Halifax Harbour Bridges

ANNUAL REPORT 2017-18

SAFETY

ABOVE ALL


Cherubini

A MESSAGE FROM THE CHAIRMAN & CEO

We are pleased to present the HHB annual report for 2017/18. At HHB, it's safety above all:

- The safety of employees through a growing safety culture as demonstrated by the results of our annual safety audit (**96%**)
- The safety of the bridges by investing in regular maintenance and capital projects to ensure they remain structurally sound well into the future
- The safety of the traveling public through a comprehensive traffic management program and maintenance of the road network

We are completing the Macdonald Bridge suspended spans deck replacement project, also known as the Big Lift, which extends the life of the Macdonald Bridge making it safe for at least another 75 years.

We are completing a study to determine the future of the MacKay Bridge so it remains safe for the communities it serves.

We have commissioned a study to determine the next generation of tolling at HHB because we want to improve efficiencies and make the toll plazas safer.

We are moving towards a behavior-based safety culture to ensure our employees have all the tools and training to be safe at work.

Planning for these projects takes time and strong governance from a dedicated and engaged board of commissioners whose contributions and counsel allow HHB to move forward with its annual objectives and strategic plan.

Thank you to provincial appointee, Claude Carter and municipal appointee, Laurel Clark, two board members who retired from serving on the Board of Commissioners in the past year. Welcome to our three recent board appointees: HRM councilor, Shawn Cleary; HRM appointee, Chuck Bridges; and provincial appointee, Janet MacMillan.

Finally, we thank the employees of HHB for their ongoing commitment to the critical role they each play in ensuring the long term safety of the bridges.

Wayne F Mason, CET, Med, MCFB
Chairman of the Board of Commissioners

WMason

Steve Snider
General Manager and CEO

THE BIG LIFT

After more than three years of on-site construction, the Macdonald Bridge suspended spans deck replacement project, also known as the Big Lift, is almost complete.

With its completion, the following infrastructure on the suspended spans of the 63 year old bridge is new, extending the life of the bridge for at least another generation:

- Deck segments (46)
- Stiffening trusses
- Road deck
- Vertical hangers
- Travelers
- A dehumidification system has been added to the main cable to stop future corrosion

The only infrastructure on the suspended spans that is not new is the towers, the cable bents and the main cables.

Our sincere thanks to the contractor and many subcontractors who worked with us to ensure the Macdonald Bridge remains safe for future generations.

And thank you to our neighbours and our customers for your patience through this once-in-a-lifetime project. Special recognition goes to Halifax Transit, Halifax Port Authority and the Department of National Defense for their collaboration and partnership over the last several years.

PUTTING SAFETY FIRST

12 EMERGENCY PHONES ON THE MACDONALD BRIDGE

103,400

AVERAGE DAILY WORKDAY CROSSINGS ON BOTH BRIDGES

PUTTING SAFETY FIRST

DEDICATED BRIDGE PATROL TO RESPOND TO INCIDENTS AND HELP CLEAR THEM QUICKLY AND SAFELY

BY THE NUMBERS

96% passenger vehicles **4%** commercial vehicles

75%
MACPASS

25%
COIN

24,998,455 VEHICLES
8,240,651 VEHICLES

33,239,106

VEHICLE CROSSINGS IN THE PAST YEAR

FINANCIAL OVERVIEW

year ended March 31, 2018

PUTTING SAFETY FIRST

DEDICATED MAINTENANCE TEAM TO SALT AND CLEAR SNOW QUICKLY AND SAFELY.

Statement of Comprehensive Income

(In thousands of dollars)	2018 BUDGET	MARCH 31, 2018 ACTUAL	MARCH 31, 2017 ACTUAL
Revenue	$31,493	$32,092	$31,222
EXPENSES			
Operating & administration	$7,242	$7,064	$6,916
Maintenance	$2,936	$2,876	$2,651
Amortization of property and equipment	$9,056	$8,860	$5,880
Loss on disposal	-	$96	$223
TOTAL EXPENSES	**$19,234**	**$18,896**	**$15,670**
Operating Income	$12,259	$13,196	$15,552
Net Finance Costs	$ 4,910	$4,471	$1,046
Comprehensive Income	$7,349	$8,725	$14,506

Halifax Harbour Bridges (HHB) was created in 1950 by a statute of the Province of Nova Scotia and is a Government Business Enterprise (GBE) as defined by the Public Sector Accounting Board recommendations. As such, HHB prepares its financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Revenues of HHB are 100% derived from tolls and fees collected from the Angus L. Macdonald and A. Murray MacKay Bridges. Toll revenues for the twelve months ended March 31, 2018 increased by 2.7% over the prior year and are 1.9% higher than budget. Traffic volumes increased in fiscal 2018 as there were fewer closures of the Macdonald Bridge for the Big Lift project compared to the prior year.

Operating and administrative (O&A) expenses include the costs to staff the toll facilities, bridge patrol and MacPass customer service. Costs also include maintaining toll equipment, information technology platforms as well as accounting and treasury functions, public relations and professional fees. In fiscal 2018, costs increased from the prior year due to wage adjustments and human resource initiatives along with professional fees offset by savings in consulting fees and insurance costs. Costs were below budget for the year as certain initiatives were deferred to the following year.

Maintenance expenses include costs of maintaining the structural integrity and operational standards of the bridges along with upkeep of buildings and equipment. These costs include snow removal, corrosion protection through painting, consulting engineering fees and operational costs of buildings, vehicles and properties. In fiscal 2018, costs were higher than the prior year due to consulting engineering fees related to condition inspections and repair costs for the main cable on the MacKay Bridge, repairing navigation lights as well as pavement, light poles and guardrail repairs.

Amortization of property plant and equipment is a non-cash charge that represents the cost of HHB's fixed assets over their expected useful life. The significant increase in amortization costs in fiscal 2018 compared to fiscal 2017 is a function of the IFRS accounting rules for the Big Lift project. A large portion of the project was completed in fiscal 2017 and fiscal 2018 is the first full year to bear the resulting higher level of amortization expense.

Net Finance costs consist of interest costs for HHB's long term debt offset by interest income earned on cash held in operating and loan reserve accounts. The amount reported for net finance costs have increased significantly due to IFRS accounting rules for the treatment of the loan HHB obtained to pay for the Big Lift. Previously, the interest expense from this loan was added to the cost of the Big Lift project on HHB's statement of financial position, to be amortized over the life of the asset. With the completion of a significant portion of the work, the accounting rules require interest costs to now be recorded as an expense on the statement of comprehensive income causing the large increase over 2017.

Outlook

The coming year will be one of consolidation and planning for the future as HHB winds up the Big Lift project and continues the next phases of maintaining and improving the infrastructure assets that are core to our mission. Toll revenues are expected to remain steady or slightly increase as there are fewer bridge closures compared to the last few years. Expenses are budgeted to increase as work begins to address ageing toll plaza infrastructure at both bridges and the long term maintenance of the MacKay Bridge.

