



**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, 2015 to March 31, 2016. 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  
Fax: 204-945-5255

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 44<sup>th</sup> Annual Report of The Manitoba Water Services Board for the fiscal year ending March 31, 2016, together with the financial statements for the same period.

Sincerely,

“Original signed by Fred Meier”

Fred Meier  
Chair



---

# Table of Contents

## *Table des matières*

<b>Title</b> Titre	<b>Page</b> Page
Minister's Letter of Transmittal	1
Chair's Letter of Transmittal	2
The Manitoba Water Services Board, Board of Directors	4
The Manitoba Water Services Board	5
La Commission des services d'approvisionnement en eau du Manitoba	5
Message From The General Manager	8
Activities Carried Out To Meet the Objectives	
Water Treatment Plants	9
1.0 Previously Constructed Works	
2.0 Regional Water Cooperative Systems	
Water and Sewer Program	12
1.0 Capital Works	
2.0 Project Management	
2.1 Sustainable Development - Parks Branch	
2.2 Indigenous and Municipal Relations	
2.3 Special Initiatives	
2.4 Federal Provincial Programs	
3.0 Sustainable Development	
Financial Information	
The Manitoba Water Services Board Management Report	20
Office of Auditor General Report	21
Financial Statements	22
Illustrations	35

---

## The Manitoba Water Services Board

Unit 1A - 2010 Currie Blvd., Brandon MB R7B 4E7

Phone: 204-726-6076 Fax: 204-726-7196

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

Email: [mwsb@gov.mb.ca](mailto:mwsb@gov.mb.ca)

### BOARD

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

**Grant Doak**, (Vice-Chair)  
Deputy Minister  
Sustainable Development

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

**Joe Masi**  
Executive Director  
AMM

**Ralph Groening**  
Vice President  
AMM

### MANAGEMENT

**David Shwaluk**, P. Eng.  
General Manager  
Phone: 204-726-6084  
Email: [Dave.Shwaluk@gov.mb.ca](mailto:Dave.Shwaluk@gov.mb.ca)

**Travis Parsons**, M.A.Sc., P. Eng.  
Chief Engineer  
Phone: 204-726-6085  
Email: [Travis.Parsons2@gov.mb.ca](mailto:Travis.Parsons2@gov.mb.ca)

**Cheryl Brigden**  
Chief Financial Officer  
Phone: 204-726-6093  
Email: [Cheryl.Brigden@gov.mb.ca](mailto:Cheryl.Brigden@gov.mb.ca)



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

---

# The Manitoba Water Services Board

## Foreword

The Manitoba Water Services Board (Board) was established in July 1972 as a Crown Corporation, under *The Manitoba Water Services Board Act*, to assist in the provision of water and sewerage facilities for the residents of rural Manitoba. The Board replaced The Manitoba Water Supply Board (1959-1972), taking over all responsibilities of the former Board, owning and operating 38 water supply installations in the Province.

In August 1981, the head office of The Manitoba Water Services Board, formerly in Winnipeg, was transferred to Brandon, Manitoba. The Board's primary mandate is the delivery of a Water and Sewer Program, which provides for the 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,

---

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, is approximately \$35.0M.

## Objectifs

Voici les objectifs précis de la Commission des services d'approvisionnement en eau du Manitoba :

- a) aider les municipalités à construire les stations et ouvrages nécessaires pour se procurer l'eau, la recueillir, l'entreposer, la traiter, la purifier et l'acheminer;
- b) aider les municipalités à acheminer l'eau de sa source ou de son lieu d'entreposage jusqu'au point d'alimentation accepté par les particuliers;
- c) aider les municipalités à construire les ouvrages nécessaires à la collecte des eaux usées;
- d) aider les municipalités à construire les ouvrages nécessaires au traitement et à l'évacuation des eaux usées;
- e) aider les communautés agricoles à améliorer les installations d'approvisionnement et de traitement des eaux naturelles, ainsi que les systèmes de traitement des eaux usées.

## Programmes 'immobilisations

Pour atteindre ses objectifs, la Commission conclut des ententes avec les municipalités ou les coopératives d'eau afin de fournir une aide technique et financière leur permettant de construire ou d'améliorer des infrastructures hydrauliques ou de traitement des eaux usées. L'objectif principal est de garantir un approvisionnement en eau sécuritaire et renouvelable, ainsi que le traitement et l'évacuation des eaux usées d'une façon renouvelable et respectueuse de l'environnement.

En général, les dépenses totales réalisées par la Commission en matière d'eau naturelle et d'eau usée sont d'environ 35 millions de dollars par an (ce qui inclut les contributions municipales).

---

## Message from the General Manager

### Infrastructure Renewal Program



Year 2015-16 has been a challenging and rewarding year at the Board.

The Province of Manitoba recognizes an investment in water and wastewater infrastructure as an investment in the future health of our Province. These facilities will provide access to safe drinking water and environmentally friendly wastewater systems which will support economic and agricultural opportunities in rural Manitoba. To meet this fiscal challenge, the Province has committed stable funding for the Board's capital works program as well as supporting the Build Canada program.

