

The Manitoba
Water Services Board

La Commission des Services
d'approvisionnement en eau du Manitoba

Annual Report
2017-2018

Rapport annuel
2017-2018



The Manitoba Water Services Board

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d'approvisionnement en eau du Manitoba

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**MINISTER
OF MUNICIPAL RELATIONS**

Room 317
Legislative Building
Winnipeg, Manitoba CANADA
R3C 0V8

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, 2017 to March 31, 2018. This report records the activities of the Board for that period.

Sincerely,

“Original signed by Jeff Wharton”

Honourable Jeff Wharton
Minister





Municipal Relations

Deputy Minister's Office

Room 311 Legislative Building

Winnipeg MB Canada R3C 0V8

Honourable Jeff Wharton
Minister of Municipal Relations
Room 317
Legislative Building
Winnipeg MB R3C 0V8

Dear Minister:

I have the honour of presenting to you the 46th Annual Report of The Manitoba Water Services Board for the fiscal year ending March 31, 2018, together with the financial statements for the same period.

Sincerely,

“Original signed by Jan Forster”

Jan Forster
Chair



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The Manitoba Water Services Board

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Deputy Minister
Municipal Relations

Rob Olson, (Vice-Chair)

Deputy Minister
Sustainable Development

Michael Richards

Deputy Minister
Intergovernmental Affairs & International Relations

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Executive Director
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Standing from Left: Joe Masi, Dave Shwaluk, Jan Forster, Ralph Groening
Missing: Rob Olson, Michael Richards

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 development and/or upgrading of water and sewer infrastructure 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 Relations, reports to the Legislature through the Minister of Municipal Relations. 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 Indigenous and Northern Relations, 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, composée de cinq membres nommés par le lieutenant-gouverneur en conseil et présidée par le sous-ministre des Relations avec les municipalités Manitoba, rend compte à l'Assemblée législative par l'intermédiaire du ministre des Relations municipales. Les activités de la Commission sont gérées par une équipe dirigée par le directeur général.

La Commission, sous l'autorité de la présente loi, peut conclure des ententes avec toute région organisée de la province, y compris les municipalités, les districts d'administration locale, les villages et les villes, à l'exclusion a) de la Ville de Winnipeg, b) des régions qui relèvent de la compétence du ministre des Relations Autochtones et du Nord, et c) des régions de la province qui relèvent de la compétence 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 water 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 and Federal Clean Water and Wastewater Fund (CWWF), is approximately \$79.0M.

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 45 millions de dollars par an (ce qui inclut les contributions municipales).

Message from the General Manager

Clean Water and Wastewater Fund



Year 2017-18 was another busy construction year at the Board.

Water and sewer infrastructure deficit remains high in rural Manitoba due to aging infrastructure, stricter regulations for public water systems and nutrient reduction for wastewater. As part of the Provincial commitment of \$1.0B annually towards infrastructure, water and sewer infrastructure upgrades provide immediate benefit to residents with safe drinking water and enhanced wastewater treatment systems as well as supporting future economic and agricultural opportunities.

Under a Provincial and Federal government initiative, the Clean Water and Wastewater Fund (CWWF) program of \$92.0M enabled the Board to advance 18 new tender-ready projects in rural Manitoba. A majority of the projects were completed on time and within budget. One noteworthy project completed was a regional water supply for the communities of Russell, Binscarth, Rossburn and Gambler First Nations eliminating 3 non-compliant aging water plants with new central membrane treatment plant.

A major focus for the Board is continuing to develop/expand regional water and wastewater systems to maximize infrastructure investment. The Board completed rural water pipelines in Whitehead Elton Regional Water Co-op, Southwest Regional Water Co-op, Cartier Regional Water Co-op and the R.M. of Dauphin, enabling additional rural residents to enjoy the benefits of safe drinking water. Regional wastewater servicing in St. Andrews is under construction with future expansion plans at conceptual design.

In 2017-18, under the Board's water and sewer and CWWF programs, construction projects estimated at \$79.0M were completed. Staff also provided project management expertise for water and sewer projects funded by Build Canada, Parks Branch, Indigenous and Northern Relations. The Board entered into 45 project management agreements for a total construction activity of approximately \$112.0M.

In closing, I would like to thank Board staff for their team effort and dedication in delivering another successful capital works program for our clients.

