

The Manitoba
Water Services Board

La Commission des Services
d'approvisionnement en eau du Manitoba

**Annual Report
2007-2008**

**Rapport annuel
2007-2008**



Manitoba 



**MINISTER OF INFRASTRUCTURE
AND TRANSPORTATION**

Room 203
Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

August 28, 2008

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, 2007 to March 31, 2008. This report records the activities of the Board for that period.

Sincerely,

Original signed by Ron Lemieux

Ron Lemieux
Minister of Infrastructure and Transportation





Infrastructure and Transportation

The Manitoba Water Services Board

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August 28, 2008

Honourable Ron Lemieux
Minister of Infrastructure and Transportation
Room 203, Legislative Building
Winnipeg MB R3C 0V8

Dear Minister:

I have the honour of presenting to you the 36th Annual Report of The Manitoba Water Services Board for the fiscal year ending March 31, 2008, together with the financial statements for the same period.

Yours sincerely,

Original signed by Andrew Horosko

Andrew Horosko
Chairman



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The Manitoba Water Services Board

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Deputy Minister
Infrastructure and Transportation

Albert Delichte
Ethelbert, Manitoba

Greg McCullough
Winnipeg, Manitoba

Wayne Motheral
Morden, Manitoba

Vacant¹

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Standing from Left: Wayne Motheral, Albert Delichte, Greg McCullough
Seated from Left: Andrew Horosko, Dick Menon

vacant¹

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 continued to provide banking functions for the capital grants to the Districts until March 31, 2007.

The Board, made up of four citizen members chaired by the Deputy Minister of Manitoba Infrastructure and Transportation, reports to the Legislature through the Minister of Infrastructure and Transportation. 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. 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 pour les subventions d'immobilisation accordées aux districts.

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 a continué de fournir des services bancaires pour les subventions d'immobilisation accordées aux districts jusqu'au 31 mars 2007.

La Commission formée de quatre particuliers et présidée par le sous-ministre d'Infrastructure et Transports Manitoba, rend compte à l'Assemblée législative par l'intermédiaire du ministre de l'Infrastructure et des Transports. Les activités de la Commission sont gérées par une équipe dirigée par le

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.

directeur général.

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.

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).

Activities Carried Out To Meet The Objectives

Water Treatment Plants

1.0 Previously Constructed Works

The Manitoba Water Services Board assumed responsibility 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
Harniota, 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
Mintonas, Town	March 1, 2003
Bowsman, Village	March 31, 2003
Ethelbert, Village	March 31, 2003
Belmont, (Strathcona, R.M.)	April 1, 2003
Sandy Lake (Harrison, R.M.)	April 1, 2006
Somerset, Village	March 31, 2007

The Manitoba Water Services Board Act requires the Board to set water rates for plants constructed prior to 1972 to recover all capital, operation and maintenance costs. The rates set by the Board are in accordance with a detailed water rate study conducted by the Board, indicating a return of full capital costs and operating deficits.

At the beginning and ending of the fiscal year the Board owned and/or operated six (6) water treatment plants and two (2) Regional Water Supply Systems.

Effective April 1, 2008 water rates were increased at Baldur, Inglis, Notre Dame de Lourdes, Oak River and Strathclair. The water rate for Winnipegosis remained unchanged. Rates were determined by the Consumer Price Index of 2.1%, plus increases to cover capital costs. The Manitoba Water Services Board has offered to continue to operate the six (6) water treatment plants, until the deficits are fully recovered through water rates.