A major focus for the Board is the development and expansion of regional water and wastewater systems. Since the mid 1980's regional system concepts have been developed throughout the Province to allow municipalities to pool their resources for the infrastructure and operating expertise needed for their residents.

Regional systems initiated in 2015-16, were South Central District Water Co-op Regional water system for Pilot Mound and Manitou, and commissioning the Cartier Water Supply System Expansion at Headingley to provide water service to CentrePort, West St. Paul, Stony Mountain Institution and future surrounding municipalities. Construction of the West St. Paul / St. Andrews regional wastewater system was completed and 4 non compliant municipal plants are decommissioned.

In 2015-16, the Board provided project management services for 23 substantially completed projects estimated at \$37.5 M and initiated 57 new projects for studies, design / construction at an estimated cost of \$96.1 M. In addition, the Board project managed 15 Parks Branch and 17 Build Canada projects for an estimated cost of \$152.0 M.

In closing, I would like to thank Board staff for their team effort and commitment in delivering another successful capital works program for our municipal, Parks Branch, Indigenous Relations and Build Canada clients.

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



Cartier Regional Water Co-op  
Headingley Water Treatment Plant



---

# 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

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

Effective April 1, 2016 water rates were increased at Baldur, Inglis, Notre Dame de Lourdes, Oak River and Strathclair. Rates were based on the increases in the Consumer Price Index of 1%, plus a surcharge to recover capital costs. The Manitoba Water Services Board will continue to operate the five (5) water treatment plants, until the deficits are fully recovered through water rates.

### Water Treatment Plants (Previously Constructed Works)

Sale of Water Town or Municipality	Consumption 2015-16	Actual Cost of Production per 1,000 I.G.	April 1/16 Selling Price 1,000 I.G.	Type of Treatment
Argyle, (R.M.)(Baldur)	4,148,880	10.67	12.45	A,B,C,D
Oakview, (R.M.)(Oak River)	3,416,300	17.50	17.50	B,C,D
Lorne, (Mun.)(Notre Dame de Lourdes)	19,119,100	4.69	5.87	B,C,D
Riding Mountain West, (R.M.)(Inglis)	5,104,132	13.11	16.65	B,C,D
Yellowhead,(R.M.)(Strathclair)	4,309,689	17.57	11.43	B,C,D

#### Type of Treatment:

A – Fluoridation

B - Green Sand Filtration

C – Chlorination

D – Membrane

## 2.0 Regional Water Co-op Systems

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

### 2.1 Cartier

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

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

The Co-op supplies water to residents in the Municipalities of Cartier, Headingley, Portage la Prairie, St. Francois Xavier, Grey, Rosser, Rockwood and the Headingley (men's) Correctional Centre. With continued growth in Headingley and surrounding municipalities, Cartier Water Co-op constructed a new 150 L/s water plant, a pipeline and reservoir located in the R.M. of Rosser. The new Headingley water treatment plant started operation; 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 2016-17 was set by the Board at \$8.99 per 1,000 Imperial Gallons, which is a 1% increase from the previous year.

---

## **2.2 Yellowhead Regional Water Co-op**

In 2006-07, the Board developed the Yellowhead regional water system in a chronic water short area, west of the City of Portage la Prairie. The \$30.0M system is owned by the Yellowhead Regional Water Co-op Inc. and operated by the Board. The Yellowhead system supplies water to the Municipalities of Westlake-Gladstone, North Norfolk, and Glenella-Landsdowne.

The Co-op, at their Annual General Meeting in 2012, requested that the water rate be increased from \$7.50 per 1,000 Imperial Gallons to \$7.65, effective April 1, 2012 and also increase 2% per year for the next three years to create a reserve for future capital improvements. The wholesale water rate for 2016-17 was set at \$8.20 per 1,000 Imperial Gallons, which is a 1% 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 will be 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.

The wholesale water rate for 2016-17 was set by the Board at \$8.65 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.

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.

## **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 and water was supplied beginning January 2012. With the January 1, 2015 amalgamation, the municipalities serviced by the Southwest Regional System became the Municipality of Two Borders, the Municipality of Brenda-Waskada and the Town of Melita.

The wholesale water rates for 2016-17 were set by the Board at \$8.34 per 1,000 Imperial Gallons for the municipalities and \$11.34 per 1,000 Imperial Gallons for Melita. This represented a 2% increase from the previous year, to recover capital costs, recover deficits and establish a capital reserve for replacement of aging water mains.

## **2.6 South Central District 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 includes pipeline to Manitou and water plant upgrades, currently under construction. As of January 1, 2015, the Town of Pilot Mound amalgamated with the R.M. of Louise and the Town of Manitou with the R.M. of Pembina.

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 2016-17 were set by the Board at \$10.00 per 1,000 Imperial Gallons for the Municipalities of Louise and Pembina plus \$2.00 per 1,000 Imperial Gallons to recover capital costs.

