



**MINISTER OF
MUNICIPAL GOVERNMENT**

Room 301
Legislative Building
Winnipeg, Manitoba CANADA
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His Honour the Honourable Philip S. Lee, C.M., O.M.
Lieutenant Governor of Manitoba
Room 235
Legislative Building
Winnipeg MB R3C 0V8

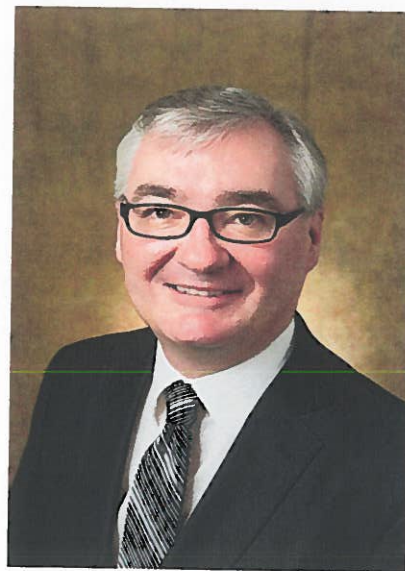
May It Please Your Honour:

It is my pleasure to present to you The Manitoba Water Services Board Annual Report for the period extending from April 1, 2013 to March 31, 2014. This report records the activities of the Board for that period.

Sincerely,

"Original signed by"

Stan Struthers
Minister





Municipal Government

The Manitoba Water Services Board
Box 22080, 2010 Currie Blvd.
Brandon MB R7A 6Y9
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Honourable Stan Struthers
Minister of Municipal Government
Room 301
Legislative Building
Winnipeg MB R3C 0V8

Dear Minister:

I have the honour of presenting to you the 42nd Annual Report of The Manitoba Water Services Board for the fiscal year ending March 31, 2014, together with the financial statements for the same period.

Sincerely,

“Original signed by”

Fred Meier
Chair



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The Manitoba Water Services Board

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Deputy Minister
Municipal Government

Doug McNeil, M. Eng., P. Eng. (Vice-Chair)
Deputy Minister
Infrastructure and Transportation

Doug Dobrowolski
President
AMM

Joe Masi
Executive Director
AMM

MANAGEMENT

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Standing from Left: Doug Dobrowolski, Fred Meier, David Shwaluk, Doug McNeil, Jocelyn Baker (ex-officio), Joe Masi

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 Water and Sewer Program, which provides for the installation or upgrading of water and sewer facilities in rural Manitoba communities.

In 1984, the Board assumed the responsibility of delivering a Water Development Program, which provides for the construction of agricultural area pipelines with the primary objective being to provide a dependable, sustainable water supply in rural Manitoba.

The Board, made up of five persons appointed by the Lieutenant Governor in council chaired by the Deputy Minister of Manitoba Municipal Government, reports to the Legislature through the Minister of Municipal Government. 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.

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, submits an offer (Agreement) 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, an 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.

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 rurales 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 est composée de 5 personnes nommées par le lieutenant-gouverneur qui siège au conseil. La commission est présidée par le vice-ministre du gouvernement du Manitoba qui se rapporte à l'Assemblée législative par l'intermédiaire du ministre du gouvernement municipal. Les activités de la Commission sont gérées par une équipe dirigée par le 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, une 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 \$35.0M.

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.

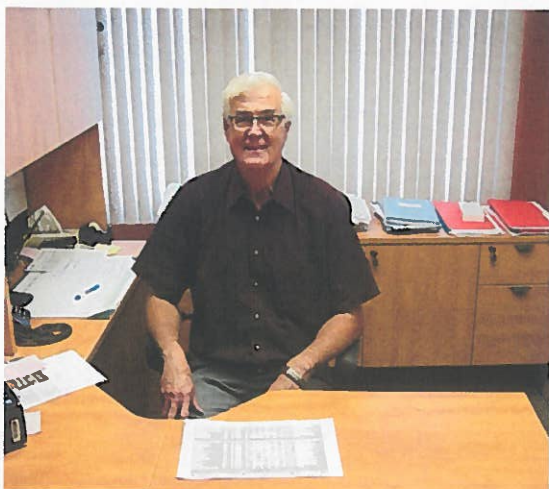
Programmes 'immobilisations

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 35 millions de dollars par an (ce qui inclut les contributions municipales et fédérales).

Message from the General Manager

Year of Infrastructure Renewal Program



With an aging water and sewer infrastructure deficit growing in rural Manitoba and a Provincial commitment to invest in infrastructure, the Board's annual water and sewer program budget increased by \$4.0M to \$14.813M. Board staff embraced this funding initiative and completed an additional 33 water and wastewater studies in anticipation of a new Build Canada program and 9 capital works projects.

In total the Board provided project management services for 74 projects which comprised of 43 studies and 31 construction projects under its water and sewer program. Funding sources for these projects were either provided by the Board, Build Canada, Infrastructure Stimulus, or Canada-Manitoba Municipal Rural Infrastructure Fund. With the Board's annual budget of \$14.813M provided by Manitoba Building Fund and alternate funding programs, approximately \$65.0M was committed in new initiatives to upgrade water and sewer infrastructure in 2013-14.

The Board also provided project management services to Manitoba Conservation (Parks Branch) to develop and construct 9 water and sewer projects estimated at \$3.3M and special project initiatives such as a water supply expansion for Cartier Regional, City of Portage La Prairie wastewater treatment plant functional design study, West St. Paul and St. Clements regional sewer systems.

