

The Manitoba
Water Services Board

La Commission des Services
d'approvisionnement en eau du Manitoba

Annual Report
2018-2019

Rapport annuel
2018-2019



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, 2018 to March 31, 2019. 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 47th Annual Report of The Manitoba Water Services Board for the fiscal year ending March 31, 2019, 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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Municipal Relations

Bruce Gray, (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: Travis Parsons, Joe Masi, Jan Forster, Bruce Gray, Ralph Groening
Missing: Michael Richards, David Shwaluk

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 \$40.0M.

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

Message from the General Manager

Strategic Infrastructure Investment



In 2018-19, the Board experienced another busy construction year. Also, the Board has undergone a staffing transition through several retirements including General Manager Dave Shwaluk in the spring of 2019. In my capacity as Acting General Manager, I am pleased to report on Board activities during the 2018-19 fiscal year.

Water and sewer infrastructure deficit remains high in rural Manitoba due to stringent regulations for public water systems and wastewater nutrient reduction requirements, as well as infrastructure reaching or exceeding its expected life span. As part of the Provincial commitment of \$1.0B annually towards infrastructure, water and sewer infrastructure upgrades have accelerated not only through the Board's water and sewer program but by maximizing provincial investments through Canada-Manitoba Infrastructure funding programs.

In 2018-19, the Board's water and sewer, rural water development and Clean Water and Wastewater Fund programs, completed construction projects estimated at \$41.0M. Staff also provided project management services for water and sewer projects funded by the New Building Canada Fund, Manitoba Sustainable

Development - Parks and Protected Spaces Branch, and Manitoba Indigenous and Northern Relations. The Board entered into an additional 31 project management agreements and experienced a total construction activity of approximately \$100.6M.

A major focus for the Board is assisting municipalities who face challenges due to aging infrastructure while upgrading facilities to ensure safe drinking water and a need to enhance wastewater treatment. To expand strategic infrastructure investment, the Board is instrumental in completing numerous studies and designs to advance a basket of tender ready projects to maximize federal infrastructure funding. Where feasible, the Board continues to develop/expand cost-effective regional water and wastewater systems.

Investments into regional systems included expansion of rural water pipeline systems in the R.M.s of Elton and Portage la Prairie, which will provide potable water to rural residents and support agricultural opportunities. Water treatment upgrades at the City of Portage la Prairie will improve water quality not only to City residents but also to the Yellowhead Regional Water Cooperative. A new water treatment plant in the Community of Russell now supplies treated water to Binscarth, Angusville and Rossburn. Water treatment plants were also constructed in the Communities of Birtle, Shoal Lake and Great Falls.

To conclude, my appreciation goes out to the Board staff as their expertise and dedication were key in delivering another successful capital works program.

Travis Parsons, M.A.Sc., P. Eng.
Acting General Manager



City of Thompson Wastewater Treatment Plant \$36.0M

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, 2019 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 2.6%, 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 2018-19	Actual Cost of Production per 1,000 I.G.	April 1/19 Selling Price 1,000 I.G.	Type of Treatment
Argyle, (R.M.)(Baldur)	4,057,410	20.72	13.55	A,B,C,D
Lorne, (Mun.)(Notre Dame de Lourdes)	17,792,100	7.15	6.30	B,C,D
Riding Mountain West, (R.M.)(Inglis)	5,310,700	10.51	17.58	B,C,D
Yellowhead,(R.M.)(Strathclair)	3,991,231	17.71	16.22	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, sustainable, drought resistant water supply 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 Regional system was developed on behalf of the area municipalities and they formed a cooperative called the Cartier Regional Water Cooperative Inc. The original 20 year agreement with CWP was based on the B-O-O-T model (Build, Own, Operate, and Transfer). As the Cartier Regional Water Cooperative continues to expand, the Board will operate the cooperative recovering any operating deficits and capital costs from water sales until the deficit is fully recovered.