Water Treatment Plants (Previously Constructed Works)

Sale of Water Town or Municipality	Consumption 2007-08	Actual Cost of Production per 1,000 I.G.	April 1/08 Selling Price 1,000 I.G.	Type of Treatment
Argyle, (R.M.)(Baldur)	5,070,860	5.79	10.50	A,B,C
Blanshard, (R.M.)(Oak River)	3,899,200	10.00	10.41	B,C,D
Notre Dame de Lourdes, Village	18,763,600	5.37	5.48	B,C,D
Shellmouth-Boulton, (R.M.)(Inglis)	3,730,266	14.26	14.56	B,C,D
Strathclair, (R.M.)(Strathclair)	6,844,810	8.76	10.00	B,C,D
Winnipegosis, Village	9,198,986	8.53	8.53	A,C,D

Type of Treatment:

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

2.0 Cartier Regional Water Supply System

In 1999, the Board entered into a Public Private Partnership (P3) 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 (Cartier Regional). 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 2007-08 were set by the Board at \$7.75 per 1,000 Imperial gallons. The Board, with the concurrence of the Co-op, has increased the rates effective April 1, 2008 to \$7.91, an increase of 2.1% which represents the Consumer Price Index (CPI) increase over the previous year.

Cartier Regional also provides water supply to the Rural Municipality of Grey and the Headingley Correctional Institute. Plans are underway to extend the system into the Rural Municipality of Rosser in 2008-09.

3.0 Yellowhead Regional Water System

The area west of the City of Portage la Prairie has generally been referred to as a water short area, susceptible to periodic droughts. Over the past 20 years, MWSB has been working with the area municipalities to develop a sustainable, cost effective option for drought proofing. With the extension of the City of Portage la Prairie's water to the Simplot development in 2002, the option to connect to the City system became a reality.

In 2005, the Yellowhead Regional Water Co-op Inc. was formed with membership consisting of the R.M.s of Westbourne and North Norfolk, the Town of Gladstone and the Town of MacGregor. The Manitoba Water Services Board serves on the Co-op Board as an ex-officio member. The Yellowhead Regional Water Supply System, estimated to cost approximately \$30.0M was started in 2006-07.

In 2006-07, construction was completed to extend the mainline from the City of Portage la Prairie to the Villages of Bagot, Westbourne and the Town of Gladstone and to rural residents in the area. In 2007-08, construction was completed to extend main lines to MacGregor, Austin, Ogilvie and to rural residents in the surrounding areas.

Plans are underway to extend the lines in 2008-09 into the Rural Municipality of Lansdowne. Future extensions are anticipated into the Rural Municipality of Langford and the Town of Neepawa.

Under the agreement signed between the Co-op Board and MWSB, the local cost of the mainlines are to be recovered through water sales. The Manitoba Water Services Board has agreed to act as Project Manager, until the capital debt is fully recovered. Also, under the agreement it was determined that the inaugural wholesale water rate would be \$7.50 per 1000 Imperial gallons.

There is no change in the water rate as of April 1, 2008.

Sewer and Water Program

1.0 Capital Construction

The Board enters into agreements with municipalities for projects that have been accepted for assistance. Under the terms of the agreement, the Board provides complete project management in the delivery of the project including:

- Conducting conceptual/feasibility studies to develop the best sustainable, cost effective option.
- Public consultation with local ratepayers, including open houses.
- Retaining of consulting engineering firms to undertake pre-design, functional design, detailed design, environmental impact assessments, construction supervision and post construction warranty services.
- Obtaining all easements and approvals.
- Public tendering of construction or design- build contracts and entering into contracts.
- Providing interim financing for the projects and billing municipalities for the local share of project costs.

The Board also undertakes a number of projects, generally referred to as Rural Water Development Program (RWDP), in partnership with the Federal Prairie Farm Rehabilitation Administration (PFRA). This includes the development of regional water systems, rural water pipelines, tank loaders, etc.

In 1997, The Manitoba Water Services Board's grant formula was changed, wherein a 2-tier system was adopted. Details of the grant formulas are available at www.gov.mb.ca/mit/mwsb/.

Sewer and water activities, including feasibility studies, design and construction, resulted in a total expenditure of \$29.3M in 2007-08, of which \$14.0M was contributed by the Province. Project management and interim financing were provided to 32 substantially completed, 30 ongoing and 29 new projects during the year.

During 2007-08, the following major projects were substantially completed.

