitoba Water Services Board Act* requires the Board to fix water rates for plants constructed prior to 1972 to recover costs pertaining to the services supplied. The rates set by the Board and approved by the Province are in accordance with tables maintained by the Board, which indicate a return of full capital costs and operating deficits based on a 35 year operating life.

At the beginning and ending of the fiscal year the Board owned and operated eight water treatment plants.

Effective April 1, 2005 water rates remained unchanged at Inglis and Winnipegosis. The water rate was increased at Baldur, Notre Dame de Lourdes, Oak River, Somerset and Strathclair. Rates were determined by the Consumer Price Index of 1.3%, plus increases to cover capital costs.

As the Previously Constructed Water Plants did not receive a Provincial grant during construction and as an inducement to the Municipality to assume the ownership, including operating and maintenance of these plants, The Manitoba Water Services Board has offered to continue to operate the plants, until the deficits are fully recovered through water rates.

### Water Treatment Plants (Previously Constructed Works)

Sale of Water Town or Municipality	Consumption 2004-05	Actual Cost of Production per 1,000 I.G.	April 1/05 Selling Price 1,000 I.G.	Type of Treatment
Argyle, (R.M.)(Baldur)	5,405,650	5.44	5.51	A,B,C
Blanshard, (R.M.)(Oak River)	4,144,000	8.86	9.15	B,C,D
Harrison, (R.M.)(Sandy Lake) <sup>1</sup>	6,435,235	5.14		B,C,D
Notre Dame de Lourdes, Village	21,670,300	3.53	5.10	B,C,D
Shellmouth-Boulton, (R.M.)(Inglis)	3,505,200	12.36	12.36	B,C,D
Somerset, Village	11,643,000	3.27	3.31	A,B,C
Strathclair, (R.M.)(Strathclair)	6,163,850	8.22	8.33	B,C,D
Winnipegosis, Village	9,637,127	8.29	8.29	A,C,D

#### Type of Treatment:

- A - Fluoridation
- B - Green Sand Filtration
- C - Chlorination
- D - Membrane, Nano

Note: <sup>1</sup> Harrison, (R.M.)(Sandy Lake) plant transferred to Municipality effective April 1, 2005.

## 2.0 Newly Constructed Works

Under *The Manitoba Water Services Board Act* the Board entered into seven cost sharing agreements with municipalities for the construction of water treatment plants and to operate the plants at full recovery of operating costs. On April 1, 2004 the Board transferred the last remaining (Newly Constructed) plant.

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### **3.0 Cartier Regional Water Supply System**

In 1999, the Board entered into a Public Private Partnership (3P) agreement with CWP Limited Partnership of Winnipeg on behalf of the Rural Municipalities of Cartier, Headingley, Portage la Prairie and St. Francois Xavier, to design, build and operate the Cartier Regional Water Supply System (CRWSS). The ownership of the system will be transferred to the Municipalities when all of the debts are paid.

The four municipalities have, in turn, formed a cooperative, Cartier Regional Water Co-op Inc. (Co-op), for the administration and the eventual ownership of the utility. The Board is represented on the Co-op Board, as an ex-officio member. The Board, at the request of the Co-op, has agreed to be the Project Manager, until the system debts are fully paid through user fees.

The wholesale water rates for 2004-05 were set by the Board at \$6.42 per 1,000 Imperial gallons. The Board, with the concurrence of the Co-op, has increased the rates effective April 1, 2005 to \$6.50, an increase of 1.3% which represents the Consumer Price Index (CPI) increase over the previous year.

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# Sewer and Water Program

## 1.0 Capital Construction

The Board enters into agreements with municipalities when requested and approved. Total project management, which includes entering into engineering consultant agreements, obtaining various approvals, entering into contracts and interim financing, is provided. Also included in the Project Management is project commissioning, monitoring/evaluation of performance and other warranty services as required.

The Board also undertakes a number of projects in partnership with the Federal Prairie Farm Rehabilitation Administration (PFRA), primarily in the area of rural water development. This includes the development, primarily, of community water sources and rural water pipelines.

In 1997, The Manitoba Water Services Board's grant formula was changed, wherein a 2-tier system was adopted as follows:

1. Projects which have a greater Provincial or Regional benefit receive 50% Provincial grants, such as:
  - documented or potential public health and environmental issues
  - regional wastewater and water facilities
  - economic benefits to the Province/region
  - water conservation/efficiency programs
  - innovative projects such as wetlands, effluent irrigation
2. Projects which are primarily of local improvement in nature will receive a 30% Provincial grant.
3. An additional grant of 10% is provided for wastewater and water works north of the 53rd parallel.
4. Projects which are cost shared with the Federal Government are generally on a one-third basis between the Board, PFRA and the local municipality.

