HALIFAX HARBOUR BRIDGES
2018/2019 ANNUAL REPORT

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Message from the Chairperson of the Board of Commissioners

I am pleased to submit my first message as chair of the board of commissioners for Halifax Harbour Bridges (HHB).

I joined the board of HHB in 2015 following a career in the provincial government. As the former deputy minister of finance with the provincial government I gained a solid understanding of HHB, its mandate and vision. I feel privileged to help lead the organization into its next chapter.

With the completion of the Macdonald Bridge suspended spans deck replacement project, also known as the Big Lift, we are looking forward to other innovative and exciting projects to ensure efficient harbour crossings and well maintained bridges. Many of these projects you will read about in this report and I will highlight here.

Macdonald Bridge corrosion protection. HHB is implementing an innovative coating method to ensure the steel on the Macdonald Bridge is protected for the future. The process involves encapsulating areas not included in the Big Lift, removing the existing coatings and applying a new coating that will last 25–30 years with only minor touch-ups required.

Future of the MacKay Bridge. The MacKay Bridge is 50 years old next year and a decision will be made whether it should be rehabilitated or replaced with a new bridge.

Future of tolling. Gates and toll plazas have been a very efficient way to collect tolls since 1955. Yet, much has changed in more than 60 years. For the safety of customers and employees, and for efficient traffic flow, we are evaluating whether we should rebuild the toll plazas or move to an all-electronic system. The board of commissioners is very engaged in this topic with the goal of ensuring the solution is revenue neutral to the organization and fair for all customers.

I want to conclude by thanking Wayne Mason, from whom I assumed the role of chair of the board. Wayne served on the board of commissioners for 13 years, seven as chairman. He skillfully stewarded the board and the organization through the planning and construction of the Big Lift. The entire board is thankful for his leadership.

Respectfully submitted,

Vicki Harnish
Chairperson of the Board of Commissioners

Message from the General Manager and CEO

The last fiscal year represented significant milestones for Halifax Harbour Bridges (HHB).

MACPASS turns 20. We celebrated 20 years of electronic tolling with MACPASS. More than 75 per cent of all bridge crossings are made with MACPASS and, as we consider the future of tolling on the bridges, we will strive to make it easier and safer to cross the bridges.

Conclusion of the Big Lift. 2018/19 also represented the conclusion of the Big Lift, a project that saw the majority of the suspended structure of the Macdonald Bridge replaced.

Replacing the suspended spans of a suspension bridge while keeping it operational was very innovative – it had only been done one other time in the world. It required bridge closures for almost four years and, while the project was an engineering feat and the result is a bridge that will last another generation, it was disruptive. I want to thank all our customers and the entire community for their patience.

Closures will be the new normal. With the exception of when the third lane was added to the Macdonald Bridge in 1999 and the Big Lift, it is extremely rare that bridge closures for maintenance projects were necessary. That is no longer the case.

The Macdonald Bridge is 64 years old and the MacKay Bridge is 49 years old. Ensuring long span bridges remain safe and efficiently operated will require more frequent closures in the coming years.

For example, while the suspended spans of the Macdonald Bridge are new, work on the approach spans to replace bearings and expansion joints will continue to require full bridge and or lane closures for the next several years.

And lane closures on the MacKay Bridge have become necessary. During the 2019 construction season we are removing the asphalt and waterproof membrane on two of the four lanes on the suspended spans with the other two lanes scheduled for next year. Detailed inspections of the main cable also require closures.

Because the bridges are used significantly for people to commute to and from work, we plan projects to take place evenings and weekends, when there is less traffic and, historically less congestion. However, traffic is growing: in 2000 annual crossings were 31 million and in 2018/19 the annual crossings were 34 million. The result of that growth means that there is never a good time to close a bridge or a lane to traffic.

We will continue to have to ask the community for their patience and understanding as we balance the need to conduct the necessary maintenance on the bridges with providing efficient and reliable cross harbour travel.