- Completion of the second phase of the \$30.0M Yellowhead Regional Water System.
- Completed the \$15.6M wastewater treatment plant in Gimli, which incorporates nutrient reduction.
- Completion of the \$2.3M upgrade to the City of Steinbach water treatment plant.
- Completion of the \$4.7M Regional Wastewater System in the Rural Municipality of Springfield.
- Further development of rural water supply pipelines in the Rural Municipalities of Cartier, Grey, North Norfolk, Portage la Prairie, Wallace and Westbourne, to provide safe, drought resistant water supplies to rural residents for their domestic and livestock needs.

Sewer and Water Projects Substantially Completed during 2007-08 were:

Project	Work Description	Project Costs	Provincial Grants
Carman (5), Town	Sludge Drying Beds	\$57,969	\$28,985
Cartier (14), R.M.	Water Supply Pipeline	715,512	238,504
Dauphin (7), R.M.	Municipal Water System Study	33,834	11,279
Elton (7), R.M.	Environmental Approval Water Study	17,470	5,823
Gimli (9), R.M.	Wastewater Treatment Plant Upgrade	4,865,898	1,337,800
Grey (9), R.M.	Water Supply Pipeline	1,933,709	644,570
Hamiota (12), R.M.	Environmental Act Approval	9,557	3,185
Headingley (5), R.M.	Water and Wastewater Assessment	66,247	33,123
Lansdowne (3), R.M.	Water and Sewer System	1,998,827	652,428
MacGregor (3), Town	Regional Water Supply	800,000	400,000
Neepawa (13), Town	Water Treatment Plant Assessment Study	19,825	9,913
Park, R.M. (San Clara)	Wastewater Stabilization Pond	733,497	66,749
Pilot Mound (8), Town	Water Supply System Study	104,178	52,089
Pipestone (5), R.M.	Municipal Water System Study	30,523	10,174
Portage (31), R.M.	Water Supply Pipeline	1,401,611	467,204
Riverside (2), R.M. (Ninette)	Lagoon Feasibility Study	38,214	19,107
St. Francois (3), R.M.	Water and Sewer Extensions	1,232,644	369,793
Shellmouth (6), R.M. (Inglis)	Water Treatment Plant Upgrade	52,757	26,379
Shoal Lake (7), R.M. (Oakburn)	Sewage Lagoon Feasibility Study	5,260	2,630
Somerset (2), Village	Water Treatment Plant Upgrade	38,557	19,279
South Norfolk, R.M.	Water Study	7,860	2,620
Springfield (3), R.M.	Water and Sewer System	1,373,718	83,315
Stanley (9), R.M.	Hydrological Studies	53,495	17,832
Stuartburn (4), R.M.	Sewermain Replacement	76,480	38,240
Wallace (9), R.M.	Water Supply Pipeline	3,568,967	1,189,656
Wawanesa (3), Village	Water Distribution Study	11,784	5,892
Westbourne (4), R.M.	Rural Pipeline and Services	1,021,621	340,540
Westbourne (5), R.M.	Water Supply Pipeline	789,103	263,034
Whitemouth (6), R.M.	Water Treatment Functional Design	145,387	48,462
Yellowhead (2) Regional Co-op	Water Supply Pipeline	3,122,015	1,606,008
	Total	\$24,326,519	\$7,994,613

Sewer and Water Projects Under Design and/or Construction during 2007-08 were:

Project	Work Description	Agreement Estimate	Estimated Grants
Argyle (3), R.M. (Baldur)	Water Treatment Plant Upgrade	\$600,000	\$300,000
Brandon (5), City	Water and Sewer mains, Booster Station	3,000,000	1,114,000
Coldwell (3), R.M. (Lundar)	Sewer Inspection	80,000	40,000
Crystal City, Village	Water Stabilization Pond Study	40,000	20,000
Gilbert Plains (10), R.M.	Water Supply Study	30,000	15,000
Gimli (10), R.M. (Ph. 2)	Sewage Treatment Plant	10,782,706	4,000,000
Gimli (11), R.M. (Ph. 3)	Outfall Line and Forcemain	6,250,000	3,125,000
Grandview (10), Town	Environment Act Licence	30,000	15,000
Grey (6), R.M.	Water Treatment Plant Upgrade	200,000	100,000
Harrison (5), R.M. (Newdale)	Sewage Lagoon Study	40,000	20,000
Headingley (6), R.M.	Wastewater Treatment Plant	14,000,000	7,000,000
Lac du Bonnet (7), Town	Watermain Renewal	2,800,000	372,000
Lansdowne (4), R.M.	Water Supply and Reservoir	1,020,000	180,000
Macdonald (9), (LaSalle)	Water Reservoir	500,000	250,000
MacGregor (4), Town	Wastewater Lagoon Study	75,000	37,500
Melita (4), Town	Water Supply System	3,000,000	1,500,000
Minnedosa (3), Town	Water Supply Upgrade	450,000	225,000
Neepawa (11), Town	Biosolids Removal	350,000	175,000
Niverville (3), Town	Water Supply Study	45,000	22,500
Pilot Mound (8), Town	Water Supply System Study	105,000	52,500
Portage la Prairie (30), City	Water Treatment Plant Upgrade	1,000,000	500,000
Portage la Prairie (32), R.M. (Peony)	Water and Sewer System	2,467,000	740,000
Rivers (3), Town	Water and Sewer	700,000	265,517
Rockwood (3), R.M.	Water Supply Line Extension	360,000	108,000
Rosedale (6), R.M.	Lagoon Feasibility Study	40,000	20,000
Rosser (2), R.M. (Grosse Isle)	Water Distribution and Reservoir	4,200,000	2,100,000
Shoal Lake (8), R.M. (Oakburn)	Lagoon Predesign	25,000	12,500
Snow Lake (7), Town	Wastewater Treatment Plant Assessment	50,000	25,000
Springfield (2), R.M.	Regional Wastewater System	4,760,000	2,380,000
Yellowhead (3) Regional Co-op	Water Supply System	900,000	450,000
	Total	\$57,899,706	\$25,164,517

Sewer and Water Construction Agreements Signed during 2007-08 were:

Project (Agreement)	Work Description	Date Signed	Estimated Project Cost
Argyle (3), R.M. (Baldur)	Water Treatment Plant Upgrade	September 4, 2007	\$600,000
Coldwell (3), R.M. (Lundar)	Sewer Inspection	August 31, 2007	80,000
Crystal City, Village	Water Stabilization Pond Study	October 3, 2007	40,000
Elton (7), R.M.	Environment Act Approval	November 20, 2007	30,000
Gilbert Plains (10), R.M.	Water Supply Study	March 5, 2008	30,000
Gimli (11), R.M.	Outfall Line and Forcemain	January 22, 2008	6,250,000
Grandview (10), R.M.	Environment Act Licence	September 4, 2007	30,000
Hamiota (12), R.M.	Environmental Act Approval	March 19, 2007	30,000
Headingley (5), R.M.	Water & Wastewater Assessment Study	April 4, 2007	70,000
Headingley (6), R.M.	Wastewater Treatment Plant	March 5, 2008	14,000,000
Lac du Bonnet (7), Town	Watermain Renewal	February 14, 2008	2,800,000
Lansdowne (4), R.M.	Water Supply and Reservoir	January 22, 2008	1,020,000
Macdonald (9), R.M. (La Salle)	Water Reservoir	January 22, 2008	500,000
MacGregor (4), Town	Wastewater Lagoon Study	May 25, 2007	75,000
Minnedosa (3), Town	Water Supply Upgrade	December 13, 2007	450,000
Niverville (3), Town	Water Supply Study	December 4, 2007	45,000
Park, R.M. (San Clara)	Wastewater Stabilization Pond	May 10, 2007	800,000
Portage (31), R.M.	Water Supply Pipeline	April 29, 2007	1,200,000
Portage (32), R.M. (Peony)	Water and Sewer System	January 22, 2008	2,467,000
Rockwood (3), R.M.	Water Supply Line Extensions	February 15, 2008	360,000
Rosedale (6), R.M.	Lagoon Feasibility Study	May 7, 2007	40,000
Rosser (2), R.M. (Grosse Isle)	Water System Distribution and Reservoir	March 13, 2008	4,200,000
Shoal Lake (8), R.M. (Oakburn)	Lagoon Predesign	December 28, 2007	25,000
Snow Lake (7), Town	Wastewater Treatment Assessment Study	December 3, 2007	50,000
South Norfolk, R.M.	Municipal Water Study	April 4, 2007	30,000
Stanley (9), R.M.	Hydrogeological Study	December 4, 2007	60,000
Westbourne (5), R.M.	Water Supply Pipeline	April 29, 2007	780,000
Whitmouth (6), R.M.	Water Plant Design	August 1, 2007	225,000
Winnipegosis (9), Village	Water Treatment Study and Membranes	November 1, 2007	60,000
Yellowhead (3), Regional Co-op	Water Supply System	February 15, 2008	900,000
Total			<u>\$37,247,000</u>