Agreements between The Manitoba Water Services Board and a municipality generally include all aspects of the project development and implementation. The agreements also allow for a warranty period of one year after substantial completion of the construction works to ensure satisfactory performance of the infrastructure.

Sewer and water activities, including feasibility studies, design and construction, resulted in a total expenditure of \$31.7M, of which \$4.5M was contributed by the Province. Project management and interim financing were provided to 39 substantially completed, 30 ongoing and 33 new projects during the year.

Sewer and Water Projects Substantially Completed during 2004-05 were:

<b>Project</b>	<b>Work Description</b>	<b>Project Costs</b>	<b>Provincial Grants</b>
Binscarth (7), Village	Wastewater Stabilization Pond	\$464,268	\$55,829
Cartier (13), R.M. (St. Eustache)	Sewer System Study	37,220	18,610
Deloraine (6), Town	Water Treatment Plant Upgrade	299,399	149,699
Emerson (6), Town	Lift Station Upgrade	116,462	58,231
Erickson (8), Town	Wastewater Stabilization Pond	465,218	232,609
Flin Flon (7), City Ph. 1	Sewage Treatment Plant Upgrade	2,887,929	1,732,758
Gilbert Plains (8), R.M.	Water Supply Pipelines	1,019,597	339,961
Gilbert Plains (9), R.M.	Water Supply Pipelines	999,711	333,237
Gimli (8), R.M.	Regional Wastewater Study	25,935	12,967
Grandview (9), Town	Water Treatment Plant Upgrade Study	27,494	13,747
Grey (7), R.M.	Water Supply Pipelines	1,247,809	415,940
Hamiota (11), Town	Water Treatment Plant Upgrade	70,000	35,000
Hanover (2), R.M.	Water and Sewer Infrastructure Study	36,072	18,036
Hanover (3), R.M.	Sewage Lagoon Feasibility Study	26,057	13,028
Hartney (2), Town	Water Treatment Plant Upgrade Study	20,405	10,202
Lansdowne (2), R.M.	Sewage Lagoon Feasibility Study	4,577	2,289
Lorne (4), R.M.	Water Supply System	13,135	6,568
Morris (11), R.M.	Water Supply Pipelines	138,610	46,207
Morris (12), R.M.	Water Supply Pipelines	1,347,550	449,191
Neepawa (10), Town	Water Distribution Study	31,888	15,944
Neepawa (11), Town	Sewage Treatment Works	147,169	73,585
North Cypress, R.M. (Brookdale)	Water and Sewer Feasibility Study	31,275	15,637
Ochre River (4), R.M.	Lagoon Upgrade Completion	46,766	23,383
Portage la Prairie (22), City	Water Treatment Plant Upgrade	6,139,571	3,069,785
Portage la Prairie (24), R.M.	Water Supply Pipelines	3,050,157	1,016,721
Portage la Prairie (25), R.M.	Functional Design Study for Southport	24,600	12,300
Portage la Prairie (26), R.M. (Oakville)	Lagoon Feasibility Study	37,551	18,776
Portage la Prairie (28), R.M.	Water Supply Pipelines	1,375,000	458,274
Roland (4), R.M.	Sewage Lagoon Study	10,496	5,248
Rosser, R.M.	Rural Water Supply Study	6,968	2,323
Silver Creek (6), R.M. (Angusville)	Water Treatment Plant Upgrade Study	13,406	6,703
Souris (15), Town	Water Treatment Plant Upgrade	312,602	156,301
Souris (16), Town	Sewage Treatment Plant Study	16,529	8,264
St. Andrews (2), R.M.	Septage Waste Study	15,001	7,501
Strathclair (7), R.M. (Strathclair)	Sewage Lagoon Study	10,392	5,196
Strathcona, R.M. (Belmont)	Water Treatment Plant Upgrade	248,861	124,431
Stuartburn (3), R.M. (Vita)	Sewermain Replacement	150,000	75,000
Thompson (5), R.M.	Water Supply Pipelines	377,907	125,969
Whitehead (2), R.M. (Alexander)	Water Supply Development Study	20,267	10,134
	<b>Total</b>	<b>\$21,313,854</b>	<b>\$9,175,584</b>



Sewer and Water Projects Under Design and/or Construction during 2004-05 were:

<b>Project</b>	<b>Work Description</b>	<b>Agreement Estimate</b>	<b>Estimated Grants</b>
Arborg (9), Town	Water Treatment Plant Upgrade	\$480,000	\$128,000
Blanshard (6), R.M. (Oak River)	Water Supply Upgrade	10,000	5,000
Brandon (5), City	Water and Sewer mains, Booster Station	3,000,000	1,114,000
Brokenhead (2), R.M. Ph. 1	Water Distribution and Sewage Collection	8,300,000	690,000
Brokenhead (3), R.M. Ph. 2	Water Supply and Wastewater Treatment	3,600,000	1,500,000
Carman (5), Town	Sludge Drying Beds	400,000	200,000
Dauphin (5), City	Lagoon Upgrade	2,510,000	750,000
De Salaberry, R.M. (St. Malo)	Water Treatment Plant Upgrade	25,000	12,500
Deloraine (7), Town	Water Treatment Plant Upgrade	100,000	50,000
Erickson (9), Town	Lagoon Upgrade	60,000	30,000
Flin Flon (8), City Ph. 2 and 3	Sewage Treatment Plant Upgrade	10,000,000	6,000,000
Gimli (9), R.M.	Wastewater Treatment Plant Upgrade	4,890,297	1,350,000
Gladstone (5), Town	Regional Water Supply	800,000	400,000
Grey (6), R.M., Ph. 1 (Elm Creek)	Water Treatment Plant Upgrade	200,000	100,000
Hamiota (10), Town	Water Treatment Plant Upgrade	60,000	30,000
Harrison (4), R.M. (Sandy Lake)	Water Treatment Plant Upgrade	20,000	10,000
Lansdowne (3), R.M. (Arden)	Water and Sewer System	1,900,000	582,969
Lorne (6), R.M.	Sewer Line Investigation	35,000	17,500
Lynn Lake (2), Town	Water Treatment Plant Upgrade	1,500,000	540,000
Macdonald (8), R.M.	Water and Sewer Infrastructure Upgrade	600,000	300,000
McCreary (8), R.M.	Groundwater Investigation	45,000	15,000
Miniota (5), R.M.	Wastewater Stabilization Pond	425,000	52,339
Mountain, R.M. (Birch River)	Sewer System Feasibility Study	17,000	8,500
Neepawa (12), Town	Wastewater Treatment Study	66,000	22,000
Niverville (2), Town	Lagoon Feasibility Study	35,000	17,500
North Norfolk, R.M.	Water Supply Pipeline	2,000,000	666,667
North Norfolk (2), R.M.	Regional Water Supply	800,000	400,000
Portage la Prairie (27), R.M.	Sewage Treatment System	1,200,000	600,000
Roblin (8), Town	Water Supply System Upgrade	147,000	73,500
St. Clements, R.M. (East Selkirk)	Water and Sewer Feasibility Study	40,000	20,000
	<b>Total</b>	<b>\$43,265,297</b>	<b>\$15,685,475</b>

Sewer and Water Construction Agreements Signed during 2004-05 were:

<b>Project (Agreement)</b>	<b>Work Description</b>	<b>Date Signed</b>	<b>Estimated Project Cost</b>
Arborg (9), Town	Water Treatment Plant Upgrade	June 16, 2004	\$480,000
Blanshard (6), R.M.	Water Supply Upgrade	March 30, 2005	10,000
Brandon (5), City	Water and Sewer Infrastructure Upgrade	April 30, 2004	3,000,000
Emerson (6), Town	Lift Station Upgrade and Associated Works	April 14, 2004	100,000
Erickson (9), Town	Lagoon Upgrade	December 24, 2004	60,000
Flin Flon (8), City	Sewage Treatment Plant Upgrade	May 12, 2004	10,000,000
Gilbert Plains (9), R.M.	Water Supply Pipelines	May 7, 2004	1,000,000
Gimli (9), R.M.	Wastewater Treatment Plant Upgrade	June 17, 2004	4,890,297
Gladstone (5), Town	Regional Water Supply	March 3, 2005	800,000
Hamiota (10), Town	Water Treatment Plant Upgrade	May 12, 2004	60,000
Hamiota (11), Town	Water Treatment Plant Upgrade	February 9, 2005	70,000
Hanover (3), R.M.	Sewage Lagoon Study	June 25, 2004	40,000
Harrison (4), R.M.	Water Treatment Plant Upgrade	March 18, 2005	20,000
Lansdowne (2), R.M.	Sewage Lagoon Study	October 6, 2004	6,000
Lansdowne (3), R.M.	Water and Sewer System	December 24, 2004	1,900,000
Lorne (6), R.M.	Sewer Line Investigation	June 25, 2004	35,000
Macdonald (8), R.M.	Water and Sewer Infrastructure Upgrade	May 5, 2004	600,000
McCreary (8), R.M.	Groundwater Investigation	September 20, 2004	45,000
Miniota (5), R.M.	Wastewater Stabilization Pond	March 3, 2005	425,000
Mountain, R.M.	Sewer System Feasibility Study	April 29, 2004	17,000
Neepawa (12), Town	Wastewater Treatment Study	February 3, 2005	66,000
North Norfolk, R.M.	Water Supply Pipeline	March 3, 2005	2,000,000
North Norfolk (2), R.M.	Regional Water Supply	March 3, 2005	800,000
Roland (4), R.M.	Sewage Lagoon Study	June 25, 2004	13,500
Shoal Lake (7), R.M.	Sewage Lagoon Study	June 17, 2004	7,500
Silver Creek (7), R.M.	Water Treatment Plant Upgrade	January 31, 2005	450,000
Springfield (2), R.M.	Regional Wastewater System	April 14, 2004	4,760,000
Stuartburn (4), R.M.	Sewermain Replacement	April 21, 2004	100,000
Thompson (6), City	Wastewater Treatment Study	January 20, 2005	55,000
Victoria (3), R.M.	Water Treatment Plant Upgrade	August 30, 2004	100,000
Wallace (6), R.M.	Water Supply System and Pipeline	June 30, 2004	2,686,600
Whitehead (3), R.M.	Water and Sewer System	August 30, 2004	2,800,000
Whitemouth (4), R.M.	Water Treatment Plant Study	April 21, 2004	21,000
<b>Total</b>			<b>\$37,417,897</b>