PUTTING SAFETY FIRST

MORE THAN 500 DAYS WITHOUT A LOSS TIME INCIDENT

Statement of Financial Position

(In thousands of dollars)	MARCH 31, 2018	MARCH 31, 2017	MARCH 31, 2016
Current Assets	$27,045	$47,326	$90,609
Restricted Funds and Property Plant and Equipment	$279,153	$263,021	$207,309
TOTAL ASSETS	**$306,198**	**$310,347**	**$297,918**
Current Liabilities	$14,611	$24,494	$20,195
Long term debt and other liabilities	$169,785	$172,777	$179,153
Equity	$121,802	$113,076	$98,570
TOTAL LIABILITIES AND EQUITY	**$306,198**	**$310,347**	**$297,918**

The progression of the Big Lift project towards completion is clearly shown in HHB's statement of financial position. On the asset side, current assets (largely cash and short term investments held to fund the Big Lift project) have declined significantly as project activity winds down. This is offset by increases in the longer term assets represented by restricted funds and property plant and equipment. The overall impact is a marginal decrease in total assets as compared to fiscal 2017.

Similarly, current liabilities (primarily accounts payable and accrued liabilities) declined significantly in fiscal 2018 as the Big Lift project wound down and HHB paid costs incurred in the prior year. Long term debt was reduced by $3 million as HHB continued to pay down debt using toll revenue proceeds. HHB financed the Big Lift project with a $160 million loan that closed in fiscal 2015 and no additional debt is expected to be needed to complete the project. The Big Lift loan is included in long term debt with principal repayments scheduled to begin in 2019 (part of fiscal 2020). Equity has increased in fiscal 2018 with positive comprehensive income recorded for the year. Approximately $18 million of the equity balance is recorded as a reserve for restricted assets, comprised of funds set aside under various loan agreement terms.

PUTTING SAFETY FIRST

96% ON THE 2017 EXTERNAL SAFETY AUDIT ON HHB'S OVERALL OCCUPATIONAL HEALTH AND SAFETY PROGRAM

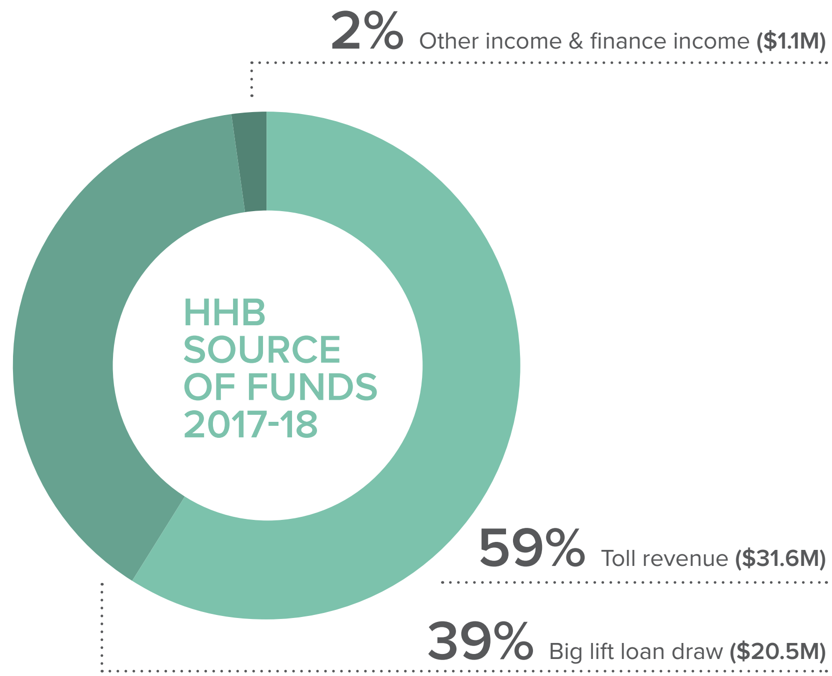
Sources and uses of funds

These two charts summarize data from the statement of cash flows included in HHB's audited financial statements. The charts illustrate how HHB obtained funding in fiscal 2018 and how the money was spent.

The source of funds chart illustrates how HHB financed fiscal 2018 spending. As the Big Lift wound down, much less funding was drawn from the Big Lift loan than in prior years resulting in toll revenues being the primary source of cash. This is a return to a more steady state for HHB where toll revenues fund operations and cover debt repayments, financing costs and capital projects.

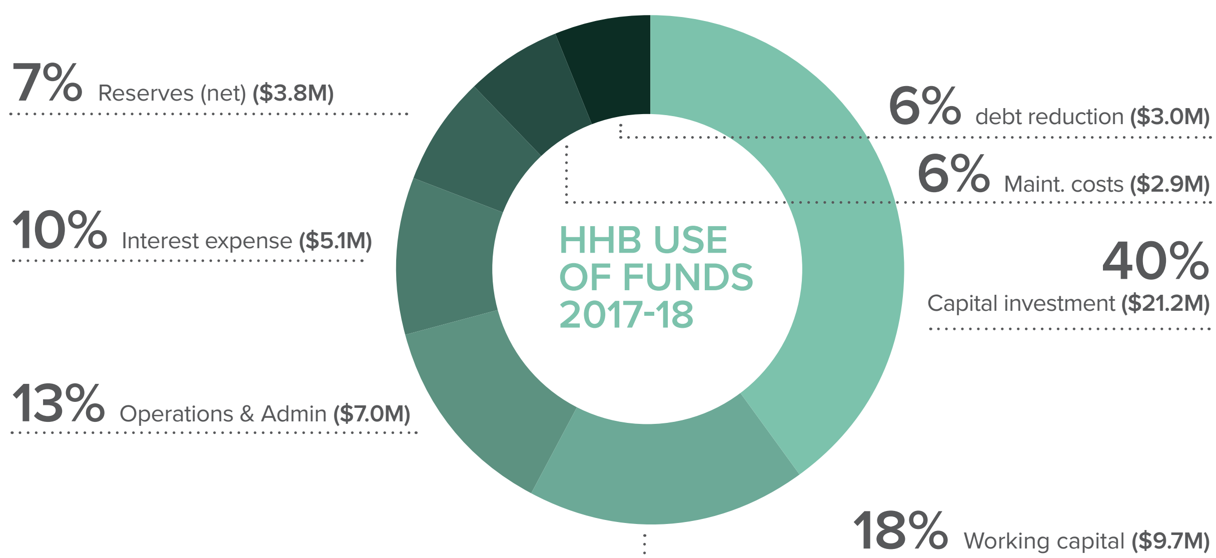
Under uses of cash, capital investment declined significantly in fiscal 2018 to $21.2m down from $69.9m in 2017 with less activity on the Big Lift project. Non-cash working capital (primarily accounts payable and accrued liabilities) became a drain on cash holdings in fiscal 2018 as accrued costs from 2017 were paid in 2018 and not replaced.