The Cartier Co-op supplies water to residents in the Municipalities of Cartier, Headingley, Portage la Prairie, St. Francois Xavier, Grey, Rosser, Rockwood, West St. Paul, and the Headingley (men's) Correctional Centre and Stony Mountain Institution. A new 150 L/s water plant in the R.M. of Headingley and a pipeline and reservoir located in the R.M. of Rosser commenced operation in May of 2016. The West St. Paul pipeline and reservoir/pumphouse started servicing residents in January 2018 and the Stony Mountain Correctional Institution in April of 2018. The increased treatment capacity has enabled the Co-op to meet increasing water demands, not only for its existing members, but also to expand water service.

The wholesale water rate for 2019-20 was set by the Board at \$9.49 per 1,000 Imperial Gallons, which is a 2.6% 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-Lansdowne.

The wholesale water rate for 2019-20 was set at \$8.66 per 1,000 Imperial Gallons, which is a 2.6% 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 2019-20 was set at \$6.99 per 1,000 Imperial Gallons, which is a 2.6% increase over the previous year.

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 2019-20 was set by the Board at \$9.13 per 1,000 Imperial Gallons for the Municipalities of Elton and Whitehead, which is a 2.6% increase over the previous year. By Co-op resolution, the rate for the L.U.D. of Alexander was set at \$7.13 per 1,000 Imperial Gallons.

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, including 69 new service connections in the Municipalities of Brenda-Waskada and Two Borders.

The wholesale water rates for 2019-20 were set by the Board at \$10.82 per 1,000 Imperial Gallons for the municipalities. This represented a 2.6% increase from the previous year.

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 in June 2015 and the Town of Manitou in November 2015. In 2018-19 service connections were installed to 6 rural customers in the R.M.s of Louise and Pembina with water supply commencing in November 2018.

The wholesale water rates for 2019-20 were set by the Board, per Co-op resolution, at \$13.00 per 1,000 Imperial Gallons for the Municipalities of Louise and Pembina plus \$3.19 per 1,000 Imperial Gallons surcharge to recover capital costs. This represented a 2.6% increase over the previous year for the surcharge.

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 2018-19 budget, the Board received approval of \$13.8M to invest in water and sewer infrastructure in rural Manitoba. The Board entered into cost sharing agreements for 26 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 \$40.6M of construction activity were completed in upgrading water and sewer infrastructure in rural Manitoba.

The Board provided technical and operational support to four municipally owned water plants and six 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 2018-19, the Board entered into 45 project management agreements for projects under the New Building Canada Fund (21), Manitoba Sustainable Development – Parks and Protected Spaces Branch (15) and the Manitoba Indigenous and Northern Relations (3) for a total construction activity of approximately \$100.6M.

Some of the major projects under design / construction / completed during 2018-19 include:

- \$5.0M RM of Alexander – Great Falls Water Treatment Plant
- \$6.0M Town of Melita – Lagoon Expansion
- \$3.2M RM of Pipestone – Sinclair Wastewater Collection System
- \$4.5M Municipality of Prairie View – Birtle Water Treatment Plant
- \$3.6M City of Winkler – Regional Wastewater Treatment System
- \$5.0M RM of Yellowhead – Shoal Lake Water Treatment Plant
- \$2.5M Town of Niverville – Water Supply

Water and Sewer Projects Substantially Completed during 2018-19 were:

Project	*	Work Description	Project Costs	Provincial Grants
Altona (6), Town	CWWF	Lagoon Expansion - Phase 3	\$ 4,647,174	\$ 1,125,000
Arborg (14), Town	BCF	Water Treatment Plant Upgrading	416,138	-
Argyle (4), R.M.		Groundwater Investigation	18,279	9,139
Argyle (5), R.M.		Water Supply Upgrades	1,038,274	519,137
Beausejour (6), Town		Water Distribution Network Study	36,510	18,255
Benito (6), Village		Wastewater Lagoon Feasibility Study	46,471	23,235
Black Bear Co-op Ltd.		Water Treatment Plant Upgrading	150,797	75,399
Cartwright (6), Village		Lagoon Assessment Study	43,833	21,917
Cartier Regional Water Co-op (4)	CWWF	Raw Water Storage Pond	1,330,911	115,456
Dauphin (16), R.M.	CWWF	Rural Water Pipeline Phase 2	3,848,209	-
Deloraine-Winchester (9), Mun.	BCF	Water Treatment Plant	7,415,268	-
Elton (12), R.M.	CWWF	Rural Waterline Expansion - Phase 3	5,664,889	1,416,222
Gimli (13), R.M.	CWWF	Water Distribution System	7,000,757	1,750,189
Glenella-Lansdowne (3), Mun.	CWWF	Rural Waterline Expansion	297,289	-
Harrison Park, Mun.	BCF	Onanole Water Reservoir/Pumphouse	1,842,177	-
Niverville (5), Town		Niverville Wells and Supply Pipeline	2,340,637	1,170,318
Pilot Mound (10), Town		Water Supply Upgrading	1,414,370	833,045
Pipestone (12), R.M.		Reston Wastewater Lagoon Design	219,348	109,674
Pipestone (14), R.M.	CWWF	Lagoon Expansion	3,377,547	844,387
Portage la Prairie (44), R.M.		Rural Water Pipeline Upgrades	397,919	132,640
Portage la Prairie (45), City		Water Treatment Plant Upgrades	565,752	282,876
Ritchot (6), R.M.		Water Supply Upgrades	92,283	46,141
Rockwood (7), R.M.	CSC	Stony Mountain Institution Water Pipeline	4,552,004	-
Russell - Binscarth (2), Mun.	CWWF	Reg. Water Treatment Plant & Pipelines	12,584,453	3,146,113
St. Andrews (6), R.M.	BCF	Phase 1 Reg. Wastewater Collection Sys.	6,005,349	-
St. Pierre-Jolys (4), Village	CWWF	Lagoon Expansion and Wetland	1,284,779	321,195
Ste. Rose (13), Mun.		Ste. Rose Wastewater Lagoon Study	29,403	14,701
Snow Lake (12), Town	CWWF	Water and Wastewater Upgrades	2,642,178	-

Water and Sewer Projects Substantially Completed during 2018-19 continued:

Project	*	Work Description	Project Costs	Provincial Grants
Stonewall (16), Town	CWWF	Wastewater Lagoon Upgrading	4,768,378	-
Westlake-Gladstone (2), Mun.	CWWF	Rural Water Pipeline Expansion	2,452,181	-
West St. Paul (10), R.M.		Water Supply Pipeline	720,811	360,405
Winnipeg Beach (7), Town	BCF	Wastewater Lagoon Upgrading	3,304,846	-
Yellowhead (4) Water Co-op		Regional Water Supply Upgrades	1,597,335	798,668
			TOTAL	
			\$ 82,146,547	\$ 13,134,112

*

BCF – Build Canada Fund

CWWF – Clean Water & Wastewater Fund

CSC – Correctional Services Canada

Water and Sewer Projects Under Design and/or Construction during 2018-19 were:

Project	Work Description	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
Beausejour (7), Town	Water Treatment Plant Design	350,000	175,000
Benito (6), Village	Wastewater Lagoon Feasibility Study	70,000	35,000
Boissevain-Morton, Municipality	Wastewater Lagoon Study	70,000	35,000
Carman (7), Town	Water Supply Pipeline & Reservoir	500,000	250,000
Cartier (25), R.M.	Lido Plage Wastewater System Design	400,000	200,000
Cartier Regional Water Co-op (5)	Elie Reservoir & Pumphouse	3,000,000	1,500,000
Clanwilliam-Erickson, Municipality	Lagoon Assessment Study	70,000	35,000
Dauphin (12), City	Wastewater Assessment Study	300,000	150,000
Dauphin (17), R.M.	Rural Water Pipeline Expansion	1,200,000	400,000
Ellice-Archie, Municipality	Wastewater Lagoon Study	120,000	60,000
Emerson-Franklin (2), Mun.	Electronic Water Meter System	300,000	150,000
Gimli (14), R.M.	Phase 2 Watermain Renewal	1,200,000	360,000
Glenboro-South Cypress, Municipality	Wastewater Lagoon Study	70,000	35,000
Glenella-Lansdowne (2)	Glenella Manganese Greensand Filtration System	220,000	110,000
Grassland, Municipality	Hartney Wastewater Lagoon Assess. Study	80,000	40,000
Grey (12), R.M.	Water & Wastewater Assessment Study	60,000	30,000
Grey (15), R.M.	St. Claude Sludge Land Application EAP	150,000	75,000
Killarney-Turtle Mountain (6), Mun.	Water Supply Well Upgrades	120,000	60,000
Killarney-Turtle Mountain (7), Mun.	Water and Sewer Assessment Study	130,000	65,000
McCreary (9), Municipality	Water Meter Upgrades	200,000	100,000
Melita (9), Town	Wastewater Lagoon Upgrading	4,800,000	2,400,000
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
Neepawa (20), Town	Phase 1 Wastewater Lagoon Upgrades	3,000,000	1,500,000
Niverville (6), Town	Wastewater Lagoon Assessment Study	75,000	37,500
Pembina (4), Municipality	Wastewater Lagoon Feasibility Study	130,000	65,000