I would like to take this opportunity to thank the team of dedicated staff for accepting the challenge in delivering another successful capital works program to our municipal clients and special project initiatives.

Dave Shwaluk, P. Eng.
A/General Manager



Portage la Prairie SBR Pump Station Upgrading



Lawrence Wastewater Lagoon

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, Town (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
Sandy Lake (Harrison, R.M.)	April 1, 2006
Somerset, Village	March 31, 2007
Winnipegosis, Village	April 1, 2009

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

Effective April 1, 2014 water rates were increased at Baldur, Inglis, Notre Dame de Lourdes, Oak River and Strathclair. Rates were based on the increases in the Consumer Price Index of 2.2%, plus a surcharge to recover capital costs. The Manitoba Water Services Board will continue to operate the five (5) 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 2013-14	Actual Cost of Production per 1,000 I.G.	April 1/14 Selling Price 1,000 I.G.	Type of Treatment
Argyle, (R.M.)(Baldur)	4,339,460	10.77	11.95	A,B,C,D
Blanshard, (R.M.)(Oak River)	3,449,275	16.85	12.95	B,C,D
Notre Dame de Lourdes, Village	19,813,800	5.61	5.69	B,C,D
Shellmouth-Boulton, (R.M.)(Inglis)	3,762,499	19.55	16.13	B,C,D
Strathclair,(R.M.)(Strathclair)	4,039,740	14.31	11.07	B,C,D

Type of Treatment:

A - Fluoridation

B - Green Sand Filtration

C - Chlorination

D - Membrane

2.0 Regional Water Co-op Systems

The Board continues to promote regional water systems which can service several municipalities from a central water treatment plant. These regional systems have proven to be a cost effective option in providing safe, drought resistant water supplies to rural Manitoba residents, which meet current regulations. The Board, on behalf of the Co-ops, operates the following regional systems:

2.1 G3 Regional

In 2008-09, the Board signed agreements with the Towns of Grandview, Gilbert Plains and the R.M. of Gilbert Plains to develop the G3 Regional System. The system was operational at the end of 2009-10. The wholesale water rate for 2014-15 was set at \$6.41 per 1,000 Imperial Gallons.

Under separate agreements, the Board is also operating reservoir/ pumphouses in the Towns of Grandview and Gilbert Plains.

2.2 Yellowhead

In 2006-07, the Board began development of a regional water system in a water short area, west of the City of Portage la Prairie. The \$30.0M system is owned by the Yellowhead Regional Water Co-op Inc. and operated by the Board. The Yellowhead system supplies water to the Municipalities of Westbourne, North Norfolk, Lansdowne, as well as the Towns of Gladstone and MacGregor.

The Co-op, at their Annual General Meeting in 2012, requested that the water rate be increased from \$7.50 per 1,000 Imperial Gallons to \$7.65, effective April 1, 2012 and also increase 2% per year for the next three years to create a reserve for future capital improvements. The wholesale water rate for 2014-15 was set at \$7.96 per 1,000 Imperial Gallons.

2.3 Cartier

In 1999, the Board entered into an agreement with CWP Ltd. Partnership of Winnipeg to develop the Cartier Regional System. The 20 year agreement with CWP was based on the B-O-O-T model (Build, Own, Operate, Transfer).

The Regional system was developed on behalf of the area municipalities to provide a safe, sustainable, drought resistant water supply. The municipalities in the area formed a cooperative called the Cartier Regional Water Cooperative Inc. and will take over the ownership at the end of the 20 year agreement.

The Co-op supplies water to residents in the Municipalities of Cartier, Headingley, Portage la Prairie, St. Francois Xavier, Grey, Rosser, Rockwood, Woodlands and the Headingley (men's) Correctional Centre.

The wholesale water rate for 2014-15 was set by the Board at \$8.71 per 1,000 Imperial Gallons, which represented a 2.2% increase from the previous year.

2.4 Whitehead Elton

In 2010-11, the Board signed agreements with the Municipalities of Whitehead and Elton to develop and operate the Whitehead Elton Regional System. The project was completed in 2011 costing approximately \$6.0M.

The wholesale water rate for 2014-15 was set by the Board at \$8.38 per 1,000 Imperial Gallons for the Municipalities of Elton and Whitehead and \$6.23 per 1,000 Imperial Gallons for the L.U.D. of Alexander.

2.5 Southwest

In 2010-11, the Board signed agreements with the Municipalities of Brenda, Arthur and the Town of Melita to develop and operate the Southwest Regional System at a cost of approximately \$8.0M. The Village of Waskada joined the Southwest Regional System and water was supplied beginning January 2012.

The wholesale water rates for 2014-15 were set by the Board at \$8.00 per 1,000 Imperial Gallons for Arthur, Brenda and Waskada, and \$10.87 per 1,000 Imperial Gallons for Melita. This represented a 2.2% plus \$1.77 increase from the previous year, to recover capital costs, recover deficits and establish a capital reserve for replacement of aging water mains.

Water and Sewer Program

1.0 Capital Works

The Board enters into agreements with municipalities and/or registered Cooperatives, 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.
- Providing a one year warranty after substantial completion of Certificate.

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/ia/mwsb.

Water and sewer activities, including feasibility studies, design and construction, resulted in a total expenditure of \$31.0M. In the 2013-14 budget, an additional \$12.0M over 3 years was allocated to the Board for a total budget of \$14.813M to invest in water and sewer infrastructure in rural Manitoba. With the additional budget, MWSB initiated 33 water and wastewater studies to complete additional engineering and environmental approval to ensure municipalities are in a position to apply to the Build Canada program and 9 capital projects.