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## **2.0 Project Management**

In addition to the Board's Sewer and Water Program, the Board agreed to act as Project Manager in the development of large wastewater and water projects. All of the funding, for these projects, was provided by other departments/agencies/municipalities for administration/project management by the Board.

### **2.1 Portage Simplot (Off-site) Development**

The Board signed a Memorandum of Understanding (MOU) with the City/RM of Portage la Prairie, to Project Manage the development of the \$22.0M infrastructure upgrading (off-site developments), including the tendering and construction of wastewater and water related supply infrastructure.

These works were substantially completed in July 2003. Post construction services, such as river monitoring, are still being carried out by the City of Portage la Prairie, as part of the City's Environmental licensing requirements and paid for under the MOU.

### **2.2 Whiteshell Provincial Park**

The Board entered into an agreement with Manitoba Conservation (Parks Branch) to develop the Falcon Lake water treatment plant in the Whiteshell Provincial Park. The project was substantially completed in 2004.

## **3.0 Sustainable Development**

On July 1, 1998, the Province proclaimed *The Sustainable Development Act*. The Act requires all Crown Corporations to:

- prepare and adopt a code of practice by July 2003
- prepare and adopt procurement guidelines and goals by December 2002, and
- prepare and adopt financial management guidelines by July 2003

The Board presently has policy guidelines, which deal with all of the requirements of the Act.

The Board considers wastewater and water infrastructure as a basic amenity required to safeguard public health and to provide economic development opportunities for the sustainability of Manitoba's communities.





## The Manitoba Water Services Board

### Management Report

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The accompanying financial statements are the responsibility of management and have been prepared in conformity with the accounting policies noted in the financial statements. The statements are examined by the Office of the Auditor General of the Province of Manitoba, whose opinion is included herein.

To fulfil this responsibility, management maintains internal control systems to provide reasonable assurance that the accounts and records accurately reflect all transactions, and that appropriate policies and procedures are established and respected.

The Provincial Auditor General has free access to the Board of Directors, with and without management present, to discuss the results of their audit and the quality of financial reporting of the Board.

A handwritten signature in black ink, appearing to read 'R. Menon', written over a horizontal line.

R. Menon, P.Eng.  
General Manager

A handwritten signature in black ink, appearing to read 'C. Brigden', written over a horizontal line.