2.0 Project Management

The Board has over 40 years of experience in Project Managing the development of water and wastewater infrastructure. The Board, when requested and subject to availability of staff resources, agrees to act as Project manager for other Provincial Departments and/or Municipalities. A memorandum of understanding (MOU) is signed with the requesting agency. All the project costs, including MWSB staff costs are recovered from the requesting agency.

2.1 Manitoba Conservation – Parks Branch

During 2007-08, the Board provided project management for the following Provincial Parks

- feasibility study for a wastewater lagoon at Grindstone Provincial Park
- sewer system and lagoon at Big Whiteshell Provincial Park
- wastewater lagoon with liner, at the Birds Hill Provincial Park
- wastewater lagoon with liner, at the West Hawk Lake Provincial Park
- substantial completion of the Hecla Provincial Park wastewater treatment

2.2 Manitoba Infrastructure and Transportation (MIT) – Accommodation Services Division

During 2007-08, the Board provided project management for the following facilities:

- design and tendering of the water and wastewater infrastructure for the Milner Ridge Correctional Centre
- feasibility study and environmental impact assessments regarding the infrastructure to the proposed Women's Correctional Institute

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

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.

Original signed by R. Menon

R. Menon, P.Eng.
General Manager

Original signed by C. Brigden

C. Brigden
Financial Officer

June 6, 2008

Manitoba
spirited energy



OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITORS' REPORT

To the Legislative Assembly of Manitoba
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, 2008, the statements of operating revenues and expenses 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, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Original Signed by the Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
June 6, 2008

The Manitoba Water Services Board

Exhibit A

Balance Sheet

as at March 31, 2008

(with comparative figures for 2007)

ASSETS	2008	2007
		(Restated, Note 15)
Current assets		
Cash	\$ 921,536	\$ 592,107
Accounts receivable	5,525,755	3,689,281
Prepaid supplies	74,678	71,379
Current portion, construction in progress (Note 3)	574,389	4,357,354
Accrued interest	16,434	41,291
	<u>7,112,792</u>	<u>8,751,412</u>
Long-term construction in progress (Note 3)	1,025,155	4,458,075
Property plant and equipment (Note 4)	13,304	13,304
	<u>\$ 8,151,251</u>	<u>\$ 13,222,791</u>
LIABILITIES	2008	2007
Current liabilities		
Accounts payable and accrued charges	\$ 3,079,420	\$ 4,531,202
Advances from the Province of Manitoba payable on demand	6,200,000	10,200,000
Current portion of long-term debt (Note 5)	-	3,909
	<u>9,279,420</u>	<u>14,735,111</u>
Funds retained (deficit) (Notes 6, 14 and 15)	(1,228,169)	(1,612,320)
Interest adjustment fund account (Note 7)	100,000	100,000
	<u>(1,128,169)</u>	<u>(1,512,320)</u>
	<u>\$ 8,151,251</u>	<u>\$ 13,222,791</u>