Project management by the Board and interim financing were provided to 19 substantially completed, 28 ongoing and 27 new projects during the year.

During 2013-14, the following major projects were substantially completed:

- Neepawa Water Supply and Treatment upgrades \$7.5M
- Pipestone Regional Water Supply and Wallace Water Plant upgrading \$7.1M
- Balmoral Wastewater Lagoon Upgrading in the Municipality of Rockwood \$2.0M
- Cartier Regional Water Cooperative SCADA system \$1.1M
- Southwest Regional Water Cooperative Water Plant Upgrades \$1.0M
- Woodworth Water Supply and treatment \$2.5M
- Snow Lake Wastewater Treatment Plant upgrading \$8.2M

Water and Sewer Projects Substantially Completed during 2013-14 were:

Project	*	Work Description	Project Costs		Provincial Grants
Cornwallis (3), R.M.		Water and Sewer Feasibility Study	\$ 53,034	\$	26,517
Erickson (10), Town		Water Treatment Plant Upgrading	697,655		348,827
Flin Flon (10), City	BMF	Water Treatment Plant Additional Work	2,000,000		—
St. Francois (6), R.M.		Regional Reservoir Expansion & Associated Works	2,072,788		1,036,394
Franklin (2), R.M.		Rural Water Feasibility Study	10,961		5,480
Gimli (11), R.M.		Outfall Line and Forcemain	5,188,802		2,236,991
Headingley (7), R.M.	BMF	Functional Design Study - WTP	43,305		—
Killarney-Turtle Mountain (5), Mun.		Water Supply and Treatment	6,588,881		3,294,440
Lawrence (1), R.M.		Wastewater Lagoon	1,177,081		588,541
Manitou (7), Town		Water Plant Feasibility Study & Environmental Approval	18,537		9,268
Miniota (6), R.M.		Wastewater Lagoon Feasibility Study	33,750		16,875
Minitonas (10), Town/R.M.	MRIF	Lagoon Expansion	1,424,443		296,722
Neepawa (15), Town		Water Supply Wells, Pipeline and Water Treatment Plant Upgrading	7,506,180		3,753,090
Pilot Mound (9), Town		Ground Water Supply Investigation	120,858		60,429
Pinawa (2), L.G.D.		Supply and Installation of Water Meters	463,896		231,948
Rivers (4), Town		Water Treatment Plant Upgrading Study	27,408		13,704
Snow Lake (10), Town	BMF	Wastewater Treatment Plant	8,177,836		3,706,702
Stuartburn (5), R.M.		Sewermain Replacement	131,979		65,990
Swan River (7), R.M.		Rural Water Feasibility Study	11,251		5,626
West St. Paul (3), R.M.	BCF	Regional Wastewater Collection System Design	500,652		—
			\$ 36,249,299	\$	15,697,544

*

BCF - Build Canada Fund

MRIF - Canada-Manitoba Municipal Rural Infrastructure Fund

BMF - Building Manitoba Fund

Water and Sewer Projects Under Design and/or Construction during 2013-14 were:

Project	*	Work Description	Agreement Estimate	Estimated Grants
Benito (6), Village		Wastewater Lagoon Feasibility Study	\$ 70,000	\$ 35,000
Binscarth (8), Village		Water Plant Upgrading Study	27,000	13,500
Birtle (7), Town		Water Supply Feasibility Study	40,000	20,000
Boissevain (8), Town		Raw Water Pipeline Replacement	290,000	145,000
Bowsman (5), Village		Water Treatment Plant Upgrading	90,000	45,000
Brokenhead (4), R.M.		Wastewater Lagoon Feasibility Study	44,000	22,000
Cartier (20), R.M.		Low Pressure Sewer System (Elie North)	1,100,000	330,000
Dauphin (8), City		Water Meters Replacements	1,500,000	750,000
Dauphin (9), R.M.		Rural Water Supply Feasibility Study	20,000	10,000
Dauphin (10), City		UV Disinfection Study	60,000	30,000
Deloraine (8), Town		Water Treatment Plant Upgrading	5,200,000	2,600,000
Dunnottar (3), Village		Passive Filtration System	1,300,000	650,000
Elton (9), R.M.		Rural Water Pipeline	225,000	75,000
Franklin (3), R.M.		Water Treatment Plant Upgrade	300,000	150,000
Grandview (12), Town		CCTV Gravity Sewer System Inspection	55,000	27,500
Hamiota (13), R.M.		Regional Water Supply Feasibility Study	25,000	12,500
Melita (6), Town		Wastewater Lagoon Feasibility Study	85,000	42,500
Melita (7), Town		Water and Sewer Upgrading	900,000	270,000
Morris (13), R.M.		Riverside Low Pressure Sewer System	1,000,000	300,000
Oakland, R.M.		Water Supply Feasibility Study	30,000	15,000
Pembina (3), R.M.		Rural Water Feasibility Study	22,000	11,000
Pipestone (6), R.M.		Water Treatment Plant Expansion and Rural Water Lines	7,100,000	2,900,000
Pipestone (7), R.M.		Rural Water Pipelines	2,100,000	700,000
Pipestone (8), R.M.		Pipestone Wastewater Lagoon Feasibility Study and Environmental	60,000	30,000
Pipestone (9), R.M.		Reston Wastewater Lagoon Feasibility Study and Environmental Approval	60,000	30,000
Portage la Prairie (36), City		SBR Pump Station Upgrading	1,800,000	900,000
Rapid City (5), Town		Water Supply Study	40,000	20,000
Rockwood (4), R.M.		Wastewater Lagoon Feasibility Study	42,000	21,000
Rockwood (5), R.M.		Balmoral Wastewater Lagoon Upgrading	2,000,000	1,000,000
Rosedale (7), R.M.		Rural Water Feasibility Study	30,000	15,000
St. Andrews (4), R.M.		Regional Wastewater Development Study	20,000	10,000
St. Francois Xavier (5), R.M.	ISF	Cartier Regional Water Plant Upgrades	12,000,000	3,733,125
St. Francois (7), R.M.		Oakville Reservoir Expansion Predesign Study	30,000	15,000