Dave Shwaluk, P. Eng.
General Manager



Russell-Binscarth Regional Water Treatment Plant \$13.0M

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 (Municipality of Grassland)	January 1, 1979
Altona, Town (Gretna, Rhineland)	March 31, 1987
Letellier, (Montcalm, R.M.)	March 31, 1987
Winkler, City	January 1, 1989
Holland, (Victoria, R.M.)	December 1, 1991
Gilbert Plains, Town (Gilbert Plains Municipality)	April 1, 1992
Dominion City, (Municipality of Emerson-Franklin)	July 1, 1993
St. Jean Baptiste, (Montcalm, R.M.)	December 31, 1993
Ste. Rose du Lac, Town (Municipality of Ste. Rose)	December 31, 1993
Ste. Agathe, (Ritchot, R.M.)	April 1, 1994
Hamiota, Town (Hamiota Municipality)	January 1, 1998
Erickson, Town (Municipality of Clanwilliam-Erickson)	January 1, 1998
Cartwright, Village (Cartwright-Roblin Municipality)	January 1, 1998
Deloraine, Town (Municipality of Deloraine-Winchester)	April 1, 1998
St. Claude, Village (Grey, R.M.)	April 1, 1998
Kenton, (Wallace-Woodworth, R.M.)	July 1, 1998
Angusville, (Riding Mountain West, R.M.)	January 1, 1999
Manitou, Town (Municipality of Pembina)	April 1, 1999
Reston, (Pipestone, R.M.)	April 1, 1999
Russell, Town (Municipality of Russell-Binscarth)	April 1, 1999
Elie, (Cartier, R.M.)	June 1, 1999
Pilot Mound, Town (Municipality of Louise)	August 1, 1999
Benito, Village (Municipality of Swan Valley West)	April 1, 2000
Kelwood, (Rosedale, R.M.)	October 1, 2000
Rosburn, Town (Rosburn Municipality)	November 1, 2000
McCreary, Village (Municipality of McCreary)	April 1, 2002
Minitonas, Town (Municipality of Minitonas-Bowsman)	March 1, 2003
Bowsman, Village (Municipality of Minitonas-Bowsman)	March 31, 2003
Ethelbert, Village (Municipality of Ethelbert)	March 31, 2003
Belmont, (Prairie Lakes, R.M.)	April 1, 2003
Sandy Lake (Municipality of Harrison Park)	April 1, 2006
Somerset, Village (Municipality of Lorne)	March 31, 2007
Winnipegosis, Village (Mossey River, R.M.)	April 1, 2009
Oak River (Municipality of Oakview)	January 1, 2017

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 an annual water rate study conducted by the Board, indicating recovery of full capital costs and operating deficits.

Effective April 1, 2018 water rates were increased at Baldur, Inglis, Notre Dame de Lourdes, and Strathclair. Rates were based on the increases in the Consumer Price Index of 1.4%, plus a surcharge to recover capital costs. The Manitoba Water Services

Board will continue to operate the four (4) 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 2017-18	Actual Cost of Production per 1,000 I.G.	April 1/18 Selling Price 1,000 I.G.	Type of Treatment
Argyle, (R.M.)(Baldur)	4,017,820	13.25	13.21	A,B,C,D
Lorne, (Mun.)(Notre Dame de Lourdes)	17,299,600	7.68	6.04	B,C,D
Riding Mountain West, (R.M.)(Inglis)	6,455,189	8.35	17.13	B,C,D
Yellowhead,(R.M.)(Strathclair)	4,556,750	14.53	15.80	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 use of capital in providing safe, drought resistant water supplies to rural Manitoba residents and meeting stricter 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 when the 20 year agreement expires in 2019.

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 constructed a new 150 L/s water plant in the R.M. of Headingley, a pipeline and reservoir located in the R.M. of Rosser. The new Headingley water treatment plant commenced operation in May of 2016. The increased treatment capacity will enable the Co-op to meet increasing water demands not only for its existing members but also to expand water service to CentrePort, Rosser, West St. Paul and Stony Mountain Institution. West St. Paul pipeline and reservoir/pumphouse are in operation and servicing residents since January 2018. Stony Mountain Institution (SMI) pipeline and reservoir modifications are complete and SMI is scheduled to receive Cartier water in June 2018.

The wholesale water rate for 2018-19 was set by the Board at \$9.25 per 1,000 Imperial Gallons, which is a 1.4% increase from the previous year.

2.2 Yellowhead Regional Water Co-op

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.

The wholesale water rate for 2018-19 was set at \$8.44 per 1,000 Imperial Gallons, which is a 1.4% increase over the previous year.

2.3 G3 Regional Water Supply Co-op

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 Water System. The system was operational at the end of 2009-10 and the Board was requested by agreement to operate the water treatment plant including the reservoir / pumphouses in the communities of Gilbert Plains and Grandview. With the January 1, 2015 amalgamations the municipalities that are serviced by the G3 system are Gilbert Plains Municipality and Grandview Municipality. In 2016, the regional system was expanded to service residents in the Rural Municipality of Dauphin.

The wholesale water rate for 2018-19 was set at \$6.81 per 1,000 Imperial Gallons.

2.4 Whitehead Elton Regional Water Co-op

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 at an estimated cost of approximately \$6.0M. In 2016-17, rural pipeline expansion projects were completed in the Rural Municipalities of Elton and Whitehead to provide safe water to additional rural residents.

The wholesale water rate for 2018-19 was set by the Board at \$8.90 per 1,000 Imperial Gallons for the Municipalities of Elton and Whitehead and \$6.62 per 1,000 Imperial Gallons for the L.U.D. of Alexander.

2.5 Southwest Regional Water Co-op

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 with water service 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. In 2017-18 a rural pipeline project expanded water service to additional residents and a new water supply well field was commissioned for future growth.

The wholesale water rates for 2018-19 were set by the Board at \$10.55 per 1,000 Imperial Gallons for the municipalities. This represented a 2% increase from the previous year, to recover operating cost deficit.

2.6 South Central District Water Co-op

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 included a pipeline to Manitou and water plant upgrades at Pilot Mound. 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.

The South Central District Water Cooperative started to supply water to the Town of Pilot Mound on June 1, 2015 and the Town of Manitou November 18, 2015.

The wholesale water rates for 2018-19 were set by the Board at \$12.00 per 1,000 Imperial Gallons for the Municipalities of Louise and Pembina plus \$3.11 per 1,000 Imperial Gallons surcharge to recover capital costs.

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.

In the 2017-18 budget, the Board received approval of \$18.8M which comprised of \$16.8M regular plus a one-time \$2.0M allocated to 18 Clean Water and Wastewater Fund (CWWF) to invest in water and sewer infrastructure in rural Manitoba. The Board entered into cost sharing agreements for 45 projects comprised of feasibility studies and miscellaneous projects which are in various phases of design, construction and completion within the annual budget. Under the Board programs, and CWWF projects, approximately \$79.5M of construction activity were completed in upgrading water and sewer infrastructure in rural Manitoba.