Data for these charts from Statement of Cash Flows, part of HHB's 2017-2018 audited financial statement located at **hdbc.ca/publications**



PUTTING SAFETY FIRST

28 FORMAL SAFETY INSPECTIONS ON HHB PROPERTY



$1
Any Vehicle
Change
MACPASS Only
3.6m
4.1m
25 km/h

PROJECTS IN REVIEW

PUTTING SAFETY FIRST

INVESTMENT IN CAPITAL PROJECTS ENSURING THE LONG TERM SAFETY OF THE BRIDGES FOR THE PAST FIVE YEARS: $205.9 MILLION.

$

The bridges undergo in-depth annual inspections. The results of the inspections form the basis of much of the maintenance and capital works for the upcoming years. In the last five years, not including the Big Lift, $23.5 million has been spent on capital projects ensuring the long term safety of the bridges.

Here is a summary of some of the projects from the last fiscal year:

Macdonald Bridge approach spans bearings

Since 2015 HHB has been replacing bearings on the approach spans of the Macdonald Bridge. These bearings have not been replaced since the bridge opened in 1955 and are critical to allow proper movement of the bridge.

Corrosion protection

In 2017/18 HHB conducted a study to determine the best way to protect the bridges from corrosion. This year a pilot project will take place on the Macdonald Bridge and will include portions of the approach spans (areas not replaced during the Big Lift). The process includes encapsulating and removing the existing coatings and applying a new coating that will last 25-30 years with only minor touch-ups required during that time.

Future of the MacKay Bridge

A study to determine the future of the MacKay Bridge, which opened in 1970 was commissioned in 2017/18. The results of the study will be available in the fall of 2018. The study examined a variety of options including rehabilitating the existing bridge (redecking, strengthening, widening) or replacing it with a new bridge. Each will take into consideration structural constraints, connections to approach roads, implications for infrastructure (structure, roads, buildings, wharves, property ownership and utilities), increasing capacity, regulatory issues, environmental considerations, cost, and implications for existing traffic operations.

Next generation of tolling

Perhaps the largest project in the near future for HHB will be the long term strategic plan for the next generation of tolling technology. In addition to increasing toll plaza safety, there are several reasons why this plan is required:

- The performance of the cash collection equipment has reduced and repair costs are increasing.
- The technology in the toll lanes is obsolete and needs to be replaced.
- The toll system has not been updated since 2008 and more efficient technology is available which will improve traffic flow while improving safety conditions for customers and bridge personnel.

We have commissioned a study to develop a business model for all electronic tolling (AET) that considers the financial viability of introducing an AET solution for both bridges. It will analyze a number of variables and policy matters and will consider the feasibility of achieving a neutral toll revenue solution.

PUTTING SAFETY FIRST

112 SAFETY OBSERVATIONS MADE

Community Focus

In addition to being a vital transportation link that connects communities, the two Halifax harbour bridges also connect communities by being supporting organizations in the communities.

From early April to the end of October, HHB hangs banners from the Macdonald Bridge for charitable or non-profit organizations. There is no cost to book the space and HHB puts them up and takes them down. Some of the organizations featured in 2017 include:

- Dartmouth General Foundation
- Mental Health Foundation of Nova Scotia
- Public Gardens – 150 anniversary
- Nova Scotia Aphasia Association
- Halifax Jazz Festival
- Hospice Halifax
- Nova Scotia Arthritis Society
- Word on the Street
- BDC Small Business Week

HHB also creates two logo beds on the Halifax side of the MacKay Bridge for organizations marking a significant milestone.

In 2017 they included Canada 150 and the 100th anniversary of the Halifax Explosion. In 2018 the logo beds include: Shearwater's 100 anniversary and Dalhousie University's 200 anniversary.

ORGANIZATIONAL STRUCTURE

Mandate

The Halifax-Dartmouth Bridge Commission (operating as Halifax Harbour Bridges - HHB) is the self-supporting entity that operates two toll bridges, the Angus L. Macdonald Bridge and the A. Murray MacKay Bridge. It was created in 1950 by a statute of the Province of Nova Scotia and now operates under a statute proclaimed in 2005 and amended in 2010. In accordance with Section 27 of the Halifax-Dartmouth Bridge Commission Act: 27 (1) With the approval of the Governor in Council, the Commission may construct, maintain and operate a transportation project across Halifax Harbour and the North West Arm, or either of them.

MISSION

To provide safe, efficient, and reliable cross harbour transportation in a cost effective manner.

VISION

To be recognized as world class for providing innovative transportation solutions.

CORE VALUES

The following values are the essential principles that guide Halifax Harbour Bridges as an organization:

SAFETY: Fundamental focus and shared responsibility
STEWARDSHIP: Protection and maintenance of our bridges
CUSTOMER SERVICE: Focused on excellence
RESPECT: Open and professional communications
COMMUNITY: Engagement and support of our communities
INTEGRITY: Act with credibility and accountability
ENGAGEMENT: Focus on employee development and participation
LEADERSHIP: Competent, energetic and focused
TEAMWORK: Build on each others strengths and help each other grow

Halifax Harbour Bridges (HHB) is governed by a board of commissioners consisting of nine commissioners nominated by the following entities:

Province of Nova Scotia	**5**
Halifax Regional Municipality	**4**

In addition to meeting the requirements established by law, the board is accountable to provide effective stewardship for the organization by fulfilling the following key governance responsibilities:

- Vision, mission, mandate and key values
- Legislation, stewardship and policy development
- Strategic plan and corporate performance
- Relationship with the CEO
- Financial oversight
- Risk management oversight
- Human resources management
- Communications, stakeholder relations, advocacy and accountability
- Board governance

There are three standing committees which are accountable to the board: the Executive committee, chaired by Wayne Mason; the Audit and Finance committee, chaired by Vicki Harnish; the Governance, Policy and Enterprise Risk Management committee, chaired by Wayne Mason. The purpose of each committee is as follows:

Executive Committee

The executive committee acts on behalf of the board as directed, to respond in the event of an emergency to issues that suddenly arise and where it is impractical to schedule a meeting of the relevant committee or the board in the time available for a decision. The board may also choose to delegate authority to the executive committee to oversee specific implementations of policies which have been approved by the board. The executive committee provides advice and recommendations to the board on significant issues related to employee compensation.