Respectfully,

Steve Snider
General Manager and CEO

Projects in Review

MULTI-PROTOCOL READERS AND 6C TRANSPONDERS

HHB has been providing electronic tolling since 1998 with the introduction of MACPASS and today, 76 per cent of all crossings are made using MACPASS. By the end of 2019 HHB plans to introduce a new sticker tag transponder that will provide better accuracy and reliability.

New customers will be assigned the new transponder and the existing transponders will continue to work in the lanes.

NEXT GENERATION OF TOLLING

Perhaps the largest project in the near future for HHB will be the long term 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 existing MACPASS operating system has a limited life
- The toll system has not been updated since 2008 and more efficient technology is available which will improve traffic flow and improve safety conditions for customers and bridge personnel.

The options being considered include rehabilitating the existing toll plazas to make them safer for employees and customers or removing cash as a form of payment on the bridges and moving to an all-electronic toll system. A decision on the future of tolling at HHB will be made sometime in 2020.

MACDONALD BRIDGE WORK CONTINUES

With the completion of the Macdonald Bridge suspended spans deck replacement project, also known as the Big Lift, most of the infrastructure on the Macdonald Bridge is new. Work has also continued on the approach spans of the Macdonald Bridge, including replacing the bearings, which had not been replaced since the bridge opened in 1955. These bearings are critical to allow proper movement of the bridge. The project began in 2015 and will be complete in 2021. We have also restored the concrete piers of the bridge and have replaced the expansion joints at the Halifax and Dartmouth abutments.

CORROSION PROTECTION

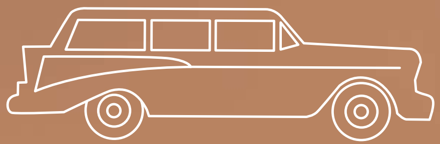
In 2017/18 HHB conducted a study to determine the best way to protect the bridges from corrosion. In 2018/19 work started on the Halifax approach of the Macdonald Bridge (areas not replaced during the Big Lift). In 2019/20 the work continues on the Halifax cable bent. The process includes encapsulating 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.

THE MACKAY BRIDGE

HHB is planning for the future of the MacKay Bridge, which opened for traffic July 1970. Options being considered include 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, increasing demand, environmental considerations, cost, and implications for existing traffic operations.

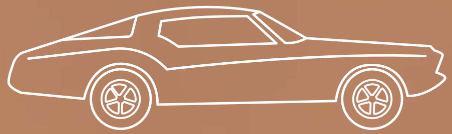
By the Numbers

1956 FIRST FULL YEAR OF OPERATION



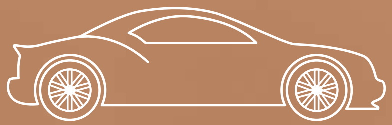
PASSENGER VEHICLES	COMMERCIAL VEHICLES	TOTAL VEHICLES
2,342,000	428,000	2,770,000

1971 FIRST FULL YEAR WITH 2 BRIDGES



PASSENGER VEHICLES	COMMERCIAL VEHICLES	TOTAL VEHICLES
10,874,000	1,077,000	11,951,000

2018 MOST RECENT NUMBERS

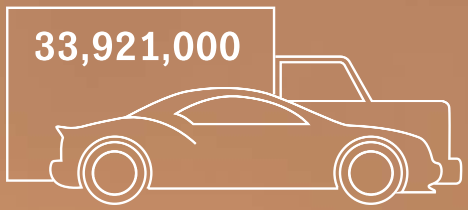


PASSENGER VEHICLES	COMMERCIAL VEHICLES	TOTAL VEHICLES
32,654,000	1,268,000	33,921,000

MACPASS
25,815,791
(76.1%)

VS.

