

HOLLAND MARSH DRAINAGE SYSTEM JOINT MUNICIPAL SERVICES BOARD



AGENDA

MEETING DATE: Thursday, August 5, 2010
TIME: 7:00 p.m.
LOCATION: South Simcoe Police Services Bldg,
81 Melbourne Dr. Bradford ON

		<i>Action by:</i>
1.	<u>Call to Order</u> "That this meeting of the Holland Marsh Drainage System Joint Municipal Services Board come to order at _____ p.m."	<i>John McCallum</i>
2.	<u>Declaration of Pecuniary Interest</u> Chairman McCallum to remind Members of the Board of the Municipal Conflict of Interest legislation and requirements thereunder.	<i>John McCallum</i>
3.	<u>Approval of Agenda / Changes</u>	<i>John McCallum</i>
3.1	"That the Board approve the Agenda dated Wednesday, August 5, 2010, as printed and circulated." <p style="text-align: right;">Pgs 1-2</p>	
4.	<u>Adoption of Board Minutes</u>	<i>John McCallum</i>
4.1	"That the Minutes of the Holland Marsh Drainage System Joint Municipal Services Board meeting held Thursday, June 9, 2010 at 7:00 p.m., be approved, as printed and circulated." <p style="text-align: right;">Pgs 3-8</p>	
5.	<u>Comments by the Chairman</u>	<i>John McCallum</i>
6.	<u>Presentations / Deputations</u>	
7.	<u>Correspondence / Reports</u>	
7.1	Report of the Drainage Superintendent and Project Manager "That the written report of the Drainage Superintendent and Project Manager, dated July 5, 2010, be received, for information." <p style="text-align: right;">Pages 9-11</p>	<i>Frank Jonkman</i>
7.2	Draft 2009 Financial Statement	<i>Sue Bragg,</i>

HOLLAND MARSH DRAINAGE SYSTEM JOINT MUNICIPAL SERVICES BOARD

	That the draft 2009 Financial Statement prepared by Gaviller & Co. be received, for information and approved.	Gaviller & Co.
	Pages 12-27	
7.7	In-Camera Item	Frank Jonkman
	"That this Board now move in-camera under the provisions of the Municipal Act, 2001, Subsection 239(2)(d) at _____ p.m."	
8.	<u>New Business</u>	
8.1	HMDS CIP – Financial Reporting	Jay Currier
9.	<u>Future Meeting Schedule</u>	John McCallum
9.1	"The next meeting of the Holland Marsh Drainage System Joint Municipal Services Board be scheduled for: Thursday _____ at _____, _____"	
	"The next meeting of the Holland Marsh Drainage System Joint Municipal Services Board be scheduled for: Thursday _____ at _____, _____"	
10.	<u>Adjournment</u>	John McCallum
10.1	"That this meeting of the Holland Marsh Drainage System Joint Municipal Services Board adjourn at _____ p.m."	

HOLLAND MARSH DRAINAGE SYSTEM JOINT MUNICIPAL SERVICES BOARD



MINUTES

MEETING DATE: Wednesday, June 9, 2010

TIME: 7:00 p.m.

LOCATION: Boardroom, BWG Admin Bldg, 100 Dissette St., Bradford, ON

ATTENDANCE RECORD:

MEMBERS PRESENT: John McCallum, Councillor – BWG
Doug White, Mayor – BWG
William Eek, Appointee
Jack Rupke, Councillor – King
Dan Sopuch, Appointee -at-Large
George Hoving, Appointee
Brian Visser, Appointee
Margaret Black, Mayor – King

REGRETS: Jim Verkaik, Member

STAFF PRESENT: Frank Jonkman, Drainage Superintendent
Sarah Murray, Secretary-Treasurer
Jay Currier, CAO – BWG
Chris Somerville, Clerk – King
Scott Somerville, CAO – King

REGRETS:

OTHERS:

HOLLAND MARSH DRAINAGE SYSTEM JOINT MUNICIPAL SERVICES BOARD

1.	<u>Call to Order</u>	<i>John McCallum</i>
1.1	HM-2010-037 Moved by: B. Visser Seconded by: J. Rupke "That this meeting of the Holland Marsh Drainage System Joint Municipal Services Board come to order at 7:15 p.m." CARRIED.	
2.	<u>Declaration of Pecuniary Interest</u>	<i>John McCallum</i>
2.1	Chairman McCallum reminded Members of the Board of the Municipal Conflict of Interest legislation and requirements thereunder.	
3.	<u>Approval of Agenda / Changes</u>	<i>John McCallum</i>
	Chairman McCallum asked if there were any errors or omissions to the Agenda.	
3.1	An addition to the Agenda was made. Under New Business, a Draft Violation Notice for obstructions to municipal drains was added as well as other items that were for discussion only. HM-2010-038 Moved by: J. Rupke Seconded by: B. Visser "That the Board approve the Agenda, dated Wednesday, June 9, 2010, as amended." CARRIED.	
4.	<u>Adoption of Board Minutes</u>	<i>John McCallum</i>
4.1	Chairman McCallum asked if there were any errors or omissions to the Minutes. The following errors were noted and corrected. 5.1 Read "tale" and was corrected to read "table". 6.1 Read "agricultural sources" and was corrected to read "airborne sources". 6.1 A duplicated sentence was also noted and removed. HM-2010-039 Moved by: B. Visser Seconded by: J. Rupke "That the Minutes of the Holland Marsh Drainage System Joint Municipal Services Board meeting held on Monday, May 3, 2010, be approved, as amended."	

	CARRIED.	
5.	<p><u>Comments by the Chairman</u></p> <p>Chairman McCallum began by congratulating everyone at this pivotal point. As well, the tax bills have gone out and this office anticipates being inundated with phone calls from residents.</p>	<i>John McCallum</i>
6.	<p><u>Presentations / Deputations</u></p>	<i>John McCallum</i>
7.	<p><u>Correspondence</u></p>	
7.1	<p>The Chairman asked if there were any questions on this report and there were none.</p> <p>HM-2010-040 Moved by: B. Visser Seconded by: J. Rupke</p> <p>"That the written report of the Drainage Superintendent and Project Manager dated June 4th, 2010, be received, for information." CARRIED.</p>	<i>John McCallum</i>
7.2	<p>The Drainage Superintendent provided an overview of the Contract details, the tenders and that which followed that determined the recommendations as stated in the HMDSJMSB-2010-05 Report.</p> <p>The Tender call encompassed three separate but related Contracts: 1A, 1B and 1C. This office received two bid proposals for Contract 1A (all work) and one bid proposal for Contract 1C (tree clearing only).</p> <p>The Drainage Superintendent advised that the lowest bidder for Contract 1A was a submission by two companies jointly. A legal opinion has been obtained in regard to entering into a contract with two companies jointly. It was advised these two companies can be made cross liable allowing this board to legally enter into the contract.</p> <p>Questions arose as to what was included in these contracts: fishing shocking; irrigation, etc? The Drainage Superintendent advised this contract only includes excavation and tree clearing. It was better to leave the items mentioned otherwise for those who specialize in such activities.</p> <p>HM-2010-041 Moved by: J. Rupke Seconded by: G. Hoving</p>	<i>Frank Jonkman</i>

"Re: Report of the Drainage Superintendent and Project Manager
Holland Marsh Drainage System Canal Improvement Project
Contract 10.1A.1

That Report No. HMDSJMSB-2010-05 entitled "Holland Marsh
Drainage System Canal Improvement Project Contract 10.1A.1"
be received, and that the Board award the contract to the
contractors Daniel Higgs Excavating Ltd. And Higgs & Higgs Inc.
in the amount of \$3,375,712.20 (including PST)."

CARRIED.

The Chairman asked when the next portion of work to follow this
contract segment will be and what is included. The Drainage
Superintendent advised the next contract will include the balance
of the canal reconstruction.

8.

New Business

At two separate interval areas in the Holland Marsh, there are
two landowners making questionable use of the canal and/or
berm.

Frank Jonkman

In order to obtain compliance from the landowners as well as the
remainder of the Holland Marsh, it is suggested that this office
begin enforcing the use of the berm now as opposed to
encountering issues in the future.

With assistance from the local Conservation Authority and BWG
Enforcement, a Notice of Violation was drafted.