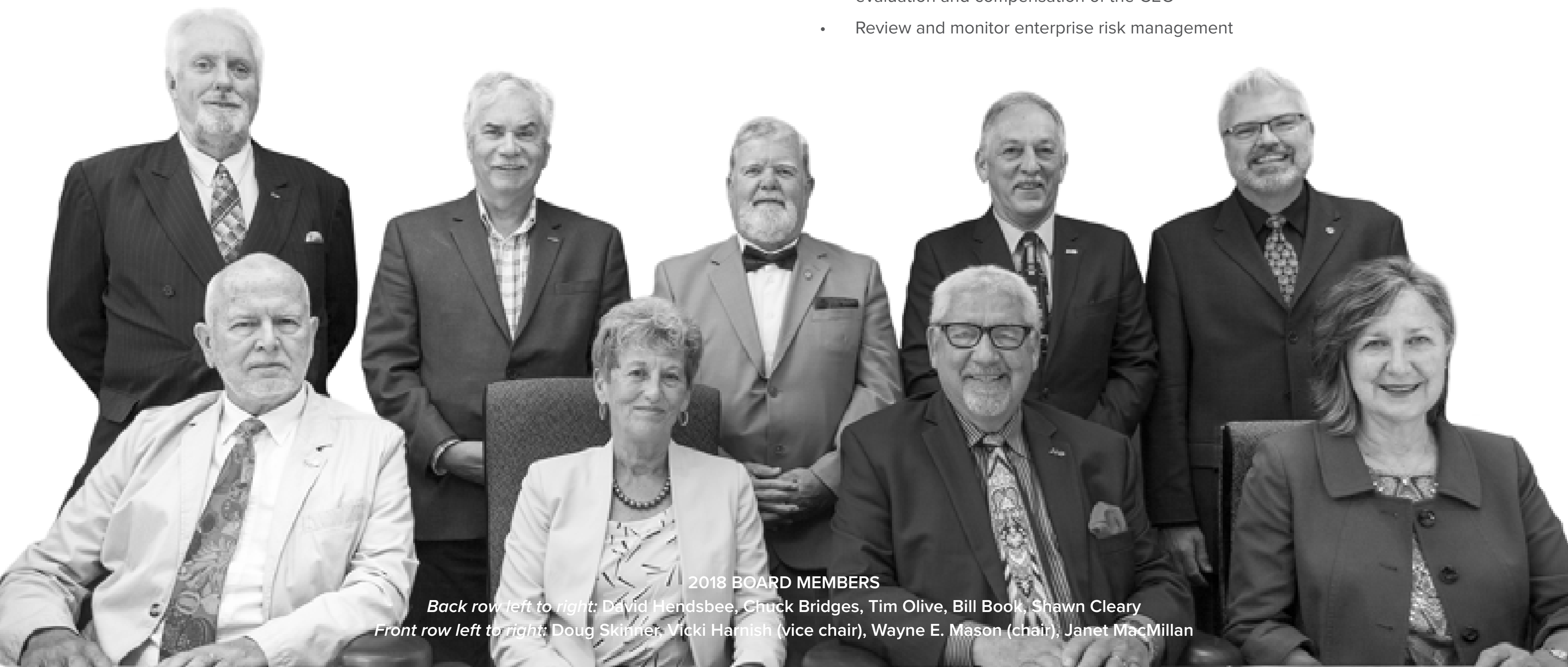
Audit and Finance Committee

Management is responsible for the preparation, presentation and integrity of HHB's financial statements and for maintaining appropriate accounting and financial reporting principles and policies. Primary responsibility for information systems, risk management and internal controls of HHB is vested in management and overseen by the board. The audit and finance committee purpose is to review the adequacy and effectiveness of these activities and to assist the board in its approval.

Governance, Policy and Enterprise Risk Management committee (GPERM)

The GPERM committee assists the board to:

- Continuously improve the effectiveness and efficiency of the board's functioning through adopting progressive governance policies and practices
- Determine priorities and consider proposals for policies, governance policies and legislative/regulatory amendments
- Consider priorities for HHB through the review of emerging issues and long term trends
- Provide human resources oversight, including leadership in the annual evaluation and compensation of the CEO
- Review and monitor enterprise risk management



2018 BOARD MEMBERS
Back row left to right: David Hendsbee, Chuck Bridges, Tim Olive, Bill Book, Shawn Cleary
Front row left to right: Doug Skinner, Vicki Harnish (vice chair), Wayne E. Mason (chair), Janet MacMillan

FINANCIAL STATEMENTS OF HALIFAX DARTMOUTH BRIDGE COMMISSION

Year ended March 31, 2018

INDEPENDENT AUDITORS' REPORT

To the Chair and Commissioners of Halifax Harbour Bridges

We have audited the accompanying financial statements of Halifax-Dartmouth Bridge Commission (operating as Halifax Harbour Bridges), which comprise the statement of financial position as at March 31, 2018, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Halifax-Dartmouth Bridge Commission as at March 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Grant Thornton LLP

Chartered Professional Accountants, Licensed Public Accountants
June 27, 2018
Halifax, Canada

HALIFAX DARTMOUTH BRIDGE COMMISSION | Statement of Financial Position
March 31, 2018, with comparative figures for 2017 (in thousands of dollars)

	2018	2017
ASSETS		
Current assets:		
Cash	$11,568	$11,172
Receivables	757	910
Prepaid expenses	320	344
Big Lift Fund (note 6)	14,400	34,900
	$27,045	$47,326
Restricted assets (note 5)	18,490	14,642
Property, plant and equipment (note 7)	260,663	248,379
	$306,198	$310,347
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	$8,061	$17,995
Deferred revenue	3,512	3,300
Current portion of unearned revenue	38	199
Current portion of-long-term debt (note 9)	3,000	3,000
	14,611	24,494
Employee future benefits (note 16)	196	187
Unearned revenue	38	39
Long-term debt (note 9)	169,551	172,551
	184,396	197,271
Equity:		
Reserve for restricted assets	18,490	14,642
Retained earnings	103,312	98,434
	121,802	113,076
	$306,198	$310,347

Commitments (note 18)

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

Approved on behalf of the Commission:

Wayne Mason
Chair, Board of Commissioners

WMason

Vicki Harnish
Audit Committee Chair
Vice Chair, Board of Commissioners

Vicki Harnish

HALIFAX DARTMOUTH BRIDGE COMMISSION | Statement of Comprehensive Income
Year ended March 31, 2018, with comparative figures for 2017 (in thousands of dollars)

	2018	2018	2017
	Budget (unaudited)	Actual	Actual
Revenue:			
Toll revenue	$31,028	$31,621	$30,774
Other rate revenue	130	49	49
Other income	335	422	399
	31,493	32,092	31,222
Expenses:			
Operating expenses	7,242	7,064	6,916
Maintenance expenses	2,936	2,876	2,651
Amortization of property, plant and equipment	9,056	8,860	5,880
Loss on disposal of property, plant and equipment	–	96	223
	19,234	18,896	15,670
Operating income	12,259	13,196	15,552
Finance costs (note 10):			
Finance income	(197)	(585)	(209)
Finance costs	5,107	5,056	1,255
	4,910	4,471	1,046
Comprehensive income	$7,349	$8,725	$14,506

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

HALIFAX DARTMOUTH BRIDGE COMMISSION | Statement of Changes in Equity
Year ended March 31, 2018, with comparative figures for 2017 (in thousands of dollars)

		Restricted Assets				
	Retained earnings	Capital fund	Operations and maintenance (OM) fund	Debt service fund	Total restricted	Total equity
Balance, March 31, 2016	$87,725	$5,716	$2,500	$2,629	$10,845	$98,570
Comprehensive income	14,457	27	10	12	49	14,506
Transfers to (from)	(3,748)	3,801	34	(87)	3,748	–
Balance, March 31, 2017	$98,434	$9,544	$2,544	$2,554	$14,642	$113,076
Comprehensive income	8,713	13	–	–	13	8,726
Transfers to (from)	(3,835)	3,827	86	(78)	3,835	–
Balance, March 31, 2018	$103,312	$13,384	$2,630	$2,476	$18,490	$121,802