Commitments - Note 9
Contingencies - Note 10

APPROVED BY THE BOARD

Signed by Andrew Horosko

The Manitoba Water Services Board

Exhibit B

Statement of Operating Revenues and Expenses

for the year ended March 31, 2008

(with comparative figures for 2007)

	2008	2007
		(Restated, Note 15)
Revenues		
Sale of water	\$ 2,275,039	\$ 1,839,914
Administrative expenses paid by the Province of Manitoba (Note 8)	1,881,915	1,823,808
Interest	77,152	127,216
	<hr/>	<hr/>
Total revenues	4,234,106	3,790,938
	<hr/>	<hr/>
Expenses		
Direct expenses for water supply plants		
Interest - Advances payable on demand	490,872	559,431
- Long-term debt	215	13,897
Less: Interest allocated to new construction	(415,621)	(505,171)
	<hr/>	<hr/>
	75,466	68,157
Chemicals	24,095	37,092
Amortization	-	25,528
Heat, telephone, light and power	413,902	272,153
Professional services	1,251,077	1,209,287
Salaries and benefits	149,906	138,281
Repairs and maintenance	78,443	31,330
Administrative expenses (Note 8)	1,881,915	1,823,808
	<hr/>	<hr/>
Total expenses	3,874,804	3,605,636
	<hr/>	<hr/>
Excess of operating revenues over expenses	359,302	185,302
Funds retained (deficit), beginning of year, as originally stated	(1,568,190)	(1,742,550)
Restatement of Prior Period (Note 15)	(44,130)	-
Funds retained (deficit), beginning of year, as restated	<hr/> (1,612,320)	<hr/> (1,742,550)
Disposition of funds (Note 6)	24,849	(55,072)
	<hr/>	<hr/>
Funds retained (deficit), end of year (Note 6)	\$ (1,228,169)	\$ (1,612,320)
	<hr/> <hr/>	<hr/> <hr/>

The Manitoba Water Services Board
Statement of Cash Flows

for the year ended March 31, 2008
(with comparative figures for 2007)

Exhibit C

	2008	2007
		(Restated, Note 15)
Cash provided by (used for):		
Operating activities		
Excess of operating revenues over expenses	\$ 359,302	\$ 185,302
Expense not involving cash - amortization	-	25,528
	<u>359,302</u>	<u>210,830</u>
Change in accounts receivable	(1,836,474)	2,720,331
Change in prepaid supplies	(3,299)	766
Change in accounts payable and accrued charges	(1,451,782)	(367,236)
Change in accrued interest	24,857	(3,776)
	<u>(2,907,396)</u>	<u>2,560,915</u>
Cash provided by (used for) operating activities	(2,907,396)	2,560,915
Financing activities		
Advances received	9,900,000	14,900,000
Advances repaid	(13,903,909)	(11,652,570)
Debentures receivable principal recoveries	-	53,216
Infrastructure expense	-	(765,292)
Change in bank indebtedness	-	(930,966)
	<u>(4,003,909)</u>	<u>1,604,388</u>
Cash provided by (used for) financing activities	(4,003,909)	1,604,388
Investing activities		
New construction costs	(29,232,547)	(36,768,011)
Funding recovered from:		
Province of Manitoba	13,326,270	11,152,919
Municipalities	23,122,162	21,328,128
	<u>7,215,885</u>	<u>(4,286,964)</u>
Decrease in construction in progress	7,215,885	(4,286,964)
Capital asset disposals	-	3,548
Plant surplus transferred to municipalities on disposition	24,849	(55,072)
Change in restricted cash	-	765,292
	<u>7,240,734</u>	<u>(3,573,196)</u>
Cash provided by (used for) investing activities	7,240,734	(3,573,196)
Increase in cash	329,429	592,107
Cash, beginning of the year	592,107	-
	<u>921,536</u>	<u>592,107</u>
Cash, end of the year	\$ 921,536	\$ 592,107

Interest paid during the year ended March 31, 2008 amounted to \$491,087 (2007 - \$574,521)

The Manitoba Water Services Board
Notes to Financial Statements
for the year ended March 31, 2008

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 (GAAP). Operating results of all water supply plants operated by the Board are reflected on an aggregate basis in the statement of Operating Revenue and Expenses. Separate equity accounts are maintained for each plant operated by the Board (Note 6).