Staff is now seeking the board's approval of this Notice to ensure
compliance, now and in the future.

The discussion went into canal side docks and the approval
thereof. It is likely the approved type of dock will be one that can
be removed when necessary for the purpose of drain
maintenance.

The main concern is not docks; this office intends to enforce
them as well as other items for the purpose of future drain
maintenance.

8.1

HM-2010-042

Moved by: D. White

Seconded by: M. Black

Frank Jonkman

"That the Board approve the proposed "Notice of Violation" for
the HMDS and maintenance of the drainage works."

CARRIED.

It was also noted by the Drainage Superintendent that the
Holland Marsh, during the course of the reconstruction will be

under a microscope and it will be like living in a fish bowl. In fact, it has already started as the Ontario Ministry of Natural Resources has been in the area and have since charged a landowner on Bernhardt Rd. for attempting to backfill the river with skids and lettuce crates.

The Conservation Authority in turn made a quick tour of the river last month to assess the state of the area. It is clear they feel the Holland Marsh has been left too long, people have taken the liberty of entitlement here. Both the CA and MNR have begun enforcing their respective rules and regulations in the Holland Marsh for such contraventions in order to gain compliance in the long term.

Various other items arose during the course of New Business including:

- King Township is preparing to transfer the Mill funds to the Board, in installments.
- The HMDS CIP is likely going to require additional staging sites for fill. The Conservation Authority requires the fill to be placed inside the polder. In anticipation of this the Drainage Superintendent will begin to negotiate with owners of selective non-agricultural lands in the Marsh. MOE certificates will be required in order to place fill in such areas.

8.2 Project Launch Date

John McCallum

A date should be set to allow for a ribbon cutting. It was requested that this event take place on a weekday. It is suspected that certain ministries will likely be in attending and therefore, those schedules will be the key in coordinating this date.

An email will come shortly with a proposed date based on the ministries attending.

8.3 Website access

Frank Jonkman

Staff is working toward establishing a "back door" system to the Board's website in which unapproved reports, etc. will be made available in draft form. One can log in at any time and access the unapproved files. This should solve the issue of communicating updates to board members in a timely manner.

9.1 HM-2010-043
Moved by: J. Verkaik
Seconded by: J. Rupke

John McCallum

HOLLAND MARSH DRAINAGE SYSTEM JOINT MUNICIPAL SERVICES BOARD

"The next meeting of the Holland Marsh Drainage System Joint Municipal Services Board be scheduled for a Thursday in August."
CARRIED.

10.

Adjournment

10.1

HM-2010-044

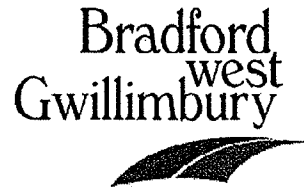
Moved by: J. Rupke
Seconded by: G. Hoving

"That this meeting of the Holland Marsh Drainage System Joint Municipal Services Board adjourn at 8:25 p.m."
CARRIED.

John McCallum

Sarah Murray, Secretary Treasurer

John McCallum, Chairman



**REPORT OF THE
HOLLAND MARSH DRAINAGE SYSTEM
JOINT MUNICIPAL SERVICES BOARD**

REPORT #: HMDSJMSB-2010-006
DATE: July 5, 2010
SUBJECT: Drainage Superintendent Report
SUBMITTED BY: Frank Jonkman

Drainage Superintendent Activities

1. Morris Road Drain
 - a. The Morris Road Drain will need to be cleaned at a future date, a new assessment schedule will need to be generated as the costs associated with this work cannot be assessed out as the original schedule prescribes.
 - b. An RFP should be prepared to acquire an engineering firm to prepare an assessment schedule in accordance with Section 76 of the Drainage Act. Waiting for direction from the Board before proceeding.
 - c. Several complaints have come from landowners along Townsend Ave. regarding flooding on their properties. BWG engineering has been involved and comments have been addressed back to that department.
2. Continued monitoring and adjustment of Main Drain levels.
 - a. River levels have been adjusted and will be maintained at seasonal levels.
3. Art Janse Pumphouse.
 - a. Duty pump flap gate leaking.
 - b. Isolation valve for sump not sealing properly.
 - c. This work will be scheduled as the next priority.
 - d. Work will commence on this during the month of July
4. General
 - a. Minor spot tree removal from North and South canals.
 - b. Various culver inspections along drains to prepare maintenance schedules for 2011.
 - c. Attended DSAO executive meeting.
5. King Museum
 - a. Staff at the King museum have contacted this office and stated that the old dredger must be removed before August, trying to arrange for this.

