

The Manitoba  
Water Services Board

La Commission des Services  
d'approvisionnement en eau du Manitoba

**Annual Report**  
**2016-2017**

**Rapport annuel**  
**2016-2017**



The Manitoba Water Services Board

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La Commission des Services  
d'approvisionnement en eau du Manitoba

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**MINISTER  
OF INDIGENOUS AND MUNICIPAL RELATIONS**

Room 301  
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, 2016 to March 31, 2017. This report records the activities of the Board for that period.

Sincerely,

“Original signed by Eileen Clarke”

Honourable Eileen Clarke  
Minister





Indigenous and Municipal Relations  
Deputy Minister of Municipal Relations  
Room 309 Legislative Building  
Winnipeg MB Canada R3C 0V8  
General Office: 204-945-3787  
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Honourable Eileen Clarke  
Minister of Indigenous and Municipal Relations  
Room 301  
Legislative Building  
Winnipeg MB R3C 0V8

Dear Minister:

I have the honour of presenting to you the 45<sup>th</sup> Annual Report of The Manitoba Water Services Board for the fiscal year ending March 31, 2017, together with the financial statements for the same period.

Sincerely,

“Original signed by Grant Doak”

Grant Doak  
Chair



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## The Manitoba Water Services Board

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### BOARD

**Grant Doak, (Chair)**

Deputy Minister  
Municipal Relations

(Vice-Chair)

Deputy Minister  
Sustainable Development

**Lance Vigfusson, P. Eng.**

Deputy Minister  
Infrastructure

**Joe Masi**

Executive Director  
AMM

**Ralph Groening**

Vice President  
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Standing from Left: Ralph Groening, Lance Vigfusson, Grant Doak, Fred Meier, Dave Shwaluk, Joe Masi

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# 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 Indigenous and 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 Municipal 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 avec les Autochtones et les municipalités. 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 avec les Autochtones et les municipalités, 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,

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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.



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## 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, is approximately \$45.0M.

## 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).

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## Message from the General Manager

### Clean Water and Wastewater Fund



Year 2016-17 the Board experienced its highest construction value for infrastructure projects in our history.

Water and sewer infrastructure deficit is high in rural Manitoba due to aging infrastructure, stricter regulation for public water systems and nutrient regulations for wastewater. The Province of Manitoba recognizes that an investment in infrastructure will support future economic and agricultural opportunities and has committed \$1.0B annually towards infrastructure.

To meet this fiscal challenge, the Province has partnered with the Federal government under the Clean Water and Wastewater Fund program for \$92.0M. This enabled the Board to advance 22 new tender ready projects to construction with completion scheduled for March 2018. One of the major projects under construction, is a regional water supply for the communities of Russell, Binscarth, Rossburn, Gambler First Nations, with potential future connection to Waywayseecappo First Nations.

A major focus for the Board is continuing to develop/expand regional water and wastewater systems to maximum infrastructure investment. The Board expanded 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 more residents to enjoy the benefits of safe drinking water. Regional wastewater servicing in West. St. Paul and St. Andrews is under construction with future expansion plans being developed.

In addition to the Board's water and sewer program activity estimated at \$45.0M, staff also provided project management expertise for Build Canada, Clean Water and Wastewater Fund, Parks Branch and Indigenous Relations water and sewer projects. The Board entered into 35 project management agreements for a total construction activity of approximately \$162.0M.

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

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# Activities Carried Out to Meet the Objectives

## Water Treatment Plants

### 1.0 Previously Constructed Works

The Manitoba Water Services Board assumed responsibility for 38 water treatment plants constructed between 1961 and 1972, under the authority of *The Manitoba Water Supply Board Act*.

To meet the objectives of the Board and at the request of the municipalities, the Board has transferred the following water treatment plants:

Hartney, Town (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, 2017 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 1.5%, 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 2016-17	Actual Cost of Production per 1,000 I.G.	April 1/17 Selling Price 1,000 I.G.	Type of Treatment
Argyle, (R.M.)(Baldur)	3,962,580	14.00	12.95	A,B,C,D
Oakview, (R.M.)(Oak River)*	2,557,200	20.47	-	
Lorne, (Mun.)(Notre Dame de Lourdes)	18,157,620	5.83	5.96	B,C,D
Riding Mountain West, (R.M.)(Inglis)	5,885,224	12.16	16.89	B,C,D
Yellowhead,(R.M.)(Strathclair)	4,226,735	16.67	13.60	B,C,D

\*Transferred January 1, 2017

#### Type of Treatment:

A – Fluoridation

B - Green Sand Filtration

C – Chlorination

D – Membrane

## 2.0 Regional Water Co-op Systems

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

### 2.1 Cartier

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

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

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

The wholesale water rate for 2017-18 was set by the Board at \$9.12 per 1,000 Imperial Gallons, which is a 1.5% 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.

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The wholesale water rate for 2017-18 was set at \$8.32 per 1,000 Imperial Gallons, which is a 1.5% 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 2016-17 was set at \$6.62 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 2015-16, rural pipeline expansion projects were completed in the Rural Municipalities of Elton and Whitehead to provide safe water to more rural residents.