CASH
8,105,652
(23.9%)



TOTAL NUMBER VEHICLE CROSSINGS IN 2018

AVERAGE DAILY WORKDAY CROSSINGS ON BOTH BRIDGES

Organizational Structure

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

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

HHB BOARD OF COMMISSIONERS

VICKI HARNISH Chair
BILL BOOK Provincial appointee
CHUCK BRIDGES HRM appointee
SHAWN CLEARY HRM appointee
DAVID HENDSBEE HRM appointee
JENNIFER LAPLANTE HRM appointee
JANET MACMILLAN Provincial appointee
DONNA SMITH DARRELL Provincial appointee

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 other's strengths and help each other grow

MANDATE

The Halifax-Dartmouth Bridge Commission (operating as Halifax Harbour Bridges or 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.

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 and strategic leadership 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 oversight
- Communications, stakeholder relations, advocacy and accountability
- Board governance

There are three standing committees which are accountable to the board: the Executive committee; the Audit and Finance committee; and the Governance, Policy and Enterprise Risk Management committee. 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

Financial Overview

Year ended March 31, 2019

FINANCIAL HIGHLIGHTS – STATEMENT OF COMPREHENSIVE INCOME

(IN THOUSANDS OF DOLLARS)	2019 BUDGET	MARCH 31, 2019 ACTUAL	MARCH 31, 2018 ACTUAL
REVENUE	31,685	32,757	32,092
EXPENSES			
OPERATIONS	4,384	4,239	4,399
MAINTENANCE	3,267	3,632	2,876
ADMINISTRATION	2,868	2,915	2,665
AMORTIZATION OF PROPERTY AND EQUIPMENT	8,706	8,507	8,860
LOSS ON DISPOSAL	–	5	96
TOTAL EXPENSES	19,225	19,298	18,896
OPERATING INCOME	12,460	13,459	13,196
NET FINANCE COSTS	4,576	3,953	4,471
COMPREHENSIVE INCOME	7,884	9,506	8,725

STATEMENT OF FINANCIAL POSITION

(IN THOUSANDS OF DOLLARS)	MARCH 31, 2019	MARCH 31, 2018
CURRENT ASSETS	38,240	27,045
RESTRICTED FUNDS AND PROPERTY PLANT AND EQUIPMENT	279,468	279,153
TOTAL ASSETS	317,708	306,198
CURRENT LIABILITIES	30,360	14,611
LONG TERM DEBT AND OTHER LIABILITIES	156,040	169,785
EQUITY	131,308	121,802
TOTAL LIABILITIES AND EQUITY	**317,708**	**306,198**

Financial Overview

Year ended March 31, 2019

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, 2019 increased by 1.9% over the prior year and 3.6% higher than budget. Traffic volumes increased in fiscal 2019 by 2.5% over the prior year representing 840,000 additional vehicle crossings. HHB was pleased to see an increase in the usage rate of our electronic toll collection transponder, branded as MACPASS, to 75.66% of all crossings from 74.45% in the prior year, equating 1,040,000 additional MACPASS crossings – helping to ease congestion and save our customers time and money.

Administrative expenses include professional fees, insurance, property taxes and accounting, treasury and public relations functions. In fiscal 2019, costs increased from the prior year primarily due to consulting fees incurred for work related to planning for HHB's next generation toll system.

Operating expenses include the costs to staff the toll facilities, bridge patrol, the MacPass customer service and service the tolling equipment and IT infrastructure. In fiscal 2019, costs were below budget and the prior year as positions were reorganized and adjustments made to staffing levels while maintaining service levels.

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. Maintenance costs are higher in 2019 than both budget and the prior year due to additional work that was required on the main cables of the MacKay Bridge.

Amortization of property plant and equipment is a non-cash charge that represents the cost of HHB's long-term capital assets over their expected useful life. Overall amortization levels remain at an elevated level following the completion of much of the Big Lift.

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 net cost decreased in fiscal 2019 with interest expense decreasing as long term debt is repaid and higher interest earnings than planned due to increasing rates on cash balances held.

OUTLOOK

HHB has forecast fiscal 2020 to finish with a lower net income than fiscal 2019. Toll revenues are expected to only modestly increase over 2019. Expenses are budgeted to increase with a significant focus on preventative maintenance programs for the MacKay Bridge as well as planning to replace the toll system for both bridges. Longer term, HHB's solid financial position will allow for increased capital work programs to further enhance and protect the bridge structures for the long term.

