

The Manitoba
Water Services Board

La Commission des Services
d'approvisionnement en eau du Manitoba

**Annual Report
2009-2010**

**Rapport annuel
2009-2010**



Manitoba 

September 9, 2010

The Honourable Philip S. Lee
Lieutenant Governor of Manitoba
Government House
200 Kennedy Street
Winnipeg MB R3C 1S4

Your Honour:

It is my pleasure to present to you The Manitoba Water Services Board Annual Report for the period extending from April 1, 2009 to March 31, 2010. This report records the activities of the Board for that period.

Sincerely,

Original signed by Steve Ashton

Steve Ashton
Minister of Infrastructure and Transportation



September 9, 2010

Honourable Steve Ashton
Minister of Infrastructure and Transportation
Room 203, Legislative Building
Winnipeg MB R3C 0V8

Dear Minister:

I have the honour of presenting to you the 38th Annual Report of The Manitoba Water Services Board for the fiscal year ending March 31, 2010, together with the financial statements for the same period.

Yours sincerely,

Original signed by Doug McNeil

| Doug McNeil
Chairman

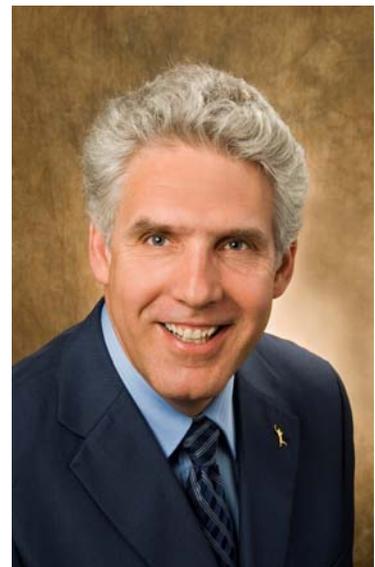


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The Manitoba Water Services Board

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BOARD¹

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Deputy Minister
Infrastructure and Transportation

Linda McFadyen
Deputy Minister
Local Government

Don Norquay
Deputy Minister
Water Stewardship

Doug Dobrowolski
President
AMM

Joe Masi
Executive Director
AMM

MANAGEMENT

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Standing from Left: Linda McFadyen, Don Norquay, Joe Masi, Doug Dobrowolski
Seated from Left: Doug McNeil, Dick Menon

¹New Board effective November 25, 2009

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 Sewer and Water Program, which provides for the installation or upgrading of sewer and water facilities in Manitoba communities.

In 1984, the Board assumed the responsibility of delivering a Water Development Program, which provides for the construction of agricultural area pipelines and farm water sources, with the primary objective being to provide a dependable, sustainable water supply in rural Manitoba. The Board has also been involved in a number of partnership agreements with the Government of Canada, the most recent one being the Partnership Agreement on Municipal Water Infrastructure (PAMWI).

In 1994, the Board assumed responsibility for managing the Conservation Districts Program. Although the Board is no longer responsible for the Conservation Districts Program activities, it continued to provide banking functions for the capital grants to the Districts until March 31, 2007.

The Board, made up of five persons appointed by the Lieutenant Governor in council chaired by the Deputy Minister of Manitoba Infrastructure and Transportation, reports to the Legislature through the Minister of Infrastructure and Transportation. The Board's activities are managed by a team headed by the General Manager.

The Board, under the authority of the Act, may enter into agreements with any organized area of the Province, including municipalities, local government districts, villages, towns and cities, excluding (a) the City of Winnipeg, (b) the areas under the jurisdiction of the Minister of Aboriginal and Northern Affairs, and (c) those areas of the Province under Federal Government jurisdiction.

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 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. Bien que la Commission des services d'approvisionnement en eau du Manitoba ne soit plus responsable des activités du Programme des districts de conservation, elle continue de fournir des services bancaires pour les subventions d'immobilisation accordées aux districts.

En 1994, la Commission a pris en charge la gestion du Programme des districts de conservation. Bien que la Commission des services d'approvisionnement en eau du Manitoba ne soit plus responsable des activités du Programme des districts de conservation, elle a continué de fournir des services bancaires pour les subventions d'immobilisation accordées aux districts jusqu'au 31 mars 2007.

La Commission formée de cinq particuliers nommés par le lieutenant-gouverneur sous-ministre Infrastructure et Transports Manitoba, rend compte à l'Assemblée législative par l'intermédiaire du ministre de l'Infrastructure et des Transports. Les activités de la Commission sont gérées par une équipe dirigée par le

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, an offer (Agreement) is submitted 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, the 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.

directeur général.

En vertu de la *Loi*, la Commission peut conclure des ententes avec toutes les administrations locales de la province, notamment les municipalités, les districts d'administration locale, les villages et les villes, à l'exception a) de la ville de Winnipeg, b) des régions relevant du ministre des Affaires autochtones et du Nord et c) des régions de la province relevant du gouvernement fédéral.