C. Brigden  
Financial Officer

June 17, 2005



*Office of the Auditor General*

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500 - 330 Portage Avenue  
Winnipeg, Manitoba  
CANADA R3C 0C4

## **AUDITORS' REPORT**

To the Legislative Assembly of Manitoba, and  
To the Board of Directors of The Manitoba Water Services Board

We have audited the balance sheet of The Manitoba Water Services Board as at March 31, 2005 and the statements of operating revenues and expenditures and cash flows for the year then ended. These financial statements are the responsibility of the Board'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 Board as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Office of the Auditor General*

Office of the Auditor General

Winnipeg, Manitoba  
June 17, 2005





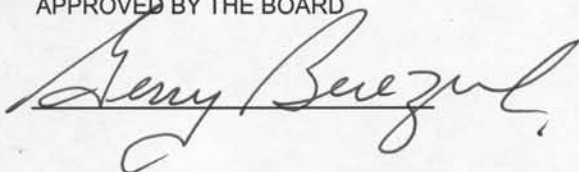


**Balance Sheet**

as at March 31, 2005

ASSETS	2005	2004
Current assets		
Cash	\$ 73,676	\$ -
Accounts receivable	3,082,927	4,571,640
Prepaid Supplies	50,235	56,175
Prepaid Professional Fees	288,000	-
Current portion, Construction in progress (Note 4)	790,184	562,315
Accrued interest	17,988	40,038
Current portion of debentures receivable (Note 5)	123,612	288,876
	<u>4,426,622</u>	<u>5,519,044</u>
Long-term Construction in Progress (Note 4)	1,319,744	1,399,779
Debentures receivable from municipalities (Note 5)	53,216	176,828
Capital assets (Note 6)	68,787	94,316
	<u>\$ 5,868,369</u>	<u>\$ 7,189,967</u>
	<u><u>\$ 5,868,369</u></u>	<u><u>\$ 7,189,967</u></u>
LIABILITIES	2005	2004
Current liabilities		
Bank Indebtedness	\$ -	\$ 1,164,554
Accounts payable and accrued charges	3,700,397	3,039,345
Advances from the Province of Manitoba payable on demand (Note 11)	2,500,000	2,700,000
Current portion of long-term debt (Note 7)	139,143	126,898
Infrastructure Renewal - Whitemud Conservation District (Note 3)	772,776	768,441
Infrastructure Renewal - Pembina Valley (Note 3)	-	10,000
Infrastructure Renewal - Conservation Districts (Note 3)	-	40,246
	<u>7,112,316</u>	<u>7,849,484</u>
Long-term debt (Note 7)		
Advances from the Province of Manitoba	156,480	295,623
	<u>156,480</u>	<u>295,623</u>
Funds retained (Notes 8 and 16)	(1,500,427)	(1,055,140)
Interest adjustment fund account (Note 9)	100,000	100,000
	<u>(1,400,427)</u>	<u>(955,140)</u>
	<u>\$ 5,868,369</u>	<u>\$ 7,189,967</u>
	<u><u>\$ 5,868,369</u></u>	<u><u>\$ 7,189,967</u></u>

APPROVED BY THE BOARD



**Statement of Operating Revenues and Expenditures**

for the year ended March 31, 2005

	2005	2004
<b>Revenues</b>		
Sale of water	\$ 1,422,352	\$ 1,359,649
Administrative expenses paid by the Province of Manitoba (Note 10)	1,951,959	1,965,524
Interest	87,334	160,397
	<hr/>	<hr/>
Total revenues	3,461,645	3,485,570
	<hr/>	<hr/>
<b>Expenditures</b>		
Direct expenditures for water supply plants		
Interest - Advances payable on demand	222,551	249,258
- Long-term debt	39,748	64,161
Less: Interest allocated to new construction	(171,868)	(354,667)
	<hr/>	<hr/>
	90,431	(41,248)
Chemicals	37,247	39,337
Amortization	25,528	32,609
Heat, telephone, light and power	212,738	186,114
Professional services	1,092,912	1,007,231
Salaries and benefits	230,389	217,084
Repairs and maintenance	72,128	102,796
Administrative expenses (Note 10)	1,951,959	1,965,524
	<hr/>	<hr/>
Total expenditures	3,713,332	3,509,447
	<hr/>	<hr/>
Deficiency of operating revenues over expenditures	(251,687)	(23,877)
Funds retained, beginning of year	(1,055,140)	(982,716)
Plant surplus transferred to municipalities on disposition (Note 8)	(193,600)	(48,547)
	<hr/>	<hr/>
Funds retained, end of year (Note 8)	\$ (1,500,427)	\$ (1,055,140)
	<hr/> <hr/>	<hr/> <hr/>