HHB's strong financial condition continued to improve in fiscal 2019 as shown in the statement of financial position. On the asset side, current assets are higher as restricted funds to be used for long term debt payments in 2020 were transferred into the current year. Overall, there is a significant increase in total assets as compared to fiscal 2018 as cash generated from toll revenues was invested into property plant and equipment and restricted reserves.

Current liabilities have increased in fiscal 2019 with the planned repayment of long term debt in fiscal 2010. Equity has increased in fiscal 2019 with positive comprehensive income recorded for the year. Approximately $21.5 million of the equity balance is recorded as a reserve for restricted assets, comprised of funds set aside under various loan agreement terms.

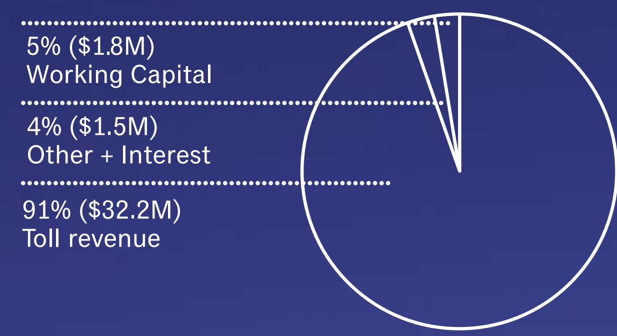
FINANCIAL HIGHLIGHTS – SOURCES AND USES OF FUNDS

The two charts to the right summarize data from the statement of cash flows included in HHB's audited financial statements. The charts illustrate how HHB obtained funding in fiscal 2019 and how the money was spent.

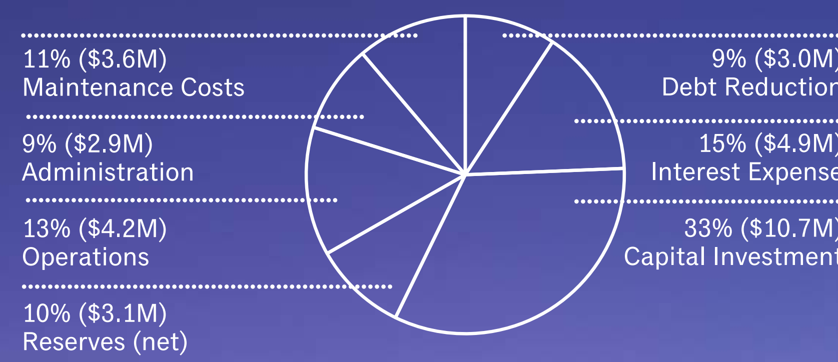
The vast majority, over 91% of HHB's required funds, were provided by the users of the two bridges through toll revenues. Other income is made up primarily of fees charged for services provided by HHB combined with interest revenues earned on cash balances to provide 4% of funds required. The remainder of cash funding is due to fluctuations in working capital balances.

The largest use of cash is the purchase of property, plant and equipment as "capital investment". This represents long term investment in the two bridge structures and the assets used to support them. At $10.7m in fiscal 2019, this spending has declined from recent years with less activity on the Big Lift project. Cash spending related to HHB's long term debt is shown in categories listed as "debt reduction", "interest expense" and "reserves (net)" totaling $11.0 million of spending. The cash requirements to fund the day to day work of HHB and bridge operations is represented by the categories of "Operations", "Maintenance" and "Administration" totaling $10.7 million of spending.