The wholesale water rate for 2017-18 was set by the Board at \$8.78 per 1,000 Imperial Gallons for the Municipalities of Elton and Whitehead and \$6.43 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.

The wholesale water rates for 2017-18 were set by the Board at \$10.34 per 1,000 Imperial Gallons for the municipalities and \$13.34 per 1,000 Imperial Gallons for Melita. This represented a one-time increase of \$2.00 increase from the previous year, to recover operating cost deficit and establish a capital reserve for replacement of aging water mains in the Town of Melita.

### **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 2017-18 were set by the Board at \$10.20 per 1,000 Imperial Gallons for the Municipalities of Louise and Pembina plus \$3.05 per 1,000 Imperial Gallons surcharge to recover capital costs.

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# Water and Sewer Program

## 1.0 Capital Works

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

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

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

In the 2016-17 budget, the Board received approval of \$16.813M to invest in water and sewer infrastructure in rural Manitoba. The Board entered into cost sharing agreements for 36 construction projects, 12 feasibility studies and miscellaneous projects which are in various phases of design, construction and completion within the annual budget. Under the Board programs, approximately \$45.0M of construction activity was initiated in developing sustainable water and sewer infrastructure in rural Manitoba.

The Board provided technical and operational support to 5 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 as requested for Build Canada, Parks Branch and Indigenous Relations water and sewer projects. In 2016-17, the Board entered into 35 project management agreements for 18 Parks Branch, 3 Indigenous Relations and 14 Build Canada projects for total construction activity of approximately \$162.0M.

Some of the major projects under design / construction / completed during 2016-17 include:

- \$6.0M Riverdale Municipality – Rivers Water Plant
- \$13.0M Municipality of Russell-Binscarth – Regional Water Supply Upgrades
- \$4.5M Town of Altona – Wastewater Lagoon Expansion
- \$6.0M RM of Elton – Rural Waterline Expansion
- \$6.0M Town of Melita - Wastewater Lagoon Expansion
- \$5.0M RM of Pipestone – Wastewater Lagoon Expansion
- \$6.0M RM of West St. Paul – Water Supply System

**Water and Sewer Projects Substantially Completed during 2016-17 were:**

<b>Project</b>	<b>*</b>	<b>Work Description</b>	<b>Project Costs</b>		<b>Provincial Grants</b>
Alexander (5), RM		Wastewater Lagoon Study	\$	43,543	\$ 21,772
Arborg (12), Town	BCF	Watermain Renewal		2,109,552	-
Arborg (13), Town		RF Water Meter Replacement		224,222	112,111
Bifrost-Riverton, Municipality		Water Supply Study		32,586	16,293
Blumenfeld Hochfeld Water Co-op		Water Supply Upgrades		400,520	200,260
Cartier Reg. Water Co-op (3)		Oakville Reservoir/Pumphouse		1,947,948	973,974
Cartier (21), R.M.		Rural Water Pipelines		226,206	75,402
Cartier (23), R.M.		Wastewater Assessment Study		23,836	11,918
Elton (11), R.M.	BCF	Rural Water Pipelines		4,060,537	-
Ethelbert (5), R.M.		Wastewater Lagoon Assessment		51,988	25,994
Flin Flon (11), City		Water Distribution Study		24,023	14,414
Gilbert Plains (13), Municipality		Wastewater Lagoon Study		66,805	33,402
Hanover (6), R.M.		Water Supply Pipelines		157,759	78,879
Headingley (8), R.M.		Water and Sewer Servicing		1,081,435	324,431
Kelsey (6), R.M.		Water Supply Expansion		1,576,730	788,365
Macdonald (12), R.M.		Raw Water Supply Upgrading		1,184,621	592,311
Melita (8), Town		Water & Waste System Upgrades		786,443	235,933
Minitonas-Bowsman, Municipality	BCF	Wastewater Lagoon Upgrading		170,522	85,261
Minnedosa (5), Town		Lift Station and Forcemain		724,399	362,199
Morden (5), City		Water & Wastewater System Upgrades		1,013,755	422,664
Neepawa (16), Town		Water & Wastewater Assessment Study		57,155	28,578
Neepawa (17), Town		Water Supply Upgrading		1,087,186	543,593
Oak Lake (3), Town		Wastewater Lagoon		4,459,085	2,229,542
Pinawa (3), L.G.D.		Wastewater Lagoon Upgrade		1,866,336	933,168
Pipestone (8), R.M.		Wastewater Lagoon Feasibility Study & Environmental Approval		46,930	23,465
Portage la Prairie (39), City		Water Supply Predesign Study		181,732	90,866
Portage la Prairie (40), City		Water Supply Upgrades		3,012,454	1,326,683
Portage la Prairie (41), R.M.		Rural Water Pipelines		2,095,236	698,412
Portage la Prairie (42), R.M.	BCF	Rural Water Pipeline Project		2,915,721	-
Rosedale (7), R.M.		Rural Water Feasibility Study		37,962	18,981
Russell-Binscarth, Municipality		Water Supply Upgrades		1,045,037	522,519
St. Andrews (7), R.M.		Wastewater Lagoon Study		37,267	18,634
St. Clements (4), R.M.		Regional Wastewater Study		33,609	16,804
St. Pierre-Jolys (3), Village		Wastewater Lagoon Upgrading		654,951	327,475
Ste. Rose du Lac (12), Municipality		Rural Water Pipelines		182,445	91,222
Selkirk (8), City		Water Supply Pipelines		2,509,852	1,181,011
Shoal Lake (10), Municipality		Oakburn Lift Station Upgrading		109,326	54,663
Shoal Lake (11), Municipality		Hydrogen Sulphide Gas Mitigation		87,916	43,958
Snow Lake (11), Town	BCF	Water & Wastewater Renewal Project		1,830,804	-
Souris (18), Town		Wastewater Treatment Plant Study		113,530	56,765
South Central District Water Co-op	BCF	Water Supply Pipelines		6,069,548	582,132