Project Management Activities

1. Contractor mobilization.
 - a. Bridge coffer dam has been constructed at 7+920.
 - b. Second coffer dam started at 8+450.
 - c. High Lake Simcoe water levels and significant rain during July 24 to July 27 had impact at the Cardinal Golf Course.
 - d. Cofferdam at 7+920 was opened on July 25 to mitigate high water levels.
 - e. Cofferdam at 8+450 was opened to allow water to flow out.
2. Cardinal Golf Course (Kettlby Creek)
 - a. The golf course had to be closed due to flooding. The flooding was due to a combination of high lake levels and heavy rainfall.
 - b. A minor berm was constructed on the east side of Jane St to mitigate flooding.
 - c. The roadside ditch to the east of Jane St was also closed off with the owner placing a pump to control the backflow of water along the road side ditch.
 - d. The efforts did work, flooding on the property was controlled and the course was opened to the public.
3. Due to the impact of water levels the following was altered:
 - a. Temporary culverts were placed in the coffer dam at 7+920. Additional engineering will be required to determine the correct sizing. Correct culverts will be ordered and placed as directed by the engineer.
 - b. Cofferdam constructed at 10+000 and 10+450.
 - c. Additional dam constructed at 11+020.
 - d. Canal relocation will begin at 10+000 and move westward to 11+020.
4. Consultant was notified to begin fish shocking.
 - a. MNAL, the consultant used during the trial work has been retained for the initial work. Work will commence on July 8, 2010.
 - b. Other companies have been contacted for proposal for the continuation of this work.
 - c. It is expected that better pricing can be negotiated for the fish shocking and relocation.
5. Continued meetings with LSRCA regarding project.
 - a. Arranging meeting to submit permit for the 5th Line site.
 - b. Arranging meeting to discuss level control of the canal system to reduce the impact to the contract work.
6. Continued meetings / conversations with various consultants / ministries regarding project.
 - a. Authorization from DFO received.
 - b. Water taking permit received for the dewatering of construction Intervals from MOE.
 - c. A consultant has been retained to assist with the bridge construction and associated work.
 - d. Conversations with MMAH and MTO discussing assessments to the MTO and the scheduling process regarding the Hwy 400 structures.
 - e. The sub-consultant for MTO has been reluctant to approve the data as submitted in the report. Staff at the MTO has been notified that no further changes will be made to the report.
 - f. Meetings with Hydro One to discuss logistics of required pole relocations.
7. Continued meetings / conversations with landowners regarding the project.
 - a. An irrigation pump has been ordered and is scheduled to be delivered during the week of July 7, 2010.
 - b. 8" irrigation pipe has been ordered and is expected to be delivered during the week of July 28, 2010.
 - c. Several discussions and meetings with various landowners to discuss logistics and cooperation with regards to temporary irrigation.
8. Continued meetings / conversations with various contractors regarding the project.

- a. Discussions with directional boring companies to determine methods and pricing are ongoing.
 - b. Scheduling has started to determine order of sequence for irrigating owners.
9. Continued meetings/discussions with the County of Simcoe regarding project.
 - a. Road issues and well issues have been discussed with BWG engineering and County representation. Waiting for the County to submit a revised agreement.
 - b. KSAL has been retained by the County of Simcoe to prepare an RFP to address the relocation of the wells prior to any canal reconstruction in the area.
 - c. A draft proposal has been issued.
 - d. A meeting date has been set to review the draft agreement.
10. Meetings / conversations regarding Jane Street bridge replacement.
 - a. Meetings with KSAL and King staff to discuss design and scheduling.
 - b. Initial review being conducted to change design and find cost effective alternates.
 - c. A new design will be proposed by the end of July and it is expected that the bridge will go out to tender mid August.
11. 5 Sideroad and 5th Line Bridges
 - a. A draft RFP has been prepared to engage an engineering firm to design and undertake the construction of the above noted bridges.
 - b. The RFP will be issued by mid July.
 - c. Ongoing.
12. Continued meetings and conversations with KSAL to discuss project details.
 - a. Review of project documents.
13. Interval 1
 - a. Tree replacement has been completed at Interval 1. This was arranged by the South Simcoe Streams Network with assistance from our staff.
 - b. Catch basins have been completed, rock lined swales have been constructed out to the canal.