HHB SOURCE OF FUNDS 2018–2019



HHB USE OF FUNDS 2018–2019



Financial Statements

Year ended March 31, 2019

INDEPENDENT AUDITORS' REPORT

To the Chair and Commissioners of the Halifax Dartmouth Bridge Commission:

Opinion

We have audited the financial statements of the Halifax-Dartmouth Bridge Commission (the Commission), which comprise the statement of financial position as at March 31, 2019 , and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of the Halifax-Dartmouth Bridge Commission as at March 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commissioner to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton LLP

Chartered Professional Accountants
Licensed Public Accountants

Halifax, Canada
June 28, 2019

STATEMENT OF FINANCIAL POSITION

Year ended March 31, 2019, with comparative figures for 2018 *(in thousands of dollars)*

	2019	2018
ASSETS		
Current assets:		
Cash	$14,561	$11,568
Receivables	716	757
Prepaid expenses and inventory	411	320
Restricted assets (note 6)	8,152	–
Big Lift Fund (note 7)	14,400	14,400
	38,240	**27,045**
Restricted assets (note 6)	13,427	18,490
Property, plant and equipment (note 8)	266,041	260,663
	$317,708	**$306,198**
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable, accrued and other liabilities (note 9)	$13,057	$8,099
Deferred revenue	3,752	3,512
Current portion of-long-term debt (note 10)	13,551	3,000
	30,360	**14,611**
Other liabilities (note 17)	40	234
Long-term debt (note 10)	156,000	169,551
	186,400	**184,396**
EQUITY		
Reserve for restricted assets	21,578	18,490
Retained earnings	109,730	103,312
	131,308	**121,802**
Commitments (note 18)	**$317,708**	**$306,198**

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

Approved on behalf of the Commission:

Vicki Harnish
Chair, Board of Commissioners

William Book
Audit Committee Member

STATEMENT OF COMPREHENSIVE INCOME

Year ended March 31, 2019, with comparative figures for 2018 *(in thousands of dollars)*

	2019 BUDGET (UNAUDITED)	2019 ACTUAL	2018 ACTUAL
REVENUE:			
Toll revenue	$31,103	$31,621 757	$32,218
Other rate revenue	197	165	49
Other income	385	374	422
	31,685	**32,757**	**32,092**
EXPENSES:			
Operating expenses	$4,384	4,239	4,399
Maintenance expenses	3,267	3,632	2,876
Administration expenses	2,868	2,915	2,665
Amortization of property, plant and equipment	8,706	8,507	8,860
Loss on disposal of property, plant and equipment	–	5	96
	19,225	**19,298**	**18,896**
OPERATING INCOME	**12,460**	**13,459**	**13,196**
FINANCE COSTS (NOTE 11):			
Finance income	(376)	(950)	(585)
Finance costs	4,952	4,903	5,056
	4,576	**3,953**	**4,471**
COMPREHENSIVE INCOME	**$7,884**	**$9,506**	**$8,725**

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

STATEMENT OF CHANGES IN EQUITY

Year ended March 31, 2019, with comparative figures for 2018 *(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, 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
Comprehensive income	9,466	40	–	–	40	9,506
Transfers to (from)	(3,048)	2,802	323	(77)	3,048	–
BALANCE, MARCH 31, 2019	**$109,730**	**$16,226**	**$2,953**	**$2,399**	**$21,578**	**$131,308**

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

STATEMENT OF CASH FLOWS

Year ended March 31, 2019, with comparative figures for 2018 *(in thousands of dollars)*

	2019	2018
OPERATING ACTIVITIES:		
Comprehensive income	$9,506	$8,725
Amortization of property, plant and equipment	8,507	8,860
Interest expense	4,903	5,056
Investment income	(950)	(585)
Decrease in accrued employee future benefits	(193)	9
Loss on disposal of property, plant and equipment	5	96
	21,778	**22,161**
Net change in non-cash working capital balances (note 12)	1,842	(9,706)
	23,620	**12,455**
INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(10,664)	(21,240)
Proceeds from disposal of property, plant and equipment	79	–
Investment in capital fund	(2,843)	(3,840)
Investment in OM fund	(323)	(86)
Decrease in debt service fund	77	78
Investment income received	950	585
	(12,724)	**(24,503)**
FINANCING ACTIVITIES:		
Long-term debt repayments	(3,000)	(3,000)
Interest paid	(4,903)	(5,056)
Decrease in Big Lift Fund	–	20,500
	(7,903)	**12,444**
Increase in cash	2,993	396
Cash, beginning of year	11,568	11,172
CASH, END OF YEAR	**$14,561**	**$11,568**

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

Notes to Financial Statements

Year ended March 31, 2019

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, 2019 were approved and authorized for issue by the Board of Commissioners on June 28, 2019.