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**Water and Sewer Projects Substantially Completed during 2016-17 continued:**

<b>Project</b>	<b>*</b>	<b>Work Description</b>	<b>Project Costs</b>		<b>Provincial Grants</b>
Thompson (8), City		Water Meters	\$	2,488,612	\$ 1,493,167
Thompson (10), City		Watermain Renewals		1,934,170	773,668
Wallace (13), R.M.		Water System Upgrading		1,323,208	595,337
Westlake-Gladstone, Municipality	BCF	Rural Water Pipelines		1,527,668	-
Whitehead (6), R.M.	BCF	Rural Water Pipelines		3,206,815	-
Winkler (11), City		Wastewater System Upgrades		1,013,937	447,355
Winnipeg Beach (6), Town		Water Supply Upgrades		559,825	279,913
Woodlands (6), R.M.		Wastewater Lagoon Upgrading		1,479,765	739,882
			\$	<u>57,875,513</u>	\$ <u>17,493,376.32</u>

\*

BCF - Build Canada Fund



**Water and Sewer Projects Under Design and/or Construction during 2016-17 were:**

<b>Project</b>	<b>*</b>	<b>Agreement Estimate</b>	<b>Estimated Grants</b>
Alexander (6), R.M.		\$ 500,000	\$ 250,000
Alexander (7), R.M.		4,000,000	2,000,000
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
Beausejour (6), Town		Water Distribution Network Study 40,000	20,000
Benito (6), Village		Wastewater Lagoon Feasibility Study 70,000	35,000
Carman (6), Town		Water & Wastewater Infrastructure Assessment 400,000	200,000
Cartier (24), R.M.	CWWF	Rural Water Line Expansion 3,000,000	750,000
Cartwright (6)		Lagoon Assessment Study 50,000	25,000
Dauphin (12), City		Wastewater Assessment Study 300,000	150,000
Dauphin (14), R.M.		Water Supply Pipeline from G3 2,400,000	1,200,000
Dauphin (15), City		Wastewater Sewer Extension 1,760,000	715,000
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
Emerson-Franklin, Municipality	CWWF	Water Pipeline Extensions 2016 3,500,000	875,000
Gilbert Plains (14), Municipality		Rural Pipeline Upgrades 900,000	300,000
Gimli (13), R.M.	CWWF	Water Supply Upgrades 7,000,000	1,750,000
Glenboro (3), Village		Sewermain Relining 260,000	78,000
Glenboro-South Cypress, Municipality		Wastewater Lagoon Study 70,000	35,000
Glenella-Lansdowne, Municipality		Arsenic Removal Study 30,000	15,000
Grey (12), R.M.		Water & Wastewater Assessment Study 60,000	30,000
Grey (13), R.M.		Rural Water Pipelines 420,000	140,000
Grey (14), R.M.		St. Claude Water Treatment Plant Upgrade 275,000	137,500
Kelsey (8), R.M.		Water Supply Pipelines 2,400,000	1,200,000
Lorne (8), Municipality		Water Distribution Study (Notre Dame) 30,000	15,000
Lorne (9), Municipality		Notre Dame Water Treatment Plant Upgrade 340,000	150,000
Lorne (10), Municipality		Ground Water Investigation 50,000	25,000
Louise (3), R.M.		Clearwater Water Treatment Plant Upgrade 140,000	70,000
Lynn Lake (4), Town		Pilot Testing 110,000	66,000
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
Niverville (4)		Alternate Municipal Water Supply 850,000	425,000
North Norfolk (5), Municipality		Austin Wastewater Lagoon Study 40,000	20,000
North Norfolk (6), Municipality	CWWF	Rural Waterline Expansion 3,000,000	750,000
Oakview, Municipality		Rapid City Water Treatment Plant Upgrades 180,000	90,000
Pembina (4), Municipality		Wastewater Lagoon Feasibility Study 130,000	65,000
Pipestone (13), R.M.		Rural Water Pipelines 4,500,000	1,500,000
Pipestone (14), R.M.	CWWF	Reston Wastewater Lagoon Expansion (Ph 1) 5,000,000	1,250,000
Portage la Prairie (43), City		Phase 2 Industrial Park Watermain & Water Treatment Plant Upgrades 2,200,000	900,000
Prairie View, Municipality		Wastewater Lagoon Feasibility Study 75,000	37,500
Reynolds, R.M.		Wastewater Lagoon Study & EAP 80,000	40,000
Rhineland (5), Municipality		Low Pressure Sewermain 450,000	150,000
Riverdale, Municipality		Water Treatment Plant 6,000,000	3,000,000

