



**MINISTER OF  
MUNICIPAL GOVERNMENT**

Room 301  
Legislative Building  
Winnipeg, Manitoba CANADA  
R3C 0V8  
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The Honourable Janice C. Filmon, 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, 2014 to March 31, 2015. This report records the activities of the Board for that period.

Sincerely,

*"Original Signed By"*

Honourable Drew Caldwell  
Minister





**Municipal Government**

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

Dear Minister:

I have the honour of presenting to you the 43<sup>rd</sup> Annual Report of The Manitoba Water Services Board for the fiscal year ending March 31, 2015, 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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### BOARD

**Fred Meier, (Chair)**  
Deputy Minister  
Municipal Government

**Grant Doak, (Vice-Chair)**  
Deputy Minister  
Conservation and Water Stewardship

**Lance Vigfusson, P. Eng.**  
Deputy Minister  
Infrastructure and Transportation

**Joe Masi**  
Executive Director  
AMM

**Vacant**  
AMM

### MANAGEMENT

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Standing from Left: David Shwaluk, Fred Meier, Grant Doak, Joe Masi, Lance Vigfusson

# 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

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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.

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## Objectives

The Manitoba Water Services Board has the following specific objectives:

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

## Capital Programs

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

Generally, the Board's total annual expenditure for water and sewerage, including Municipal 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).

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## Message from the General Manager

### Core Infrastructure Renewal Program



Year 2014-15 was the Board's busiest year on record initiating 100 water and sewer infrastructure projects throughout rural Manitoba. With a Provincial funding commitment under a 5 year Core Infrastructure Renewal Program, the Board's annual budget increased to \$16.813M from \$14.813M. This increased budget allowed the Board to expedite implementation of water and sewer projects which will enhance the quality of life in rural Manitoba as well as provide economic development opportunities.

Board staff embraced this funding initiative and substantially completed 60 infrastructure projects at a cost of \$35.5M as well as initiating 40 new projects for studies, design and/or construction estimated at \$70.0M. In total, the Board provided project management services for 100 projects which comprised of 41 studies and 59 construction projects for an estimated cost of \$105.5M. Funding sources for these projects were either provided by the Board, Infrastructure Stimulus, Correctional Services Canada or Build Canada.

The Board also entered into 37 new cost sharing agreements for projects approved under the Board's 5 year capital plan as well as project management service agreements for Build Canada projects estimated at \$99.0M.

The Board provided project management services to Manitoba Conservation and Water Stewardship (Parks Branch) for 12 water and sewer upgrading projects estimated at \$7.0M and 6 special initiative projects funded by Build Canada at an estimated cost of \$67.0M.

In closing, I would like to acknowledge and thank the team of dedicated staff at the Board for their commitment in delivering a record number of capital projects to our municipal clients, Parks Branch and special project initiatives.

**Dave Shwaluk, P. Eng.**  
**General Manager**



Balmoral Wastewater Lagoon Upgrading



Stanley Water Supply Upgrades



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# Activities Carried Out to Meet the Objectives

## Water Treatment Plants

### 1.0 Previously Constructed Works

The Manitoba Water Services Board assumed 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, 2015 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 2014-15	Actual Cost of Production per 1,000 I.G.	April 1/15 Selling Price 1,000 I.G.	Type of Treatment
Argyle, (R.M.)(Baldur)	4,159,770	11.01	12.21	A,B,C,D
Oakview, (R.M.)(Oak River)	3,378,000	9.33	13.50	B,C,D
Lorne, (Mun.)(Notre Dame de Lourdes)	20,214,600	5.45	5.82	B,C,D
Riding Mountain West, (R.M.)(Inglis)	4,219,310	14.25	16.48	B,C,D
Yellowhead,(R.M.)(Strathclair)	4,154,000	12.20	11.31	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 and conform to current regulations. The Board, on behalf of the Co-ops, operates the following regional systems:

### 2.1 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 and the Headingley (men's) Correctional Centre. With continued growth in Headingley and surrounding municipalities, Cartier Water Co-op are constructing a new 150 L/s water plant, a pipeline and reservoir located in the R.M. of Rosser. The increased treatment capacity will enable the Co-op to meet increased water demands in surrounding municipalities such as Rosser, West St. Paul and Stony Mountain Penitentiary.