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

HALIFAX DARTMOUTH BRIDGE COMMISSION | Statement of Cash Flows
Year ended March 31, 2018, with comparative figures for 2017 (in thousands of dollars)

	2018	2017
Operating activities:		
Comprehensive income	$8,725	$ 14,506
Amortization of property, plant and equipment	8,860	5,880
Interest expense	5,056	1,255
Investment income	(585)	(209)
Unearned revenue	(1)	(1,552)
Decrease in accrued employee future benefits	9	–
Loss on disposal of property, plant and equipment	96	223
	22,160	20,103
Net change in non-cash working capital balances (note 11)	(9,705)	7,448
	12,455	27,551
Investing activities:		
Purchase of property, plant and equipment, including capitalized interest of $nil (2017 - $3,924) (note 7)	(21,240)	(69,924)
Proceeds from disposal of property, plant and equipment	–	16
Investment in capital fund	(3,840)	(3,828)
Investment in OM fund	(86)	(44)
Decrease in debt service fund	78	75
Investment income received	585	209
	(24,503)	(73,496)
Financing activities:		
Long-term debt repayments	(3,000)	(3,000)
Decrease in long-term project holdbacks	–	(1,824)
Interest paid	(5,056)	(1,255)
Decrease in Big Lift Fund	20,500	56,498
	12,444	50,419
Increase in cash	396	4,474
Cash, beginning of year	11,172	6,698
Cash, end of year	$11,568	$11,172

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

HALIFAX DARTMOUTH BRIDGE COMMISSION NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2018 (in thousands of dollars)

1. Reporting entity

The Halifax-Dartmouth Bridge Commission (the Commission), operating as Halifax Harbour Bridges, was created in 1950 by a statute of the Province of Nova Scotia (now the Halifax-Dartmouth Bridge Commission Act - Statutes of Nova Scotia, 2005, c.7) and is a government business enterprise as defined by Public Sector Accounting Board recommendations. The Commission's address and principal place of business is 125 Wyse Road, Dartmouth, Nova Scotia, B3A 4K9.

The principal activities of the Halifax-Dartmouth Business Commission is the operation and maintenance of two toll bridges spanning Halifax Harbour; the Angus L. Macdonald Bridge and the A. Murray MacKay Bridge.

The Commission is exempt from income tax under Section 149 of the income Tax Act.

2. Basis of financial statement preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements for the year ended March 31, 2018 were approved and authorized for issue by the Board of Commissioners on June 27, 2018.

(b) Basis of measurement

The Commission's financial statements are prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies below.

(c) Functional and presentation currency

The Commission's functional and presentation currency is Canadian dollars. All financial information is presented in Canadian dollars and has been rounded to the nearest thousand.

(d) Use of estimates and judgments:

The preparation of financial statements conforming to IFRS, requires the use of accounting estimates and management's judgment to determine the appropriate application of accounting policies. Estimates and assumptions are required to determine the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions to accounting estimates are recognized in the period in which the estimate was revised and any future periods affected.

2. Basis of preparation (continued)

The following judgments and estimates are those deemed by management to be material to the Commission's financial statements:

Judgments

(i) Capitalization and componentization

Judgment is used when determining if components of a construction project are of a capital or repair nature and as to what components constitute a significant cost in relation to the total cost of an asset and whether these components have similar or dissimilar patterns of consumption and useful lives for purposes of calculating depreciation. Among other factors, these judgments are based on past experience, as well as information obtained from Commission's internal and consulting engineers.

(ii) Depreciation and amortization

Judgment is used when determining the estimated useful lives of property, plant, and equipment. Among other factors, these judgments are based on past experience, as well as information obtained from the Commission's internal and consulting engineers.

Estimates

(i) Depreciation and amortization

Depreciation and amortization is calculated to write off the cost, less estimated residual value, of assets on a systematic and rational basis over the expected useful life of the asset. Estimates of residual value and useful lives are based on past experience, as well as information obtained from the Commission's internal and consulting engineers. Expected useful lives and residual values are reviewed annually for any change to estimates and assumptions.

(ii) Contract costs and contingencies

The Commission makes estimates in determining total estimated project costs related to its capital projects. Estimated total project costs are determined based on contractual obligations, past experience, as well as information obtained from the Commission's internal and external engineers / project managers. In addition, the Commission can be subject to disputes and claims from contractors related to additional costs and recoveries, the Commission assesses the likelihood of these disputes and claims at each reporting period based on available information to determine if any amounts should be recorded. Actual results could differ from those reported and any adjustments are recorded in the year they become known.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Revenue recognition

The Commission recognizes revenue at the time a vehicle crosses a bridge. The Nova Scotia Utility and Review Board (NSUARB) regulates toll rates charges by the commission. Customer prepayments of their Electronic Toll Collection (ETC) crossings are initially recorded as deferred revenue. When the customer crosses a bridge, revenue is recognized and the deferred ETC account is reduced accordingly.

(b) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

(c) Financial Instruments

Financial instruments are classified into one of the following categories: loans and receivables, held to maturity or other financial liabilities. All financial instruments are initially recorded at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate method.

The Commission's financial instruments are comprised of the following:

Financial instrument	Classification
Cash	Loans and receivables
Receivables	Loans and receivables
Restricted assets	Loans and receivables and held to maturity
Accounts payable and accrued liabilities	Other financial liabilities
Long-term debt	Other financial liabilities

(i) Financial assets

The Commission initially recognizes loans and receivables on the date that they originate. All other financial assets are recognized initially on the trade date at which the Commission becomes a party to the contractual provisions of the instrument.

The Commission derecognizes a financial asset when the contractual right to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows of the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial assets that is created or retained by the Commission is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Commission has a legal right to offset the amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

Financial Assets classified as Held to Maturity Investments

A financial asset is classified as a Held to Maturity Investment if they are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Commission intends to hold to maturity.

The OM Fund, Debt Service Fund and Capital Fund contain short-term investments such as Guaranteed Investment Certificates and Bankers Acceptances that are classified as held to maturity investments and initially recorded at fair value plus any directly attributable transaction costs.

Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest rate method over the terms of the related debt, less any impairment cost. The Big Lift Fund portion of restricted assets consists of promissory notes due from the Province of Nova Scotia that are classified as loans and receivables.

Cash

Cash includes cash on hand and balances with banks. Interest is received on funds in the general bank account at a rate of prime minus 1.95%.

(ii) Financial liabilities

The Commission initially recognizes debt securities issued and subordinate liabilities on the date that they originated. All other financial liabilities are recognized initially on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument.

The corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

(iii) Other financial liabilities

Other financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Payables, lines of credit and long-term debt are classified as other financial liabilities. Direct and indirect costs that are attributable to the issue of other financial liabilities are presented as a reduction from the carry amount of the related debt and are amortized using the effective interest method over the term of the debt. These financial liabilities are deemed to have been issued at prevailing market rates at the date of advance; accordingly no adjustment for fair value has been made.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated amortization and any accumulated impairment losses. Land was recorded at deemed cost as of April 1, 2010, as per the optional election made on the transition to IFRS.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes; the cost of materials and direct labor, any other costs directly attributable to bringing the asset to working condition for its intended use, the cost of dismantling and removing the items, and restoring the site on which they are located. Borrowing costs related to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. When funds are temporarily invested pending their expenditure on qualifying assets, any such interest income earned on such funds is deducted from the borrowing costs incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

Any gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognized net within profit or loss.

(iii) Repairs and maintenance

Repairs and maintenance costs are charged to expense as incurred, except when these repairs significantly extend the life of the asset or result in an operating improvement. In these instances the portion of these repairs relating to the betterment is capitalized as part of plant and equipment.

(iv) Amortization of property, plant & equipment

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset.

Amortization commences in the year an asset is put in use. Amortization methods, useful lives and residual values are reviewed at each financial year end, based on consultation with the Commission’s internal and external consulting engineers, and adjusted if appropriate. Land is not depreciated. The estimated useful lives for the current and comparative periods are as follows:

Asset	Rate
Buildings	5 - 50 years
Bridge and bridge components:	
Angus L. MacDonald	5 - 125 years
A. Murray MacKay	5 - 125 years
Electronic toll transponder	8 years
Other assets	2 - 25 years
IT Computer and other equipment	3 - 25 years
Mobile equipment	5 - 10 years

(e) Impairment

(i) Financial assets (including receivables)

A financial asset not carried at fair value through profit and loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the corporation on terms that the Corporation would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carry amount and the present value of the estimated future cash flows discounted at the assets original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on an impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of the impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amount of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

An impairment loss is recognized if the carrying amount of the asset exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(f) Provisions

Provisions are recognized when the Commission has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount. There are no provisions as at March 31, 2018 and 2017.

(g) Application of new and revised standards

The Commission adopted the following accounting standards and amendments to accounting standards effective April 1, 2017:

IAS 7, Statements of Cash Flows

Amendments to IAS 7, "Statements of Cash Flows" (IAS 7) require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendment became effective during fiscal 2018 and did not have a significant impact on the Commission's financial statements.

(h) New accounting standards and interpretations issued but not yet adopted

The International Accounting Standards Board (IASB) and International Financial Reporting Interpretation Committee (IFRIC) issued the following standards that have not been applied in preparing these financial statements as their effective dates fall within annual periods beginning subsequent to the current reporting period. This listing is of standards and interpretations issued which the Commission reasonably expects to be applicable at a future date. The Commission intends to adopt these standards when they become effective.

Revenue from contracts with customers

The IASB issued IFRS 15, "Revenue from Contracts with Customers" (IFRS 15). IFRS 15 replaces IAS 11, "Construction Contracts", IAS 18, "Revenue" and other revenue related interpretations. IFRS 15 establishes a new control-based revenue recognition model and provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments. The new standard becomes effective January 1, 2018, with early adoption permitted. The Commission is continuing to assess the impact of the new standard, however does not expect the adoption of the new standard will have a material impact on the Commission's financial statements.

Financial instruments

The IASB issued the final version of IFRS 9, "Financial Instruments" which will replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 provides guidance on the classification and measurement of financial assets and financial liabilities, establishes an expected credit losses impairment model and a new hedge accounting model with corresponding risk management activity disclosures. The standard is effective for annual periods beginning on or after January 1, 2018. The Commission has assessed the impact of the new standard, and concluded it will not have a material impact on the financial statements.

IFRS 16, Leases

The IASB issued IFRS 16, "Leases", which replaces IAS 17, "Leases". IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. From the perspective of the lessee, all leases under the standard result in a right to use asset at inception of the lease, with related financing over the term of lease. The standard establishes a single lessee accounting model, while maintaining the classification of either an operating or financing lease for the lessor similar to IAS 17. The standard is effective for annual periods beginning

3. Significant accounting policies (continued)

on or after January 1, 2019, with early adoption permitted. The Commission is currently assessing the impact of the new standard on its financial statements.

4. Harmonized sales tax (HST) and income tax status

As a public sector entity controlled by the Province of Nova Scotia, the Commission is not subject to Federal or Provincial income taxes, and is entitled to rebates of 100% of the HST it expends on goods and services.

5. Restricted assets

	2018	2017
Capital fund – 2007 loan	$6,338	$4,521
Capital fund - 2015 loan	7,046	5,023
OM fund – 2007 loan	2,630	2,544
Debt service fund – 2007 Loan	326	404
Debt service fund – 2015 Loan	2,150	2,150
	$18,490	$14,642

2007 Loan

The Commission entered into a long term loan agreement with the Province of Nova Scotia on July 25, 2007. This agreement requires that the Commission maintain two reserve funds effective December 4, 2007 which are the Operating, Maintenance & Administrative Fund (OM Fund) and Debt Service Fund. Effective June 4, 2008, a Capital Fund was also established.

Under the terms of the loan agreement, the OM Fund must be maintained at an amount at least equal to 25% of the annual budgeted OM expenses for the following year subject to a minimum balance of $2,500. This fund can only be used to pay OM expenses, although any amount in the fund in excess of the required balance can be transferred to the Commission's unrestricted accounts. At March 31, 2018, the OM Fund was held in a term deposit at a rate of 2.09% per annum, maturing September 24, 2018 and had a market value of $ 2,630 (2017 - $2,544).

Under the terms of the loan agreement, the Debt Service Fund must be maintained at an amount at least equal to 50% of annual interest payments required in respect of certain indebtedness. This fund can only be used to pay principal, interest, and fees, although any amount in the fund in excess of the required balance can be transferred to the Commission's unrestricted accounts. At March 31, 2018, the Debt Service Fund was held in a term deposits at rate of 2.09% per annum, maturing September 24, 2018 and had a market value of $326 (2017 - $404).

Under the terms of the loan agreement, the Commission established and deposited a minimum of $900 to a Capital Fund commencing June 4, 2008, and every six months thereafter for the duration of the loan. Withdrawals are permitted from the Capital Fund to pay amounts owing in respect of the principal or interest on the long term loan, or for the maintenance of, or improvements to, the bridges. In October 2014, $12,913 was withdrawn from the 2007 loan Capital Fund and applied against the principal of the 2007 loan. At March 31, 2018, the Capital Fund was invested in guaranteed investment certificates earning between 1.40% - 2.05% per annum with a market value of $6,338 (2017 - $4,521).

5. Restricted assets (continued)

2015 Loan

The Commission entered into a long-term loan agreement with the Province of Nova Scotia on February 06, 2015, with the proceeds used to finance the replacement of the suspended span of the Macdonald Bridge (the Big Lift project). This agreement requires that the Commission maintain an OM Fund, a Debt Service Fund, and a Capital Fund. The existing OM Fund for the 2007 loan satisfies the requirements for the 2015 loan.