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**Water and Sewer Projects Under Design and/or Construction during 2016-17 continued:**

<b>Project</b>	<b>*</b>		<b>Agreement Estimate</b>	<b>Estimated Grants</b>
Rosedale (8), R.M.	CWWF	Rural Waterline Expansion	\$ 3,000,000	\$ 750,000
Russell-Binscarth (2)	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
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
Selkirk (8), City		Water Supply Pipelines	4,000,000	1,900,000
South West Regional Water Co-op (3)	CWWF	Rural Waterline Expansion (Phase 2)	5,000,000	1,250,000
Stonewall (14), Town		Wastewater Lagoon Upgrading	215,000	107,500
Stonewall (15), Town		Water Meter Replacement	860,000	430,000
The Pas (6), Town		Wastewater Lagoon Study	80,000	40,000
Thompson (12), City	CWWF	Phase 2 Watermain Project	3,000,000	750,000
Two Borders, Municipality		Pierson Wastewater System Upgrading	240,000	120,000
Victoria (4), R.M.		Wastewater Lagoon Feasibility Study	90,000	45,000
Victoria (5), R.M.		Groundwater Investigation Study	60,000	30,000
Virden (11), Town		Wastewater Treatment Plant Phase 1	4,000,000	2,000,000
Wawanesa (6), Village		Water Treatment Plant Upgrade	800,000	400,000
West St. Paul (4), R.M.	BCF	Regional Wastewater Sewer System	16,000,000	2,000,000
West St. Paul (6), R.M.		Wastewater Collection System	7,320,000	2,500,000
West St. Paul (8), R.M.		Water Storage Reservoir Design	250,000	125,000
West St. Paul (9), R.M.	CWWF	Water Supply	6,000,000	1,500,000
Yellowhead Reg. (4) Water Co-op		Regional Water Supply Upgrades	1,600,000	800,000
Yellowhead (5), Municipality		Wastewater Forcemain	160,000	80,000
Yellowhead (6), Municipality	CWWF	Shoal Lake Water Treatment Plant	4,000,000	1,000,000

	<b>Total</b>	<b>\$ 144,815,000</b>	<b>\$ 44,926,500</b>
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\* BCF - Build Canada Fund