(b) New accounting policies

Effective April 1, 2007 the Board adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA):

Section 1506, Accounting Changes

Section 1506 requires that voluntary changes in accounting policies are made only if they result in the financial statements providing reliable and more relevant information. Additional disclosure is required when the entity has not yet applied a new primary source of Canadian GAAP that has been issued but is not yet effective, as well as when changes in accounting estimates and errors occur. The adoption of the revised standard had no material impact on the Board's financial statements for the year ended March 31,

Section 3855, Financial Instruments - Recognition and Measurement

Section 3855 provides guidance on recognizing financial instruments and non-financial derivatives on the statement of financial position. The standard also specifies how financial instruments gains and losses are presented. Initially, all financial assets and liabilities must be recorded on the statement of financial position at fair value. Subsequent measurement is determined by the classification of each financial asset and liability. Under this standard, all financial instruments are classified as one of: (a) held-for-trading; (b) loans and receivables; (c) held-to-maturity; (d) available-for-sale or (e) other liabilities. Financial assets and liabilities classified as held-for-trading are measured at fair value with gains and losses recognized in excess of revenue over expenses. Financial instruments classified as held-to-maturity, loans and receivables and other liabilities are measured at amortized costs. Available-for-sale are measured at fair value, with unrealized gains and losses recognized directly in funds retained.

Upon adoption of the new standard, the Board designated cash as held-for-trading; accounts receivable and accrued interest as loans and receivables, and accounts payable and accrued charges, advances from the Province of Manitoba payable on demand, and current portion of long-term debt as other liabilities. The Board has neither available-for-sale nor held-to-maturity instruments.

Except for held-for-trading designated financial instruments, transaction costs that are directly attributable to the acquisition or issuance of financial assets or liabilities are accounted for as part of the respective assets or liabilities carrying value at inception and amortized over the expected life of the financial instrument using the effective interest method. For held-for-trading financial assets and liabilities, transaction costs are recorded in the statement of operations as incurred.

The adoption of the standard on April 1, 2007 had no material impact on the financial statements.

The Manitoba Water Services Board
Notes to Financial Statements

for the year ended March 31, 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) 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.

(d) Revenue recognition

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

(e) 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.

(f) 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.

(g) Future accounting policy changes

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535 *Capital Disclosures*, Handbook Section 3862 - *Financial Instruments - Disclosure* and Handbook Section 3863 - *Financial Instruments - Presentation*. These new standards apply to the Board from April 1, 2008.

Section 1535 specifies the disclosure of: (i) an entity's objectives, policies and procedures and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

Section 3862 and 3863 replace Handbook Section 3861 - *Financial Instruments - Disclosure and Presentation*, revising and enhancing its disclosure requirement, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

The Manitoba Water Services Board
Notes to Financial Statements
for the year ended March 31, 2008

3. CONSTRUCTION IN PROGRESS

	2008	2007
Balance, beginning of year	\$ 8,815,429	\$ 4,528,465
New construction costs	29,232,547	36,768,011
	<u>38,047,976</u>	<u>41,296,476</u>
Funding recovered from:		
Municipalities	23,122,162	21,328,128
Province of Manitoba	13,326,270	11,152,919
	<u>36,448,432</u>	<u>32,481,047</u>
Balance, end of year	1,599,544	8,815,429
Less: current portion	<u>574,389</u>	<u>4,357,354</u>
Long-term Construction in Progress	<u>\$ 1,025,155</u>	<u>\$ 4,458,075</u>