**The Manitoba Water Services Board**  
**Statement of Cash Flows**  
for the year ended March 31, 2005

**Exhibit C**

	<b>2005</b>	<b>2004</b>
Cash provided by (used for):		
Operating activities		
Excess (deficiency) of operating revenues over expenditures	\$ (251,687)	\$ (23,877)
Expenditure not involving cash - amortization	25,528	32,609
	<u>(226,159)</u>	<u>8,732</u>
Change in accounts receivable	1,488,713	2,248,759
Change in prepaid supplies	5,940	13,879
Change in prepaid professional fees	(288,000)	-
Change in accounts payable and accrued charges	661,052	(5,117,545)
Change in accrued interest	22,050	9,364
	<u>1,663,596</u>	<u>(2,836,811)</u>
Financing activities		
Advances received	12,900,000	15,200,000
Advances repaid	(13,226,898)	(17,719,647)
Debentures receivable principal recoveries	288,877	316,992
Contribution received - Infrastructure	-	225,246
Infrastructure Expenditure	(45,911)	(12,160)
	<u>(83,932)</u>	<u>(1,989,569)</u>
Investing activities		
New construction costs	(26,542,592)	(31,823,021)
Funding recovered from:		
Province of Manitoba	10,051,434	9,060,752
Municipalities	16,343,324	24,195,537
	<u>(147,834)</u>	<u>1,433,268</u>
Capital asset disposals	-	344
Plant surplus transferred to municipalities on disposition	(193,600)	(48,547)
	<u>(341,434)</u>	<u>1,385,065</u>
Increase (Decrease) in cash	1,238,230	(3,441,315)
Cash (bank indebtedness), beginning of the year	(1,164,554)	2,276,761
Cash (bank indebtedness), end of the year	<u>\$ 73,676</u>	<u>\$ (1,164,554)</u>

Interest paid during the year ended March 31, 2005 amounted to \$263,313 (2004 - \$301,549)

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**The Manitoba Water Services Board**  
**Notes to Financial Statements**

for the year ended March 31, 2005

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**1. NATURE OF ORGANIZATION**

The Manitoba Water Services Board was established in July 1972 under *The Manitoba Water Services Board Act* to assist in the provision of water and sewage facilities to the residents of rural Manitoba. The Board owns and operates water supply plants in the Province, installs or upgrades water and sewage facilities in Manitoba communities, constructs area water pipelines for agricultural and drought proofing purposes and develops farm water sources.

**2. SIGNIFICANT ACCOUNTING POLICIES**

(a) Basis of accounting

The financial statements have been prepared using Canadian generally accepted accounting principles. Operating results of all water supply plants operated by the Board are reflected on an aggregate basis in the Statement of Operating Revenues and Expenditures. Separate equity accounts are maintained for each plant operated by the Board (Note 8).

(b) Capital assets

Capital assets represent water supply plants owned by the Board. They are recorded at cost and amortization is calculated on a straight-line basis over the following terms:

Plants constructed prior to January 1, 1972	equipment	18 years
	buildings	35 years
Plants constructed after January 1, 1972	equipment	20 years
	buildings	20 years

Capital assets which are constructed by the Board are recorded as Construction in Progress until the Capital asset is put into use and ownership is transferred to the appropriate municipality. Financing costs are included in the Construction in Progress amounts.

(c) Revenue recognition

Revenue from sale of water is recognized in the period when consumed by the town or municipality.

(d) Administrative expenses paid by the Province of Manitoba

Administrative expenses are paid by the Province of Manitoba on behalf of the Board and recorded at the exchange amount agreed to by the related parties in the financial statements.

(e) Pension costs and obligations

The Board's employees are eligible for membership in the provincially-operated Civil Service Superannuation Plan. The pension liability for Board employees is included in the Province of Manitoba's liability for the Civil Service Superannuation Fund. Accordingly, no provision is recorded in the financial statements related to the effects of participation in the pension plan by the Board and its employees.

**3. INFRASTRUCTURE RENEWAL**

The Board maintains an infrastructure renewal reserve account for the Whitemud Conservation District to be used over the next nine years for the Province's 75% contribution of the cost of replacing aging waterway bridges and crossings. The Whitemud Conservation District will assume responsibility for the Provincial waterway infrastructure at the end of the agreement. The Board is no longer maintaining an infrastructure reserve account for Cooks Creek, Turtle River, and the Whitemud Conservation Districts or a separate reserve account for the Pembina Valley Conservation District. The Planning and Coordination Branch of the Water Stewardship Department has been assigned responsibility for the Conservation Districts Program.