The wholesale water rate for 2015-16 was set by the Board at \$8.90 per 1,000 Imperial Gallons, which is a 2.2% increase from the previous year.

### 2.2 Yellowhead

In 2006-07, the Board developed the Yellowhead regional water system in a chronic 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 Westlake-Gladstone, North Norfolk, and Glenella-Landsdowne.

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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 2015-16 was set at \$8.12 per 1,000 Imperial Gallons.

### **2.3 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. With the January 1, 2015 amalgamations the municipalities that are serviced by the G3 system are Gilbert Plains Municipality and Grandview Municipality. The wholesale water rate for 2015-16 was set at \$6.55 per 1,000 Imperial Gallons.

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

### **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 2015-16 was set by the Board at \$8.56 per 1,000 Imperial Gallons for the Municipalities of Elton and Whitehead and \$6.37 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. With the January 1, 2015 amalgamation, the municipalities serviced by the Southwest Regional System became the Municipality of Two Borders, the Municipality of Brenda-Waskada and the Town of Melita.

The wholesale water rates for 2015-16 were set by the Board at \$8.18 per 1,000 Imperial Gallons for the municipalities and \$11.18 per 1,000 Imperial Gallons for Melita. This represented a 2.2% increase from the previous year, to recover capital costs, recover deficits and establish a capital reserve for replacement of aging water mains.

### **2.6 South Central District**

In 2014-15, the Board signed agreements with the Towns of Pilot Mound and Manitou to develop and operate the South Central District Water Cooperative at a cost of approximately \$9.0M. Phase 1 work which included the well field and pipeline to Pilot Mound was completed in 2014. Phase 2 work includes pipeline to Manitou and water plant upgrades, currently under construction. As of January 1, 2015, the Town of Pilot Mound amalgamated with the R.M. of Louise and the Town of Manitou with the R.M. of Pembina.

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# 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](http://www.gov.mb.ca/ia/mwsb).

In 2014-15, the Province committed funding to a 5 year Core Infrastructure Renewal Program. The Board annual budget increased to \$16.813M from \$14.813M until 2019-20. With increased funding the Board was able to manage the highest number of water and sewer projects on record in rural Manitoba.

The Board provided project management and interim financing for 60 substantially completed projects estimated at \$35.5M and initiated 40 new projects for studies, design and/or construction at estimated cost of \$70.0M. In addition, the Board entered into 37 new cost sharing agreements for projects approved under the Board's 5 year capital plan and project management agreements for Build Canada projects. Funding sources for all the projects were either provided by the Board, Infrastructure Stimulus, Correctional Canada or Build Canada.

During 2014-15, the following major projects were substantially completed:

- Dauphin Radio Frequency Water Meter Replacement \$1.3M
- Macdonald Water Supply/Infrastructure Upgrades \$2.8M
- Melita Water and Sewer Upgrades \$900.0
- Miniota Wastewater Lagoon Upgrading \$1.0M
- Morris Low Pressure Sewer Riverside \$750.0
- Portage la Prairie, City SBR Pump Station \$3.0M
- Portage la Prairie, R.M. Rural Pipeline \$1.7M
- Rockwood Balmoral Wastewater Lagoon Upgrading \$1.8M
- Southwest Regional Water Co-op \$1.4M