---

# Water and Sewer Program

## 1.0 Capital Works

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

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

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

In the 2015-16 budget, a Core Infrastructure Program was announced with the Board receiving \$84.0M over 5 years with an annual budget of \$16.813M to invest in water and sewer infrastructure in rural Manitoba. Under the Board programs approximately \$35.0M of construction activity was initiated in developing sustainable water and sewer infrastructure in rural Manitoba. The Board continues to manage the highest number of water and sewer projects on record in rural Manitoba.

The Board provided project management and interim financing for 23 substantially completed projects estimated at \$37.5M and initiated 57 new projects for studies, design and/or construction at estimated cost of \$96.1M. In addition, the Board entered into cost sharing agreements for 40 construction projects and 17 feasibility studies plus miscellaneous projects which are in design, construction or completed phase within the annual budget. Funding sources for all the projects were either provided by the Board, Infrastructure Stimulus, Correctional Canada or Build Canada. The Board also provided project management services as requested to the Parks Branch and Manitoba Aboriginal and Northern Affairs (MANA).

Some of the major projects under design / construction / completed during 2015/16 include:

- \$500.0 Blumenfeld Hochfeld Water Co-op Water Supply Upgrades
- \$6.9M South Central Water Co-op Pipeline and Water Plant Upgrading
- \$2.0M RM of Headingley Water & Sewer Extensions
- \$600.0 RM of Cartier Rural Water Pipelines
- \$2.4M RM of Kelsey Water Supply Pipeline
- \$1.0M Town of Melita Water and Sewer Renewals
- \$1.0M City of Morden Water and Sewer System Upgrades
- \$4.35M City of Portage Water Supply Upgrades
- \$6.0M Riverdale Municipality – Rivers Water Plant
- \$862.0 Municipality of Russell-Binscarth Water Supply Upgrades
- \$1.0M City of Winkler Wastewater Forcemain and Lift Station Upgrades

**Water and Sewer Projects Substantially Completed during 2015-16 were:**

<b>Project</b>	<b>*</b>	<b>Work Description</b>	<b>Project Costs</b>	<b>Provincial Grants</b>
Beausejour (5), Town		Water and Wastewater Assessment Study	\$ 62,587	\$ 31,293
Brokenhead (4), R.M.		Wastewater Lagoon Feasibility Study	43,296	21,648
Cartier Reg. Water Co-op (2)		Oakville Reservoir Final Design	51,084	25,542
Cornwallis (4), R.M.		Chater Water Supply Upgrading	318,530	159,265
Dauphin (11), City		Water Supply Upgrading	1,420,966	710,483
Elton (10), R.M.		Douglas Wastewater Lagoon Study	14,340	7,170
North Norfolk (4), R.M.		Rural Water Pipelines	1,679,595	559,865
Pipestone (10), R.M.		Rural Water Pipeline	4,751,540	1,830,674
Pipestone (11), R.M.		Rural Water Pipeline	288,432	144,216
Rapid City (6), Town		Water Supply Pipeline	621,765	310,882
Rivers (5), Town		WTP Final Design	402,849	201,425
Russell (7)		Water Supply Upgrading	269,358	134,679
Selkirk (6), City		Groundwater Source Investigation	743,971	371,986
St. Clements (3), R.M.	BCF	Wastewater Sewer System	4,915,020	-
St. Francois Xavier (5), R.M.	ISF	Cartier Regional Water Supply	12,655,917	4,061,083
Somerset (3), Village		Watermain Renewal	433,214	129,964
Southwest Reg. Water Co-op (2)		Structural Assessment Study	10,703	5,351
Strathcona (2), R.M.		Belmont Water Supply Well	158,385	79,193
Virden (11), Town		Wastewater Treatment Plant, Phase 1	3,400,336	1,700,168
Wawanesa (8), Village		Wastewater Lagoon	2,900,674	1,450,337
Winkler (10), City		Wastewater Upgrading	2,106,291	1,053,146
Winnipeg Beach (4), Town		Wastewater Lagoon Feasibility Study	107,850	53,925
Woodworth (4), R.M.		Kenton Lift Station Upgrading	160,978	80,489
			\$ 37,517,681	\$ 13,122,784.53