Dès qu'elle reçoit une demande d'aide ou une résolution, la Commission détermine la priorité du projet. Puis, sous réserve d'acceptation et de fonds disponibles, elle effectue 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, l'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 all plants and works necessary for obtaining, collecting, storing, treating, purifying and transmitting water.
- b) To assist municipalities in the transmission of water from a source of supply or a point of storage to a point of acceptance by the individual.
- c) To assist municipalities with the construction of works for the collection of sewage.
- d) To assist municipalities with the construction of works for the treatment and disposal of sewage.
- e) To assist agricultural communities with the upgrading of water supply/treatment facilities and/or sewage treatment systems.

Capital Programs

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

Generally, the Board's total annual expenditure for water and sewerage, including Municipal and Federal contribution, is approximately \$38.0M.

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 38 millions de dollars par an (ce qui inclut les contributions municipales et fédérales).

Message From The CEO

If you build it, they will join eventually!!



Logic dictates that regional infrastructure systems are more cost effective than individual stand-alone systems due to economies of scale. However the hardest task is to convince municipal neighbors that they should put their differences aside and join together for the common good in a regional system.

The Manitoba Water Services Board has been “walking the walk” about regional delivery for almost fifty (50) years. I have been in such discussions with neighboring municipalities for over thirty (30) years. The first reaction, especially from some of the smaller municipalities is “no way” as they suspect that it is a plot by the larger municipalities to control developments in their areas. However most of their concerns can be put to rest with The Manitoba Water Services Board acting as Project Managers and operating the system on behalf of the Member municipalities.

In the mid 1980’s, The Manitoba Water Services Board developed the Red River Regional Water System with four (4) municipal members. Today the system supplies safe potable water to eighteen (18) municipalities. Similarly the Cartier Regional System, which was developed in the mid 1990’s, now supplies water to eight (8) municipalities and two (2) correctional institutions.

2009-10 was a busy year for regional services. We substantially completed the G3 Regional Water System and began preliminary discussion to develop and operate the Southwest and Whitehead-Elton Regional Water Systems. We are also in the preliminary stages of developing and operating two (2) Regional Wastewater Systems as well.

With all the success The Manitoba Water Services Board has had in developing and operating Regional Infrastructure, one would assume that it is easy. Believe me, it is not. There is no “one –size fits all” template. Each of the regional systems is slightly different to suit local needs. At the end of the day, there is a general sense of accomplishment not only by The Manitoba Water Services Board staff, but all the municipal council members that we are providing the best cost effective system for the ratepayers.

May there be more Regional Systems !

**Dick Menon, M. Eng., FEC, P. Eng.
General Manager/CEO**



**Southwest Regional Water Treatment
Under Construction**

Activities Carried Out To Meet The Objectives

Water Treatment Plants

1.0 Previously Constructed Works

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

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

Hartney, Town	January 1, 1979
Altona, Town (Gretna, Rhineland)	March 31, 1987
Letellier, R.M. (Montcalm,)	March 31, 1987
Winkler, Town	January 1, 1989
Holland, (Victoria, R.M.)	December 1, 1991
Gilbert Plains, Town	April 1, 1992
Dominion City, (Franklin, R.M.)	July 1, 1993
St. Jean Baptiste, (Montcalm, R.M.)	December 31, 1993
Ste. Rose du Lac, Village	December 31, 1993
Ste. Agathe, (Ritchot, R.M.)	April 1, 1994
Hamiota, Town	January 1, 1998
Erickson, Town	January 1, 1998
Cartwright, Village	January 1, 1998
Deloraine, Town	April 1, 1998
St. Claude, Village	April 1, 1998
Kenton, (Woodworth, R.M.)	July 1, 1998
Angusville, (Silver Creek, R.M.)	January 1, 1999
Manitou, Town	April 1, 1999
Reston, (Pipestone, R.M.)	April 1, 1999
Russell, Town	April 1, 1999
Elie, (Cartier, R.M.)	June 1, 1999
Pilot Mound, Town	August 1, 1999
Benito, Village	April 1, 2000
Kelwood, (Rosedale, R.M.)	October 1, 2000
Rosburn, Town	November 1, 2000
McCreary, Village	April 1, 2002
Minitonas, Town	March 1, 2003
Bowsman, Village	March 31, 2003
Ethelbert, Village	March 31, 2003
Belmont, (Strathcona, R.M.)	April 1, 2003
Sandy Lake (Harrison, R.M.)	April 1, 2006
Somerset, Village	March 31, 2007
Winnipegosis, Village	April 1, 2009