**HOLLAND MARSH DRAINAGE SYSTEM
JOINT MUNICIPAL SERVICE BOARD**

FINANCIAL STATEMENTS

DECEMBER 31, 2009

Draft for Discussion

**HOLLAND MARSH DRAINAGE SYSTEM
JOINT MUNICIPAL SERVICE BOARD**

DECEMBER 31, 2009

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GAVILLER & COMPANY LLP
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the
Holland Marsh Drainage System Joint Municipal Service Board:

We have audited the statement of financial position of the **Holland Marsh Drainage System Joint Municipal Services Board** as at December 31, 2009, and the statements of operations, change in net debt 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 consolidated financial statements present fairly, in all material respects, the financial position of the board as at December 31, 2009 and the results of its operations, change in net debt and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Gaviller & Company LLP
Licensed Public Accountants
Collingwood, Ontario
March 9, 2010

HOLLAND MARSH DRAINAGE SYSTEM JOINT MUNICIPAL SERVICE BOARD

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31

	2009	2008
	\$	\$ Restated (Notes 3 and 8)
Financial assets		
Cash	21,263	71,899
Due from Town of BWG - MIII grant	3,623,146	3,644,466
Due from Province	117,218	32,722
Due from participating municipalities (Note 7)	56,181	45,326
Due from King Township - MIII grant	6,736,113	6,771,263
Due from King Township - Other	136,263	86,850
	10,690,184	10,652,526
Liabilities		
Bank indebtedness (Note 4)	890,000	-
Accounts payable and accrued liabilities	536,747	526,234
Due to Town of BWG - Other	1,393,614	1,726,991
Deferred revenue - MIII grants	10,406,853	10,354,756
	13,227,214	12,607,981
Net financial liabilities	(2,537,030)	(1,955,455)
Non-financial assets		
Tangible capital assets - net (Schedule 1)	1,845,139	1,839,894
Accumulated deficit (Note 5)	(691,891)	(115,561)

Approved _____ Chair

_____ Date

The accompanying notes are an integral part of
these financial statements

HOLLAND MARSH DRAINAGE SYSTEM JOINT MUNICIPAL SERVICE BOARD

STATEMENT OF OPERATIONS AS AT DECEMBER 31

	Budget 2009	Actual 2009	Actual 2008
	\$	\$	\$ Restated (Notes 3 and 8)
Revenues			
Municipal contributions from:			
Town of BWG	82,500	82,500	75,000
Township of King	82,500	82,500	75,000
Town of BWG drains and small scheme	10,655	15,297	16,124
Township of King drains	10,402	3,227	3,663
Other		2,128	-
Levies	132,485	253,112	223,417
Government grants	26,000	89,211	45,470
MIII grants - Canal reconstruction	-	-	60,974
Aqua barriers	-	-	127,108
	344,542	527,975	626,756
Expenses			
Amortization	-	53,194	45,938
Communications	3,400	3,354	3,400
Equipment maintenance and rentals	29,000	31,617	9,877
Insurance	30,500	24,003	24,397
Interest and financing charges	43,000	4,212	26,175
Memberships	3,000	248	1,503
Other	44,000	35,429	10,918
Professional	21,000	51,314	29,493
Salaries and benefits	126,000	183,758	96,313
Non-tangible capital assets expensed: Section 78	675,000	632,359	1,308,719
Supplies, materials and subcontract	24,500	18,864	37,478
Town of BWG drains	11,300	5,204	6,967
Township of King drains	13,375	15,935	14,960
Utilities	38,800	44,814	37,764
	1,062,875	1,104,305	1,653,902
Annual deficit	(718,333)	(576,330)	(1,027,146)
Accumulated (deficit) surplus, beginning of year	(115,561)	(115,561)	911,585
Accumulated deficit, end of year (Note 5)	(833,894)	(691,891)	(115,561)