**Water and Sewer Projects Substantially Completed during 2014-15 were:**

<b>Project</b>	<b>Work Description</b>	<b>Project Costs</b>		<b>Provincial Grants</b>
Altona (4), Town	Wastewater Lagoon Upgrading Study	\$	134,662	\$ 67,331
Binscarth (8), Village	Water Plant Upgrading Study		21,057	10,529
Birtle (7), Town	Water Supply Feasibility Study		18,421	9,210
Boissevain (8), Town	Raw Water Pipeline Replacement		256,601	132,801
Bowsman (5), Village	Water Treatment Plant Upgrading		90,295	45,147
Cartier (20), R.M.	Low Pressure Sewer System (Elie North)		752,351	225,705
Dauphin (8), City	Water Meter Replacements		1,320,495	660,248
Dauphin (9), R.M.	Rural Water Supply Feasibility Study		20,812	10,406
Dauphin (10), City	UV Disinfection Study		30,788	15,394
Deloraine (8), Town	Water Treatment Plant Upgrade		553,131	276,565
Dunnottar (3), Village	Passive Filtration System		856,671	428,335
Elton (9), R.M.	Rural Water Pipeline		160,089	53,363
Erickson (11), Town	Water Metering System		292,083	146,041
Ethelbert (4), Town	Lift Station Upgrade		47,829	23,915
Franklin (3), R.M.	Water Treatment Plant Upgrade		316,563	158,281
Grandview (12), Town	CCTV Gravity Sewer System Inspection		16,625	8,313
Hamiota (13), R.M.	Regional Water Supply Feasibility Study		14,295	7,148
Macdonald (11), R.M.	Water Supply/ Infrastructure Upgrades		2,817,896	1,408,948
Melita (6), Town	Wastewater Lagoon Feasibility Study		80,861	40,430
Melita (7), Town	Water and Sewer Upgrading		913,111	273,933
Miniota (7), R.M.	Wastewater Lagoon Upgrading		986,955	493,477
Morris (13), R.M.	Riverside Low Pressure Sewer System		759,007	227,702
Oakland, R.M.	Water Supply Feasibility Study		5,434	2,717
Pembina (3), R.M.	Rural Water Feasibility Study		19,020	9,510
Pipestone (6), R.M.	Water Treatment Plant Expansion and Rural Lines		7,313,745	3,032,423
Pipestone (7), R.M.	Rural Water Pipelines		1,871,295	623,765
Pipestone (8), R.M.	Pipestone Wastewater Lagoon Feasibility Study and Environmental Approval		19,585	9,792
Pipestone (9), R.M.	Reston Wastewater Lagoon Feasibility Study and Environmental Approval		44,252	22,126
Portage la Prairie (36), City	SBR Pump Station Upgrading		3,075,204	900,000
Portage la Prairie (37), City	Wastewater Pilot Plant Study		342,507	171,254
Portage la Prairie (38), R.M.	Rural Water Pipeline		1,663,739	554,580
Powerview (5), Town	Wastewater Lagoon Feasibility Study		56,213	28,107

**Water and Sewer Projects Substantially Completed during 2014-15 were continued:**

Project	Work Description	Project Costs	Provincial
			Grants
Rapid City (5), Town	Water Supply Study	23,259	11,630
Rivers (4), Town	Water Plant Upgrading Study	27,409	13,704
Roblin (12), Town	Raw Water Pumping Station	258,005	129,002
Rockwood (4), R.M.	Wastewater Lagoon Feasibility Study	34,668	17,334
Rockwood (5), R.M.	Balmoral Wastewater Lagoon Upgrading	1,855,792	927,896
Rosedale (7), R.M.	Rural Water Feasibility Study	26,340	13,170
St. Andrews (4), R.M.	Regional Wastewater Development Study	21,356	10,678
St. Francois (7), R.M.	Oakville Reservoir Expansion Predesign Study	26,786	13,393
St. Francois (8), R.M.	Regional SCADA System	1,088,841	544,420
St. Francois (9), R.M.	Wastewater Lagoon Upgrading	804,329	370,026
St. Pierre - Jolys (2), Village	Wastewater Lagoon Feasibility Study	88,603	44,302
Selkirk (7), City	Wastewater Treatment Plant Functional Design	405,356	202,678
Shoal Lake (10), Municipality	Oakburn Lift Station Upgrading	109,743	54,871
Shoal Lake (11), Municipality	Hydrogen Sulfide Gas Mitigation	88,310	44,155
South West Regional Water Co-op	Water Treatment Capacity Upgrades	1,429,590	714,745
Stanley (13), R.M.	Water Treatment Plant Upgrading	601,400	300,700
Thompson (9), City	Wastewater Treatment Plant Functional Design and EA	219,205	131,523
Treherne (3), Town	Water Meters Replacements	396,072	198,036
Treherne (4), Town	Water & Sewer Assessment Study	39,462	19,731
Virden (9), Town	Wastewater Treatment Plant Functional Design and EA	110,202	55,101
Virden (10), Town	Wastewater Treatment Plant Headworks Design, Ph 1	267,504	133,752
Wallace (12), R.M.	Wastewater Lagoon Feasibility Study	50,362	25,181
Wawanesa (7), Village	Wastewater Lagoon Feasibility Study	80,295	40,147
West St. Paul (5), R.M.	Groundwater Feasibility Study	41,388	20,694
Winnipeg Beach (5), Town	Water Supply Feasibility Study	22,589	11,294
Woodlands (5), R.M.	Wastewater Lagoon Feasibility Study	32,525	16,263
Woodworth (2), R.M.	Water Supply Upgrading	650,327	325,164
Woodworth (3), R.M.	Kenton Reservoir/Pumphouse	1,879,353	939,677
		<u>\$ 35,550,663</u>	<u>\$ 15,406,764</u>