The Board provided technical and operational support to 4 municipally owned water plants and 6 regional water supply systems. A major focus for the Board is the development and expansion of regional water and wastewater systems. Regional systems allow municipalities to pool their resources for the infrastructure and operating expertise needed for their residents.

The Board also provided project management services subject to available staff capacity for Build Canada, Parks Branch and Indigenous and Northern Relations water and sewer projects. In 2017-18, the Board entered into 45 project management agreements for 18 Parks Branch, 3 Indigenous and Northern Relations, and 14 Build Canada projects for total construction activity of approximately \$162.0M.

Some of the major projects under design / construction / completed during 2017-18 include:

- \$6.5M St. Andrews – Phase 1 Regional Wastewater Collection System
- \$3.0M RM of Cartier – Rural Water Pipeline Expansion
- \$5.5M RM of Dauphin – Rural Water Pipeline System
- \$3.0M Municipality of North Norfolk - Rural Pipeline Expansion
- \$4.0M Municipality of Prairie View – Community of Birtle New Water Source and Pipeline
- \$4.6M RM of Yellowhead – Community of Shoal Lake Water Treatment Plant
- \$4.6M Town of Stonewall – Wastewater Lagoon Upgrading
- \$36.0M City of Thompson – Wastewater Treatment Plant
- \$12.0M Town of Virden – Wastewater Treatment Plant
- \$7.0M RM of Gimli – Water Supply Upgrades

Water and Sewer Projects Substantially Completed during 2017-18 were:

Project	*	Work Description	Project Costs	Provincial Grants
Altona (7), Town		Wastewater System Upgrades	\$ 472,492	\$ 236,246
Cartier (22), R.M.		Water Distribution Renewal Project	1,152,060	-
Cartier (24), R.M.	CWWF	Rural Water Line Expansion	1,778,854	444,713
Dauphin (13), R.M.		Rural Water Pipelines	3,146,889	8,945
Dauphin (14), R.M.		Water Supply Pipeline from G3	2,545,731	1,272,866
Dauphin (15), City		Wastewater Sewer Extension	1,576,807	788,403
Emerson-Franklin, Municipality	CWWF	Water Pipeline Extensions 2016	2,553,990	638,498
Gilbert Plains (14), Municipality		Rural Pipeline Upgrades	180,419	60,140
Glenboro (3), Village		Sewermain Relining	276,290	82,887
Glenella-Lansdowne, Municipality		Arsenic Removal Study	31,604	15,802
Grey (13), R.M.		Rural Water Pipelines	299,706	99,902
Grey (14), R.M.		St. Claude Water Treatment Plant Upgrade	289,976	144,988
Kelsey (7), R.M.		Rural Water Pipelines	3,004,374	-
Kelsey (8), R.M.		Water Supply Pipelines	1,914,730	957,365
Lorne (8), Municipality		Water Distribution Study (Notre Dame)	2,201	1,101
Lorne (9), Municipality		Notre Dame Water Treatment Plant Upgrade	377,645	170,694
Lorne (10), Municipality		Groundwater Investigation	17,243	8,622
Louise (3), R.M.		Clearwater Water Treatment Plant Upgrade	50,891	25,445
Lynn Lake (4), Town		Pilot Testing	54,143	32,486
Niverville (4)		Alternate Municipal Water Supply	758,107	379,054
North Norfolk (5), Municipality		Austin Wastewater Lagoon Study	40,069	20,034
North Norfolk (6), Municipality	CWWF	Rural Waterline Expansion	2,764,133	691,033
Oakview, Municipality		Rapid City Water Treatment Plant Upgrades	106,716	53,358
Pipestone (13), R.M.		Rural Water Pipelines	2,530,595	843,532
Portage la Prairie (43), City		Phase 2 Industrial Watermain & Water Treatment Plant Upgrades	1,829,112	771,564
Prairie View (3), Municipality		CCTV Wastewater Collection System	22,487	11,244
Rhineland (5), Municipality		Low Pressure Sewermain	394,279	131,426
Riverdale, Municipality		Water Treatment Plant	4,903,859	2,451,930
Rosedale (8), R.M.	CWWF	Rural Waterline Expansion	2,694,170	673,543
Selkirk (8), City		Water Supply Pipelines	2,509,852	1,181,011
South West Regional Water Co-op (3)	CWWF	Rural Waterline Expansion (Phase 2)	5,021,181	1,250,000
Stonewall (14), Town		Wastewater Lagoon Feasibility Study	234,767	117,384
Stonewall (15), Town		Water Meter Replacement	739,181	369,591
Thompson (12), City	CWWF	Phase 2 Watermain Project	3,160,264	790,066
Two Borders, Municipality		Pierson Wastewater System Upgrading	227,642	113,821
Victoria (4), R.M.		Wastewater Lagoon Feasibility Study	106,274	53,137
Victoria (5), R.M.		Groundwater Investigation Study	41,065	20,533

Water and Sewer Projects Substantially Completed during 2017-18 continued:

Project	*	Work Description	Project Costs	Provincial Grants
West St. Paul (4), R.M.	BCF	Regional Wastewater Sewer System	14,984,147	1,492,074
West St. Paul (7), R.M.		Water Supply Pipeline	4,500,007	-
West St. Paul (8), R.M.		Water Storage Reservoir Design	226,783	113,391
West St. Paul (9), R.M.	CWWF	Water Supply	5,307,465	1,326,866
Whitehead (7)	CWWF	Rural Waterline Expansion Ph. 2	1,710,525	427,631
Yellowhead (5), Municipality		Wastewater Forcemain	115,916	57,958
Yellowhead (6)	CWWF	Shoal Lake WTP	4,418,486	1,104,621
Yellowhead (7)		Shoal Lake Water & Wastewater Upgrades	417,882	208,941
			\$ 79,491,009	\$ 19,642,846

*

BCF - Build Canada Fund

CWWF - Clean Water & Wastewater Fund

Water and Sewer Projects Under Design and/or Construction during 2017-18 were:

Project	*		Agreement Estimate	Estimated Grants
Alexander (6), R.M.		Septic Truck Wastewater Lagoon	\$ 500,000	\$ 250,000
Alexander (7), R.M.		Great Falls Water Treatment Plant	5,000,000	2,500,000
Altona (6), Town	CWWF	Lagoon Expansion Phase 3	4,500,000	1,125,000
Argyle (4), R.M.		Ground Water Investigation	40,000	20,000
Argyle (5), R.M.		Water Supply Upgrades	1,000,000	500,000
Beausejour (6), Town		Water Distribution Network Study	40,000	20,000
Beausejour (7), Town		Water Treatment Plant Design	350,000	175,000
Benito (6), Village		Wastewater Lagoon Feasibility Study	70,000	35,000
Black Bear Co-op		Water Plant Upgrading	150,000	75,000
Boissevain-Morton, Municipality		Wastewater Lagoon Study	70,000	35,000
Carman (7), Town		Water Supply Pipeline & Reservoir	500,000	250,000
Cartier Regional Water Co-op (5)		Elie Reservoir & Pumphouse	3,000,000	1,500,000
Cartwright (6)		Lagoon Assessment Study	50,000	25,000
Clanwilliam-Erickson, Municipality		Lagoon Assessment Study	70,000	35,000
Dauphin (12), City		Wastewater Assessment Study	300,000	150,000
Ellice-Archie, Municipality		Wastewater Lagoon Study	120,000	60,000
Elton (12), R.M.	CWWF	Rural Waterline Expansion Phase 3	6,000,000	1,500,000
Gimli (13), R.M.	CWWF	Water Supply Upgrades	7,000,000	1,750,000
Gimli (14), R.M.		Phase 2 Watermain Renewal	1,200,000	360,000
Glenboro-South Cypress, Municipality		Wastewater Lagoon Study	70,000	35,000
Grey (12), R.M.		Water & Wastewater Assessment Study	60,000	30,000
Melita (10), Town	CWWF	Lagoon Expansion	6,000,000	1,500,000
Minnedosa (6), Town		Wastewater Lagoon Upgrading Study	50,000	25,000
Neepawa (18), Town		Wastewater Lagoon Study	260,000	130,000
Neepawa (19), Town		Water Supply Upgrades	2,800,000	1,020,000
Niverville (5), Town		Niverville Wells & Supply Pipeline	2,500,000	1,250,000
Pembina (4), Municipality		Wastewater Lagoon Feasibility Study	130,000	65,000
Pembina (6), Water Co-op		Strategic Water Planning Study	100,000	50,000
Pipestone (14), R.M.	CWWF	Reston Wastewater Lagoon Expansion (Ph 1)	5,000,000	1,250,000
Portage (45), City		Water Treatment Plant Upgrades	6,000,000	3,000,000
Prairie View, Municipality		Wastewater Lagoon Feasibility Study	75,000	37,500
Reynolds, R.M.		Wastewater Lagoon Study & EAP	80,000	40,000
Rhineland (6), Municipality		Plum Coulee W&WW Assessment study	200,000	100,000
Russell-Binscarth (2), Municipality	CWWF	Regional Water Treatment Plant & Pipeline	13,000,000	3,250,000
St. Andrews (5), R.M.		Regional Wastewater Forcemain	4,500,000	2,250,000
St. Andrews (8), R.M.	CWWF	Phase 2 Wastewater Collection System	6,000,000	1,500,000
St. Andrews (9), R.M.		Phase 1 Wastewater Collection System	5,700,000	2,010,000
St. Andrews (10), R.M.		Phase 2 Regional Wastewater Collection System	8,960,000	3,740,000
Ste. Anne, Town		Wastewater Lagoon Assessment Study	60,000	30,000
St. Pierre-Jolys (4), Village	CWWF	Lagoon Expansion & Wet Land	3,000,000	750,000

Water and Sewer Projects Under Design and/or Construction during 2017-18 continued:

Project	*		Agreement Estimate	Estimated Grants
Ste. Rose (13), Municipality		Ste. Rose Wastewater Lagoon Study	\$ 80,000	40,000
South Central District Water Co-op (2)		Manitou Emergency Genset	150,000	75,000
Swan Valley West, Municipality		Benito Gravity Sewer CCTV Study	75,000	37,500
The Pas (6), Town		Wastewater Lagoon Study	80,000	40,000
Virden (13), Town		Wastewater System Upgrades	1,500,000	750,000
West St. Paul (6), R.M.		Wastewater Collection System	7,320,000	2,500,000
West St. Paul (10), R.M.		Water Supply Pipeline	600,000	300,000
Winkler (12), City	CWWF	Regional Wastewater System Design	3,600,000	900,000
Yellowhead Reg. Water Co-op (4)		Regional Water Supply Upgrades	1,600,000	800,000
*		Total	\$ 109,510,000	\$ 37,870,000
CWWF - Clean Water & Wastewater Fund				