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

Effective April 1, 2009 water rates were increased at Baldur, Inglis, Oak River and Strathclair. The water rate for Notre Dame de Lourdes remained unchanged. Rates were determined by the Consumer Price Index of 2.0%, plus increases to cover capital costs. The Manitoba Water Services Board has offered to 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 2009-10	Actual Cost of Production per 1,000 I.G.	April 1/10 Selling Price 1,000 I.G.	Type of Treatment
Argyle, (R.M.)(Baldur)	5,212,930	4.70	10.71	A,B,C,D
Blanshard, (R.M.)(Oak River)	3,452,600	10.28	11.13	B,C,D
Notre Dame de Lourdes, Village	20,012,800	3.56	5.48	B,C,D
Shellmouth-Boulton, (R.M.)(Inglis)	3,687,627	10.44	14.97	B,C,D
Strathclair,(R.M.)(Strathclair)	5,271,350	8.84	10.28	B,C,D

Type of Treatment:

A – Fluoridation

B - Green Sand Filtration

C – Chlorination

D – Membrane

2.0 Cartier Regional Water Supply System

In 1999, the Board entered into a Public Private Partnership (P3) agreement with CWP Limited Partnership of Winnipeg on behalf of the Rural Municipalities of Cartier, Headingley, Portage la Prairie and St. Francois Xavier, to design, build and operate the Cartier Regional Water Supply System (Cartier Regional). The ownership of the system will be transferred to the Municipalities when all of the Capital and Operating debts are fully paid.

Over the past ten (10) years the Regional System has been extended to supply water to the Rural Municipalities of Grey, Rosser, Woodlands and Rockwood as well as the Headingley Correctional Institute. The Municipalities receiving water are members of the Cartier Regional Water Co-operative Inc. (Co-op). The Board is represented on the Co-op Board as an ex-officio member.

In 2009-10 the Board took over the day to day operation of the Regional system. The Board under an agreement with the Co-op will operate and project manage all aspects of the system, including financial management, until the systems debts are fully repaid.

The wholesale water rates for 2009-10 were set by the Board at \$8.07 per 1,000 Imperial gallons. The Board, with the concurrence of the Co-op, has increased the rates effective April 1, 2010 to \$8.13, an increase of 0.8% which represents the Consumer Price Index (CPI) increase over the previous year.

3.0 Yellowhead Regional Water System

The area west of the City of Portage la Prairie has generally been referred to as a water short area, susceptible to periodic droughts. Over the past 20 years, MWSB has been working with the area municipalities to develop a sustainable, cost effective option for drought proofing. With the extension of the City of Portage la Prairie's water to the Simplot development in 2002, the option to connect to the City system became a reality.

In 2005, the Yellowhead Regional Water Co-op Inc. was formed with membership consisting of the R.M.s of Westbourne and North Norfolk, the Town of Gladstone and the Town of MacGregor. The Manitoba Water Services Board serves on the Co-op Board as an ex-officio member. Construction of the Yellowhead Regional Water Supply System, including all phases, estimated to cost approximately \$30.0M, began in 2006-07.

In 2006-07, construction was completed to extend the mainline from the City of Portage la Prairie to the Villages of Bagot, Westbourne and the Town of Gladstone and to rural residents in the area. In 2007-08, construction was completed to extend main lines to MacGregor, Austin, Ogilvie and to rural residents in the surrounding areas.

During 2008-09 the system was extended into the Rural Municipality of Lansdowne. Future extensions are anticipated into the Rural Municipality of Langford and the Town of Neepawa.

Under the agreement signed between the Co-op Board and MWSB, the local cost of the mainlines are to be recovered through water sales. The Manitoba Water Services Board has agreed to act as Project Manager, until all capital and operating debt is fully recovered. Also, under the agreement it was determined that the inaugural wholesale water rate would be \$7.50 per 1000 Imperial gallons.

In reviewing the water rates for 2010-11, it was determined that the system is generating sufficient revenues, and as such a water rate increase was not necessary, as the system was generating sufficient revenues.

4.0 G3 Regional Water System

In 2008-09, The Manitoba Water Services Board signed an agreement with the Towns of Grandview, Gilbert Plains and the Rural Municipality of Gilbert Plains, to develop a Regional Water System. A Water Co-operative was formed with the three (3) municipalities, with the Manitoba Water Services Board as an ex-officio member. The Manitoba Water Services Board will project manage construction and operation activities until all of the local share of the debts are fully paid, through water rates.

The G3 Regional System consists of a water treatment plant supplying water to the residents in the three (3) municipalities. The treatment plant was substantially completed at the end of 2009-10.

Under separate agreements with the Towns of Grandview and Gilbert Plains, the Board is also constructing pipeline to the two (2) towns and upgrading the treated water reservoirs. The local costs are being recovered through the respective (town) water rates. The Manitoba Water Services Board will be signing operational agreements with the three (3) municipalities, respecting the water treatment plant and satellite installations.

Sewer and Water Program

1.0 Capital Works

The Board enters into agreements with municipalities and/or registered Co-operatives, 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 Construction.

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/mit/mwsb/.