CWWF - Clean Water & Wastewater Fund

**Water and Sewer Construction Agreements Signed during 2016-17 were:**

<b>Project (Agreement)</b>	<b>*</b>	<b>Work Description</b>	<b>Date Signed</b>	<b>Estimated Project Cost</b>
Altona (6), Town	CWWF	Lagoon Expansion - Phase 3	September 7, 2016	\$ 4,500,000
Altona (7), Town		Wastewater System Upgrades	March 22, 2017	1,100,000
Alexander (7), R.M.		Great Falls Water Treatment Plant	January 9, 2017	4,000,000
Argyle (4), R.M.		Groundwater Investigation	December 7, 2016	40,000
Beausejour (6), Town		Water Distribution Network Study	July 29, 2016	40,000
Cartier (24), R.M.	CWWF	Rural Waterline Expansion	December 7, 2016	3,000,000
Dauphin (15), City		Wastewater Sewermain Extension	June 20, 2016	1,760,000
Ellice-Archie, R.M.		Wastewater Lagoon Feasibility Study	May 5, 2016	120,000
Elton (12), R.M.	CWWF	Rural Waterline Expansion - Phase 3	August 24, 2016	6,000,000
Emerson-Franklin, Mun.	CWWF	Arnaud and Area Potable Water Supply	September 7, 2016	3,500,000
Gilbert Plains Municipality (14)		Rural Pipeline Upgrades	May 6, 2016	900,000
Gimli (13), R.M.	CWWF	New Water Distribution System	October 7, 2016	7,000,000
Glenboro-South Cypress, Mun.		Wastewater Lagoon Feasibility Study	August 8, 2016	70,000
Glenella-Lansdowne, Mun.		Arsenic Removal Pilot Study	August 8, 2016	30,000
Grey (13), R.M.		Rural Water Pipeline	June 20, 2016	420,000
Grey (14), R.M.		St. Claude Water Plant Upgrading	September 9, 2016	275,000
Lorne (9), Municipality		Notre Dame Water Supply Upgrades	May 6, 2016	340,000
Lorne (10), Municipality		Groundwater Investigation	January 9, 2017	50,000
Melita (10), Town	CWWF	Lagoon Expansion	September 22, 2016	6,000,000
Niverville (4), Town		Alternate Municipal Water Supply	May 5, 2016	850,000
Neepeewa (18), Town		Wastewater Lagoon Study	May 6, 2016	260,000
North Norfolk (5), Mun.		Austin Wastewater Lagoon Study	May 6, 2016	50,000
North Norfolk (6), Mun.	CWWF	Rural Waterline Expansion - Phase 3	October 4, 2016	3,000,000
Oakview, R.M.		Rapid City Water	May 6, 2016	180,000
Pembina (4), Municipality		Wastewater Lagoon Feasibility Study	August 10, 2016	130,000
Pipestone (13), R.M.		Rural Water Pipeline	May 25, 2016	4,500,000
Pipestone (14), R.M.	CWWF	Lagoon Expansion	October 4, 2016	5,000,000
Powerview-Pine Falls (6), Town		Radio Frequency Water Meter Program	July 29, 2016	300,000
Prairie View Municipality		Wastewater Lagoon Feasibility Study	July 15, 2016	75,000
Reynolds, R.M.		Wastewater Lagoon Study & EAP	December 9, 2016	80,000
Ritchot (6), R.M.		Water Supply Upgrades	May 25, 2016	5,000,000
Rosedale (8), R.M.	CWWF	Rural Waterline Expansion	September 9, 2016	3,000,000
Russell Binscarth (2), Mun.	CWWF	New WTP and Regional Pipeline	September 9, 2016	13,000,000
Selkirk (9), City	BCF	Wastewater Treatment Plant Upgrading	September 7, 2016	35,200,000
Southwest Regional Water Co-op Inc. (3)	CWWF	Rural Waterline Expansion - Ph. 2	December 7, 2016	5,000,000
Ste. Anne, Town		WW Lagoon Assessment Study	December 7, 2016	60,000
St-Pierre-Jolys (4), Village	CWWF	Lagoon Expansion and Wetland	October 4, 2016	3,000,000
Stonewall (15), Town		Radio Frequency Metering System	December 7, 2016	860,000
Thompson (12), City	CWWF	Watermain Program - Phase 2	December 7, 2016	3,000,000
Two Borders, Municipality		Pierson Wastewater System Upgrading	December 7, 2016	240,000
Whitehead Elton Regional Water Co-op		Water Supply Upgrades	May 5, 2016	200,000
West St. Paul (9), R.M.	CWWF	Water Supply	September 7, 2016	6,000,000
Whitehead (7), R.M.	CWWF	Rural Waterline Expansion - Ph. 2	December 7, 2016	2,000,000
Winkler (12), City	CWWF	Regional Wastewater Treatment System	February 10, 2017	3,600,000
Yellowhead (5), R.M.		Wastewater Forcemain	June 1, 2016	160,000
Yellowhead (6), R.M.	CWWF	New Water Treatment Plant	September 7, 2016	4,000,000

\* **Total** \$ 137,890,000

BCF - Build Canada Fund

CWWF - Clean Water & Wastewater Fund

**Project Management Services during 2016-17 were:**

<b>Project (Agreement)</b>	*	<b>Work Description</b>	<b>Estimated Project Cost</b>
<b>Sustainable Development - Parks Branch</b>			
16 Provincial Parks		Small Water Treatment Plant Preliminary	\$ 100,000
37 Provincial Park Public Water Systems		Public Water System Reassessments	185,000
Adam Lake		Wastewater Treatment Lagoon	1,200,000
Birds Hill		Water Treatment Upgrades	750,000
Brereton Lake		Water Treatment Plant	1,500,000
Brereton Lake		Wastewater Treatment	2,000,000
Caddy Lake		Water Treatment Plant	750,000
Grand Beach		Wastewater Treatment Lagoon	7,815,000
Grand Beach		Pumphouse Upgrades	265,000
Opapiskaw		Water Treatment Plant Upgrade	500,000
Rivers		Wastewater Lagoon Expansion	1,200,000
St. Malo		Water Treatment Facility Upgrades	650,000
Spruce Woods		Wastewater Collection	1,700,000
Spruce Woods		Water Treatment Facility Upgrades	400,000
Wekusko Falls		Water Treatment Plant	750,000
West Hawk Lake		Water Treatment Facility Upgrades	300,000
West Hawk Lake		Lagoon Assessment	200,000
William Lake		Water Treatment Plant Building Design	800,000
			\$ 21,065,000
<b>Indigenous &amp; Municipal Relations</b>			
God's Lake Narrows		Wastewater Treatment Facility Upgrade	\$ 2,800,000
Nelson House		Wastewater Treatment Lagoon	2,400,000
Seymourville		Water & Wastewater Treatment Pre-Design	130,000
			\$ 5,330,000
<b>Special Initiatives</b>			
Cartier Regional Water Co-op	BCF	Water System Expansion	\$ 43,500,000
Cartier (22), R.M.	BCF	Water Distribution Renewal (Elie)	1,300,000
Dauphin (13), R.M.	BCF	Rural Water Pipelines	3,129,000
Deloraine-Winchester (9), Municipality	BCF	Water Treatment Plant	6,900,000
Harrison Park, Municipality	BCF	Onanole Reservoir & Pumphouse	2,024,000
Kelsey (7), R.M.	BCF	Rall's Island Rural Water Pipeline	2,940,000
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
Snow Lake (11), Town	BCF	Water & Wastewater Renewal Project	2,000,000
Tache, R.M.	BCF	Landmark Water Supply Upgrades	3,600,000
Thompson (11), City	BCF	Wastewater Treatment Plant	36,000,000
Virten (12), Town	BCF	Wastewater Treatment Plant	12,000,000
West St. Paul (7), R.M.	BCF	Water Supply Pipeline	4,500,000
Winnipeg Beach (7), Town	BCF	Wastewater Lagoon Upgrading	3,500,000
			\$ 135,493,000
		<b>Total</b>	\$ 161,888,000