**Water and Sewer Projects Under Design and/or Construction during 2014-15 were:**

<b>Project</b>	<b>*</b>	<b>Work Description</b>	<b>Agreement Estimate</b>	<b>Estimated Grants</b>
Beausejour (5), Town		Water and Wastewater Assessment Study	\$ 100,000	\$ 50,000
Benito (6), Village		Wastewater Lagoon Feasibility Study	70,000	35,000
Brokenhead (4), R.M.		Wastewater Lagoon Feasibility Study	44,000	22,000
Cartier Reg. Water Co-op (2)		Oakville Reservoir Final Design	250,000	125,000
Cornwallis (4), R.M.		Chater Water Supply Upgrading	375,000	187,500
Dauphin (11), City		Water Supply Upgrading	1,500,000	750,000
Elton (10), R.M.		Douglas Wastewater Lagoon Study	20,000	10,000
Flin Flon (11), City		Water Distribution Study	50,000	30,000
Glenboro (3), Village		Sewermain Relining	260,000	78,000
Kelsey (6), R.M.		Water Supply Expansion	1,700,000	850,000
Louise (3), R.M.		Clearwater Water Treatment Plant upgrade	140,000	70,000
Lynn Lake (4), Town		Pilot Testing	110,000	66,000
Minnedosa (5), Town		Lift Station and Forcemain	2,000,000	1,000,000
Neepawa (17), Town		Water Supply Upgrading	1,000,000	500,000
Neepawa (16), Town		Water & Wastewater Assessment Study	60,000	30,000
North Norfolk (4), R.M.		Rural Water Pipelines	2,000,000	667,667
Oak Lake (3), Town		Wastewater Lagoon	4,600,000	2,300,000
Pilot Mound (10), Town		Water Supply Upgrading	3,100,000	1,550,000
Pinawa (3), L.G.D.		Wastewater Lagoon Upgrade	2,100,000	1,050,000
Pipestone (10), R.M.		Rural Water Pipeline	4,500,000	1,850,000
Rapid City (6), Town		Water Supply Pipeline	625,000	312,500
Rivers (5), Town		WTP Final Design	300,000	150,000
Russell (7), Town		Water Supply Upgrading	260,000	130,000
St. Francois Xavier (5), R.M.	ISF	Cartier Regional Water Supply	12,000,000	3,733,125
Selkirk (6), City		Groundwater Source Investigation	400,000	200,000
Somerset (3), Village		Watermain Renewal	500,000	150,000
Souris (18), Town		Wastewater Treatment Plant Study	130,000	65,000
Southwest Water Co-op (2)		Structural Assessment Study	10,000	5,000
Strathcona (2), R.M.		Belmont Water Supply Well	160,000	80,000
Victoria (4), R.M.		Wastewater Lagoon Feasibility Study	80,000	40,000
Virden (11), Town		Wastewater Treatment Plant, Phase 1	4,000,000	2,000,000
Wallace (13), R.M.		Water System Upgrading	1,300,000	650,000
Wawanesa (6), Village		Water Treatment Plant Upgrade	800,000	400,000
Wawanesa (8), Village		Wastewater Lagoon	3,600,000	1,800,000
West St. Paul (4), R.M.	BCF	Regional Wastewater Sewer System	16,000,000	2,000,000
Winkler (10), City		Wastewater Upgrading	2,000,000	1,000,000
Winnipeg Beach (4), Town		Wastewater Lagoon Feasibility Study	160,000	80,000
Woodlands (6), R.M.		Wastewater Lagoon Upgrading	1,800,000	900,000
Woodworth (4), R.M.		Kenton Lift Station Upgrading	120,000	60,000
Yellowhead (4) Water Co-op		Regional Water Supply Upgrades	1,600,000	800,000