Water and Sewer Construction Agreements Signed during 2017-18 were:

Project	*	Work Description	Date Signed	Estimated Project Cost
Arborg (14), Town	BCF	Water Treatment Plant Upgrading	October 4, 2017	\$ 400,000
Argyle (5), R.M.		Water Supply Upgrades	October 20, 2017	1,000,000
Beausejour (7), Town		Beausejour Water Treatment Plant Design	March 9, 2018	350,000
Black Bear Co-op Ltd		Water Plant Upgrading	June 16, 2017	150,000
Boissevain-Morton, Mun.		Boissevain Wastewater Lagoon Study	October 12, 2017	70,000
Carman (7), Town		Water Supply Pipeline and Reservoir	August 9, 2017	500,000
Cartier Reg. Water Co-op (4)		Raw Water Storage Pond	October 4, 2017	1,400,000
Cartier Reg. Water Co-op (5)		Elie Reservoir and Pumphouse	October 4, 2017	3,000,000
Dauphin (16), R.M.	CWWF	Rural Water Pipeline Phase 2	April 3, 2017	3,572,800
Gimli (14), R.M.		Phase 2 Watermain Renewal	August 9, 2017	1,200,000
Glenella-Lansdowne (2), Mun.		Glenella Manganese Greensand Filtration	August 9, 2017	60,000
Glenella-Lansdowne (3), Mun.	CWWF	Rural Waterline Expansion	December 18, 2017	586,640
Grassland, Municipality		Hartney Wastewater Lagoon Assess Study	March 26, 2018	80,000
Grey (15), R.M.		St. Claude Sludge Land Application EAP	March 16, 2018	150,000
Neepawa (19), Town		Water Supply Upgrades	August 9, 2017	2,800,000
Neepawa (20), Town		Phase 1 Wastewater Lagoon Upgrades	October 2, 2017	3,000,000
Niverville (5), Town		Niverville Wells and Supply Pipeline	April 20, 2017	2,500,000
Niverville (6), Town		Wastewater Lagoon Assessment Study	March 9, 2018	75,000
Norfolk Treherne, Mun.	BCF	Treherne Water & Sewer Renewal	December 5, 2017	2,200,000
Oakview (2), R.M.	CWWF	Rapid City Wastewater Lagoon Study	May 2, 2017	85,000
Pembina (5), Mun.	BCF	LaRiviere Wastewater Lagoon Upgrade	October 30, 2017	2,000,000
Pembina (6) Valley Water Co-op Inc.		Strategic Water Planning Study	February 12, 2018	100,000
Pinawa (4), L.G.D.	CWWF	Awanipark Rural Water Pipeline	June 6, 2017	525,000
Portage la Prairie (44), R.M.	CWWF	Rural Water Pipeline Upgrades	October 4, 2017	900,000
Portage la Prairie (45), City		Water Treatment Plant Upgrades	November 6, 2017	6,000,000
Prairie View (2) Municipality	CWWF	Water Supply System	May 23, 2017	4,000,000
Prairie View (3) Municipality		CCTV Wastewater Collection System	July 6, 2017	150,000
Reynolds (2), R.M.		Prawda Water Supply Study	March 26, 2018	25,000
Rhineland (6), Municipality		Plum Coulee Water & Wastewater Assess. Study	February 19, 2018	200,000
Russell-Binscarth (3), Mun.		Wastewater Lagoon Assessment Study	February 12, 2018	80,000
Snow Lake (12), Town	CWWF	Water and Wastewater Upgrades	August 9, 2017	2,750,000
South Central District Water Co-op (2)		Manitou Emergency Genset	December 11, 2017	150,000
St. Andrews (10), R.M.		Regional Wastewater System (Ph 2)	March 9, 2018	8,960,000
St. Andrews (8), R.M.	CWWF	Phase 2 Wastewater Collection System	May 2, 2017	6,000,000
St. Andrews (9), R.M.		Phase 1 Wastewater Collection System	June 20, 2017	5,700,000
Ste. Rose (13), Municipality		Ste. Rose Wastewater Lagoon Study	June 19, 2017	80,000
Stonewall (16), Town	CWWF	Wastewater Lagoon Upgrading	April 20, 2017	4,600,000
Tache (2), R.M.	CWWF	Landmark Water Distribution System	April 6, 2017	6,724,000
Virden (13), Town		Wastewater System Upgrade	August 9, 2017	1,500,000

Water and Sewer Construction Agreements Signed during 2017-18 continued:

Project	*	Work Description	Date Signed	Estimated Project Cost
West St. Paul (10), R.M.		Water Supply Pipeline	June 6, 2017	600,000
West St. Paul (11), R.M.		Phase 2 Water Distribution System	March 9, 2018	2,000,000
Westlake-Gladstone (2), Mun.	CWWF	Rural Water Pipeline Expansion	October 4, 2017	2,500,000
Winkler (13), City		Lift Station & Sewermain Relining Upgrades	October 24, 2017	3,000,000
Yellowhead (7), R.M.		Shoal Lake Water & Wastewater System Upgrades	April 6, 2017	650,000
			Total	\$ 82,373,440

*

BCF - Build Canada Fund

CWWF - Clean Water & Wastewater Fund

Project Management Services during 2017-18 were:

Project (Agreement)	*	Work Description	Estimated Project Cost
Sustainable Development - Parks Branch			
37 Provincial Park Public Water Systems		Public Water System Reassessments	\$ 185,000
Brereton Lake		Wastewater Treatment	2,000,000
Caddy Lake		Water Treatment Plant	750,000
Falcon Lake		Wastewater Lagoon Repairs	700,000
Grand Beach		Wastewater Treatment Lagoon	7,815,000
Grand Beach		Pumphouse Upgrades	265,000
Opapiskaw		Water Treatment Plant Upgrade	500,000
St. Malo	CWWF	Water Treatment Facility Upgrades	650,000
Wekusko Falls		Water Treatment Plant	750,000
West Hawk Lake		Water Treatment Facility Upgrades	300,000
West Hawk Lake		Lagoon Assessment	200,000
			\$ 14,115,000
Indigenous & Northern Relations			
God's Lake Narrows		Wastewater Treatment Facility Upgrade	\$ 2,800,000
Nelson House		Wastewater Treatment Lagoon	2,400,000
Seymourville	CWWF	Water & Wastewater Treatment Pre-Design	130,000
			\$ 5,330,000
Special Initiatives			
Arborg (14), Town	BCF	Water Treatment Plant Upgradings	\$ 400,000
Cartier Regional Water Co-op	BCF	Water System Expansion	43,500,000
Cartier Regional Water Co-op (4)	CWWF	Water Storage Pond	1,400,000
Dauphin (16), R.M.	CWWF	Rural Water Pipelines - Phase 2	3,572,800
Deloraine-Winchester (9), Municipality	BCF	Water Treatment Plant	6,900,000
Harrison Park, Municipality	BCF	Onanole Reservoir & Pumphouse	2,024,000
Norfolk-Treherne, Municipality	BCF	Treherne Water & Sewer Renewal	2,200,000
Oakview (2), R.M.	CWWF	Rapid City Wastewater Lagoon Study	85,000
Pembina (5), Municipality	BCF	LaRiviere Wastewater Lagoon Upgrading	2,000,000
Pinawa (4), LGD	CWWF	Awanipark Rural Water Pipeline	525,000
Prairie View (2), Municipality	CWWF	Birtle Water Supply System	4,000,000
Rockwood (7), R.M.	CSC	Stony Mountain Institution Water Pipeline	8,100,000
St. Andrews (6), R.M.	BCF	Phase 1 Regional Wastewater Collection System	6,000,000
Selkirk (9), City	BCF	Wastewater Treatment Facility	35,200,000
Snow Lake (12), Town	CWWF	Water & Wastewater Upgrades	2,750,000

Project Management Services during 2017-18 continued:

Project (Agreement)	*	Work Description	Estimated Project Cost
Special Initiatives continued			
Stonewall (16), Town	CWWF	Wastewater Lagoon Upgrading	4,600,000
Tache, R.M.	BCF	Landmark Water Supply Upgrades	3,600,000
Tache (2), R.M.	CWWF	Landmark Water Distribution System	6,724,000
Thompson (11), City	BCF	Wastewater Treatment Plant	36,000,000
Virден (12), Town	BCF	Wastewater Treatment Plant	12,000,000
Westlake-Gladstone (2), Municipality	CWWF	Yellowhead Rural Water Expansion Phase 2	2,500,000
Winnipeg Beach (7), Town	BCF	Wastewater Lagoon Upgrading	3,500,000
			\$ 187,580,800
		Total	\$ <u>207,025,800</u>

*

BCF - Build Canada Fund

CSC - Correctional Services Canada

CWWF - Clean Water & Wastewater 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 Sustainable Development – Parks Branch

A complete list is shown on the previous page.

2.2 Indigenous and Northern Relations

The Board also provided project management services as requested by Indigenous and Northern Relations. A complete list is shown on the previous page.

2.3 Special Initiatives

During 2017-18 the Board provided project management for 14 special initiative projects funded by Build Canada and Correctional Services Canada. A complete list is shown on the previous page.

2.4 Federal Provincial Programs

Canada and Manitoba entered into cost sharing arrangements on a number of water and wastewater projects to be funded from the Clean Water & Wastewater Fund (CWWF) and the Build Canada Fund (BCF).

Many of the municipalities receiving either CWWF 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 \$200.0M 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

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”

D. Shwaluk, P. Eng.
General Manager

“Original signed by C. Brigden”

C. Brigden
Chief Financial Officer

August 13, 2018



Auditor General
MANITOBA

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, 2018, 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, 2018, 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 the
Office of the Auditor General"

Office of the Auditor General
August 13, 2018
Winnipeg, Manitoba

THE MANITOBA WATER SERVICES BOARD

Statement of Financial Position

As at March 31, 2018

	March 31, 2018	March 31, 2017
Financial assets		
Cash	\$ 3,165,923	\$ -
Accounts Receivable	24,216,083	15,494,529
Due from Province of Manitoba	1,087,144	746,743
Accrued Interest	31,638	15,533
Unbilled construction costs to Municipalities (note 4)	19,647,713	19,237,116
	<u>48,148,501</u>	<u>35,493,921</u>
Liabilities		
Bank Indebtedness (note 15)	-	1,430,295
Accounts payable and accrued charges	14,151,628	9,214,387
Advances from The Province of Manitoba payable on demand (note 13)	42,120,000	30,300,000
	<u>56,271,628</u>	<u>40,944,682</u>
Net Debt	(8,123,127)	(5,450,761)
Non-financial assets		
Tangible capital assets (note 5)	10,310	10,310
Prepaid supplies	63,954	66,060
	<u>74,264</u>	<u>76,370</u>
Accumulated surplus (deficit) (note 6)	\$ (8,048,863)	\$ (5,374,391)

Commitments (note 9)

Contingencies (note 10)

The accompanying notes are an integral part of these financial statements.