Water and Sewer Projects Under Design and/or Construction during 2013-14 continued:

Project	*	Work Description	Agreement Estimate	Estimated Grants
St. Francois (8), R.M.		Regional SCADA System	1,100,000	550,000
St. Pierre - Jolys (2), Village		Wastewater Lagoon Feasibility Study	110,000	55,000
Selkirk (6), City		Groundwater Source Investigation	400,000	200,000
Selkirk (7), City		Wastewater Treatment Plant Functional Design	500,000	250,000
Shoal Lake (10), Municipality		Oakburn Lift Station Upgrading	100,000	50,000
Shoal Lake (11), Municipality		Hydrogen Sulfide Gas Mitigation	80,000	40,000
South West Regional Water Co-op Springfield (4), R.M.		Water Treatment Capacity Upgrades Lagoon Decommissioning & Water System Functional Design	1,000,000 1,000,000	500,000 500,000
Stanley (13), R.M. Thompson (9), City		Water Treatment Plant Upgrading Wastewater Treatment Plant Functional Design and Environmental Approval	700,000 250,000	350,000 150,000
Treherne (3), Town		Water Meters Replacements	450,000	225,000
Treherne (4), Town		Water and Sewer Assessment Study	100,000	50,000
Victoria (4), R.M. Viriden (9), Town		Wastewater Lagoon Feasibility Study Wastewater Treatment Plant Functional Design and Environmental Approval	160,000 155,000	80,000 77,500
Viriden (10), Town		Wastewater Treatment Plant Headworks Design, Phase 1	275,000	137,500
Wallace (12), R.M.		Wastewater Lagoon Feasibility Study	60,000	30,000
Wawanesa (6), Village		Water Plant Upgrading	800,000	400,000
Wawanesa (7), Village		Wastewater Lagoon Feasibility Study	75,000	37,500
West St. Paul (4), R.M.	BCF	Regional Wastewater Sewer System	16,000,000	2,000,000
West St. Paul (5), R.M.		Groundwater Feasibility Study	300,000	150,000
Winnipeg Beach (4), Town		Wastewater Lagoon Feasibility Study	160,000	80,000
Winnipeg Beach (5), Town		Water Supply Feasibility Study	25,000	12,500
Woodlands (5), R.M.		Wastewater Lagoon Feasibility Study	37,000	18,500
Woodworth (2), R.M.		Water Supply Upgrading	650,000	325,000
Woodworth (3), R.M.		Kenton Reservoir/Pumphouse	1,850,000	925,000
Yellowhead (4) Water Co-op		Regional Water Supply Upgrades	1,600,000	800,000
Total			\$ 65,602,000	\$ 22,921,625

*

BCF - Build Canada Fund

ISF - Infrastructure Stimulus Fund

Water and Sewer Construction Agreements Signed during 2013-14 were:

Project (Agreement)	*	Work Description	Date Signed	Estimated Project Cost
Altona (4), Town		Wastewater Lagoon Upgrading Study	March 21, 2014	\$ 150,000
Benito (6), Village		Wastewater Lagoon Feasibility Study	September 20, 2013	70,000
Binscarth (8), Village		Water Plant Upgrading Study	May 22, 2013	27,000
Birtle (7), Town		Water Supply Feasibility Study	February 7, 2014	40,000
Boissevain (8), Town		Raw Water Pipeline Replacement	September 30, 2013	290,000
Bowsman (5), Village		Water Treatment Plant Upgrading	September 18, 2013	90,000
Brokenhead (4), R.M.		Wastewater Lagoon Feasibility Study	October 17, 2013	44,000
Cartier (20), R.M.		Low Pressure Sewer System (Elie North)	July 8, 2013	1,100,000
Dauphin (8), City		Water Meters Replacements	June 5, 2013	1,500,000
Dauphin (9), R.M.		Rural Water Supply Feasibility Study	November 7, 2013	20,000
Dauphin (10), City		UV Disinfection Study	March 12, 2014	60,000
Dauphin (11), City		Water Supply Upgrading	March 18, 2014	1,500,000
Elton (9), R.M.		Rural Water Pipeline	July 16, 2013	225,000
Erickson (11), Town		RF Water Metering System	March 5, 2014	300,000
Ethelbert (4), Village		Lift Station Upgrading	March 12, 2014	70,000
Franklin (3), R.M.		Water Treatment Plant Upgrade	February 2, 2014	300,000
Hamiota (13), R.M.		Regional Water Supply Feasibility Study	April 23, 2013	25,000
Macdonald (11), R.M.		Water Supply Infrastructure Upgrades	March 26, 2014	3,000,000
Melita (6), Town		Wastewater Lagoon Feasibility Study	August 19, 2013	85,000
Melita (7), Town		Water and Sewer Upgrading	August 7, 2013	900,000
Miniota (7), R.M.		Wastewater Lagoon Upgrading	February 25, 2014	900,000
Morris (13), R.M.		Riverside Low Pressure Sewer System	June 25, 2013	1,000,000
Neepawa (16), Town		Water & Wastewater Assessment Study	March 7, 2014	60,000
Oakland, R.M.		Water Supply Feasibility Study	February 25, 2014	30,000
Pembina (3), R.M.		Rural Water Feasibility Study	July 31, 2013	22,000
Pinawa (3), L.G.D.		Wastewater Lagoon Upgrading	March 25, 2014	2,100,000
Pipestone (7), R.M.		Rural Water Pipelines	April 29, 2013	2,100,000
Pipestone (8), R.M.		Wastewater Lagoon Feasibility Study	April 29, 2013	60,000
Pipestone (9), R.M.		Reston Wastewater Lagoon Feasibility Study and Environmental Approval	April 29, 2013	60,000
Portage la Prairie (36), City		Sequencing Batch Reactor Pump Station	July 3, 2013	2,700,000
Portage (37), City		Wastewater Pilot Plant Study	March 21, 2014	400,000
Portage (38), R.M.		Rural Water Pipelines	March 11, 2014	1,800,000
Powerview-Pine Falls (5), Town		Wastewater Lagoon Feasibility Study	February 25, 2014	80,000
Rapid City (5), Town		Water Supply Study	June 12, 2013	40,000
Roblin (12), Town		Raw Water Pumping Station	March 21, 2014	250,000
Rockwood (4), R.M.		Wastewater Lagoon Feasibility Study	June 21, 2013	42,000
Rockwood (5), R.M.		Balmoral Wastewater Lagoon Upgrading	June 21, 2013	2,000,000
Rosedale (7), R.M.		Rural Water Feasibility Study	August 23, 2013	30,000
St. Clements (3), R.M.	BCF	Wastewater Sewer System	October 23, 2013	6,000,000

Water and Sewer Construction Agreements Signed during 2013-14 continued:

Project (Agreement)	*	Work Description	Date Signed	Estimated Project Cost
St. Francois (7), R.M.		Oakville Reservoir Expansion Predesign Study	June 25, 2013	30,000
St. Francois (8), R.M.		Regional SCADA System	June 25, 2013	1,100,000
St. Francois Xavier (9), R.M.		Wastewater Lagoon Upgrading	March 5, 2014	1,800,000
St-Pierre-Jolys (2), Village		Wastewater Lagoon Feasibility Study	March 18, 2014	110,000
Selkirk (6), City		Groundwater Source Investigation	September 26, 2013	400,000
Selkirk (7), City		Wastewater Treatment Plant Functional Design	September 26, 2013	500,000
Shoal Lake (10), Municipality		Oakburn Lift Station Upgrading	August 14, 2013	100,000
Shoal Lake (11), Municipality		Hydrogen Sulfide Gas Mitigation	September 26, 2013	80,000
Souris (18), Town		Wastewater Treatment Plant Study	March 18, 2014	110,000
Southwest Water Co-op		Water Supply Upgrades	May 10, 2013	1,000,000
Stanley (13), R.M.		Water Treatment Plant Upgrading	September 20, 2013	700,000
Thompson (9), City		Wastewater Treatment Plant Functional Design and Environmental Approval	April 10, 2013	250,000
Treherene (3), Town		Water Meters Replacements	January 16, 2014	450,000
Treherne (4), Town		Water and Sewer Assessment Study	October 24, 2013	100,000
Victoria (4), R.M.		Wastewater Lagoon Feasibility Study	September 20, 2013	80,000
Virден (9), Town		Wastewater Treatment Plant Functional Design	April 5, 2013	155,000
Virден (10), Town		Wastewater Treatment Plant Headworks Design, Phase 1	October 28, 2013	275,000
Virден (11), Town		Wastewater Treatment Plant, Phase 1	March 7, 2014	4,000,000
Wallace (12), R.M.		Wastewater Lagoon Feasibility Study	September 5, 2013	60,000
Wawanesa (7), Village		Wastewater Lagoon Feasibility Study	August 21, 2013	75,000
Wawanesa (8), Village		Wastewater Lagoon	March 26, 2014	3,600,000
West St. Paul (4), R.M.	BCF	Regional Wastewater Sewer System	July 16, 2013	16,000,000
West St. Paul (5), R.M.		Groundwater Feasibility Study	August 23, 2013	300,000
Winnipeg Beach (4), Town		Wastewater Lagoon Feasibility Study	September 17, 2013	160,000
Winnipeg Beach (5), Town		Water Supply Feasibility Study	November 13, 2013	25,000
Woodlands (5), R.M.		Wastewater Lagoon Feasibility Study	September 3, 2013	37,000
Woodworth (2), R.M.		Water Supply Upgrading	April 16, 2013	650,000
Woodworth (3), R.M.		Kenton Reservoir/Pumphouse	May 22, 2013	1,850,000
Yellowhead (4) Water Co-op		Regional Water Supply Upgrades	June 11, 2013	1,600,000

* **Total** **\$ 65,067,000**
 BCF - Build Canada Fund

Project Management Services during 2013-14 were:

Project (Agreement)	*	Work Description	Estimated Project Cost
Manitoba Conservation - Parks Branch			
2 Manitoba Provincial Parks		Public Water System Assessments / Compliance / Action Plans	\$ 2,000
Brereton Lake		Water Investigation & Sewage Disposal Study	150,000
Moose Lake		Water Treatment Plant Upgrade	500,000
Rainbow Beach		Water Treatment Assessment & Design	35,000
Spruce Woods		Lagoon Assessment & Design	400,000
Wellman Lake		Pumphouse Upgrade	150,000
West Hawk Lake		Lagoon Cell 1 & 2 Upgrade	1,700,000
West Hawk/Falcon Lake		Lagoon Assessment	100,000
William Lake		Water Treatment Plant Building & Treatment Design	250,000
			\$ 3,285,000
Special Initiatives			
Cartier Regional Water Supply Expansion	BMF	Water Supply Study & Functional Design	2,600,000
Portage la Prairie (35), City	BMF	Wastewater Treatment Plant Preliminary Design	1,000,000
St. Clements (3), R.M.	BCF	Wastewater Sewer System	6,000,000
			\$ 9,600,000
		Total	\$ 12,885,000

*

BCF - Build Canada Fund
 BMF - Building Manitoba Fund

2.0 Project Management

The Board has 50 plus years of project management experience in 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 technical staff costs are recovered from the requesting agency.

2.1 Manitoba Conservation – Parks Branch

A complete list is shown on the previous page.

2.2 Special Initiatives

During 2013-14 the Board provided project management for the West St Paul Regional Wastewater sewer project \$16.0M (\$12.0M BCF), St Clements Wastewater Sewer System (\$6.0M BCF), Portage la Prairie Wastewater plant study \$1.0M and Cartier Regional Water supply expansion functional design \$2.6M.

2.3 Federal Provincial Programs

Canada and Manitoba entered into cost sharing arrangements on a number of water and wastewater projects to be funded from the Infrastructure Stimulus Fund (ISF) and the Build Canada Fund (BCF).

Many of the municipalities receiving either ISF or BCF funding have requested project management assistance from The Manitoba Water Services Board. The Manitoba Water Services Board has signed a number of agreements as indicated on the previous pages. In total these projects will exceed \$80.0M when completed. These projects must be complete by September 2015.

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”

D. Shwaluk, P. Eng.
A/General Manager

“Original signed by”

C. Brigden
Chief Financial Officer

July 23, 2014



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Manitoba Water Services Board, which comprise the statement of financial position as at March 31, 2014, and the statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Manitoba Water Services Board as at March 31, 2014, and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

“Original signed by”

Office of the Auditor General
August 21, 2014
Winnipeg, Manitoba

THE MANITOBA WATER SERVICES BOARD

Statement of Financial Position

As at March 31, 2014

	March 31, 2014	March 31, 2013
Financial assets		
Accounts Receivable	\$ 6,196,954	\$ 3,380,439
Accrued Interest	6,357	4,172
	<u>6,203,311</u>	<u>3,384,611</u>
Liabilities		
Bank Indebtedness (note 15)	1,626,824	563,774
Accounts payable and accrued charges	3,147,089	3,597,957
Advances from The Province of Manitoba payable on demand (note 13)	7,500,000	4,500,000
	<u>12,273,913</u>	<u>8,661,731</u>
Net Debt	(6,070,602)	(5,277,120)
Non-financial assets		
Construction in progress (note 4)	4,314,997	4,707,276
Tangible capital assets (note 5)	10,494	10,494
Prepaid supplies	63,277	77,552
	<u>4,388,768</u>	<u>4,795,322</u>
Accumulated surplus (deficit) (note 6)	\$ (1,681,834)	\$ (481,798)

Commitments (note 9)
Contingencies (note 10)

See accompanying notes to financial statements.

On behalf of Board:

"Original signed by" Chair

THE MANITOBA WATER SERVICES BOARD

Statement of Operations

For the year ended March 31, 2014

	Budget (note 14)	2014	2013
Revenues:			
Sale of Water	\$ 4,000,000	\$ 3,913,366	\$ 3,850,141
Administrative expenses paid by the Province of Manitoba (note 8)	2,304,000	2,226,951	2,463,129
Interest	3,000	4,026	4,038
	<u>6,307,000</u>	<u>6,144,343</u>	<u>6,317,308</u>
Expenses:			
Direct expenses for water supply plants:			
Interest expense	160,000	196,465	172,554
Interest allocated to new construction	(225,000)	(182,815)	(204,081)
	<u>(65,000)</u>	<u>13,650</u>	<u>(31,527)</u>
Chemicals	325,700	407,981	317,228
Heat, telephone, light and power	849,100	866,594	852,274
Professional services	569,000	680,574	628,729
Salaries and benefits	1,054,700	1,085,308	1,035,342
Repairs and maintenance	613,000	610,845	474,156
Administrative (note 8)	2,304,000	2,226,951	2,463,129
	<u>5,650,500</u>	<u>5,891,903</u>	<u>5,739,331</u>
Annual surplus	656,500	252,440	577,977
Accumulated surplus, (deficit) beginning of year	(481,798)	(481,798)	424,288
Disposition of surplus (note 6)	(520,000)	(1,452,476)	(1,484,063)
Accumulated deficit, end of year	<u>\$ (345,298)</u>	<u>\$ (1,681,834)</u>	<u>\$ (481,798)</u>

See accompanying notes to financial statements.