Under the terms of the loan agreement, the Debt Service Fund must be maintained at an amount equal to or greater than the debt service amount for the next fiscal year. The Debt Service Fund requirement drops to fifty percent of the 2015 loan debt service amount while the 2007 loan Debt Service Fund is in existence. This fund can only be used to pay principal, interest, and other amounts coming due, although any amount in the fund in excess of the required balance can be transferred to the Commission's unrestricted accounts. At March 31, 2018, the Debt Service Fund was held in term deposits with a rate of 2.0%, per annum, maturing August 7, 2018 and had a market value of $2,150 (2017 - $2,150).

Under the terms of the loan agreement, the Commission established and deposited a minimum of $1,000 to a Capital Fund commencing March 6, 2015, and will continue every six months over four years to accumulate the required Capital Fund balance of $8,000. This fund can only be used for payment of costs arising from any capital improvements planned for the Bridges, excluding re-decking projects. At March 31, 2018, the Capital Fund had a market value of $7,046 (2017 - $5,023) and was invested in banker's acceptances and a guaranteed investment certificate earning 1.40% – 2.34% per annum.

6. Big Lift Fund

The Big Lift Fund consists of proceeds from the 2015 loan to be spent on the Macdonald Bridge suspended span replacement project. Under the terms of the loan agreement, these amounts have been invested in term promissory notes issued by the Province of Nova Scotia. The promissory notes mature monthly, through September 2018, in various amounts, to enable the Commission to make payments to third parties within the following 30 days in respect of capital improvements to the Macdonald Bridge.

7. Property, plant and equipment

Cost	Land	Buildings	Bridge ALM	Bridge AMM	ETC	Other	Comp Equip.	Mobile Equip.	WIP	Total
Balance, March 31, 2017	$ 9,252	$ 8,221	$ 221,918	$ 45,536	$ 5,744	$ 16,138	$ 10,645	$ 2,225	$ 7,307	$ 326,986
Additions	–	–	–	–	513	–	–	–	20,727	21,240
Retirements	–	–	–	–	–	(225)	–	–	–	(225)
Transfers	–	278	1,409	40	–	312	260	57	(2,356)	–
Balance, March 31, 2018	9,252	8,499	223,327	45,577	6,258	16,225	10,905	2,282	25,678	348,001
Accumulated amortization	Land	Buildings	Bridge ALM	Bridge AMM	ETC	Other	Comp Equip.	Mobile Equip.	WIP	Total
Balance, March 31, 2017	$ –	$ 2,953	$ 25,781	$ 26,379	$ 4,571	$ 8,212	$ 9,276	$ 1,435	–	$ 78,607
Amortization expense	–	266	4,806	1,483	535	1,321	292	157	–	8,860
Retirements	–	–	–	–	–	(129)	–	–	–	(129)
Balance, March 31, 2018	–	3,219	30,587	27,862	5,106	9,404	9,568	1,592	–	87,338
Net Book Values										
Balance, March 31, 2017	$ 9,252	$ 5,268	$ 196,137	$ 19,157	$ 1,173	$ 7,926	$ 1,369	$ 790	$ 7,307	$ 248,379
Balance, March 31, 2018	$ 9,252	$ 5,280	$ 192,740	$ 17,714	$ 1,152	$ 6,820	$ 1,337	$ 690	$ 25,678	$ 260,663

Included in current year additions to WIP is capitalized interest of $nil (2017 - $3,924). Included as an offset to current year WIP additions is interest income earned on the Big Lift Fund of $nil (2017 - $348).

8. Accounts payable and accrued liabilities

	2018	2017
Trade payables	$1,601	$5,236
Accrued expenses	505	3,373
Project holdbacks	4,260	7,579
Accrued liabilities	1,695	1,807
	$8,061	**$17,995**

9. Long-term debt

	2018	2017
Province of Nova Scotia – 2007 Loan	$12,551	$15,551
Province of Nova Scotia – 2015 Loan	160,000	160,000
	172,551	175,551
Less: current portion	(3,000)	(3,000)
	$169,551	$172,551

Principal payments required on the loans for the next five years are due as follows:

2019	3,000
2020	13,551
2021	5,000
2022	6,000
2023	7,000
	$34,551

9. Long-term debt (continued)

Long-term debt consists of two separate loans from the Province of Nova Scotia:

2007 Loan

Originally, a $60,000 unsecured loan issued July 25, 2007 bearing interest at an average rate of 5.19%. The loan was to assist with (i) the payment on maturity of $100,000 5.95% Toll Revenue Bonds Series 1, due December 4, 2007 and (ii) repayment of advances under a committed revolving credit facility established with the Province of Nova Scotia. The 2007 Loan requires annual principal repayments of $3,000 due December 4th of each year with a final principal payment of $9,551 due on maturity on December 4, 2019. In October 2014, the Commission made an additional prepayment of principal against this loan. Interest is paid semi-annually on June 4th and December 4th. The Commission is in compliance with a rate covenant contained in the loan that requires certain interest coverage ratios be maintained.

2015 Loan

A $160,000 unsecured loan issued February 6, 2015 bearing interest at an average rate of 2.80%. The loan proceeds have financed the replacement of the suspended span of the Macdonald Bridge (the Big Lift project). The 2015 loan is to be repaid over twenty years starting June 1, 2019 with annual principal repayments of between $4,000 and $10,000. Interest is paid semi-annually on June 1st and December 1st of each year. In 2018, $nil (2017 - $3,924) of interest charges related to this loan are included with the cost of the Project during construction in property, plant and equipment.

Line of Credit

A $60,000 revolving, unsecured line of credit with the Province of Nova Scotia issued June 30, 2008, maturing on December 5, 2019. Interest is charged on outstanding balances at a rate equal to the arithmetical average of the discount rates on Canadian Dealer Offered Rate (CDOR) Banker's Acceptances applicable on the date of the requested advance payable at maturity. As at March 31, 2018, the balance drawn was $nil (2017 - $nil).

Operating Loan Facility

A $5,000, unsecured, operating loan facility with a chartered bank which bears interest at the bank prime rate minus 0.5% per annum. As at March 31, 2018, the balance drawn was $nil (2017 - $nil) and no advances were outstanding during the year.

10. Finance income and finance costs

	2018 Budget (unaudited)	2018	2017
Interest income on restricted assets	$ (157)	$ (470)	$ (466)
Investment income	(40)	(115)	(91)
Less amounts capitalized to property, plant and equipment			348
Finance income	(197)	(585)	(209)
Interest expense on long-term debt	5,107	5,056	5,179
Less amounts capitalized to property, plant, and equipment			3,924
Finance costs	5,107	5,056	1,255
Net finance cost recognized in profit or loss	$ 4,910	$ 4,471	$ 1,046

For the year ended March 31, 2018, interest charges of $nil (2017 - $3,924) have been included in property, plant and equipment.