Sewer and water activities, including feasibility studies, design and construction, resulted in a total expenditure of \$38.2M in 2009-10, of which \$12.0M was contributed by the Province. Project management and interim financing were provided to 23 substantially completed, 33 ongoing and 27 new projects during the year.

During 2009-10, the following major projects were substantially completed.

- Cartier Regional System extensions in Rosser and St. Francois Xavier at a cost of \$2.7M
- Watermain renewals in Lac du Bonnet at a cost of \$2.3M
- Water treatment plant in Melita to serve the Southwest Regional Water Co-operative, at a cost of \$3.2M
- Rural waterlines in Stanley totalling \$2.5M
- Yellowhead Regional System extensions in Lansdowne, North Norfolk, and Westbourne totalling \$4.0M

Sewer and Water Projects Substantially Completed during 2009-10 were:

Project	Work Description	Project Costs	Provincial Grants
Arborg (10), Town	Watermain Renewals	\$ 351,055	\$ 105,316
Brenda (3), R.M.	Water Development Study	27,568	9,189
Cartwright (5), Village	Water Treatment Plant Upgrade	257,292	128,646
Crystal City, Village	Wastewater Stabilization Pond Study	25,928	12,964
Grey (10), R.M.	Water Supply Pipeline	617,595	205,865
Killarney-Turtle Mountain (3), R.M.	Water Supply & Treatment Study	178,567	89,283
Lac du Bonnet (7), Town	Watermain Renewals	2,273,613	372,000
MacGregor (4), Town	Wastewater Lagoon Study	58,614	29,307
Melita (4), Town	Water Supply System	3,143,617	1,769,425
Melita (5), Town	Water Supply Pipeline	1,001,111	333,704
Neepawa (14), Town	Well Field Development	250,284	125,142
North Norfolk (3), R.M.	Water Supply Pipeline	1,657,050	548,060
Roblin (10), Town	Water Treatment Plant Design	67,145	33,572
Rosser (3), R.M.	Rural Water Pipelines	1,466,269	488,756
Shellmouth (7), R.M.	Inglis Wastewater Lagoon	564,661	169,398
St. Francois Xavier (4), R.M.	Rural Water Lines	1,197,104	399,035
Snow Lake (8), Town	Wastewater Treatment Plant Predesign & License	83,523	41,762
Stanley (10), R.M.	Water Supply Pipeline	2,470,929	366,666
Wallace (10), R.M.	Water Supply Pipeline	1,073,125	357,708
Westbourne (6), R.M.	Water Supply Pipeline	1,506,434	502,145
Winnipegosis (9), Town	Water Plant Study & Membrane Replacement	23,003	11,502
Woodworth, R.M.	Regional Water Expansion Study	10,376	3,459
Yellowhead (3), Regional Co-op	Regional Water Pipeline (Lansdowne)	896,141	448,071
Total		\$ 19,201,004	\$ 6,550,975

Sewer and Water Projects Under Design and/or Construction during 2009-10 were:

Project	*	Work Description	Agreement Estimate	Estimated Grants
Arborg (11), Town	BCF	Watermain Renewals	\$ 1,006,000	\$ -
Brenda (4), R.M.	BCF	RM's of Brenda & Arthur Regional Water Lines	5,400,000	2,000,000
Cartier (15), R.M.		St. Eustache/Springstein Sewer System Study	200,000	100,000
Cartier (17), R.M.	MRIF	St. Eustache Low Pressure Sewer System	1,600,000	-
Flin Flon (9), City		Water Supply Line & Water Meters	7,600,000	4,560,000
G3 Regional Water Co-op		Regional Water Treatment Plant	3,588,000	1,794,000
Gilbert Plains (12), Town	ISF	Water Supply Pipeline and Water Plant retrofit	1,520,000	760,000
Gimli (10), R.M.		Sewage Treatment Plant	10,782,706	4,000,000
Gimli (11), R.M.		Outfall Line & Forcemain	6,250,000	3,125,000
Gladstone (6), Town		Watermain Renewals	1,000,000	300,000
Grandview (11), Town	ISF	Water Supply Pipeline and Water Plant retrofit	2,000,000	1,000,000
Hanover (4), R.M.		Regional Wastewater System	75,000	37,500
Headingley (6), R.M.		Wastewater Treatment Plant	14,000,000	7,000,000
Killarney-Turtle Mountain (4), R.M.		Water Treatment Plant Functional Design	150,000	75,000
MacDonald (10), R.M.		Water System Disinfection By-Product Study	30,000	15,000
Neepawa (15), Town		Water Supply Wells and Mechanization	7,400,000	3,700,000
Portage (33), R.M.		Water Supply Pipeline	1,000,000	333,333
Roblin (11), Town	BCF	Water Treatment Plant Upgrade	4,795,000	-
Rosser (4), R.M.		Water Supply Lines	500,000	250,000
Shoal Lake (9), R.M.	ISF	Oakburn Lagoon	500,000	-
Snow Lake (8), Town		Wastewater Treatment Plant Predesign	125,000	62,500
Springfield (4), R.M.		Lagoon Decommissioning	1,000,000	500,000
Stanley (11), R.M.	BCF	Water Reservoir Expansion	1,265,000	-
Stanley (12), R.M.		Water Supply Pipeline	1,000,000	333,333
St. Francois Xavier (5), R.M.	ISF	Regional Water Supply and Treatment System	9,000,000	2,229,167
Stuartburn (5), R.M.		Sewer Renewal	200,000	100,000
The Pas (5), Town		Wastewater Treatment Study	100,000	50,000
Wallace (11), R.M.	BCF	Water Supply Pipeline	6,500,000	-
West St. Paul (2), R.M.		West St. Paul & St. Andrews Pre-Design Study for Regional Wastewater System	480,000	240,000
Whitehead (5), R.M.		Whitehead/Elton Regional Water System	3,100,000	1,310,000
Whitemouth (7), R.M.	BCF	Water Treatment Plant	5,000,000	-
Whitemouth (8), R.M.		Elma Sewer and Water Feasibility Study	80,000	40,000
Woodlands (4), R.M.		Water and Wastewater System Upgrades	1,714,000	586,000
			Total	
			\$ 98,960,706	\$ 34,500,833