THE MANITOBA WATER SERVICES BOARD

Statement of Change in Net Debt

For the year ended March 31, 2014

	Budget (note 14)	2014	2013
Annual Surplus	\$ 656,500	\$ 252,440	\$ 577,977
New construction costs	(32,139,800)	(30,631,482)	(30,040,049)
Funds recovered from:			
Province of Manitoba	12,728,300	12,851,007	10,547,777
Municipalities	19,411,500	18,172,754	22,673,317
	0	392,279	3,181,045
Decrease (increase) in prepaid supplies	1,000	14,275	(14,782)
Disposition of surplus	(520,000)	(1,452,476)	(1,484,063)
Increase in net debt	137,500	(793,482)	2,260,177
Net debt, beginning of year	(5,277,120)	(5,277,120)	(7,537,297)
Net debt, end of year	\$ (5,139,620)	\$ (6,070,602)	\$ (5,277,120)

See accompanying notes to financial statements.

THE MANITOBA WATER SERVICES BOARD

Statement of Cash Flows

For the year ended March 31, 2014

	2014	2013
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 252,440	\$ 577,977
Change in non-cash operating working capital:		
Accounts receivable	(2,816,515)	870,088
Prepaid supplies	14,275	(14,782)
Accounts payable and accrued charges	(450,868)	(2,607,604)
Accrued Interest	(2,185)	(1,098)
Cash provided by (used in) operating activities	(3,002,853)	(1,175,419)
Financing activities:		
Advances received	9,600,000	5,100,000
Advances repaid	(6,600,000)	(8,400,000)
Cash provided by (used in) financing activities	3,000,000	(3,300,000)
Capital activities:		
New construction costs	(30,631,482)	(30,040,049)
Funding recovered from:		
Province of Manitoba	12,851,007	10,547,777
Municipalities	18,172,754	22,673,317
Increase in construction in progress	392,279	3,181,045
Net plant surplus transferred to municipalities	(1,452,476)	(1,484,063)
Cash used in capital activities	(1,060,197)	1,696,982
Decrease in cash	(1,063,050)	(2,778,437)
Cash, beginning of year	(563,774)	2,214,663
Cash, end of year	\$ (1,626,824)	\$ (563,774)

Supplementary Financial Information

Interest paid \$196,465 (2013 - \$172,554)

Interest received \$182,815 (2013 - \$204,081)

THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements

For the year ended March 31, 2014

1. Nature of operations:

The Manitoba Water Services Board (the 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 assists municipalities with the development of sustainable water and wastewater works, including; water supply, treatment, storage and distribution; collection and treatment of sewage; the disposal of treated effluent and waste sludge in an environmentally sustainable manner and the provision of drought resistant, safe water supplies to rural residents for domestic and livestock needs.

2. Significant accounting policies:

(a) Basis of accounting:

The financial statements have been prepared using Canadian public sector accounting standards established by the Public Sector Accounting Board.

(b) Tangible capital assets and construction in progress:

Tangible 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:

Asset	Term
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

Tangible 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.

THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements

For the year ended March 31, 2014

2. Significant accounting policies (continued):

(c) Revenue recognition:

Revenue from the 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.

(f) Use of estimates:

The preparation of the financial statements 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 revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of accounts receivable and tangible capital assets. Actual results could differ from those estimates.

THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements

For the year ended March 31, 2014

3. Financial instruments and financial risk management:

(a) Classification and measurement of financial instruments:

Financial instruments are classified into one of the two measurement categories: (a) fair value; or (b) cost or amortized cost.

The Board records its financial assets at cost or amortized cost, which include cash and cash equivalents, accounts receivable and accrued interest. The Board also records its financial liabilities at cost or amortized cost, which include accounts payable and accrued charges and advances from the Province of Manitoba.

Amortized cost is determined using the effective interest method.

Gains and losses on financial instruments measured at fair value are recorded in accumulated surplus as remeasurement gains and losses until realized. Upon disposition of the financial instruments, the cumulative remeasurement gains and losses are reclassified to the statement of operations. Gains and losses on financial instruments measured at cost or amortized cost are recognized in the statement of operations in the period the gain or loss occurs.

The Board did not incur any remeasurement gains and losses during the year (2013 - nil).

THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements

For the year ended March 31, 2014

3. Financial instruments and financial risk management (continued):

(b) Financial risk management - overview:

The Board has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk, and
- Foreign currency risk

The Board manages its exposure to risks associated with financial instruments that have the potential to affect its operating performance. The Board's Directors have the overall responsibility for the establishment and oversight of the Board's objectives, policies and procedures for measuring, monitoring and managing these risks.

The Board has exposure to the following risks associated with its financial instruments:

Credit risk:

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Board to credit risk consist principally of accounts receivable and accrued interest.

The maximum exposure of the Board's credit risk is as follows:

	March 31, 2014	March 31, 2013
Accounts receivable	\$ 6,196,954	\$ 3,380,439
Accrued interest	6,357	4,172
	\$ 6,203,311	\$ 3,384,611

THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements

For the year ended March 31, 2014

3. Financial instruments and financial risk management (continued):

Accounts receivable: The Board is not exposed to significant credit risk as the receivables are with Municipal and other government entities and payment in full is typically collected when it is due. Credit evaluations are done for each Rural Municipality.