(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.

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.

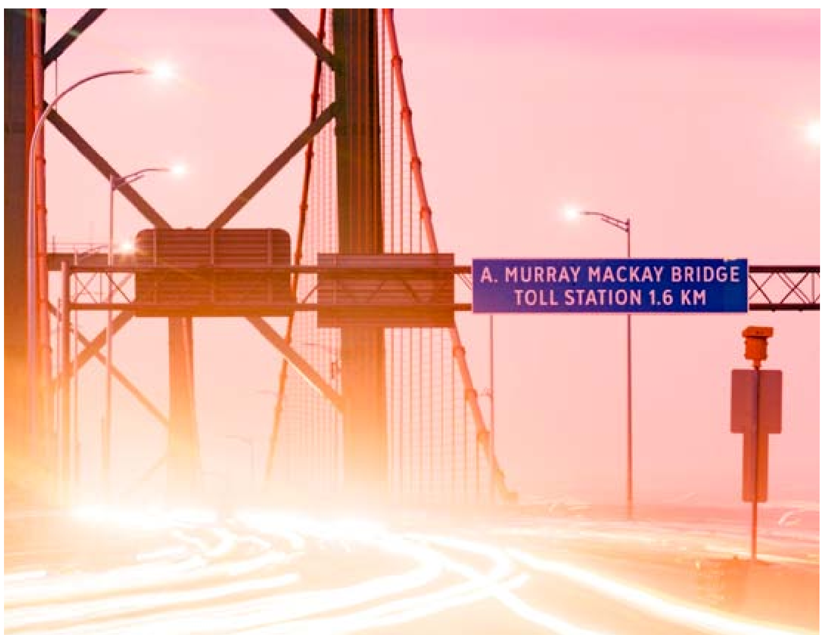
Estimates

(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

The Commission classifies financial assets and financial liabilities according to their characteristics and management's choices and intentions. All financial instruments are initially recorded at fair value plus directly attributable transaction costs and subsequently measured based on classification described below.

Financial instruments are classified into one of the following categories: amortized cost, fair value through other comprehensive income ("FVOCI"), fair value through profit or loss ("FVTPL") or other financial liabilities. The Commission does not have any financial assets or financial liabilities classified as either FVOCI or FVTPL. During the year, the Commission adopted IFRS 9 Financial Instruments, refer to note 4 for further information.

The classification of financial assets is determined by both:

- The Commission's business model for managing the financial asset, and
- The contractual cash flow characteristics of the financial asset.

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

FINANCIAL INSTRUMENT	CLASSIFICATION
Cash	Amortized cost
Receivables	Amortized cost
The Big Lift Fund	Amortized cost
Restricted assets	Amortized cost
Accounts payable, accrued liabilities and provisions	Other financial liabilities
Long-term debt	Other financial liabilities

(i) Financial assets

Financial assets measured at amortized cost are 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, the financial assets are measured at amortized cost using the effective interest rate method over the terms of the related debt, less any impairment cost.

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.

(ii) Financial liabilities

Financial liabilities are recognized initially at fair value plus any directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate method. 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.

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

d) 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 1.75%.

e) 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

f) 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 using the 'expected credit loss' model. The Commission makes use of the simplified approach in accounting for receivables and records the loss allowance as a lifetime expected credit loss as the receivables do not have a significant financing component. These are expected shortfalls in contractual cash flows, considering the potential default at any point during the life of the financial instrument. The Commission uses historical experience, external indicators and forward-looking information to calculate the expected credit loss. Receivables are written off when there is no reasonable expectation of recovery, during the year the Commission did not record an allowance (2018 - $nil). 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.

g) 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.

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.

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 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, however it is not expected that the new standard will have a material impact to the financial statements.