*

BCF - Build Canada Fund

ISF - Infrastructure Stimulus Fund

MRIF - Canada-Manitoba Municipal Rural Infrastructure Fund

Sewer and Water Construction Agreements Signed during 2009-10 were:

Project (Agreement)	*	Work Description	Date Signed	Estimated Project Cost
Arborg (11), Town	BCF	Watermain Renewals	June 8, 2009	\$ 1,006,000
Brenda (4)	BCF	RM's of Brenda & Arthur Regional Water Lines	March 12, 2010	5,400,000
Cartier (15), R.M.		St. Eustache/Springstein Sewer System Study	November 26, 2009	200,000
Cartier (17), R.M.	MRIF	St. Eustache Low Pressure Sewer System	February 18, 2010	1,600,000
Crystal City (2), Village	ISF	Lagoon Upgrading & Expansion	March 12, 2010	1,030,000
Elton (8), R.M.		Whitehead/Elton Regional Water System	February 18, 2010	2,600,000
Hanover (4), R.M.		Regional Wastewater System Study	July 10, 2009	75,000
Grey (11), R.M.		Low Pressure Sewer System	February 4, 2010	1,700,000
Kelsey (5), R.M.		Water System Evaluation	February 18, 2010	30,000
Killarney-Turtle Mountain (4), R.M.		Water Treatment Plant Functional Design	November 26, 2009	150,000
Macdonald (10), R.M.		Water System Disinfection by-product study	April 15, 2009	30,000
Neepawa (15), Town		Water Supply Pipeline	March 16, 2010	7,400,000
Pinawa, L.G.D.		Water & Wastewater Infrastructure Assessment Study	April 15, 2009	120,000
Portage (33), R.M.		Water Supply Pipelines	July 10, 2009	1,000,000
Roblin (11), Town	BCF	Water Treatment Plant Upgrade	September 9, 2009	4,795,000
Rosser (4), R.M.		Water Supply Lines	September 9, 2009	500,000
St. Francois Xavier (5), R.M.	ISF	Regional Water Supply and Treatment System	November 26, 2009	9,000,000
Shoal Lake (9), R.M.	ISF	Oakburn Lagoon	June 2, 2009	500,000
Stanley (11), R.M.	BCF	Water Reservoir Expansion	September 9, 2009	1,265,000
Stanley (12), R.M.		Water Supply Lines	September 9, 2009	1,000,000
The Pas (5), Town		Wastewater Treatment Study	October 16, 2009	100,000
Thompson (8), City		Water Meters	March 16, 2010	3,500,000
Wallace (11), R.M.	BCF	Water Supply Pipeline	June 8, 2009	6,500,000
West St. Paul (2)/St. Andrews, R.M.		Predesign Study for a Wastewater System	April 15, 2009	480,000
Whitehead (5), R.M.		Whitehead/Elton Regional Water System	February 4, 2010	3,100,000
Whitemouth (7), R.M.	BCF	Water Treatment Plant	June 8, 2009	5,000,000
Whitemouth (8), R.M.		Elma Sewer & Water Feasibility Study	September 9, 2009	80,000
			Total	\$ 58,161,000

*

BCF - Build Canada Fund

ISF - Infrastructure Stimulus Fund

MRIF - Canada-Manitoba Municipal Rural Infrastructure Fund

2.0 Project Management

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

2.1 Manitoba Conservation – Parks Branch

During 2009-10, the Board provided project management for the following Provincial Parks