\*

BCF - Build Canada Fund

CSC - Correctional Services Canada

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## **2.0 Project Management**

The Board has 50 plus years of project management experience in the development of water and wastewater infrastructure. The Board, when requested and subject to availability of staff resources, agrees to act as Project Manager for other Provincial Departments and/or Municipalities. A memorandum of understanding (MOU) is signed with the requesting agency. All the project costs, including MWSB technical staff costs are recovered from the requesting agency.

### **2.1 Sustainable Development – Parks Branch**

A complete list is shown on the previous page.

### **2.2 Indigenous and Municipal Relations**

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

### **2.3 Special Initiatives**

During 2016-17 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

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

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

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

“Original signed by D. Shwaluk”

D. Shwaluk, P. Eng.  
General Manager

August 21, 2017

“Original signed by C. Brigden”

C. Brigden  
Chief Financial Officer



## 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, 2017, 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, 2017, 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 21, 2017  
Winnipeg, Manitoba

# THE MANITOBA WATER SERVICES BOARD

## Statement of Financial Position

As at March 31, 2017

	March 31, 2017	Restated March 31, 2016 (Note 16)
<b>Financial assets</b>		
Cash	\$ -	\$ 3,098,925
Accounts Receivable	15,494,529	6,624,906
Due from Province of Manitoba	746,743	822,537
Accrued Interest	15,533	10,295
Unbilled construction costs to Municipalities (note 4)	19,237,116	34,059,608
	<u>35,493,921</u>	<u>44,616,271</u>
<b>Liabilities</b>		
Bank Indebtedness (note 15)	1,430,295	-
Accounts payable and accrued charges	9,214,387	11,629,970
Advances from The Province of Manitoba payable on demand (note 13)	30,300,000	36,100,000
	<u>40,944,682</u>	<u>47,729,970</u>
Net Debt	(5,450,761)	(3,113,699)
<b>Non-financial assets</b>		
Tangible capital assets (note 5)	10,310	10,494
Prepaid supplies	66,060	64,472
	<u>76,370</u>	<u>74,966</u>
Accumulated deficit (note 6)	\$ (5,374,391)	\$ (3,038,733)
Commitments (note 9)		
Contingencies (note 10)		

See accompanying notes to financial statements.

On behalf of Board:

“Original signed by Grant Doak”

Chair



# THE MANITOBA WATER SERVICES BOARD

## Statement of Operations

For the year ended March 31, 2017

	Budget (note 14)	2017	Restated 2016 (Note 16)
<b>Revenues:</b>			
Sale of Water	\$ 4,800,000	\$ 4,818,375	\$ 4,501,602
Administrative expenses paid by the Province of Manitoba (note 8)	2,610,000	2,658,788	2,352,248
Building Manitoba Fund	16,813,000	16,510,784	15,971,868
Interest	4,000	5,238	1,216
	<u>24,227,000</u>	<u>23,993,185</u>	<u>22,826,934</u>
<b>Expenses:</b>			
Direct expenses for water supply plants:			
Interest expense	500,000	728,971	689,226
Interest allocated to new construction	(600,000)	(779,215)	(830,738)
	<u>(100,000)</u>	<u>(50,244)</u>	<u>(141,512)</u>
Chemicals	443,000	810,852	336,596
Heat, telephone, light and power	1,355,000	1,308,082	1,027,395
Professional services	650,000	745,010	709,774
Salaries and benefits	1,475,000	1,683,256	1,321,281
Repairs and maintenance	943,000	1,055,747	660,497
Administrative (note 8)	2,610,000	2,658,788	2,352,248
	<u>7,376,000</u>	<u>8,211,491</u>	<u>6,266,279</u>
Grants to Municipalities	16,813,000	16,510,784	15,971,868
	<u>24,189,000</u>	<u>24,722,275</u>	<u>22,238,147</u>
Annual surplus (deficit)	38,000	(729,090)	588,787
Accumulated deficit, beginning of year	(3,038,733)	(3,038,733)	(3,198,976)
Net disbursements to municipalities (note 6)	(875,000)	(1,606,568)	(428,544)
Accumulated deficit, end of year	<u>\$ (3,875,733)</u>	<u>\$ (5,374,391)</u>	<u>\$ (3,038,733)</u>

See accompanying notes to financial statements.