\*

BCF - Build Canada Fund

ISF - Infrastructure Stimulus Fund

---

**Water and Sewer Projects Under Design and/or Construction during 2015-16 were:**

---

<b>Project</b>	<b>*</b>	<b>Work Description</b>	<b>Agreement Estimate</b>	<b>Estimated Grants</b>
Alexander (5), RM		Wastewater Lagoon Study	\$ 40,000	\$ 20,000
Arborg (13), Town		RF Water Meter Replacement	250,000	125,000
Benito (6), Village		Wastewater Lagoon Feasibility Study	70,000	35,000
Bifrost-Riverton, Municipality		Water Supply Study	40,000	20,000
Blumenfeld Hochfeld Water Co-op		Water Supply Upgrades	500,000	250,000
Carman (6), Town		Water & Wastewater Infrastructure Assessment	400,000	200,000
Cartier Reg. Water Co-op (3)		Oakville Reservoir/Pumphouse	2,400,000	1,200,000
Cartier (21), R.M.		Rural Water Pipelines	600,000	200,000
Cartwright (6)		Lagoon Assessment Study	50,000	25,000
Dauphin (12), City		Wastewater Assessment Study	300,000	150,000
Ethelbert (5), R.M.		Wastewater Lagoon Assessment	60,000	30,000
Flin Flon (11), City		Water Distribution Study	50,000	30,000
Gilbert Plains (13), Municipality		Wastewater Lagoon Study	60,000	30,000
Glenboro (3), Village		Sewermain Relining	260,000	78,000
Grey (12), R.M.		Water & Wastewater Assessment Study	60,000	30,000
Hanover (6), R.M.		Water Supply Pipeline	1,200,000	600,000
Headingley (8), R.M.		Water and Sewer Servicing	2,000,000	600,000
Kelsey (6), R.M.		Water Supply Expansion	1,700,000	850,000
Kelsey (8), R.M.		Water Supply Pipeline	2,400,000	1,200,000
Louise (3), R.M.		Clearwater Water Treatment Plant Upgrade	140,000	70,000
Lynn Lake (4), Town		Pilot Testing	110,000	66,000
Macdonald (12), R.M.		Raw Water Supply Upgrading	1,200,000	600,000
Melita (8), Town		Water & Waste System Upgrades	1,000,000	300,000
Melita (9), Town		Wastewater Lagoon Upgrading	4,800,000	2,400,000
Minnedosa (5), Town		Lift Station and Forcemain	2,000,000	1,000,000
Minnedosa (6), Town		Wastewater Lagoon Upgrading Study	50,000	25,000
Morden (5), City		Water & Wastewater System Upgrades	1,000,000	405,000
Neepawa (17), Town		Water Supply Upgrading	1,000,000	500,000
Neepawa (16), Town		Water & Wastewater Assessment Study	60,000	30,000
Oak Lake (3), Town		Wastewater Lagoon	4,600,000	2,300,000
Pinawa (3), L.G.D.		Wastewater Lagoon Upgrade	2,100,000	1,050,000
Portage la Prairie (39), City		Water Supply Predesign Study	220,000	110,000
Portage la Prairie (40), City		Water Supply Upgrades	4,350,000	1,975,000
Portage la Prairie (41), R.M.		Rural Water Pipelines	2,100,000	700,000
Portage la Prairie (43), City		Phase 2 Industrial Park Watermain & Water Treatment Plant Upgrades	2,200,000	900,000
Riverdale, Municipality		Water Treatment Plant	6,000,000	3,000,000
Russell (7), Town		Water Supply Upgrading	260,000	130,000
Russell-Binscarth, Municipality		Water Supply Upgrades	862,000	431,000
St. Andrews (5), R.M.		Regional Wastewater Forcemain	4,500,000	2,250,000
St. Pierre-Jolys (3), Village		Wastewater Lagoon Upgrading	800,000	400,000
Ste. Rose du Lac (12), Municipality		Rural Water Pipeline	240,000	120,000

---



---

**Water and Sewer Projects Under Design and/or Construction during 2015-16 continued:**

<b>Project</b>	<b>*</b>	<b>Work Description</b>	<b>Agreement Estimate</b>	<b>Estimated Grants</b>
Selkirk (8), City		Water Supply Pipeline	4,000,000	2,000,000
Souris (18), Town		Wastewater Treatment Plant Study	130,000	65,000
South Central District Water Co-op	BCF	Water Supply Pipeline	6,900,000	1,000,000
The Pas (6), Town		Wastewater Lagoon Study	80,000	40,000
Thompson (10), City		Watermain Renewals	2,000,000	1,200,000
Victoria (4), R.M.		Wastewater Lagoon Feasibility Study	90,000	45,000
Victoria (5), R.M.		Groundwater Investigation Study	60,000	30,000
Wallace (13), R.M.		Water System Upgrading	1,300,000	650,000
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
Winkler (11), City		Wastewater System Upgrades	1,000,000	430,000
Winnipeg Beach (6), Town		Water Supply Upgrades	800,000	400,000
Woodlands (6), R.M.		Wastewater Lagoon Upgrading	1,800,000	900,000
Yellowhead Reg. (4) Water Co-op		Regional Water Supply Upgrades	1,600,000	800,000
			<b>Total</b>	
			\$ 96,162,000	\$ 37,020,000
* BCF - Build Canada Fund				