The aging of accounts receivable are as follows:

	March 31, 2014	March 31, 2013
Current	\$ 4,631,295	\$ 2,312,013
30-60 days past billing date	1,170,908	865,832
60-90 days past billing date	394,751	15,153
90-120 days past billing date	-	187,441
	<u>\$ 6,196,954</u>	<u>\$ 3,380,439</u>

Accrued Interest: The Board is not exposed to significant credit risk as the accrued interest relates to one receivable with a municipality for ongoing construction and payment is anticipated at the completion of the work.

Liquidity risk:

Liquidity risk is the risk that the Board will not be able to meet its financial obligations as they come due. The Board manages liquidity risk by maintaining adequate cash balances and by appropriately utilizing working capital advances as required. The Board prepares and monitors detailed forecasts of cash flows from operations and anticipated investing and financing activities. Identified capital supply requirements are reviewed and approved by the Minister of Finance to ensure adequate funding will be available to meet the Board's obligations utilizing bridge financing through The *Loan Act*. The Board continuously monitors and reviews both actual and forecasted cash flows through periodic financial reporting.

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to accounts receivable, accrued interest, accounts payable and accrued charges, and advances from the Province of Manitoba.

The interest rate risk on the above exposures is considered to be low because of their short-term nature.

THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements

For the year ended March 31, 2014

4. Construction in progress:

	March 31, 2014	March 31, 2013
Balance, beginning of year	\$ 4,707,276	\$ 7,888,321
New construction costs	30,631,481	30,040,049
	35,338,757	37,928,370
Funding recovered from:		
Municipalities	18,172,754	22,673,317
Province of Manitoba	12,851,006	10,547,777
	31,023,760	33,221,094
Construction in progress	\$ 4,314,997	\$ 4,707,276

5. Tangible capital assets:

March 31, 2014	Cost	Accumulated amortization	Net book value
Land and easements	\$ 10,494	\$ —	\$ 10,494
Buildings	522,722	522,722	—
Equipment	132,628	132,628	—
	\$ 665,844	\$ 655,350	\$ 10,494

March 31, 2013	Cost	Accumulated amortization	Net book value
Land and easements	\$ 10,494	\$ —	\$ 10,494
Buildings	522,722	522,722	—
Equipment	132,628	132,628	—
	\$ 665,844	\$ 655,350	\$ 10,494

THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements

For the year ended March 31, 2014

6. Accumulated surplus:

Accumulated surplus/(deficit) consist of accumulated excess revenues over expenses pertaining to the water supply plants 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. Net plant surplus transferred to municipalities during the year amount to \$1,452,476 (2013 - \$1,484,063).

	No.	March 31, 2014	No.	March 31, 2013
Plants operated by the Board:				
Plants with a deficit	6	\$ (3,581,586)	6	\$ (3,486,885)
Plants with a surplus	4	1,799,752	4	2,905,087
Total funds retained (deficit), water supply plants	10	(1,781,834)	10	(581,798)
Interest and adjustment fund account (note 7)		100,000		100,000
		\$ (1,681,834)		\$ (481,798)

Net plant surplus (deficit) transactions during 2013/2014 include capital works approved by the Board for the Baldur water treatment plant and regional systems operated by the Board including, Cartier Regional, Southwest Regional, and the Yellowhead Regional Water Co-operatives.

7. Interest and 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 costs 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, 2014

8. Administrative expenses paid by the Province of Manitoba:

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

	2014	2013
Professional services	\$ 14,392	\$ 30,744
Salaries and benefits	1,945,002	2,021,067
Telephone and utilities	17,539	17,310
Travel	834	444
Rental for office premises	150,102	149,865
Other administrative	99,082	243,699
	\$ 2,226,951	\$ 2,463,129

9. Commitments:

	March 31, 2014	March 31, 2013
Signed agreements and offers for construction of sewer and water systems for municipalities and cooperatives	\$ 57,024,788	\$ 32,139,763

These commitments are expected to be funded as follows:

Subsidization of construction costs - Province of Manitoba	\$ 16,688,700	\$ 12,728,300
Recovery of construction costs - municipalities and cooperatives	40,336,088	19,411,463
	\$ 57,024,788	\$ 32,139,763

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.

THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements

For the year ended March 31, 2014

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 with these entities 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.

12. Economic dependency:

The Board is economically dependent on the Province of Manitoba.

13. Unfixed advances from the Province of Manitoba:

The Board finances construction in progress by borrowing advances from the Province through The *Loan Act*. The Board pays interest on these unfixed advances. Interest payable is set at Prime less 0.75 percent. During 2013/2014 the rate of interest charged was 2.25 percent on a quarterly basis. These advances are repaid once funding is received from the municipalities and cooperatives and the Province for their share of the eligible project costs.

As at March 31, 2014, the Province had unused authority of \$60,451,000 under The *Loan Act* - 2013 to provide future financing to the Board for construction of municipal sewer and water facilities on behalf of municipalities and cooperatives.

14. Budgeted figures:

The budgeted figures presented in these financial statements have been derived from the estimates approved by the Board.

15. Bank Indebtedness:

The Board does not have an overdraft in place on its bank account. However, funds could be borrowed from the Province of Manitoba as needed to fund cash deficits. The bank overdraft is the result of outstanding cheques that have not been cashed at March 31, 2014. The Board anticipates it will have sufficient funds in place to cover these outstanding disbursements.



Melita Sewermain Renewals



Boissevain Raw Water Pipeline



Morris Low Pressure Sewer System



Wallace Water Treatment Plant Expansion



Woodworth – Kenton Water Supply Upgrade



Woodworth – Kenton Reservoir