# THE MANITOBA WATER SERVICES BOARD

## Statement of Change in Net Debt

For the year ended March 31, 2017

	Budget (note 14)	2017	2016 Restated (Note 16)
Annual Surplus (Deficit)	\$ 38,000	\$ (729,090)	\$ 588,787
New construction costs	(82,686,400)	(70,704,451)	(86,282,076)
Funds recovered from:			
Building Manitoba Fund	25,231,300	16,510,784	15,971,868
Municipalities	57,455,100	69,016,159	56,219,303
Change in unbilled construction costs	-	(14,822,492)	14,090,905
	-	-	-
Decrease (increase) in prepaid supplies	1,000	(1,588)	105
Tangible capital assets	-	184	-
Net disbursements to municipalities	(875,000)	(1,606,568)	(428,544)
Increase (decrease) in net debt	(836,000)	(2,337,062)	160,348
Net debt, beginning of year	(3,113,699)	(3,113,699)	(3,274,047)
Net debt, end of year	\$ (3,949,699)	\$ (5,450,761)	\$ (3,113,699)

See accompanying notes to financial statements.

# THE MANITOBA WATER SERVICES BOARD

## Statement of Cash Flows

For the year ended March 31, 2017

	2017	2016 Restated (Note 16)
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ (729,090)	\$ 588,787
Change in non-cash operating working capital:		
Accounts receivable	(8,869,623)	(1,097,390)
Due from Province of Manitoba	75,794	(822,537)
Prepaid supplies	(1,588)	105
Accounts payable and accrued charges	(2,415,583)	4,096,527
Accrued Interest	(5,238)	(1,216)
Cash provided by (used in) operating activities	(11,945,328)	2,764,276
Financing activities:		
Advances received	16,400,000	24,700,000
Advances repaid	(22,200,000)	(9,700,000)
Cash provided by (used in) financing activities	(5,800,000)	15,000,000
Capital activities:		
New construction costs	(70,704,451)	(86,282,076)
Funding recovered from:		
Province of Manitoba	16,510,784	15,971,868
Municipalities 69,016,159		56,219,303
Increase (decrease) in unbilled construction costs	14,822,492	(14,090,905)
Tangible capital assets	184	-
Net disbursements to municipalities	(1,606,568)	(428,544)
Cash used in capital activities	13,216,108	(14,519,449)
Increase (decrease) in cash	(4,529,220)	3,244,827
Cash, beginning of year	3,098,925	(145,902)
Cash, end of year	\$ (1,430,295)	\$ 3,098,925

### Supplementary Financial Information

Interest paid \$728,971 (2016 - \$689,226)

Interest received \$779,215 (2016 - \$830,738)

# THE MANITOBA WATER SERVICES BOARD

## Notes to Financial Statements

For the year ended March 31, 2017

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### 1. Nature of operations:

The Manitoba Water Services Board (the Board) was established in July 1972 under The *Manitoba Water Services Board Act* to assist in the provision of water and sewage facilities to the residents of rural Manitoba. The Board assists municipalities with the development of sustainable water and wastewater works, including; water supply, treatment, storage and distribution; collection and treatment of sewage; the disposal of treated effluent and waste sludge in an environmentally sustainable manner and the provision of drought resistant, safe water supplies to rural residents for domestic and livestock needs.

### 2. Significant accounting policies:

#### (a) Basis of accounting:

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

#### (b) Tangible capital assets and unbilled construction costs:

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.

# THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements

For the year ended March 31, 2017

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## 2. Significant accounting policies (continued):

### (c) Revenue recognition:

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

### (d) Administrative expenses paid by the Province of Manitoba:

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

### (e) Pension costs and obligations:

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

### (f) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of accounts receivable and tangible capital assets. Actual results could differ from those estimates.

# THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements

For the year ended March 31, 2017

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### 3. Financial instruments and financial risk management:

#### (a) Classification and measurement of financial instruments:

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

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

Amortized cost is determined using the effective interest method.

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

The Board did not incur any remeasurement gains and losses during the year (2016 - nil).

# THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements

For the year ended March 31, 2017

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

#### (b) Financial risk management - overview:

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

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

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

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

#### Credit risk:

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

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

	March 31, 2017	March 31, 2016
Accounts receivable	\$ 16,241,272	\$ 7,447,443
Accrued interest	15,533	10,295
	\$ 16,256,805	\$ 7,457,738

# THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements

For the year ended March 31, 2017

### 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, 2017	March 31, 2016
Current	\$ 8,198,719	\$ 4,325,529
30-60 days past billing date	8,042,553	3,114,169
60-90 days past billing date	-	7,745
	<u>\$ 16,241,272</u>	<u>\$ 7,447,443</u>

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

Liquidity risk:

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

Interest rate risk:

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

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



# THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements

For the year ended March 31, 2017

**4. Unbilled Construction costs to Municipalities:**

	March 31, 2017	March 31, 2016
Balance, beginning of year	\$ 34,059,608	\$ 19,968,703
New construction costs	70,704,451	86,282,076
	104,764,059	106,250,779
Funding recovered from:		
Municipalities	69,016,159	56,219,303
Province of Manitoba	16,510,784	15,971,868
	85,526,943	72,191,171
Unbilled Construction costs to Municipalities	\$ 19,237,116	\$ 34,059,608