- Forcemain and Lift Station at West Hawk Lake
- Sewage lagoon upgrade at Grindstone Provincial Park

2.2 Manitoba Infrastructure and Transportation (MIT) – Accommodation Services Division

During 2009-10 the Board provided project management for the following facilities:

- Water treatment plant, Milner Ridge Correctional Centre
- Wastewater treatment lagoon, Milner Ridge Correctional Centre
- Technical services at the Headingley Correctional Centre

2.3 Federal Provincial Programs

During the year, 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 page. In total these projects will exceed \$80.0M 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 R. Menon

R. Menon, M. Eng, FEC, P.Eng.
General Manager

Original signed by C. Brigden

C. Brigden
Chief Financial Officer

June 10, 2010



AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors of The Manitoba Water Services Board

We have audited the balance sheet of The Manitoba Water Services Board as at March 31, 2010, the statements of operating revenues and expenses and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Original signed by The Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
June 10, 2010

Balance Sheet

as at March 31, 2010, with comparative figures for 2009

ASSETS	2010	2009
Current assets		
Cash	\$ 2,483,044	\$ 2,400,868
Accounts receivable	2,248,801	5,957,273
Prepaid supplies	67,159	58,858
Accrued interest	976	4,719
Current portion, construction in progress (Note 5)	4,066,008	55,781
	<u>8,865,988</u>	<u>8,477,499</u>
Long-term construction in progress (Note 5)	2,964,493	1,131,383
Property plant and equipment (Note 6)	<u>10,494</u>	<u>13,304</u>
	<u>\$ 11,840,975</u>	<u>\$ 9,622,186</u>
	<u><u>\$ 11,840,975</u></u>	<u><u>\$ 9,622,186</u></u>
LIABILITIES	2010	2009
Current liabilities		
Accounts payable and accrued charges	\$ 5,376,274	\$ 5,624,093
Advances from the Province of Manitoba payable on demand (Note 15)	6,450,800	4,300,000
	<u>11,827,074</u>	<u>9,924,093</u>
Funds retained (deficit) (Notes 7 and 14)	(86,099)	(401,907)
Interest adjustment fund account (Note 8)	<u>100,000</u>	<u>100,000</u>
	<u>13,901</u>	<u>(301,907)</u>
	<u>\$ 11,840,975</u>	<u>\$ 9,622,186</u>
	<u><u>\$ 11,840,975</u></u>	<u><u>\$ 9,622,186</u></u>

Commitments - Note 10

Contingencies - Note 11

APPROVED BY THE BOARD

Original signed by Doug McNeil

Statement of Operating Revenues and Expenses

for the year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Revenues		
Sale of water	\$ 2,424,093	\$ 2,627,971
Administrative expenses paid by the Province of Manitoba (Note 9)	2,113,872	2,020,440
Interest	33,525	31,887
	<hr/>	<hr/>
Total revenues	4,571,490	4,680,298
	<hr/>	<hr/>
Expenses		
Direct expenses for water supply plants		
Interest - Advances payable on demand	64,093	164,450
Less: Interest allocated to new construction	(125,721)	(229,323)
	<hr/>	<hr/>
	(61,628)	(64,873)
	<hr/>	<hr/>
Chemicals	126,034	36,945
Heat, telephone, light and power	589,335	511,761
Professional services	961,622	1,336,945
Salaries and benefits	275,955	202,462
Repairs and maintenance	197,314	129,956
	<hr/>	<hr/>
Administrative expenses (Note 9)	2,113,872	2,020,440
	<hr/>	<hr/>
Total expenses	4,202,504	4,173,636
	<hr/>	<hr/>
Excess of operating revenues over expenses	368,986	506,662
Funds retained (deficit), beginning of year	(401,907)	(1,228,169)
Disposition of funds (Note 7)	(53,178)	319,600
	<hr/>	<hr/>
Funds retained (deficit), end of year (Note 7)	\$ (86,099)	\$ (401,907)
	<hr/> <hr/>	<hr/> <hr/>

The Manitoba Water Services Board
Statement of Cash Flows

Exhibit C

for the year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Cash provided by (used for):		
Operating activities		
Excess of operating revenues over expenses	\$ 368,986	\$ 506,662
Change in accounts receivable	3,708,472	(431,518)
Change in prepaid supplies	(8,301)	15,820
Change in accounts payable and accrued charges	(247,819)	2,544,673
Change in accrued interest	3,743	11,715
Cash provided by operating activities	<u>3,825,081</u>	<u>2,647,352</u>
Financing activities		
Advances received	11,050,800	11,600,000
Advances repaid	(8,900,000)	(13,500,000)
Cash provided by (used for) financing activities	<u>2,150,800</u>	<u>(1,900,000)</u>
Investing activities		
New construction costs	(38,244,542)	(38,807,137)
Funding recovered from:		
Province of Manitoba	11,534,209	11,671,029
Municipalities	20,866,996	27,548,488
Increase in construction in progress	(5,843,337)	412,380
Net plants surplus(deficit) transferred to municipalities	(50,368)	319,600
Cash provided by (used for) investing activities	<u>(5,893,705)</u>	<u>731,980</u>
Increase in cash	82,176	1,479,332
Cash, beginning of the year	2,400,868	921,536
Cash, end of the year	<u>\$ 2,483,044</u>	<u>\$ 2,400,868</u>