Water and Sewer Projects Under Design and/or Construction during 2018-19 continued:

Project	Work Description	Agreement Estimate	Estimated Grants
Pembina (6), Water Co-op	Strategic Water Planning Study	100,000	50,000
Prairie View, Municipality	Wastewater Lagoon Feasibility Study	75,000	37,500
Prairie View (4), Municipality	Birtle Water Treatment Plant	4,500,000	2,250,000
Reynolds, R.M.	Wastewater Lagoon Study & EAP	80,000	40,000
Reynolds (2), R.M.	Prawda Water Supply Study	25,000	12,500
Rhineland (6), Municipality	Plum Coulee W&WW Assessment Study	200,000	100,000
Russell-Binscarth (3), Mun.	Wastewater Lagoon Assessment Study	80,000	40,000
St. Andrews (5), R.M.	Regional Wastewater Forcemain	4,500,000	2,250,000
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 Sys.	8,960,000	3,740,000
Stanley (14), R.M.	Massey Pit Water Supply Upgrades	2,100,000	500,000
Ste. Anne, Town	Wastewater Lagoon Assessment Study	80,000	40,000
Stonewall (17), Town	Water Supply Study	30,000	15,000
South Central District Water Co-op (2)	Manitou Emergency Genset	150,000	75,000
South Central District Water Co-op (3)	Water Supply Pipeline	520,000	260,000
Swan River (8), Town	Water Supply Upgrades	1,000,000	500,000
Swan Valley West, Municipality	Benito Gravity Sewer CCTV Study	75,000	37,500
The Pas (6), Town	Wastewater Lagoon Study	80,000	40,000
Thompson (13), City	Phase 3 & 4 Water & Sewer Renewal	500,000	200,000
Virden (13), Town	Wastewater System Upgrades	1,500,000	750,000
Wawanesa (6), Village	Water Plant Upgrading	800,000	400,000
Westlake-Gladstone (3), Mun.	Gladstone Water & Sewer Renewal	1,500,000	522,000
West St. Paul (6), R.M.	Wastewater Collection System	7,320,000	2,500,000
West St. Paul (11), R.M.	Phase 2 Water Distribution System	2,000,000	600,000
Yellowhead Regional Water Co-op (8)	Bagot Reservoir Design	340,000	170,000
TOTAL		\$67,440,000	\$28,932,000

Water and Sewer Construction Agreements Signed during 2018-19 were:

Project (Agreement)	*	Work Description	Date Signed	Estimated Project Cost
Cartier (25), R.M.		Lido Plage Wastewater System Design	January 9, 2019	400,000
Clanwilliam-Erickson, Mun.		Erickson Wastewater Lagoon Assess. Study	April 24, 2018	70,000
Dauphin (17), R.M.		Rural Water Pipeline Expansion	February 15, 2019	1,200,000
Emerson-Franklin (2), Mun.		Electronic Water Meter System	October 31, 2018	300,000
Killarney-Turtle Mtn. (6), Mun.		Water Supply Well Upgrades	October 31, 2018	120,000
Killarney-Turtle Mtn. (7), Mun.		Water and Sewer Assessment Study	November 9, 2018	130,000
Lac du Bonnet (8), RM	CWWF	Rural Pipeline	September 17, 2018	1,300,000
McCreary (9), Municipality		Water Meter Upgrades	April 13, 2018	200,000
Neepawa (21), Town	CWWF	Phase 1 Wastewater Lagoon Upgrades	June 21, 2018	4,400,000
Pinawa (5), LGD	BCF	Pinawa Watermain Renewal	April 24, 2018	1,000,000
Pipestone (15), R.M.		Sinclair Wastewater Collection System	March 12, 2019	3,220,000
Portage (46), RM	CWWF	Rural Water Pipeline	June 21, 2018	600,000
Prairie View (4), Municipality		Birtle Water Treatment Plant	May 4, 2018	4,500,000
Ritchot (7), R.M.	BCF	Water Supply Upgrades & Reservoir Expan.	November 23, 2018	3,000,000
Rosser (6), R.M.	BCF	Rosser Industrial Park Water and Sewer	November 8, 2018	22,150,000
Selkirk (10), City	BCF	Forcemain and Lift Station	September 17, 2018	2,400,000
South Central District Water Co-op (3)		Water Supply Pipeline	July 13, 2018	520,000
Stanley (14), R.M.		Massey Pit Water Supply Upgrades	January 9, 2019	2,100,000
Stonewall (17), Town		Water Supply Study	April 4, 2018	30,000
Swan River (8), Town		Water Supply Upgrades	December 19, 2018	1,000,000
Thompson (13), City		Phase 3 & 4 Water & Sewer Renewal	July 24, 2018	500,000
Westlake-Gladstone (3), Mun.		Gladstone Water & Sewer Renewal	April 4, 2018	1,500,000
West St. Paul (12), R.M.	BCF	Rossmore/Addis Wastewater Collection Sys.	December 13, 2018	4,200,000
Yellowhead Regional Water Co-op (8)		Bagot Reservoir Design	October 31, 2018	340,000
			TOTAL	\$55,180,000

*

BCF - Build Canada Fund

CWWF - Clean Water &
Wastewater Fund

Project Management Services during 2018-19 were:

Project (Agreement)	*	Work Description	Estimated Project Cost
Sustainable Development – Parks and Protected Spaces Branch			
Adam Lake		Wastewater Lagoon Expansion	\$ 1,200,000
Big Whiteshell (2)		Water Treatment Plant Upgrade Design	100,000
Birds Hill (4)		Water Plant Upgrades	750,000
Birds Hill (5)		Wastewater Lagoon Assessment	40,000
Brereton Lake (2)		Water Supply	304,208
Falcon Lake (2)		Wastewater Lagoon Repairs	700,000
Grand Beach (3)		Wastewater Lagoon	7,815,000
Grand Beach (4)		Water Treatment Plant Upgrades	265,000
Hecla/Grindstone		Water Treatment Plant Upgrade	100,000
Hecla/Grindstone (2)		Wastewater Treatment Plant Assessment	25,000
Manipogo		Water Treatment Plant Upgrade	100,000
South Whiteshell		Wastewater Treatment Lagoon	3,690,000
St. Malo (3)	CWWF	Water Treatment Facility Upgrades	650,000
West Hawk Lake & Falcon Lake (2)		Lagoon Assessment	253,461
West Hawk Lake (6)		Wastewater Lift Station Assessment	20,000
			\$ <u>16,012,669</u>
Indigenous & Northern Relations			
God's Lake Narrows		Wastewater Treatment Facility Upgrade	\$ 2,800,000
INR - Northern Region		Water Treatment Plant Upgrade	1,281,500
INR - Duck Bay, Mallard & Berens River		Water Supply Systems	Tech. Assistance
Seymourville (2)	CWWF	Wastewater Treatment Lagoon Upgrades	2,500,000
			\$ <u>6,581,500</u>
Special Initiatives			
Cartier Regional Water Co-op	BCF	Water System Expansion	\$ 43,500,000
Lac du Bonnet (8), R.M.	CWWF	Rural Pipeline	1,300,000
Melita (10), Town	CWWF	Lagoon Expansion	6,000,000