**Water and Sewer Construction Agreements Signed during 2015-16 were:**

<b>Project (Agreement)</b>	<b>*</b>	<b>Work Description</b>	<b>Date Signed</b>	<b>Estimated Project Cost</b>
Alexander (5), R.M.		Wastewater Lagoon Study	August 25, 2015	\$ 40,000
Alexander (6), R.M.		Septic Truck Wastewater Lagoon	March 11, 2016	500,000
Arborg (13), Town		RF Water Meter Replacement	September 14, 2015	250,000
Bifrost-Riverton, Municipality		Water Supply Study	December 30, 2015	40,000
Blumfeld Hochfield Water Co-op		Water Supply Upgrades	April 27, 2015	500,000
Carman (6), Town		Water & Wastewater Infrastructure Assessment	July 21, 2015	400,000
Cartier (21), R.M.		Rural Water Pipelines	September 11, 2015	600,000
Cartier (22), R.M.	NBCF	Water Distribution Renewal (Elie)	November 6, 2015	1,300,000
Cartier (23), R.M.		Wastewater Assessment Study	December 30, 2015	70,000
Cartier Reg. Water Co-op (3)		Oakville Reservoir/Pumphouse	December 30, 2015	2,400,000
Cartwright (6), Village		Lagoon Assessment Study	May 12, 2015	50,000
Dauphin (12), City		Wastewater Assessment Study	June 2, 2015	300,000
Dauphin (13), R.M.	NBCF	Rural Water Pipeline	February 22, 2016	3,129,000
Dauphin (14), R.M.		Water Supply Pipeline	February 9, 2016	2,400,000
Ethelbert (5), Village		Wastewater Lagoon Assessment	April 27, 2015	60,000
Gilbert Plains (13), Municipality		Wastewater Lagoon Study	September 10, 2015	60,000
Grey (12), R.M.		Water & Wastewater Assessment Study	November 6, 2015	60,000
Hanover (6), R.M.		Water Supply Pipeline	August 7, 2015	1,200,000
Harrison Park, Municipality	NBCF	Onanole Water Reservoir & Pumphouse	January 29, 2016	2,024,000
Headingley (8), R.M.		Water and Sewer Servicing	April 27, 2015	2,000,000
Kelsey (8), R.M.		Water Supply Pipeline	February 3, 2016	2,400,000
Lorne (8), Municipality		Water Distribution Study	January 29, 2016	30,000
Macdonald (12), R.M.		Raw Water Supply Upgrading	January 29, 2016	1,200,000
Melita (8), Town		Water & Wastewater System Upgrades	July 29, 2015	1,000,000
Melita (9), Town		Wastewater Lagoon Upgrading	September 11, 2015	4,800,000
Minitonas-Bowsman, Municipality		Wastewater Lagoon Study	June 2, 2015	983,000
Minnedosa (6), Town		Wastewater Lagoon Upgrading Study	November 30, 2015	50,000
Morden (5), City		Water & Wastewater System Upgrades	July 6, 2015	1,000,000
Pipestone (12), R.M.		Reston Wastewater Lagoon Expansion - Phase 1	March 7, 2016	1,400,000
Portage la Prairie (40), City		Water Supply Upgrades	June 2, 2015	4,350,000
Portage la Prairie (41), R.M.		Rural Water Pipelines	May 28, 2015	2,100,000
Portage la Prairie (42), R.M.	NBCF	Rural Water Pipeline Project	October 27, 2015	2,700,000
Portage la Prairie (43), City		Phase 2 Industrial Watermain & WTP Upgrades	February 26, 2016	2,200,000
Rhineland (5), Municipality		Low Pressure Sewermain	April 27, 2015	450,000
Riverdale, Municipality		Water Treatment Plant	April 28, 2015	6,000,000
Rosser (5), R.M.		Low Pressure Sewer System	March 1, 2016	4,000,000
Russell-Binscarth, Municipality		Water Supply Upgrades	April 27, 2015	862,000
Selkirk (8), City		Water Supply Pipeline	November 30, 2015	4,000,000
Snow Lake (11), Town	NBCF	Waste & Wastewater Renewal Project	December 21, 2015	2,000,000
South Central District Water Co-op		Water Supply Pipeline	April 28, 2015	6,900,000
St. Andrews (5), R.M.		Regional Wastewater Forcemain	August 24, 2015	4,500,000
St. Andrews (6), R.M.	NBCF	Regional Wastewater Collection System - Phase 1	October 27, 2015	6,000,000
St. Andrews (7), R.M.		Wastewater Lagoon Study	December 30, 2015	40,000



---

**Water and Sewer Construction Agreements Signed during 2015-16 continued:**

---

<b>Project (Agreement)</b>	<b>*</b>	<b>Work Description</b>	<b>Date Signed</b>	<b>Estimated Project Cost</b>
St. Clements (4), R.M.		Regional Wastewater Study	February 29, 2016	40,000
Stonewall (14), Town		Wastewater Lagoon Feasibility Study	March 1, 2016	180,000
St-Pierre-Joly (3), Village		Wastewater Lagoon Upgrading	January 19, 2016	800,000
Tache, R.M.	NBCF	Landmark Water Supply Upgrades	March 11, 2016	3,600,000
The Pas (6), Town		Wastewater Lagoon Study	February 3, 2016	80,000
Thompson (10), City		Watermain Renewals	May 20, 2015	2,000,000
Thompson (11), City	NBCF	Wastewater Treatment Plant	August 10, 2015	36,000,000
Victoria (5), R.M.		Groundwater Investigation Study	June 22, 2015	60,000
Virден (12), Town	NBCF	Wastewater Treatment Plant	March 29, 2016	12,000,000
West St. Paul (6), Municipality		Wastewater Collection System	September 11, 2015	7,320,000
West St. Paul (7), R.M.	NBCF	Water Supply Pipeline	December 21, 2015	4,500,000
West St. Paul (8), R.M.	NBCF	Water Storage Reservoir	November 20, 2015	250,000
Whitehead (6), R.M.	NBCF	Rural Water Pipelines	September 14, 2015	3,000,000
Winkler (11), City		Wastewater System Upgrades	June 25, 2015	1,000,000
			<b>Total</b>	<b>\$ 147,178,000</b>
* NBCF - New Build Canada Fund				