Interest paid during the year ended March 31, 2010 amounted to \$64,093 (2009 - \$164,450)

Notes to Financial Statements

for the year ended March 31, 2010

1. NATURE OF ORGANIZATION

The Manitoba Water Services Board (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 generally accepted accounting principles (GAAP). Operating results of all water supply plants operated by the Board are reflected on an aggregate basis in the statement of Operating Revenue and Expenses. Separate equity accounts are maintained for each plant operated by the Board (Note 7).

(b) New Accounting Policies Adopted

Effective April 1, 2009 the Board adopted the following new handbook sections issued by the Canadian Institute of Chartered Accountants (CICA):

Section 3862, Financial Instruments - Disclosure

Section 3862 was amended to enhance disclosure requirements about fair value measurements. Specifically, financial instruments recognized at fair value on the balance sheet must be classified in one of the three fair value hierarchy levels:

Level 1 - measurement based on quoted prices (unadjusted) observed in active markets for identical assets and liabilities.

Level 2 - measurement based on inputs other than quoted prices included in level 1 that are observable for the asset or liability.

Level 3 - measurement based on inputs that are not observable (supported by little or no market activity) for the asset or liability.

The adoption of this standard had no effect on the Board's financial statements for the year ended March 31, 2010.

Section 1000, Financial Statement Concepts

Section 1000 was amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle. The revised requirements were effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The adoption of this standard had no effect on the Board's financial statements for the year ended March 31, 2010.

Notes to Financial Statements

for the year ended March 31, 2010

SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Capital assets

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:

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

Capital assets which are constructed by the Board are recorded as Construction in Progress until the Capital asset is put into use and ownership is transferred to the appropriate municipality. Financing costs are included in the Construction in Progress amounts.

(d) Revenue recognition

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

(e) Administrative expenses paid by the Province of Manitoba

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

(f) Pension costs and obligations

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

3. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

- (a) Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The financial assets and liabilities of the Board are classified and measured as follows:

<u>Financial Asset/Liability</u>	<u>Category</u>	<u>Subsequent Measurement</u>
Cash	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accrued interest	Loans and receivables	Amortized cost
Accounts payable and accrued charges	Other financial liabilities	Amortized cost
Advances from Province of Manitoba	Other financial liabilities	Amortized cost

Amortized cost is determined using the effective interest method.

Notes to Financial Statements

for the year ended March 31, 2010

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in the statement of operating revenues and expenses in the period the gain or loss occurs. Changes in fair value on financial instruments classified as held for trading are recognized in the statement of operating revenues and expenses for the current period. Changes in fair value on financial instruments classified as available for sale are recorded in a statement of other comprehensive income until realized, at which time they are recorded in the statement of operating revenues and expenses.

(b) **Fair value of financial instruments**

Due to the redeemable nature of cash its carrying value is considered to be fair value.

The fair values of accounts receivable, accrued interest, accounts payable and accrued charges, and advances from the Province of Manitoba payable on demand approximates their carrying values due to their short-term maturity.

The Board does not establish an allowance for doubtful accounts as the potential for any receivables impairment is negligible.

The aging of accounts receivable are as follows:

	<u>2010</u>	<u>2009</u>
Current	\$1,803,007	\$4,659,695
30-60 days past billing date	\$ 16,028	\$1,297,578
60-90 days past billing date	<u>\$ 429,766</u>	<u>\$ -</u>
Balance	<u>\$2,248,801</u>	<u>\$5,957,273</u>

(c) **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 cash, accounts receivable and accrued interest.

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

	<u>2010</u>	<u>2009</u>
Cash	\$2,483,044	\$2,400,868
Accounts receivable	\$2,248,801	\$5,957,273
Accrued Interest	<u>\$ 976</u>	<u>\$ 4,719</u>
	<u>\$4,732,821</u>	<u>\$8,362,860</u>

Notes to Financial Statements

for the year ended March 31, 2010

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Cash: The Board is not exposed to significant credit risk as the cash is primarily held with a large reputable financial institution.

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

Accrued Interest: The Board is not exposed to significant credit risk as the accrued interest relates to one receivable with a town 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 cash, 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.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Board is not exposed to significant foreign currency risk as it does not have financial instruments denominated in foreign currency.