Project Management Services during 2018-19 continued:

Project (Agreement)	*	Work Description	Estimated Project Cost
Special Initiatives Continued			
Neepawa (21), Town	CWWF	Phase 1 Wastewater Lagoon Upgrade	4,400,000
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	800,000
Pinawa (5), LGD	BCF	Pinawa Watermain Renewal	1,000,000
Portage (46), R.M.	CWWF	Rural Water Pipeline	600,000
Prairie View (2), Municipality	CWWF	Birtle Water Supply System	4,000,000
Ritchot (7), R.M.	BCF	Water Supply Upgrades & Reservoir Expansion	3,000,000
Rosser (6), R.M.	BCF	Rosser Industrial Park Water and Sewer	22,150,000
Selkirk (9), City	BCF	Wastewater Treatment Facility	35,200,000
Selkirk (10), City	BCF	Forcemain and Lift Station	2,400,000
St. Andrews (8), R.M.	CWWF	Phase 2 Wastewater Collection System	6,000,000
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
Virden (12), Town	BCF	Wastewater Treatment Plant	12,000,000
Winkler (12), City	CWWF	Regional Wastewater Treatment System	3,600,000
			\$ 196,559,000
		TOTAL	\$ 219,153,169

*

BCF - Build Canada Fund

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 and Protected Spaces 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 2018-19 the Board provided project management for 21 special initiative projects funded by Build Canada and the Clean Water & Wastewater Fund. 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 T. Parsons”

“Original signed by C. Brigden”

T. Parsons, M.A.Sc., P. Eng.
A-General Manger

C. Brigden
Chief Financial Officer

August 9, 2019



Auditor General
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba

To the Board of Directors of The Manitoba Water Services Board

Opinion

We have audited the financial statements of The Manitoba Water Services Board, which comprise the statement of financial position as at March 31, 2019, and the statement of operations and accumulated deficit, the statement of changes in net debt and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Manitoba Water Services Board as at March 31, 2019, and its operations, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of The Manitoba Water Services Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, 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.

In preparing the financial statements, management is responsible for assessing the The Manitoba Water Services Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate The Manitoba Water Services Board or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The Manitoba Water Services Board's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Manitoba Water Services Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the The Manitoba Water Services Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause The Manitoba Water Services Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

"Original signed by the
Office of the Auditor General"

Office of the Auditor General
Winnipeg, Manitoba
August 9, 2019

THE MANITOBA WATER SERVICES BOARD

Statement of Financial Position

As at March 31, 2019

	March 31, 2019	March 31, 2018
Financial assets		
Cash	\$ 2,959,177	\$ 3,165,923
Accounts Receivable	19,027,570	24,216,083
Due from Province of Manitoba	-	1,087,144
Accrued Interest	75,298	31,638
Unbilled construction costs to Municipalities (note 4)	18,118,779	19,647,713
	<u>40,180,824</u>	<u>48,148,501</u>
Liabilities		
Bank Indebtedness (note 14)	-	-
Accounts payable and accrued charges	16,376,663	14,151,628
Advances from The Province of Manitoba payable on demand (note 12)	32,781,000	42,120,000
	<u>49,157,663</u>	<u>56,271,628</u>
Net Debt	(8,976,839)	(8,123,127)
Non-financial assets		
Tangible capital assets (note 5)	10,310	10,310
Prepaid supplies	67,396	63,954
	<u>77,706</u>	<u>74,264</u>
Accumulated surplus (deficit) (note 6)	\$ (8,899,133)	\$ (8,048,863)

Commitments (note 8)

Contingencies (note 9)