On behalf of Board:

"Original signed by Jan Forster"

Chair

THE MANITOBA WATER SERVICES BOARD

Statement of Operations

For the year ended March 31, 2018

	Budget (note 14)	2018	2017
Revenues:			
Sale of Water	\$ 5,153,620	\$ 5,503,824	\$ 4,818,375
Administrative expenses paid by the Province of Manitoba (note 8)	2,610,000	2,613,171	2,658,788
Strategic Municipal Investment Fund	18,823,600	20,605,387	16,510,784
Interest	5,000	16,105	5,238
	<u>26,592,220</u>	<u>28,738,487</u>	<u>23,993,185</u>
Expenses:			
Direct expenses for water supply plants:			
Interest expense	800,000	1,100,731	728,971
Interest allocated to new construction	(1,021,000)	(1,200,518)	(779,215)
	<u>(221,000)</u>	<u>(99,787)</u>	<u>(50,244)</u>
Chemicals	808,000	545,349	810,852
Heat, telephone, light and power	1,000,000	1,541,117	1,308,082
Professional services	681,000	724,866	745,010
Salaries and benefits	1,660,600	1,832,613	1,683,256
Repairs and maintenance	1,683,000	1,000,944	1,055,747
Administrative (note 8)	2,610,000	2,613,171	2,658,788
	<u>8,221,600</u>	<u>8,158,273</u>	<u>8,211,491</u>
Grants to Municipalities	18,823,600	20,605,387	16,510,784
	<u>(452,980)</u>	<u>(25,173)</u>	<u>(729,090)</u>
Annual deficit			
Accumulated deficit, beginning of year	(3,038,733)	(5,374,391)	(3,038,733)
Net disbursements to municipalities (note 6)	(7,001,245)	(2,649,299)	(1,606,568)
Accumulated deficit, end of year	\$ (10,492,958)	\$ (8,048,863)	\$ (5,374,391)

The accompanying notes are an integral part of these financial statements.

THE MANITOBA WATER SERVICES BOARD

Statement of Change in Net Debt

For the year ended March 31, 2018

	Budget (note 14)	2018	2017
Annual Surplus (Deficit)	\$ (452,980)	\$ (25,173)	\$ (729,090)
New construction costs	(80,000,000)	(111,361,082)	(70,704,451)
Funds recovered from:			
Strategic Municipal Investment Fund	18,823,600	20,605,387	16,510,784
Municipalities	55,058,760	90,345,098	69,016,159
Change in unbilled construction costs	(6,117,640)	410,597	(14,822,492)
	(12,235,280)	-	-
Decrease (increase) in prepaid supplies	1,000	2,106	(1,588)
Tangible capital assets	-	-	184
Net disbursements to municipalities	(7,001,245)	(2,649,299)	(1,606,568)
Increase in net debt	(19,688,505)	(2,672,366)	(2,337,062)
Net debt, beginning of year	(3,113,699)	(5,450,761)	(3,113,699)
Net debt, end of year	\$ (22,802,204)	\$ (8,123,127)	\$ (5,450,761)

The accompanying notes are an integral part of these financial statements.

THE MANITOBA WATER SERVICES BOARD

Statement of Cash Flows

For the year ended March 31, 2018

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ (25,173)	\$ (729,090)
Change in non-cash operating working capital:		
Accounts receivable	(8,721,554)	(8,869,623)
Due from Province of Manitoba	(340,401)	75,794
Prepaid supplies	2,106	(1,588)
Accounts payable and accrued charges	4,937,241	(2,415,583)
Accrued Interest	(16,105)	(5,238)
Cash provided by (used in) operating activities	(4,163,886)	(11,945,328)
Financing activities:		
Advances received	27,720,000	16,400,000
Advances repaid	(15,900,000)	(22,200,000)
Cash provided by (used in) financing activities	11,820,000	(5,800,000)
Capital activities:		
New construction costs	(111,361,082)	(70,704,451)
Funding recovered from:		
Province of Manitoba	20,605,387	16,510,784
Municipalities	90,345,098	69,016,159
Increase (decrease) in unbilled construction costs	(410,597)	14,822,492
Tangible capital assets	-	184
Net disbursements to municipalities	(2,649,299)	(1,606,568)
Cash used in capital activities	(3,059,896)	13,216,108
Increase (decrease) in cash	4,596,218	(4,529,220)
Cash, beginning of year	(1,430,295)	3,098,925
Cash, end of year	\$ 3,165,923	\$ (1,430,295)

The accompanying notes are an integral part of these financial statements.

Supplementary Financial Information

Interest paid \$1,100,731 (2017 - \$728,971)

Interest received \$1,200,559 (2017 - \$779,215)

THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements

For the year ended March 31, 2018

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) 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 (2017 – nil).

THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements

For the year ended March 31, 2018

2. Significant accounting policies (continued):

(c) Tangible capital assets and construction in progress:

Tangible capital assets 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

Unbilled construction costs represents costs incurred to date, net of recoveries, for capital projects managed by the board on behalf of municipalities. Financing costs are included in the unbilled construction costs amounts.

(d) Revenue recognition:

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

Revenue for the administrative reimbursements is recognized in the period when the expense is recognized.

Revenue for the grants is recognized in the period when the corresponding amount is paid to the municipalities.