4. PROPERTY PLANT AND EQUIPMENT

	2008	2007
Land and easements	\$ <u>13,304</u>	\$ <u>13,304</u>
Buildings	645,771	645,771
Less: accumulated amortization	<u>645,771</u>	<u>645,771</u>
	<u>-</u>	<u>-</u>
Equipment	189,970	189,970
Less: accumulated amortization	<u>189,970</u>	<u>189,970</u>
Total property plant and equipment	<u>\$ 13,304</u>	<u>\$ 13,304</u>

The Manitoba Water Services Board
Notes to Financial Statements

for the year ended March 31, 2008

5. LONG-TERM DEBT

Year of Maturity	Annual Payment Date	Interest Rate(%)	2008	2007
Advances from the Province of Manitoba:				
2007	October 31	9.400	-	3,909
Total advances payable			-	3,909
Less: current portion			-	3,909
Advances payable beyond one year			\$ -	\$ -

6. FUNDS RETAINED (DEFICIT)

Funds retained (deficit) consist of accumulated excess revenues over expenses 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 (deficit) also include the gain on the sale of the Red River Regional Water Supply System of \$31,759.

	No.	2008 Amount	No.	2007 Amount
(Restated, Note 15)				
Plants owned by the Board				
Plants with a deficit	5	\$ (1,516,821)	6	\$ (1,699,930)
Plants with a surplus	3	256,893	2	55,851
Total funds retained (deficit), water supply plants	8	\$ (1,259,928)	8	\$ (1,644,079)

The Manitoba Water Services Board
Notes to Financial Statements
for the year ended March 31, 2008

6. FUNDS RETAINED (DEFICIT) (continued)

	2008 Amount	2007 Amount
		(Restated, Note 15)
Other Funds Retained	\$ 31,759	\$ 31,759
Total funds retained (deficit)	\$ (1,228,169)	\$ (1,612,320)

During 2007/2008 disposition of funds includes capital works approved by the Board for the Baldur Water Treatment Plant, the Inglis Water Treatment Plant, Strathclair Water Treatment Plant and a contingency fund for the Cartier Regional Water Co-operative.

7. 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.

8. ADMINISTRATIVE EXPENSES PAID BY THE PROVINCE OF MANITOBA

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

	2008	2007
Professional services	\$ 13,856	\$ 15,710
Salaries and benefits	1,610,166	1,551,392
Telephone and utilities	14,083	14,088
Travel	4,630	2,291
Rental for office premises	156,117	175,512
Other administrative	83,063	64,815
	\$ 1,881,915	\$ 1,823,808

The Manitoba Water Services Board
Notes to Financial Statements
for the year ended March 31, 2008

9. COMMITMENTS

	2008	2007
The Board has commitments as follows:		
Signed agreements and offers for construction of sewer and water systems for municipalities and cooperatives.	\$ 41,366,800	\$ 33,122,800
These commitments are expected to be funded as follows:		
Subsidization of construction costs - Province of Manitoba	\$ 18,425,800	\$ 15,592,900
Recovery of construction costs - Municipalities and Cooperatives	22,941,000	17,529,900
	\$ 41,366,800	\$ 33,122,800

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, 2008, the Province had unused authority of \$21,800,000 under *The Loan Act, 2007* 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 2007/2008 the rate of interest charged was between 4.50% - 5.50% on a quarterly basis.

10. 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.

11. 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.

Notes to Financial Statements

for the year ended March 31, 2008

12. 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.

13. FINANCIAL INSTRUMENTS

Fair Value

The carrying amounts of cash, accounts receivable, accrued interest, accounts payable and 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.

Accounts receivable are primarily short-term receivables from rural municipalities. 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.

14. ECONOMIC DEPENDENCY

The Board is economically dependent on the Province of Manitoba.

15. RESTATEMENT OF PRIOR PERIOD

During the year it was determined that a payable to a Municipality related to a water utility was not recorded in the prior year. The correction was accounted for retroactively with a restatement of the prior period. As a result, excess of operating revenues over expenses has decreased by \$44,130, funds retained (deficit) have increased by \$44,130, and accounts payable and accrued charges has increased by \$44,130 as at March 31, 2007.