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, 2019

	Budget (note 13)	2019	2018
Revenues:			
Sale of Water	\$ 6,300,000	\$ 5,956,425	\$ 5,503,824
Administrative expenses paid by the Province of Manitoba (note 7)	2,610,000	2,442,974	2,613,171
Strategic Municipal Investment Fund	13,823,600	13,754,128	20,605,387
Interest	15,000	43,758	16,105
	22,748,600	22,197,285	28,738,487
Expenses:			
Direct expenses for water supply plants:			
Interest expense	1,200,000	1,410,384	1,100,731
Interest allocated to new construction	(1,400,000)	(1,383,970)	(1,200,518)
	(200,000)	26,414	(99,787)
Chemicals	570,000	638,616	545,349
Heat, telephone, light and power	1,583,000	1,635,442	1,541,117
Professional services	765,000	799,632	724,866
Salaries and benefits	1,778,000	1,724,206	1,832,613
Repairs and maintenance	1,187,000	1,324,095	1,000,944
Administrative (note 7)	2,610,000	2,442,974	2,613,171
	8,293,000	8,591,379	8,158,273
Grants to Municipalities	13,823,600	13,754,128	20,605,387
Annual surplus (deficit)	632,000	(148,222)	(25,173)
Accumulated deficit, beginning of year	(8,048,863)	(8,048,863)	(5,374,391)
Net disbursements to municipalities (note 6)	(5,087,817)	(702,048)	(2,649,299)
Accumulated deficit, end of year	\$ (12,504,680)	\$ (8,899,133)	\$ (8,048,863)

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, 2019

	Budget (note 13)	2019	2018
Annual Surplus (Deficit)	\$ 632,000	\$ (148,222)	\$ (25,173)
New construction costs	(85,000,000)	(100,586,905)	(111,361,082)
Funds recovered from:			
Strategic Municipal Investment Fund	13,823,600	13,754,128	20,605,387
Municipalities	70,176,400	88,361,711	90,345,098
Change in unbilled construction costs	1,000,000	(1,528,934)	410,597
	-	-	-
Decrease (increase) in prepaid supplies	500	(3,442)	2,106
Tangible capital assets	-	-	-
Net disbursements to municipalities	(5,087,817)	(702,048)	(2,649,299)
Increase in net debt	(4,455,317)	(853,712)	(2,672,366)
Net debt, beginning of year	(8,123,127)	(8,123,127)	(5,450,761)
Net debt, end of year	\$ (12,578,444)	\$ (8,976,839)	\$ (8,123,127)

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, 2019

	2019	2018
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ (148,222)	\$ (25,173)
Change in non-cash operating working capital:		
Accounts receivable	5,188,513	(8,721,554)
Due from Province of Manitoba	1,087,144	(340,401)
Prepaid supplies	(3,442)	2,106
Accounts payable and accrued charges	2,225,035	4,937,241
Accrued Interest	(43,660)	(16,105)
Cash provided by (used in) operating activities	8,305,368	(4,163,886)
Financing activities:		
Advances received	28,561,000	27,720,000
Advances repaid	(37,900,000)	(15,900,000)
Cash provided by (used in) financing activities	(9,339,000)	11,820,000
Capital activities:		
New construction costs	(100,586,905)	(111,361,082)
Funding recovered from:		
Province of Manitoba	13,754,128	20,605,387
Municipalities	88,361,711	90,345,098
Increase (decrease) in unbilled construction costs	1,528,934	(410,597)
Tangible capital assets		-
Net disbursements to municipalities	(702,048)	(2,649,299)
Cash used in capital activities	826,886	(3,059,896)
Increase (decrease) in cash	(206,746)	4,596,218
Cash, beginning of year	3,165,923	(1,430,295)
Cash, end of year	\$ 2,959,177	\$ 3,165,923

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

Supplementary Financial Information

Interest paid \$1,410,384 (2018 - \$1,100,731)

Interest received \$1,383,970 (2018 - \$1,200,518)

THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements

For the year ended March 31, 2019

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 (2018 - nil).

THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements

For the year ended March 31, 2019

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 represent 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 expenses is recognized.

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

Unrestricted revenue 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, 2019

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.

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 MANITOBA WATER SERVICES BOARD

Notes to Financial Statements

For the year ended March 31, 2019

3. Financial instruments and financial risk management continued:

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

	March 31, 2019	March 31, 2018
Accounts Receivable	\$ 19,027,570	\$ 25,303,227
Accrued Interest	75,298	31,638
	\$ 19,102,868	\$ 25,334,865

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, 2019	March 31, 2018
Current	\$ 9,087,525	\$ 10,432,136
30-60 days past billing date	4,746,696	14,867,607
60-90 days past billing date	5,193,249	-
90-120 days past billing date	100	3,484
	\$ 19,027,570	\$ 25,303,227

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.

THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements

For the year ended March 31, 2019

3. Financial instruments and financial risk management continued:

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.

4. Unbilled construction costs to Municipalities:

	March 31, 2019	March 31, 2018
Balance, beginning of year	\$ 19,647,713	\$ 19,237,116
New construction costs	100,586,905	111,361,082
	120,234,618	130,598,198
Funding recovered from:		
Municipalities	88,361,711	90,345,098
Province of Manitoba	13,754,128	20,605,387
	102,115,839	110,950,485
Unbilled construction costs to Municipalities	\$ 18,118,779	\$ 19,647,713

THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements

For the year ended March 31, 2019

5. Tangible capital assets:

March 31, 2019	Cost	Accumulated Amortization	Net book value
Land and easements	\$ 10,310	\$ -	\$ 10,310

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

6. Accumulated Surplus/(Deficit):

Accumulated surplus/(deficit) consists 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, 2019	No.	March 31, 2018
Plants with deficit	7	\$ (9,729,283)	6	\$ (9,032,705)
Plants with surplus	3	730,150	4	883,842
Total funds retained (deficit), water supply plants	10	(8,999,133)	10	(8,148,863)
Interest and adjustment fund Account (note 7)		100,000		100,000
		\$ (8,899,133)		\$ (8,048,863)

The Board is responsible for all ongoing capital repairs and improvements necessary for the water plants it operates. Costs relating to this during 2018/2019 include capital works approved by the Board for regional systems operated by the Board including, Cartier Regional (\$8,168), South Central \$33,684, Southwest Regional (\$690,581), Whitehead-Elton (\$29,619) and Yellowhead (\$3,297) as well as the Notre Dame water plant in the RM of Lorne (\$4,067). There were no water plants transferred in 2018/2019, therefore the net disbursement to municipalities totaled (\$702,048).

Interest and adjustment fund account:

THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements

For the year ended March 31, 2019

6. Accumulated Surplus/(Deficit) continued:

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.

7. Administrative expenses paid by the Province of Manitoba:

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

	2019	2018
Professional services	\$ 17,322	\$ 6,994
Salaries and benefits	2,308,923	2,487,041
Telephone and utilities	19,735	19,705
Travel	513	351
Other administrative	96,481	99,080
	\$ 2,442,974	\$ 2,613,171

8. Commitments:

	March 31, 2019	March 31, 2018
Signed agreements and offers for construction of sewer and water systems for municipalities and cooperatives	\$ 145,171,614	\$ 173,402,009

These commitments are expected to be funded as follows:

Subsidization of construction costs –		
Province of Manitoba	\$ 29,116,500	\$ 35,524,700
Recovery of construction costs –		
Municipalities and cooperatives	116,055,114	137,877,309
	\$ 145,171,614	\$ 173,402,009

9. 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, 2019

10. 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.

11. Economic dependency:

The Board is economically dependent on the Province of Manitoba.

12. 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 2018/2019 the rate of interest charged fluctuated and increased from 2.70 percent to 3.20 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, 2019, the Province had unused authority of \$93,560,000 under The *Loan Act* - 2018 to provide future financing to the Board for construction of municipal sewer and water facilities on behalf of municipalities and cooperatives.

13. Budgeted figures:

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

14. 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, 2019, the bank indebtedness is nil. The bank indebtedness for 2018 was also nil.



City of Thompson De-Watering Equipment



RM of Alexander – Great Falls Water Plant



RM of Dauphin Water Pipeline Expansion



RM of Ritchot - Reservoir



RM of Rosser Low Pressure Sewer



RM of St. Andrews – Low Pressure Sewer



RM of Tache – Landmark Biological Filtration



Seymourville Wastewater Lagoon Upgrade



Town of Melita – Lagoon Expansion



Town of Niverville – Water Supply - Generator



Westlake-Gladstone – Water & Sewer Renewal



Westlake-Gladstone Rural Pipeline