**Project Management Services during 2015-16 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 Designs	\$ 100,000
Adam Lake		Wastewater Treatment Lagoon	1,200,000
Brereton Lake		Water Treatment Plant	1,500,000
Caddy Lake		Water Treatment Plant	750,000
Grand Beach		Wastewater Treatment Lagoon	7,815,000
Grand Beach		Pumphouse Upgrades	265,000
Moose Lake		Water Treatment Plant	850,000
Opapiskaw		Water Treatment Plant Upgrade	500,000
Otter Falls		Well Upgrades	25,000
Rivers		Wastewater Lagoon Expansion	1,200,000
St. Malo		Gravity Sewer	100,000
Spruce Woods		Wastewater Collection	1,700,000
Stephenfield		Wastewater Lagoon	1,200,000
Wekusko Falls		Water Treatment Plant	750,000
West Hawk Lake		Water Treatment Facility Upgrades	300,000
William Lake		Water Treatment Plant Building Design	800,000
			\$ 19,055,000
<b>Indigenous &amp; Municipal Relations</b>			
God's lake Narrows		Wastewater Treatment Facility Upgrade	\$ 2,800,000
Seymourville		Water & Wastewater Treatment Pre-Design	130,000
			\$ 2,930,000
<b>Special Initiatives</b>			
Arborg (12), Town	NBCF	Watermain Renewal	\$ 2,156,799
Cartier Regional Water Co-op	NBCF	Water System Expansion	43,500,000
Cartier (22), R.M.	NBCF	Water Distribution Renewal (Elie)	1,300,000
Deloraine-Winchester (9), Municipality	NBCF	Water Treatment Plant	6,900,000
Elton (11), R.M.	NBCF	Rural Water Pipelines (to Douglas)	4,001,800
Harrison Park, Municipality	NBCF	Onanole Reservoir & Pumphouse	2,024,000
Kelsey (7), R.M.	NBCF	Rall's Island Rural Water Pipeline	2,940,000
Minitonas-Bowsman, Municipality	NBCF	Wastewater Lagoon Upgrading	983,000
Portage la Prairie (42), R.M.	NBCF	Rural Water Pipeline Project	2,700,000
Rockwood (7), R.M.	CSC	Stony Mountain Institution Water Pipeline	8,100,000
St. Andrews (6), R.M.	NBCF	Phase 1 Regional Wastewater Collection System	6,000,000
Snow Lake (11), Town	NBCF	Water & Wastewater Renewal Project	2,000,000
Thompson (11), City	NBCF	Wastewater Treatment Plant	36,000,000
Westlake-Gladstone, Municipality	NBCF	Rural Water Pipeline	1,348,932
West St. Paul (7), R.M.	NBCF	Water Supply Pipeline	4,500,000
Whitehead (6), R.M.	NBCF	Rural Water Pipelines	3,000,000
Winnipeg Beach (7), Town	NBCF	Wastewater Lagoon Upgrading	3,500,000
			\$ 130,954,531
		<b>Total</b>	\$ 152,939,531
* NBCF - New Build Canada Fund			
CSC - Correctional Services Canada			

---

## **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.

### **2.3 Special Initiatives**

During 2015-16 the Board provided project management for 17 special initiative projects funded by Build 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 Infrastructure Stimulus Fund (ISF) and the Build Canada Fund (BCF).

Many of the municipalities receiving either ISF or BCF funding have requested project management assistance from The Manitoba Water Services Board. The Manitoba Water Services Board has signed a number of agreements as indicated on the previous pages. In total these projects will exceed \$100.0M when completed.

## **3.0 Sustainable Development**

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

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

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

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



## **The Manitoba Water Services Board**

### **Management Report**

---

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”

“Original signed by C. Brigden”

---

D. Shwaluk, P. Eng.  
General Manager

---

C. Brigden  
Chief Financial Officer

August 09, 2016



## 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, 2016, 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, 2016, 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 9, 2016  
Winnipeg, Manitoba

# THE MANITOBA WATER SERVICES BOARD

## Statement of Financial Position

As at March 31, 2016

	March 31, 2016	March 31, 2015
<b>Financial assets</b>		
Cash	\$ 3,098,925	\$ -
Accounts Receivable	7,447,443	5,527,516
Accrued Interest	10,295	9,079
	<u>10,556,663</u>	<u>5,536,595</u>
<b>Liabilities</b>		
Bank Indebtedness (note 15)	-	145,902
Accounts payable and accrued charges	11,629,970	7,533,443
Advances from The Province of Manitoba payable on demand (note 13)	36,100,000	21,100,000
	<u>47,729,970</u>	<u>28,779,345</u>
<b>Net Debt</b>	<b>(37,173,307)</b>	<b>(23,242,750)</b>
<b>Non-financial assets</b>		
Construction in progress (note 4)	34,059,608	19,968,703
Tangible capital assets (note 5)	10,494	10,494
Prepaid supplies	64,472	64,577
	<u>34,134,574</u>	<u>20,043,774</u>
<b>Accumulated surplus (deficit) (note 6)</b>	<b>\$ (3,038,733)</b>	<b>\$ (3,198,976)</b>

Commitments (note 9)  
Contingencies (note 10)

See accompanying notes to financial statements.