4. EFFECTS OF CHANGES IN ACCOUNTING POLICIES

i) IFRS 9 Financial Instruments (IFRS 9)

IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement", providing major changes to previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

The Commission adopted IFRS 9 with a transition date of April 1, 2018 which resulted in changes in accounting policies disclosed in the financial statements as outlined below. The adoption of IFRS 9 has not resulted in any measurement or impairment charges, therefore the Commission has not restated prior periods.

The measurement category and the carrying amount of financial assets and liabilities in accordance with IAS 39 and IFRS 9 at April 1, 2018 are compared as below:

	MEASUREMENT CATEGORY		CARRYING AMOUNT		
	Original IAS 39 category	New IFRS 9 category	Closing balance March 31, 2018 (IAS 39)	Impact of adoption of IFRS 9	Opening balance April 1, 2018 (IFRS 9)
Financial Assets					
Cash	Loans and receivables	Amortized cost	$2,637	–	$2,637
Receivables	Loans and receivables	Amortized cost	5,164	–	5,286
Restricted assets	Loans and receivables and held to maturity	Amortized cost	18,490	–	18,490

There have been no changes to the classification or measurement of financial liabilities as a result of the application of IFRS 9.

ii) IFRS 15 Revenue from Contracts with Customers (IFRS 15)

The Commission adopted IFRS 15 in place of IAS 18 "Revenue", effective April 1, 2018. As permitted by IFRS 15, the Commission has applied IFRS 15 for all contracts that were not completed as at March 31, 2018 on a modified retrospective basis which allows the Commission to adjust the statement of financial position on April 1, 2018, electing not to restate the prior period comparative financial statements which are reported under IAS 18.

The adoption of IFRS 15 had no impact on the Commission's revenue recognition policies, and therefore, there has been no adjustment to the current period's financial statements.

5. 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.

6. RESTRICTED ASSETS

	2019	2018
Capital fund – 2007 loan	$8,152	$6,338
Capital fund – 2015 loan	8,075	7,046
OM fund – 2007 loan	2,953	2,630
Debt service fund – 2007 Loan	249	326
Debt service fund – 2015 Loan	2,150	2,150
	$21,579	**$18,490**
Less: current portion	(8,152)	–
w	**$13,427**	**$18,490**

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, 2019, the OM Fund was held in a term deposit at a rate of 2.30% per annum, maturing September 23, 2019 and had a market value of $ 2,953 (2018 – $2,630).

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, 2019, the Debt Service Fund was held in a term deposit at rate of 2.30% per annum, maturing September 23, 2019 and had a market value of $249 (2018 – $326).

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, 2019, the Capital Fund was invested in guaranteed investment certificates earning between 2.43% - 2.61% per annum with a market value of $8,152 (2018 - $6,338). The Commission intends to withdraw the full balance of the capital fund to make a principal payment due December 4, 2019.

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, 2019, the Debt Service Fund was held in term deposits with a rate of 2.43%, per annum, maturing August 8, 2019 and had a market value of $2,150 (2018 – $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, 2019, the Capital Fund had a market value of $8,075 (2018 - $7,046) and was invested in banker's acceptances and a guaranteed investment certificate earning 2.40% – 2.60% per annum.

7. 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 August 2019, 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.

8. PROPERTY, PLANT AND EQUIPMENT

COST	LAND	BUILDINGS	BRIDGE ALM	BRIDGE AMM	ETC	OTHER	COMP EQUIPMENT	MOBILE EQUIPMENT	WIP	TOTAL
Balance, March 31, 2018	**$9,252**	**$8,499**	**$223,327**	**$45,576**	**$6,258**	**$16,224**	**$10,905**	**$2,282**	**$25,678**	**$348,001**
Additions	–	–	–	–	266	–	–	–	13,763	14,029
Retirements	–	–	(125)	–	–	–	–	(266)	–	(391)
Transfers	–	374	422	157	–	57	52	105	(30,424)	–
Balance, March 31, 2019	**9,252**	**8,667**	**253,087**	**45,733**	**6,524**	**16,281**	**10,957**	**2,121**	**9,017**	**361,639**