4. CAPITAL MANAGEMENT

The Board's objective when managing capital is to maintain sufficient capital to cover its costs of operation. The Board's capital consists of funds retained (deficit) provided from operations (\$86,099) [2009 (\$401,907)] and interest adjustment fund account \$100,000 [2009 - \$100,000] allocated from funds retained.

The Board's capital management policy is to: maintain sufficient capital to meet its objectives through its funds retained (deficit); meet short-term capital needs with working capital advances from the Province of Manitoba through *The Loan Act*; and meet long-term capital needs through long-term debt with the Province of Manitoba. Presently there is no long term debt.

The Board is subject to externally imposed capital requirements relating to the administration of the Board in accordance with The Manitoba Water Services Board Act and accompanying regulations.

There have been no changes in the Board's approach to capital management during this period.

The Manitoba Water Services Board
Notes to Financial Statements
for the year ended March 31, 2010

5. CONSTRUCTION IN PROGRESS

	2010	2009
Balance, beginning of year	\$ 1,187,164	\$ 1,599,544
New construction costs	38,244,542	38,807,137
	<u>39,431,706</u>	<u>40,406,681</u>
Funding recovered from:		
Municipalities	20,866,996	27,548,488
Province of Manitoba	11,534,209	11,671,029
	<u>32,401,205</u>	<u>39,219,517</u>
Balance, end of year	7,030,501	1,187,164
Less: current portion	<u>4,066,008</u>	<u>55,781</u>
Long-term construction in progress	<u>\$ 2,964,493</u>	<u>\$ 1,131,383</u>

6. PROPERTY PLANT AND EQUIPMENT

	2010	2009
Land and easements	\$ <u>10,494</u>	\$ <u>13,304</u>
Buildings	526,032	645,771
Less: accumulated amortization	<u>526,032</u>	<u>645,771</u>
	<u>-</u>	<u>-</u>
Equipment	132,628	189,970
Less: accumulated amortization	<u>132,628</u>	<u>189,970</u>
Total property plant and equipment	<u>\$ 10,494</u>	<u>\$ 13,304</u>

The Manitoba Water Services Board
Notes to Financial Statements

for the year ended March 31, 2010

7. FUNDS RETAINED (DEFICIT)

Funds retained (deficit) consist of accumulated excess revenues over expenses pertaining to the water supply plants owned and 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.	2010 Amount	No.	2009 Amount
Plants owned by the Board				
Plants with a deficit	5	\$ (806,142)	6	\$ (952,292)
Plants with a surplus	<u>2</u>	<u>720,043</u>	<u>2</u>	<u>518,626</u>
Total funds retained (deficit), water supply plants	<u>7</u>	<u>\$ (86,099)</u>	<u>8</u>	<u>\$ (433,666)</u>
Other Funds Retained		\$ -		\$ 31,759
Total funds retained (deficit)		<u>\$ (86,099)</u>		<u>\$ (401,907)</u>

Net plant surplus (deficit) transferred during 2009/2010 include capital works approved by the Board for the Baldur, Strathclair, Oak River and Winnipegosis Water Treatment Plants. Also included is a contingency fund for Cartier Regional Water System and the disposition of funds related to the transfer of the Winnipegosis Water Treatment Plant.

The Manitoba Water Services Board
Notes to Financial Statements

for the year ended March 31, 2010

8. INTEREST 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 cost 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.

9. ADMINISTRATIVE EXPENSES PAID BY THE PROVINCE OF MANITOBA

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

	2010	2009
Professional services	\$ 8,634	\$ 8,868
Salaries and benefits	1,840,767	1,747,272
Telephone and utilities	16,794	17,471
Travel	2,246	4,100
Rental for office premises	153,003	153,780
Other administrative	92,428	88,949
	<u> </u>	<u> </u>
	\$ 2,113,872	\$ 2,020,440
	<u> </u>	<u> </u>

10. COMMITMENTS

The Board has commitments as follows:

Signed agreements and offers for construction of sewer and water systems for municipalities and cooperatives.

\$ 59,459,000	\$ 45,291,000
<u> </u>	<u> </u>

These commitments are expected to be funded as follows:

Subsidization of construction costs -
Province of Manitoba
Recovery of construction costs -
Municipalities and Cooperatives

\$ 18,679,200	\$ 20,265,900
40,779,800	25,025,100
<u> </u>	<u> </u>
\$ 59,459,000	\$ 45,291,000
<u> </u>	<u> </u>

Notes to Financial Statements

for the year ended March 31, 2010

11. 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.

12. 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 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.

13. USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

14. ECONOMIC DEPENDENCY

The Board is economically dependent on the Province of Manitoba.

15. UNFIXED ADVANCES FROM THE PROVINCE OF MANITOBA

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%. During 2009/2010 the rate of interest charged was between 1.75% - 1.95% 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, 2010, the Province had unused authority of \$43,200,000 under *The Loan Act, 2009* to provide future financing to the Board for construction of municipal sewer and water facilities on behalf of municipalities and cooperatives.