\*  
BCF - Build Canada Fund  
ISF - Infrastructure Stimulus Fund

**Total**      \$ 69,824,000      \$ 25,776,792

**Water and Sewer Construction Agreements Signed during 2014-15 were:**

<b>Project (Agreement)</b>	<b>*</b>	<b>Work Description</b>	<b>Date Signed</b>	<b>Estimated Project Cost</b>
Arborg (12), Town	NBCF	Watermain Renewals	February 24, 2015	2,156,799
Beausejour (5), Town		Water and Wastewater Assessment Study	April 15, 2014	100,000
Cartier Reg. Water Co-op	NBCF	Water System Expansion	August 26, 2014	43,500,000
Cartier Reg. Water Co-op (2)		Oakville Reservoir Final Design	March 23, 2015	250,000
Cornwallis (4), R.M.		Chater Water Supply Upgrading	July 2, 2014	375,000
Deloraine-Winchester (9), Mun.	NBCF	Water Treatment Plant	February 9, 2015	6,900,000
Edward, R.M.		Wastewater System Upgrading	May 2, 2014	140,000
Elton (10), R.M.		Douglas Wastewater Lagoon Study	May 23, 2014	20,000
Elton (11), R.M.	NBCF	Rural Water Pipelines	February 2, 2015	4,001,800
Flin Flon (11), City		Water Distribution Study	June 10, 2014	50,000
Glenboro (3), Village		Sewermain Relining	April 17, 2014	260,000
Kelsey (6), R.M.		Water Supply Expansion	June 2, 2014	1,700,000
Kelsey (7), R.M.	NBCF	Rall's Island Rural Water Pipeline	February 20, 2015	2,940,000
Louise (3), R.M.		Clearwater WTP Upgrading	May 8, 2014	140,000
Lynn Lake (4), Town		Pilot Testing	August 27, 2014	110,000
Minnedosa (5), Town		Lift Station and Forcemain	May 2, 2014	2,000,000
Neepawa (17), Town		Water Supply Upgrading	May 2, 2014	500,000
Oak Lake (3), Town		Wastewater Lagoon	April 15, 2014	4,600,000
Pilot Mound (10), Town		Water Supply Upgrading	April 25, 2014	3,100,000
Pipestone (10), R.M.		Rural Water Pipeline	August 7, 2014	4,500,000
Pipestone (11), R.M.		Rural Water Pipeline & Metering Stations	March 13, 2015	600,000
Portage (39), City		Water Supply Predesign Study	February 5, 2015	220,000
Rapid City (6), Town		Water Supply Pipeline	May 23, 2014	625,000
Rivers (5), Town		Water Treatment Plant Final Design	June 16, 2014	300,000
Rockwood (7), R.M.	CSC	Stony Mountain Institution Water Pipeline	February 23, 2015	8,100,000
Russell (7), Town		Water Supply Upgrading	April 17, 2014	260,000
Somerset (3), Village		Watermain Renewal	April 15, 2014	500,000
Southwest Water Co-op (2)		Structural Assessment Study	September 8, 2014	10,000
Ste. Rose (12), Municipality		Rural Pipeline	March 13, 2015	180,000
Strathcona (2), R.M.		Belmont Water Supply Well	April 25, 2014	160,000
Wallace (13), R.M.		Water System Upgrading	July 25, 2014	1,300,000
Westlake-Gladstone, Municipality	NBCF	Rural Water Pipeline	March 16, 2015	1,348,932
Winkler (10), City		Wastewater Upgrading	July 21, 2014	2,000,000
Winnipeg Beach (6), Town		Water Supply Upgrades	December 19, 2014	800,000
Winnipeg Beach (7), Town	NBCF	Wastewater Lagoon Upgrading	January 19, 2015	3,500,000
Woodlands (6), R.M.		Wastewater Lagoon Upgrading	April 25, 2014	1,800,000
Woodworth (4), R.M.		Kenton Lift Station Upgrading	April 8, 2014	120,000