**5. Tangible capital assets:**

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

  

March 31, 2016	Cost	Accumulated amortization	Net book value
Land and easements	\$ 10,494	\$ —	\$ 10,494

# THE MANITOBA WATER SERVICES BOARD

## Notes to Financial Statements

For the year ended March 31, 2017

### 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, 2017	No.	March 31, 2016
Plants operated by the Board:				
Plants with a deficit	6	\$ (6,530,911)	7	\$ (4,257,280)
Plants with a surplus	4	1,056,520	4	1,118,547
Total funds retained (deficit), water supply plants	10	(5,474,391)	11	(3,138,733)
Interest and adjustment fund account (note 7)		100,000		100,000
		\$ (5,374,391)		\$ (3,038,733)

The Board is responsible for all ongoing capital repairs and improvements necessary for the water plants it operates. Costs relating to this during 2016/2017 include capital works approved by the Board for regional systems operated by the Board including, Cartier Regional (\$986,180), Southwest Regional (\$575,451), Whitehead Regional (-\$88,877), the Yellowhead Regional (\$61,613) Water Co-operatives and the Notre Dame Water Plant (RM of Lorne) (\$90,000) amounted to \$1,624,367 (2016 - \$644,973). The Board received a resolution from the Rural Municipality of Oakview to take over all operating and maintenance costs for the Oak River Water Treatment Plant as at January 1, 2017. The debt of \$17,799 relating to the takeover was paid to the Board for the year ended March 31, 2017. Net disbursement to municipalities therefore totaled \$1,606,568.

### 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, 2017

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

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

	2017	2016
Professional services	\$ 13,218	\$ 8,988
Salaries and benefits	2,527,222	2,232,806
Telephone and utilities	20,727	17,800
Travel	677	325
Other administrative	96,944	92,329
	<u>\$ 2,658,788</u>	<u>\$ 2,352,248</u>

## 9. Commitments:

	March 31, 2017	March 31, 2016
Signed agreements and offers for construction of sewer and water systems for municipalities and cooperatives	\$161,489,091	\$ 82,686,400

These commitments are expected to be funded as follows:

Subsidization of construction costs – Province of Manitoba	34,344,800	25,231,300
Recovery of construction costs – Municipalities and cooperatives	127,144,291	57,455,100
	<u>\$161,489,091</u>	<u>\$ 82,686,400</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, 2017

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**11. Related party transactions:**

The Board is related in terms of common ownership to all Province of Manitoba created Departments, Agencies and Crown Corporations. The Board enters into transactions with these entities in the normal course of operations and they are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

**12. Economic dependency:**

The Board is economically dependent on the Province of Manitoba.

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

The Board finances construction in progress by borrowing advances from the Province through The *Loan Act*. The Board pays interest on these unfixed advances. Interest payable is set at Prime less 0.75 percent. During 2016/2017 the rate of interest charged remained consistent at 1.95 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, 2017, the Province had unused authority of \$81,731,000 under The *Loan Act* - 2016 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, 2017, the bank indebtedness is \$1,430,295 and is a result of outstanding cheques that have not been cashed at March 31, 2017. The Board anticipates it will have sufficient funds in place to cover these outstanding disbursements. The bank indebtedness for 2016 was nil.

# THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements

For the year ended March 31, 2017

## 16. Restatement of Prior Period:

During the year, the Board decided to disclose provincial appropriations on the Statement of Operations. Accordingly, funds received from the Building Manitoba Fund appropriation of \$16,510,784 and the related Grants to Municipalities in the same amount for the year ending March 31, 2017, were separately disclosed on the Statement of Operations.

In addition, the Board decided to disclose the unbilled construction costs to Municipalities under financial assets. Previously they were disclosed as construction in progress under non-financial assets.

The Board retroactively restated the prior year figures. There was no impact on the accumulated deficit, but the net debt previously reported for the year ended March 31, 2016 was \$(37,173,307) and changed to \$(3,113,699) while the non-financial assets previously reported were \$34,134,574 and changed to \$74,966.

	As previously reported	Adjustment	Restated
Construction in progress	\$ 34,059,608	\$ (34,059,608)	\$ -
Unbilled construction costs to Municipalities	-	34,059,608	34,059,608
Accounts Receivable	7,447,443	(822,537)	6,624,906
Due from Province of Manitoba	-	822,537	822,537
Building Manitoba Fund	-	(16,510,784)	(16,510,784)
Grants to Municipalities	-	16,510,784	16,510,784
Opening Net Debt	\$ (23,242,750)	\$ 19,968,703	\$ (3,274,047)



**Virden Wastewater Treatment Plant**



**Wekusko Falls Water Treatment Plant**



**RM of Pipestone – Rural Water Pipelines**



**RM of Dauphin Booster Station**



**Southwest Regional Water New Wells**



**South Central Regional Water – Manitou Upgrade**



**Stony Mountain Institute – Cartier Regional Water Supply**



**RM of West St Paul Water Reservoir**



**Emerson-Franklin Municipality Water Supply**



**RM of Whitehead Rural Water Pipelines**