The accompanying notes are an integral part of
these financial statements

**HOLLAND MARSH DRAINAGE SYSTEM
JOINT MUNICIPAL SERVICE BOARD**

**STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED DECEMBER 31**

	Budget 2009	Actual 2009	Actual 2008
	\$	\$	\$ Restated (Notes 3 and 8)
Annual deficit	(718,333)	(576,330)	(1,027,146)
Acquisition of tangible capital assets	(55,000)	(58,440)	(306,932)
Amortization of tangible capital assets	-	53,194	45,938
Change in net debt	(773,333)	(581,576)	(1,288,140)
Net debt, beginning of year	(1,955,455)	(1,955,455)	(667,315)
Net debt, end of year	(2,728,788)	(2,537,030)	(1,955,455)

Draft for Discussion

The accompanying notes are an integral part of
these financial statements

**HOLLAND MARSH DRAINAGE SYSTEM
JOINT MUNICIPAL SERVICE BOARD**

**STATEMENT OF CASH FLOW
AS AT DECEMBER 31**

	2009	2008
	\$	\$ Restated (Notes 3 and 8)
Cash flows from (for):		
Operating activities		
Annual deficit	(576,330)	(1,027,146)
Non-cash items:		
Amortization	53,194	45,938
	(523,136)	(981,208)
Changes in:		
Due from Town of BWG - MIII grants	21,320	(3,644,466)
Due from Province	(84,496)	(32,722)
Due from participating municipalities	(10,855)	(45,326)
Due from Township of King - MIII grant	35,150	(6,771,263)
Due from Township of King - Other	(49,413)	(86,850)
Accounts payable and accrued liabilities	10,513	526,234
Due to Town of BWG - Other	(333,377)	1,726,991
Net change in cash from operations	(934,294)	(9,308,610)
Capital activities		
Acquisition of tangible capital assets	(58,440)	(306,932)
Financing activities		
Deferred revenue - MIII grants	52,097	10,354,756
Net change in cash position	(940,637)	739,214
Cash position, beginning of year	71,899	(667,315)
Cash position, end of year	(868,738)	71,899
Comprised of:		
Cash	21,263	71,899
Bank indebtedness	(890,000)	-
	(868,737)	71,899

The accompanying notes are an integral part of
these financial statements

HOLLAND MARSH DRAINAGE SYSTEM JOINT MUNICIPAL SERVICE BOARD

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2009

1. Nature of organization

The Holland Marsh Drainage System Joint Municipal Service Board was established on June 25, 2007. The Board assumed responsibility for the Holland Marsh Drainage System (previously overseen by the Holland Marsh Drainage Commission), interior drains for the Town of Bradford West Gwillimbury (BWG) and the Township of King, the Bradford West Gwillimbury small scheme and the drainage superintendent as of January 1, 2008.

2. Summary of significant accounting policies

The financial statements of the board are the representation of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

The focus of PSAB financial statements is on the financial position of the board and the changes thereto. The statement of financial position includes all the assets and liabilities of the board. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Accumulated deficit represents the financial position and is the difference between assets and liabilities. This provides information about the board's overall future revenue requirements and its ability to finance activities and meet its obligations.

Effective January 1, 2009, the board changed its accounting and financial reporting to conform to the revised guidelines in the Public Sector Accounting Handbook on financial reporting presentation (PS 1200) and tangible capital asset accounting (PS 3150). Current year data is presented on the new basis. Prior year data has been restated on the same basis wherever possible, to be comparable with the current year data. The most significant change is the reporting on tangible capital assets for the first time, and the inclusion of the Statement of Change in Net Debt.

(a) Accrual basis of accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Segment disclosures

The board has adopted the new Public Sector Accounting Board standard requiring financial information to be provided on a segmented basis (PSAB 2700). Board services have been segmented by grouping drain types, location and activities. Revenues that are directly related to the costs of the function have been attributed to each segment.

(c) Government grants

Government grants are recognized in the financial statements as revenues in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

HOLLAND MARSH DRAINAGE SYSTEM JOINT MUNICIPAL SERVICE BOARD

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2009

2. Summary of significant accounting policies (continued)

(d) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual deficit, provides the change in net financial assets for the year.

Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	- 37 to 55 years
Buildings	- 55 years
Vehicles, machinery and equipment	- 15 to 52 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal.

Land improvements include boat ramps and sluice gates.

Buildings include pumphouses.

Vehicles, machinery and equipment include dredger and trailer, aqua barriers, excavator and barge.

(e) 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 period. Actual results could differ from those estimates.

HOLLAND MARSH DRAINAGE SYSTEM JOINT MUNICIPAL SERVICE BOARD

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2009

3. Change in accounting policies

The board has implemented Sections 1200 and 3150 of the PSAB handbook. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires governments to record and amortize their tangible capital assets in their financial statements. Tangible capital assets were formerly expensed as acquired.

The financial information recorded includes the actual or estimated historical cost of the tangible capital assets. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The board applied a consistent method of estimating the replacement or reproduction cost of the tangible capital assets for which it did not have historical cost records, except in circumstances where it could be demonstrated that a different method would provide a more accurate estimate of the cost of a particular type of tangible capital asset. After defining replacement or reproduction cost, the Ontario based Non-Residential Construction Price Index was used to deflate the replacement or reproduction cost to an estimated historical cost at the year of acquisition.

This change has been applied retroactively and prior periods have been restated. This change in accounting policy has changed amounts reported in the prior period as follows:

Accumulated deficit:	\$
Operating fund balance and accumulated deficit, as previously reported	(1,955,456)
Net book value of tangible capital assets recorded	1,839,894
Accumulated deficit as restated	(115,562)
Annual deficit:	
Net expenditures, as previously reported	(1,288,141)
Assets capitalized but previously expensed	306,932
Amortization expense not previously recorded	(45,938)
Annual deficit, as restated	(1,027,147)

4. Line of credit

The board has a \$2,700,000 revolving demand facility from the Royal Bank of Canada with an interest rate of prime less 0.25%. At year end, the board had drawn \$890,000.

One of the financial covenants was breached at year end. This relates to the requirement to have audited financial statements available within 120 days of year end. Technically, the bank could call the loan at anytime but there has been no indication that they will do so.

HOLLAND MARSH DRAINAGE SYSTEM JOINT MUNICIPAL SERVICE BOARD

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2009

5. Accumulated deficit

The accumulated deficit consists of individual fund surpluses and deficits as follows:

	2009	2008 Restated (Notes 3 and 8)
	\$	\$
Invested in tangible capital assets	1,845,139	1,839,894
Holland Marsh (See Schedule 2):		
Town of Bradford West Gwillimbury (40.85%)	(1,008,797)	(800,084)
Township of King (59.15%)	(1,460,720)	(1,158,507)
	(2,469,517)	(1,958,591)
Town of Bradford West Gwillimbury (See Schedule 3):		
Small scheme	9,194	2,812
Drains	(13,479)	(16,139)
Drainage superintendent	(22,642)	-
General government	10,722	13,880
	(16,205)	553
Township of King (See Schedule 4):		
Drains	(24,005)	(11,297)
Drainage Superintendent	(32,780)	-
General government	10,722	13,880
	(46,063)	2,583
Unfunded	(5,245)	-
Accumulated deficit	(691,891)	(115,561)

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HOLLAND MARSH DRAINAGE SYSTEM JOINT MUNICIPAL SERVICE BOARD

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2009

6. Budget amounts

The operating budget approved by the board, for 2009 is reflected on the statement of operations. The budgets established for capital investment in tangible capital assets are on a project oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with the current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements.

6. Tangible capital assets

Schedule 1 provides information on the tangible capital assets of the board by major asset class, as well as accumulated amortization of the assets controlled. The reader should be aware of the following information related to tangible capital assets.

Tangible capital assets disclosed at nominal values

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Equipment is the only category where a nominal value was assigned.

7. Due from participating municipalities

The amount due from participating municipalities includes an amount of \$59,083 (2008 - \$43,111) which is related to the recoverable portion of long-term debt interest from other municipalities. This will be received after the completion of Section 78.

The costs for the Holland Marsh Drainage Scheme under Section 78 of the Drainage Act will be allocated as per the Section 76 report that was tabled in court with the drainage referee. Benefiting land owners will be levied once the Section 78 capital project is complete and the formal appeals period is over.