**The Manitoba Water Services Board**  
**Notes to Financial Statements**  
for the year ended March 31, 2005

**4. CONSTRUCTION IN PROGRESS**

	<b>2005</b>	<b>2004</b>
Balance, beginning of year	\$ 1,962,094	\$ 3,395,363
New construction costs	26,542,592	31,823,020
	<u>28,504,686</u>	<u>35,218,383</u>
Funding recovered from:		
Municipalities	16,343,324	24,195,537
Province of Manitoba	10,051,434	9,060,752
	<u>26,394,758</u>	<u>33,256,289</u>
Balance, end of year	2,109,928	1,962,094
Less: current portion	<u>790,184</u>	<u>562,315</u>
Long-term Construction in Progress	<u>\$ 1,319,744</u>	<u>\$ 1,399,779</u>

**5. DEBENTURES RECEIVABLE FROM MUNICIPALITIES**

Prior to April 1985, the Board financed capital construction costs through long-term debt at fixed interest rates with the Province of Manitoba and the Canada Mortgage and Housing Corporation. Municipalities financed the municipal share of capital construction costs by issuing debentures to the Board. The debentures were issued in amounts and at fixed interest rates sufficient to discharge the municipalities' share of the Board's corresponding long-term debt financing. Since April 1985, the Board has recovered the municipal share of capital construction costs on a current basis.

Schedule of Debentures Receivable from Municipalities:

<b>Year of Maturity</b>	<b>Annual Payment Date</b>	<b>Interest Rate(%)</b>	<b>2005</b>	<b>2004</b>
2004	December 31	12.750	\$ -	\$ 176,555
			<u>          </u>	<u>          </u>
Subtotal (carried forward)			<u>\$ -</u>	<u>\$ 176,555</u>

The Manitoba Water Services Board  
**Notes to Financial Statements**

for the year ended March 31, 2005

5. **DEBENTURES RECEIVABLE FROM MUNICIPALITIES (continued)**

Year of Maturity	Annual Payment Date	Interest Rate(%)	2005	2004
Subtotal (brought forward)			\$ -	\$ 176,555
2005	October 31	10.950	74,661	141,954
2006	October 31	9.800	40,834	58,560
2006	October 31	8.000	61,333	88,635
Total debentures receivable			176,828	465,704
Less: current portion			123,612	288,876
Debentures receivable beyond one year			\$ 53,216	\$ 176,828

6. **CAPITAL ASSETS**

	2005	2004
Land and easements	\$ 17,731	\$ 17,731
Buildings	816,888	816,888
Less: accumulated amortization	765,832	740,303
	51,056	76,585
Equipment	222,416	222,416
Less: accumulated amortization	222,416	222,416
Total capital assets	\$ 68,787	\$ 94,316

**The Manitoba Water Services Board**  
**Notes to Financial Statements**

for the year ended March 31, 2005

**7. LONG-TERM DEBT**

<b>Year of Maturity</b>	<b>Annual Payment Date</b>	<b>Interest Rate(%)</b>	<b>2005</b>	<b>2004</b>
Advances from the Province of Manitoba:				
2006	October 31	9.800	\$ 49,687	\$ 71,256
2007	March 31	9.625	235,187	337,531
2007	October 31	9.400	10,749	13,734
Total advances payable			295,623	422,521
Less: current portion			139,143	126,898
Advances payable beyond one year			\$ 156,480	\$ 295,623

The Board has the right at any time to repay in whole or in part the advances from the Province of Manitoba.

The aggregate amount of payments required to meet debt retirement provisions are:

2006	\$ 139,143
2007	\$ 152,570
2008	\$ 3,910

**8. FUNDS RETAINED**

Funds retained consist of accumulated excess revenues over expenditures pertaining to the water supply plants owned and operated by the Board for the benefit of municipalities and pertaining to plants operated by the Board under agreements with municipalities. Separate equity accounts are maintained for each plant operated by the Board. Municipalities are responsible for any deficit balances and are given credit for surplus balances whenever plant operating responsibilities are transferred to the municipalities.

Funds retained also include the gain on the sale of the Red River Regional Water Supply System.

**The Manitoba Water Services Board**  
**Notes to Financial Statements**  
for the year ended March 31, 2005

**8. FUNDS RETAINED (continued)**

Funds retained consist of the following:

	No.	2005 Amount	No.	2004 Amount
<b>Plants owned by the Board</b>				
Plants with a deficit	6	\$ (1,655,805)	6	\$ (1,452,864)
Plants with a surplus	<u>3</u>	<u>64,130</u>	<u>3</u>	<u>92,485</u>
	<u>9</u>	<u>(1,591,675)</u>	<u>9</u>	<u>(1,360,379)</u>
<b>Plants owned by Municipalities</b>				
Plants with a surplus	<u>0</u>	<u>-</u>	<u>1</u>	<u>1,614</u>
Total funds retained, water supply plants	<u>9</u>	<u>(1,591,675)</u>	<u>10</u>	<u>(1,358,765)</u>
<b>Other Funds Retained</b>		91,248		303,625
Total funds retained		<u>\$ (1,500,427)</u>		<u>\$ (1,055,140)</u>

During 2004/2005 disposition of funds includes the transfer of one water treatment plant to the R.M. of Grey and capital works approved by the Board for the Inglis Water Treatment Plant and Lynn Lake Water Treatment Plant.