Unrestricted revenues are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(e) Administrative expenses paid by the Province of Manitoba:

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

THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements

For the year ended March 31, 2018

2. Significant accounting policies (continued):

(f) Pension costs and obligations:

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

(g) 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, 2018

3. Financial instruments and financial risk management:

Financial risk management - overview:

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

- Credit risk
- Liquidity risk, and
- Interest rate 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, 2018	March 31, 2017
Accounts receivable	\$ 25,303,227	\$ 16,241,272
Accrued interest	31,638	15,533
	<u>\$ 25,334,865</u>	<u>16,256,805</u>

THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements

For the year ended March 31, 2018

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, 2018	March 31, 2017
Current	\$ 10,432,136	\$ 8,198,719
30-60 days past billing date	14,867,607	8,042,553
60-90 days past billing date	-	-
90-120 days past billing date	3,484	-
	\$ 25,303,227	\$ 16,241,272

Accrued Interest: The Board is not exposed to significant credit risk as the accrued interest relates to receivables with municipalities 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, 2018

4. Unbilled Construction costs to Municipalities:

	March 31, 2018	March 31, 2017
Balance, beginning of year	\$ 19,237,116	\$ 34,059,608
New construction costs	111,361,082	70,704,451
	130,598,198	104,764,059
Funding recovered from:		
Municipalities	90,345,098	69,016,159
Province of Manitoba	20,605,387	16,510,784
	110,950,485	85,526,943
Unbilled Construction costs to Municipalities	\$ 19,647,713	\$ 19,237,116

5. Tangible capital assets:

March 31, 2018	Cost	Accumulated Amortization	Net book value
Land and easements	\$ 10,310	—	\$ 10,310

March 31, 2017	Cost	Accumulated Amortization	Net book value
Land and easements	\$ 10,310	—	\$ 10,310

THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements

For the year ended March 31, 2018

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, 2018	No.	March 31, 2017
Plants with a deficit	6	\$ (9,032,705)	6	\$ (6,530,911)
Plants with a surplus	4	883,842	4	1,056,520
Total funds retained (deficit), water supply plants	10	(8,148,863)	10	(5,474,391)
Interest and adjustment fund account (note 7)		100,000		100,000
		\$ (8,048,863)		\$ (5,374,391)

The Board is responsible for all ongoing capital repairs and improvements necessary for the water plants it operates. Costs relating to this during 2017/2018 include capital works approved by the Board for regional systems operated by the Board including, Cartier Regional (\$82,195), South Central (\$2,699,515), Southwest Regional \$236,708, Whitehead-Elton (\$32,422) and Yellowhead (\$71,875). There were no water plants transferred in 2017/2018, therefore the net disbursement to municipalities totaled (\$2,649,299)

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, 2018

8. Administrative expenses paid by the Province of Manitoba:

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

	2018	2017
Professional services	\$ 6,994	\$ 13,218
Salaries and benefits	2,487,041	2,527,222
Telephone and utilities	19,705	20,727
Travel	351	677
Other administrative	99,080	96,944
	<u>\$ 2,613,171</u>	<u>\$ 2,658,788</u>

9. Commitments:

	March 31, 2018	March 31, 2017
Signed agreements and offers for construction of sewer and water systems for municipalities and cooperatives	\$173,402,009	\$161,489,091

These commitments are expected to be funded as follows:

Subsidization of construction costs – Province of Manitoba	\$35,524,700	\$34,344,800
Recovery of construction costs – Municipalities and cooperatives	137,877,309	127,144,291
	<u>\$173,402,009</u>	<u>\$161,489,091</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, 2018

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 2017/2018 the rate of interest charged fluctuated and increased from 1.95 percent to 2.70 percent on a quarterly basis. These advances are repaid once funding is received from the municipalities and cooperatives for their share of the eligible project costs.

As at March 31, 2018, the Province had unused authority of \$79,719,000 under The *Loan Act* - 2017 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. At March 31, 2018, the bank indebtedness is nil. The bank indebtedness for 2017 is a result of outstanding cheques that had not been cashed at March 31, 2017. The Board anticipates it will have sufficient funds in place to cover these outstanding disbursements.



Riverdale Municipality – Rivers WTP



THOMPSON WWTP - FEBRUARY 14TH, 2018



THOMPSON WWTP - AUGUST 20TH, 2018



Prairie View Municipality - Birtle Raw Pipeline



RM of West St. Paul Reservoir



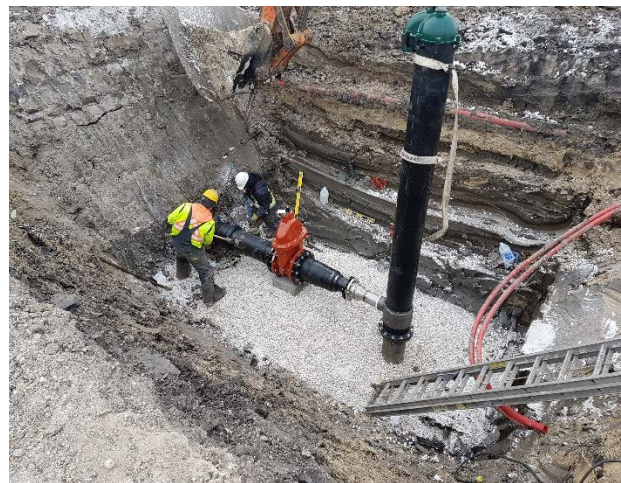
RM of Yellowhead - Shoal Lake WTP



Mun of Norfolk Treherne Pipeline



Carter Regional Water Co-op - SMI Pipeline



Town of Niverville Well Site