On behalf of Board:

"Original signed by Fred Meier"

Chair

# THE MANITOBA WATER SERVICES BOARD

## Statement of Operations

For the year ended March 31, 2016

	Budget (note 14)	2016	2015
<b>Revenues:</b>			
Sale of Water	\$ 4,100,000	\$ 4,501,602	\$ 4,063,291
Administrative expenses paid by the Province of Manitoba (note 8)	2,526,000	2,352,248	2,291,490
Interest	4,000	1,216	5,660
	<u>6,630,000</u>	<u>6,855,066</u>	<u>6,360,441</u>
<b>Expenses:</b>			
Direct expenses for water supply plants:			
Interest expense	350,000	689,226	363,082
Interest allocated to new construction	(375,000)	(830,738)	(397,560)
	<u>(25,000)</u>	<u>(141,512)</u>	<u>(34,478)</u>
Chemicals	353,000	336,596	341,016
Heat, telephone, light and power	987,000	1,027,395	922,918
Professional services	650,000	709,774	655,672
Salaries and benefits	1,225,000	1,321,281	1,210,180
Repairs and maintenance	865,000	660,497	696,926
Administrative (note 8)	2,526,000	2,352,248	2,291,490
	<u>6,581,000</u>	<u>6,266,279</u>	<u>6,083,724</u>
Annual surplus	49,000	588,787	276,717
Accumulated surplus (deficit), beginning of year	(1,681,834)	(3,198,976)	(1,681,834)
Disposition of funds (note 6)	(350,000)	(428,544)	(1,793,859)
Accumulated deficit, end of year	<u>\$ (1,982,834)</u>	<u>\$ (3,038,733)</u>	<u>\$ (3,198,976)</u>

See accompanying notes to financial statements.

# THE MANITOBA WATER SERVICES BOARD

## Statement of Change in Net Debt

For the year ended March 31, 2016

	Budget (note 14)	2016	2015
Annual Surplus	\$ 49,000	\$ 588,787	\$ 276,717
New construction costs	(60,452,043)	(86,282,076)	(69,399,309)
Funds recovered from:			
Province of Manitoba	14,996,000	15,971,868	16,277,788
Municipalities	45,456,043	56,219,303	37,467,815
	0	(14,090,905)	(15,653,706)
Decrease (increase) in prepaid supplies	1,000	105	(1,300)
Disposition of funds	(845,000)	(428,544)	(1,793,859)
Increase in net debt	(795,000)	(13,930,557)	(17,172,148)
Net debt, beginning of year	(23,242,750)	(23,242,750)	(6,070,602)
Net debt, end of year	\$ (24,037,750)	\$ (37,173,307)	\$ (23,242,750)

See accompanying notes to financial statements.



# THE MANITOBA WATER SERVICES BOARD

## Statement of Cash Flows

For the year ended March 31, 2016

	2016	2015
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 588,787	\$ 276,717
Change in non-cash operating working capital:		
Accounts receivable	(1,919,927)	669,438
Prepaid supplies	105	(1,300)
Accounts payable and accrued charges	4,096,527	4,386,354
Accrued Interest	(1,216)	(2,722)
Cash provided by (used in) operating activities	2,764,276	5,328,487
Financing activities:		
Advances received	24,700,000	19,800,000
Advances repaid	(9,700,000)	(6,200,000)
Cash provided by (used in) financing activities	15,000,000	13,600,000
Capital activities:		
New construction costs	(86,282,076)	(69,399,309)
Funding recovered from:		
Province of Manitoba	15,971,868	16,277,788
Municipalities	56,219,303	37,467,815
Increase in construction in progress	(14,090,905)	(15,653,706)
Disposition of funds	(428,544)	(1,793,859)
Cash used in capital activities	(14,519,449)	(17,447,565)
Increase in cash	3,244,827	1,480,922
Cash, beginning of year	(145,902)	(1,626,824)
Cash, end of year	\$ 3,098,925	\$ (145,902)

### Supplementary Financial Information

Interest paid \$689,226 (2015 - \$363,082)

Interest received \$830,738 (2015 - \$397,560)

# THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements

For the year ended March 31, 2016

---

## 1. Nature of operations:

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

## 2. Significant accounting policies:

### (a) Basis of accounting:

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

### (b) Tangible capital assets and construction in progress:

Tangible capital assets represent water supply plants owned by the Board. They are recorded at cost and amortization is calculated on a straight-line basis over the following terms:

Asset	Term
Plants constructed prior to January 1, 1972:	
Equipment	18 years
Buildings	35 years
Plants constructed after January 1, 1972:	
Equipment	20 years
Buildings	20 years

Construction in progress 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 construction in progress amounts.

# THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements

For the year ended March 31, 2016

---

## 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, 2016

---

## 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 (2015 - nil).

# THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements

For the year ended March 31, 2016

---

### 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, 2016	March 31, 2015
Accounts receivable	\$ 7,447,443	\$ 5,527,516
Accrued interest	10,295	9,079
	<u>\$ 7,457,738</u>	<u>\$ 5,536,595</u>

# THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements

For the year ended March 31, 2016

### 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, 2016	March 31, 2015
Current	\$ 4,325,529	\$ 3,224,488
30-60 days past billing date	3,114,169	2,280,668
60-90 days past billing date	7,745	22,360
	\$ 7,447,443	\$ 5,527,516

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, 2016

## 4. Construction in progress:

	March 31, 2016	March 31, 2015
Balance, beginning of year	\$ 19,968,703	\$ 4,314,997
New construction costs	86,282,076	69,399,309
	106,250,779	73,714,306
Funding recovered from:		
Municipalities	56,219,303	37,467,815
Province of Manitoba	15,971,868	16,277,788
	72,191,171	53,745,603
Construction in progress	\$ 34,059,608	\$ 19,968,703

## 5. Tangible capital assets:

March 31, 2016	Cost	Accumulated amortization	Net book value
Land and easements	\$ 10,494	\$ —	\$ 10,494
Buildings	522,722	522,722	—
Equipment	132,628	132,628	—
	\$ 665,844	\$ 655,350	\$ 10,494

March 31, 2015	Cost	Accumulated amortization	Net book value
Land and easements	\$ 10,494	\$ —	\$ 10,494
Buildings	522,722	522,722	—
Equipment	132,628	132,628	—
	\$ 665,844	\$ 655,350	\$ 10,494

# THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements

For the year ended March 31, 2016

## 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, 2016	No.	March 31, 2015
Plants operated by the Board:				
Plants with a deficit	7	\$ (4,257,280)	7	\$ (4,586,255)
Plants with a surplus	4	1,118,547	3	1,287,279
Total funds retained (deficit), water supply plants	11	(3,138,733)	10	(3,298,976)
Interest and adjustment fund account (note 7)		100,000		100,000
		\$ (3,038,733)		\$ (3,198,976)

The Board is responsible for all ongoing capital repairs and improvements necessary for the water plants it operates. Disposition of funds relating to this during 2015/2016 include capital works approved by the Board for regional systems operated by the Board including, Cartier Regional, Southwest Regional, Whitehead Regional, and the Yellowhead Regional Water Co-operatives and amounted to \$644,973 (2015-\$1,793,859). The Board received funds from the Rural Municipality of Oakview (Oak River), to apply against the operating deficit of their plant in 2015/2016 \$216,429.

## 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, 2016

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

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

	2016	2015
Professional services	\$ 8,988	\$ 8,225
Salaries and benefits	2,232,806	2,029,901
Telephone and utilities	17,800	17,474
Travel	325	1,721
Rental for office premises	-	144,942
Other administrative	92,329	89,227
	<u>\$ 2,352,248</u>	<u>\$ 2,291,490</u>

## 9. Commitments:

	March 31, 2016	March 31, 2015
Signed agreements and offers for construction of sewer and water systems for municipalities and cooperatives	\$ 82,686,400	\$ 60,452,043

These commitments are expected to be funded as follows:

Subsidization of construction costs – Province of Manitoba	\$25,231,300	\$14,996,000
Recovery of construction costs – Municipalities and cooperatives	57,455,100	45,456,043
	<u>\$82,686,400</u>	<u>\$ 60,452,043</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, 2016

---

## 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 2015/2016 the rate of interest charged was between 1.95 and 2.10 percent on a quarterly basis. These advances are repaid once funding is received from the municipalities and cooperatives and the Province for their share of the eligible project costs.

As at March 31, 2016, the Province had unused authority of \$62,220,000 under The *Loan Act* - 2015 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, 2016, the bank indebtedness is nil. The bank indebtedness for 2015 is the result of outstanding cheques that have not been cashed at March 31, 2015. The Board anticipates it will have sufficient funds in place to cover these outstanding disbursements.



Blumenfeld Hochfeld Water Co-op Water Supply Upgrades



Morden Water & Wastewater System Upgrades - UV Treatment



Pinawa Wastewater Lagoon Upgrade



Pipestone Rural Water Pipeline



Rivers Water Treatment Plant



South Central District Water Co-op Water Treatment Plant Upgrades



Russell-Binscarth Well Mechanization



Winnipeg Beach Wastewater Lagoon Upgrades



Whitehead Rural Water Pipeline



Cartier Regional Water Expansion  
Headingley Water Treatment Plant



Cartier Regional Water Expansion  
Headingley Water Treatment Plant