Subsequent to year end, one Water Treatment Plant has been transferred to the R.M. of Harrison (Sandy Lake). Surplus funds of approximately \$15,299 will be released from funds retained during 2005/2006.

**9. INTEREST ADJUSTMENT FUND ACCOUNT**

The Board allocates interest costs to construction projects and to the operations of water supply plants at a rate comparable to the Board's cost of borrowing. The interest allocated and the actual net interest cost incurred by the Board are recorded in the Interest Adjustment Fund Account. Board policy is to maintain a balance of \$100,000 in the Interest Adjustment Fund Account to absorb any shortfall in the allocation of actual net interest costs for the year. Interest costs were fully allocated for both the current and the preceding year.



**The Manitoba Water Services Board**  
**Notes to Financial Statements**

for the year ended March 31, 2005

**10. ADMINISTRATIVE EXPENSES PAID BY THE PROVINCE OF MANITOBA**

Administrative expenses paid by the Province of Manitoba and included in expenditures are as follows:

	<b>2005</b>	<b>2004</b>
Professional services	\$ 8,936	\$ 17,645
Salaries and benefits	1,636,734	1,614,276
Telephone and utilities	19,080	21,503
Travel	9,742	17,252
Rental for office premises	146,846	143,151
Other administrative	130,621	151,697
	<u>\$ 1,951,959</u>	<u>\$ 1,965,524</u>

**11. COMMITMENTS**

	<b>2005</b>	<b>2004</b>
The Board has commitments as follows:		
Signed agreements and offers for construction of sewer and water systems for municipalities and cooperatives.	\$ 35,363,100	\$ 42,527,600
	<u>\$ 35,363,100</u>	<u>\$ 42,527,600</u>
These commitments are expected to be funded as follows:		
Subsidization of construction costs - Province of Manitoba	\$ 13,195,600	\$ 13,840,500
Recovery of construction costs - Municipalities and Cooperatives	22,167,500	28,687,100
	<u>\$ 35,363,100</u>	<u>\$ 42,527,600</u>

The Board recovers construction costs on a current basis from municipalities and cooperatives through funds provided by the Province of Manitoba under *The Loan Act*. As at March 31, 2005, the Province had unused authority of \$28,899,900 under *The Loan Act, 2004* to provide this financing to the Board for the construction of municipal sewer and water facilities on behalf of municipalities and cooperatives.

The Board pays interest to the Province on these unfixed advances. Interest payable is set at Prime Less 0.75%. During 2004/2005 the rate of interest charged was between 3.00% - 3.50% on a quarterly basis.

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**The Manitoba Water Services Board**  
**Notes to Financial Statements**  
for the year ended March 31, 2005

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**12. CONTINGENCIES**

The Board is involved in legal proceedings arising in the normal course of business, the outcome of which cannot be predicted at this time. In the opinion of management, the disposition of these cases will not materially affect the financial position of the Board. Any settlement will be recognized in the year the settlement occurs.

**13. RELATED PARTY TRANSACTIONS**

The Board is related in terms of common ownership to all Province of Manitoba created Departments, Agencies and Crown Corporations. The Board enters into transactions in the normal course of operations and they are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

**14. USE OF ESTIMATES**

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

**15. FINANCIAL INSTRUMENTS**

**Fair Value**

The carrying amounts of bank indebtedness, accounts receivable, accrued interest, the current portion of debentures receivable, accounts payable, accrued charges, advances from the Province of Manitoba payable on demand, and the current portion of long term debt reported on the balance sheet approximate their fair market value due to their short-term nature.

**Credit Risk**

The Board, in the normal course of business, is exposed to credit risk from the rural municipalities it serves. The Board's financial assets that are exposed to credit risk consist primarily of accounts receivable and debentures receivable.

Accounts receivable are primarily short-term receivables from rural municipalities. Debentures receivable are long-term receivables from Rural Municipalities which have fixed interest rates and repayment terms. Credit evaluations are done for each Rural Municipality.

**Interest Rates**

The Board is not exposed to significant interest rate risk due to the short term nature of the current asset and current liabilities, and the fact that its debentures receivable and long-term debt are at fixed interest rates.

**16. ECONOMIC DEPENDENCY**

34 The Board is economically dependent on the Province of Manitoba.