\* **Total** **\$ 99,167,531**

NBCF - New Build Canada Fund  
 CSC - Correctional Services Canada



**Project Management Services during 2014-15 were:**

<b>Project (Agreement)</b>	<b>*</b>	<b>Work Description</b>	<b>Estimated Project Cost</b>
<b>Manitoba Conservation - Parks Branch</b>			
2 Manitoba Provincial Parks		Public Water System Assessments / Compliance / Action Plans	\$ 2,000
Brereton Lake		Wastewater Treatment Plant	1,900,000
Grand Beach		Pumphouse Upgrades	35,000
Moose Lake		Wastewater Treatment	60,000
Opapiskaw		Water Treatment Plant Upgrade	52,000
Rainbow Beach		Water Treatment Plant	470,000
St. Ambroise		Site Survey	8,200
Spruce Woods		Wastewater Lagoon	3,100,000
Stephenfield		Wastewater Lagoon	960,000
Watchhorn		Water Distribution	14,000
Wellman Lake		Water Treatment Plant Upgrade	6,000
William Lake		Water Treatment Plant Building & Treatment Design	480,000
			\$ 7,087,200
<b>Special Initiatives</b>			
Cartier Regional Water Co-op	NBCF	Water System Expansion	\$ 43,500,000
Cartier Regional Water Supply Expansion	BMF	Water Supply Study & Functional Design	2,600,000
Deloraine-Winchester (9), Mun.	NBCF	Water Treatment Plant	6,900,000
Elton (11), R.M.	NBCF	Rural Water Pipelines (to Douglas)	4,001,800
Kelsey (7), R.M.	NBCF	Rall's Island Rural Water Pipeline	2,940,000
Portage la Prairie (35), City	BMF	Wastewater Treatment Plant Preliminary Designs	1,002,613
St. Clements (3), R.M.	BCF	Wastewater Sewer System	6,000,000
			\$ 66,944,413
		<b>Total</b>	<b>\$ 74,031,613</b>

\*

NBCF - New Build Canada Fund

BCF - Build Canada Fund

BMF - Building Manitoba Fund

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## **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 2014-15 the Board provided project management for 7 special initiative projects funded by Build Canada. A complete list is shown on the previous page.

### **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 \$100.0M when completed.

## **3.0 Sustainable Development**

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

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

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

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



## **The Manitoba Water Services Board**

### **Management Report**

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

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

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

*"Original Signed By"*

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D. Shwaluk, P. Eng.  
General Manager

*"Original Signed By"*

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C. Brigden  
Chief Financial Officer

July 23, 2015



## 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, 2015, 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, 2015, 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  
July 23, 2015  
Winnipeg, Manitoba

# THE MANITOBA WATER SERVICES BOARD

## Statement of Financial Position

As at March 31, 2015

	March 31, 2015	March 31, 2014
<b>Financial assets</b>		
Accounts Receivable	\$ 5,527,516	\$ 6,196,954
Accrued Interest	9,079	6,357
	<u>5,536,595</u>	<u>6,203,311</u>
<b>Liabilities</b>		
Bank Indebtedness (note 15)	145,902	1,626,824
Accounts payable and accrued charges	7,533,443	3,147,089
Advances from The Province of Manitoba payable on demand (note 13)	21,100,000	7,500,000
	<u>28,779,345</u>	<u>12,273,913</u>
<b>Net Debt</b>	<b>(23,242,750)</b>	<b>(6,070,602)</b>
<b>Non-financial assets</b>		
Construction in progress (note 4)	19,968,703	4,314,997
Tangible capital assets (note 5)	10,494	10,494
Prepaid supplies	64,577	63,277
	<u>20,043,774</u>	<u>4,388,768</u>
<b>Accumulated surplus (deficit) (note 6)</b>	<b>\$ (3,198,976)</b>	<b>\$ (1,681,834)</b>