8. Prior period adjustments

There were errors that understated accounts payable and expenses in the amount of \$191,878. These errors were related to late invoicing from a vendor for work performed in some cases up to one year prior to the date the invoices were received.

Accrued interest of \$215,729 that had accumulated on the MIII monies was not recorded in the prior year. Interest of \$69,466 relates to monies held by the Town of BWG and \$146,263 relates to the monies held by the Township of King.

The impact of the above errors have been outlined below:

	Originally stated or reclassified	Restated	Change
	\$	\$	\$
Accounts payable and accrued liabilities	334,356	526,234	191,878
Expenses	1,723,017	1,914,895	191,878
Due from Town of BWG - MIII grant	3,575,000	3,644,466	69,466
Due from King Township - MIII grant	6,625,000	6,771,263	146,263
Deferred revenue - MIII grant	10,139,026	10,354,756	215,729

**HOLLAND MARSH DRAINAGE SYSTEM
JOINT MUNICIPAL SERVICE BOARD**

**SCH
SCHEDULE OF TAN
FOR THE YEAR]**

	Land Improvements	Buildi
	\$	\$
Cost		
Balance, beginning of year	102,505	1,965,
Additions	-	8,
Disposals	-	
Balance, end of year	102,505	1,974,
Accumulated amortization		
Balance, beginning of year	52,899	453,
Amortization	1,975	35,
Disposals	-	
Balance, end of year	54,874	489,
Net book value, end of year	47,631	1,484,

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**HOLLAND MARSH DRAINAGE SYSTEM
JOINT MUNICIPAL SERVICE BOARD**

**SCHEDULE 2
SCHEDULE OF DEFICIT FOR THE HOLLAND MARSH
FOR THE YEAR ENDED DECEMBER 31**

	Town of Bradford West Gwillimbury	Township of King	Total 2009	Total 2008
	\$	\$	\$	\$ Restated (Notes 3 and 8)
Opening deficit	(800,084)	(1,158,507)	(1,958,591)	(644,831)
Revenues	114,519	165,821	280,340	401,299
Expenses	(323,232)	(468,034)	(791,266)	(1,715,059)
Ending deficit	(1,008,797)	(1,460,720)	(2,469,517)	(1,958,591)

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The accompanying notes are an integral part of
these financial statements

**HOLLAND MARSH DRAINAGE SYSTEM
JOINT MUNICIPAL SERVICE BOARD**

**SCHEDULE 3
SCHEDULE OF SURPLUS (DEFICIT) FOR THE TOWN OF BRADFORD WEST GWILLIMBURY
SMALL SCHEME, DRAINS, DRAINAGE SUPERINTENDENT AND GENERAL GOVERNMENT
FOR THE YEAR ENDED DECEMBER 31**

	Small Scheme	Drains	Drainage Superintendent	General Government	Total 2009	Total 2008
	\$	\$	\$	\$	\$	\$
Opening deficit	2,812	(16,139)	-	13,880	553	(22,484)
Revenues	9,337	5,960	26,188	82,500	123,985	113,865
Expenses	(2,955)	(3,300)	(48,830)	(85,658)	(140,743)	(90,828)
Ending surplus (deficit)	9,194	(13,479)	(22,642)	10,722	(16,205)	553

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**HOLLAND MARSH DRAINAGE SYSTEM
JOINT MUNICIPAL SERVICE BOARD**

**SCHEDULE 4
SCHEDULE OF SURPLUS (DEFICIT) FOR TOWNSHIP OF KING DRAINS, DRAINAGE
SUPERINTENDENT AND GENERAL GOVERNMENT
FOR THE YEAR ENDED DECEMBER 31**

	Drains	Drainage Superintendent	General Government	Total 2009	Total 2008
	\$	\$	\$	\$	\$
Opening surplus	(11,297)	-	13,880	2,583	-
Revenues	3,227	37,924	82,500	123,651	111,591
Expenses	(15,935)	(70,704)	(85,658)	(172,297)	(109,008)
Ending surplus (deficit)	(24,005)	(32,780)	10,722	(46,063)	2,583

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