11. Net change in non-cash working capital balances

	2018	2017
Decrease (increase):		
Receivables	$ 153	$ 3,263
Prepaid expenses	24	(114)
Increase (decrease):		
Accounts payable and accrued liabilities	(9,933)	4,010
Deferred revenue	212	128
Current portion unearned revenue	(161)	161
Net change	**$ (9,705)**	**$ 7,448**

12. Financial risk management

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

- Credit risk
- Interest rate risk
- Liquidity risk

(a) Credit risk

The Commission provides credit to certain non-toll revenue customers in the normal course of its operations. In order to reduce its credit risk, the Commission has adopted credit policies including the monitoring of customer accounts.

The Commission has credit risk exposure related to contributions due from partners for the Macdonald Bridge suspended span replacement project. The counterparties involved are government controlled entities.

(b) Interest rate risk

The long term debt has fixed interest rates for the entire terms of both loans and consequently, there is no risk of higher interest rates in the future. The line of credit and operating loan facility are floating rate facilities with the interest rate set on the date of advance as per note 9 which consequently entails interest rate risk exposure on any outstanding balances.

(c) Liquidity risk

The Commission is exposed to liquidity risk arising primarily from its long-term debt with the Province of Nova Scotia. The 2007 loan requires a balloon principal repayment of $9,551 on December 4, 2019 and the 2015 loan requires annual repayments of principal, ranging between $4,000 and $10,000, beginning on June 1, 2019.

The Commission manages liquidity risk by monitoring short and long-term cash flows and by controlling the level of operating and capital expenditures.

The 2007 loan requires annual contributions to a capital fund of $1,800 which may be used to repay principal and interest on the debt. The 2015 loan requires annual contributions to a capital fund of $2,000 to a maximum of $8,000 that is to be maintained for the life of the loan. The Commission believes the establishment and continued growth of the 2007 loan capital fund partially offsets the risk associated with the future balloon payment for this loan.

The Commission's cash, restricted assets and Big Lift Fund investments are invested in liquid, interest-bearing, investments.

13. Capital management

The Commission's capital management objective is to ensure there is adequate cash flow to meet its operational requirements, fund capital expenditures and make required debt payments.

The Commission regularly reviews its projected future toll revenues in conjunction with its current cash position and borrowing ability in order to finance significant future projects that are required to upgrade and maintain its property, plant and equipment. There were no changes to the Commission's approach to capital management during the year.

14. Related party transactions

As a provincially controlled public sector entity, the Commission is considered to be related to the Province of Nova Scotia. The Commission is also related to the City of Halifax by virtue of Halifax's right to appoint four members of the Commission's Board of Commissioners.

The Commission has applied the modified disclosure requirements under IAS 24, Related Party Disclosures, which exempt government-related entities from providing all of the disclosure about related party transactions with government or other government-related entities.

14. Related party transactions (continued)

The Commission has two long-term loans with the Province of Nova Scotia (Note 6). The 2007 loan has an outstanding balance of $12,551 and interest charges for the period ended March 31, 2018 of $766 (2017 - $910), of which $209 (2017 - $258) was payable at year end. The 2015 loan has an outstanding balance of $160,000 and interest charges for the period ended March 31, 2018 of $4,290 (2017 - $4,290), of which $1,426 (2017 - $1,426) was payable at year-end. The Commission has a $60,000 revolving, unsecured line of credit from the Province of Nova Scotia. There were no draws on the facility during the year ended March 31, 2018, nor in the year ended March 31, 2017.

The Commission collects toll revenue from the province and HRM and makes purchases from HRM in the normal course of business.

15. Pension plans

The Commission sponsored a defined contribution pension plan for all permanent employees until January 6, 2018. On February 26, 2018, the Nova Scotia Superintendent of Pensions approved the wind-up of the Halifax-Dartmouth Bridge Commission Pension Plan effective January 6, 2018. As a defined contribution plan, the Commission's obligation was limited to pay the fixed contributions into the plan until the plan termination date and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

On January 7, 2018, the Commission began contributing to the Nova Scotia Public Service Superannuation Plan, which is a defined benefit plan. The Commission accounts for these contributions as a defined contribution plan. The actuarial and investment risk is administered by Public Service Superannuation Plan Trustee Inc. The Commission matches the contributions of employees' calculated as 8.4% on eligible earnings up to the year's Maximum Pensionable Earnings (YMPE) under the Canada Pension Plan (CPP), and 10.9% on eligible earnings that is in excess of YMPE. The Commission is not responsible for any unfunded liability with respect to the Public Service Superannuation Plan.

The Commission recognized an expense of $188 for the period ended March 31, 2018 (2017 - $172). No future contributions are required in respect of past service at March 31, 2018.

16. Accrued employee future benefits

The Commission's policy is that all employees whose age and years of service total 80 or more, or who become disabled at any age, will be paid a retirement benefit equal to one month's salary for their first ten years of service, plus one month's salary for each additional five full years of service as of March 31, 2015. Under direction from the Commission's parent, the Province of Nova Scotia, this policy was closed effective March 31, 2015 such that services earned towards this benefit are frozen as of that date. The Commission has recorded a liability of $197 in accrued employee benefits at March 31, 2018 (2017 - $186). A total of $11 (2017 - $nil) was allocated to operating and maintenance expenses for the period.

17. Fair value measurement

The fair value of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position are as follows:

		March 31, 2018				March 31, 2018		
		Fair value				Fair value		
Assets	Carrying Value	Level 1	Level 2	Level 3	Carrying Value	Level 1	Level 2	Level 3
Cash	$11,568	$11,568	$ –	$ –	$ 11,172	$11,172	$ –	$ –
Receivables	$757	$ –	$757	$ –	$910	$ –	$910	$ –
Restricted assets	$18,490	$ –	$18,490	$ –	$14,642	$ –	$14,642	$ –
Big Lift Fund	$14,400	$ –	$14,400	$ –	$34,900	$ –	$34,900	$ –
Liabilities								
Trade and other payables	$8,061	$ –	$ 8,061	$ –	$ 17,995	$ –	$17,995	$ –

The different levels have been defined as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs)

18. Commitments

The fair value of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position are as follows:

	2019	2020	2021	2022	2023
Contract obligations	$156	$129	$111	$110	$ –
Capital contract obligations	5,927	–	–	–	–
Total contract obligations	$6,083	$129	$111	$110	$ –

19. Contingencies

There are various claims and litigation, which the Commission is involved with, arising out of the ordinary course of business operations. The Commission's management does not consider the exposure to such items to be material, although this cannot be predicted with certainty.

100%

of toll revenue is used to operate and maintain the Macdonald and MacKay bridges.

This ensures the long term safety of the structures and the safety of the travelling public.

Macdonald Bridge before the Big Lift

Halifax Harbour Bridges

HHBridges

902.463.2800 | HDBC.CA | BRIDGES@HDBC.NS.CA
PO Box 40, Dartmouth, Nova Scotia Canada, B2Y 3Y2