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, 2015

	Budget (note 14)	2015	2014
<b>Revenues:</b>			
Sale of Water	\$ 4,195,578	\$ 4,063,291	\$ 3,913,366
Administrative expenses paid by the Province of Manitoba (note 8)	2,643,000	2,291,490	2,226,951
Interest	3,000	5,660	4,026
	<u>6,841,578</u>	<u>6,360,441</u>	<u>6,144,343</u>
<b>Expenses:</b>			
Direct expenses for water supply plants:			
Interest expense	160,000	363,082	196,465
Interest allocated to new construction	(225,000)	(397,560)	(182,815)
	<u>(65,000)</u>	<u>(34,478)</u>	<u>13,650</u>
Chemicals	420,499	341,016	407,981
Heat, telephone, light and power	881,232	922,918	866,594
Professional services	559,138	655,672	680,574
Salaries and benefits	1,015,832	1,210,180	1,085,308
Repairs and maintenance	626,661	696,926	610,845
Administrative (note 8)	2,643,000	2,291,490	2,226,951
	<u>6,081,362</u>	<u>6,083,724</u>	<u>5,891,903</u>
Annual surplus	760,216	276,717	252,440
Accumulated surplus (deficit), beginning of year	(1,681,834)	(1,681,834)	(481,798)
Disposition of funds (note 6)	(845,000)	(1,793,859)	(1,452,476)
Accumulated deficit, end of year	\$ (1,766,618)	\$ (3,198,976)	\$ (1,681,834)

See accompanying notes to financial statements.

# THE MANITOBA WATER SERVICES BOARD

## Statement of Change in Net Debt

For the year ended March 31, 2015

	Budget (note 14)	2015	2014
Annual Surplus	\$ 760,216	\$ 276,717	\$ 252,440
New construction costs	(57,024,788)	(69,399,309)	(30,631,482)
Funds recovered from:			
Province of Manitoba	16,688,700	16,277,788	12,851,007
Municipalities	40,336,088	37,467,815	18,172,754
	0	(15,653,706)	392,279
Decrease (increase) in prepaid supplies	1,000	(1,300)	14,275
Disposition of funds	(845,000)	(1,793,859)	(1,452,476)
Increase in net debt	(83,784)	(17,172,148)	(793,482)
Net debt, beginning of year	(6,070,602)	(6,070,602)	(5,277,120)
Net debt, end of year	\$ (6,154,386)	\$ (23,242,750)	\$ (6,070,602)

See accompanying notes to financial statements.

# THE MANITOBA WATER SERVICES BOARD

## Statement of Cash Flows

For the year ended March 31, 2015

	2015	2014
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 276,717	\$ 252,440
Change in non-cash operating working capital:		
Accounts receivable	669,438	(2,816,515)
Prepaid supplies	(1,300)	14,275
Accounts payable and accrued charges	4,386,354	(450,868)
Accrued Interest	(2,722)	(2,185)
Cash provided by (used in) operating activities	5,328,487	(3,002,853)
Financing activities:		
Advances received	19,800,000	9,600,000
Advances repaid	(6,200,000)	(6,600,000)
Cash provided by (used in) financing activities	13,600,000	3,000,000
Capital activities:		
New construction costs	(69,399,309)	(30,631,482)
Funding recovered from:		
Province of Manitoba	16,277,788	12,851,007
Municipalities	37,467,815	18,172,754
Increase in construction in progress	(15,653,706)	392,279
Disposition of funds	(1,793,859)	(1,452,476)
Cash used in capital activities	(17,447,565)	(1,060,197)
Increase in cash	1,480,922	(1,063,050)
Cash, beginning of year	(1,626,824)	(563,774)
Cash, end of year	\$ (145,902)	\$ (1,626,824)

### Supplementary Financial Information

Interest paid \$363,082 (2014 - \$196,465)

Interest received \$397,560 (2014 - \$182,815)



# THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements

For the year ended March 31, 2015

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## 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, 2015

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### 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, 2015

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### 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 (2014 - nil).

# THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements

For the year ended March 31, 2015

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### 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, 2015	March 31, 2014
Accounts receivable	\$ 5,592,093	\$ 6,196,954
Accrued interest	9,079	6,357
	<b>\$ 5,601,172</b>	<b>\$ 6,203,311</b>

# THE MANITOBA WATER SERVICES BOARD

## Notes to Financial Statements

For the year ended March 31, 2015

### 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, 2015	March 31, 2014
Current	\$ 3,224,488	\$ 4,631,295
30-60 days past billing date	2,280,668	1,170,908
60-90 days past billing date	22,360	394,751
	\$ 5,527,516	\$ 6,196,954

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, 2015

### 4. Construction in progress:

	March 31, 2015	March 31, 2014
Balance, beginning of year	\$ 4,314,997	\$ 4,707,276
New construction costs	69,399,309	30,631,481
	73,714,306	35,338,757
Funding recovered from:		
Municipalities	37,467,815	18,172,754
Province of Manitoba	16,277,788	12,851,006
	53,745,603	31,023,760
<b>Construction in progress</b>	<b>\$ 19,968,703</b>	<b>\$ 4,314,997</b>

### 5. Tangible capital assets:

March 31, 2015	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, 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

# THE MANITOBA WATER SERVICES BOARD

## Notes to Financial Statements

For the year ended March 31, 2015

### 6. Accumulated Surplus/(Deficit):

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.

	No.	March 31, 2015	No.	March 31, 2014
Plants operated by the Board:				
Plants with a deficit	7	\$ (4,586,255)	6	\$ (3,581,586)
Plants with a surplus	3	1,287,279	4	1,799,752
<b>Total funds retained (deficit), water supply plants</b>	<b>10</b>	<b>(3,298,976)</b>	<b>10</b>	<b>(1,781,834)</b>
Interest and adjustment fund account (note 7)		100,000		100,000
		<b>\$ (3,198,976)</b>		<b>\$ (1,681,834)</b>

The Board is responsible for all ongoing capital repairs and improvements necessary for the water plants it operates. Disposition of funds relating to this during 2014/2015 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 and amount to \$1,793,859 (2014-\$1,452,476)

### 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, 2015

### 8. Administrative expenses paid by the Province of Manitoba:

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

	2015	2014
Professional services	\$ 8,225	\$ 14,392
Salaries and benefits	2,029,901	1,945,002
Telephone and utilities	17,474	17,539
Travel	1,721	834
Rental for office premises	144,942	150,102
Other administrative	89,227	99,082
	<u>\$ 2,291,490</u>	<u>\$ 2,226,951</u>

### 9. Commitments:

	March 31, 2015	March 31, 2014
Signed agreements and offers for construction of sewer and water systems for municipalities and cooperatives	\$ 60,452,043	\$ 57,024,788

These commitments are expected to be funded as follows:

Subsidization of construction costs – Province of Manitoba	\$14,996,000	\$16,688,700
Recovery of construction costs – Municipalities and cooperatives	45,456,043	40,336,088
	<u>\$ 60,452,043</u>	<u>\$ 57,024,788</u>

### 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, 2015

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**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. Advances from The Province of Manitoba payable on demand:**

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 2014/2015 the rate of interest charged was between 2.10 and 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, 2015, the Province had unused authority of \$62,846,000 under The *Loan Act* - 2014 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, 2015. The Board anticipates it will have sufficient funds in place to cover these outstanding disbursements.



**Virden WWTTP Headworks Building**



**West St. Paul Regional WW Sewer**



**Winkler Forcemain**



**Pilot Mound Water Supply Pipeline**



**Macdonald Oak Bluff Reservoir Expansion**



**Dauphin Brown Avenue Pump Upgrades**