ACCUMULATED AMORTIZATION	LAND	BUILDINGS	BRIDGE ALM	BRIDGE AMM	ETC	OTHER	COMP EQUIPMENT	MOBILE EQUIPMENT	WIP	TOTAL
Balance, March 31, 2018	**–**	**$3,219**	**$30,587**	**$27,862**	**$5,106**	**$9,404**	**$9,568**	**$1,592**	**–**	**$87,338**
Amortization expense	–	276	4,898	1,326	237	1,309	320	141	–	8,507
Retirements	–	–	(2)	–	–	–	–	(245)	–	(247)
Balance, March 31, 2019	**–**	**3,495**	**35,483**	**29,188**	**5,343**	**10,713**	**9,888**	**1,488**	**–**	**95,598**
Net Book Values										
BALANCE, MARCH 31, 2018	**$9,252**	**$5,280**	**$192,740**	**$17,714**	**$1,152**	**$6,820**	**$1,337**	**$690**	**$25,678**	**$260,663**
BALANCE, MARCH 31, 2019	**$9,252**	**$5,172**	**$217,604**	**$16,545**	**$1,181**	**$5,569**	**$1,069**	**$633**	**$9,017**	**$ 266,041**

Included in current year additions to WIP are non-cash transactions of $3,365 (2018 – $Nil). These additions are not included in the purchase of property, plant and equipment as shown on the Statement of Cash Flows.

9. ACCOUNTS PAYABLE, ACCRUED LIABILITIES AND PROVISIONS

	2019	2018
Trade payables	$2,579	$1,601
Accrued expenses	934	505
Project holdbacks	4,549	4,260
Provisions	3,305	–
Accrued liabilities	1,644	1,695
Current portion of unearned revenue	46	38
	$13,057	**$8,099**

As at March 31, 2019, the Commission has recorded provisions for claims and other on-going matters related to various projects in the amount of $3,305 (2018 – $nil). Estimates are evaluated periodically and reflect all known information at year-end, including uncertainty associated with the timing and amount of the eventual settlement. Provisions are required to be measured at the present value of the expected future cash flows using a discount rate with the exception of amounts presented as current liabilities.

10. LONG-TERM DEBT

	2019	2018
Province of Nova Scotia – 2007 Loan	$9,551	$12,551
Province of Nova Scotia – 2015 Loan	160,000	160,000
	169,551	**172,551**
Less: current portion	(13,551)	(3,000)
	$156,000	**$169,551**

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

2020	$13,551
2021	5,000
2022	6,000
2023	7,000
2024	8,000
	$39,551

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.

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, 2019, the balance drawn was $nil (2018 – $nil) and no advances were outstanding during the year.

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, 2019, the balance drawn was $nil (2018 – $nil) and no advances were outstanding during the year.

11. FINANCE INCOME AND FINANCE COSTS

	2019 BUDGET (UNAUDITED)	2019	2018
Interest income on restricted assets	$(326)	$(697)	$(470)
Investment income	(50)	(253)	(115)
Finance income	(376)	(950)	(585)
Interest expense on long-term debt	4,952	4,903	5,056
NET FINANCE COST RECOGNIZED IN PROFIT OR LOSS	**$4,576**	**$3,953**	**$4,471**

12. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES

	2019	2018
Decrease (increase):		
Receivables	$41	$153
Prepaid expenses and inventory	(91)	24
Increase (decrease):		
Accounts payable, accrued liabilities and provisions	1,645	(9,933)
Deferred revenue	240	212
Current portion unearned revenue	8	(161)
Unearned revenue	(1)	(1)
NET CHANGE	**$1,842**	**$(9,706)**

Included in Accounts payable, accrued liabilities and provisions are non-cash transactions of $3,305 (2018 - $Nil) recorded as additions to WIP. These additions are not included in the purchase of property, plant and equipment as shown on the Statement of Cash Flows and correspondingly reversed from the net change in non-cash working capital balance.

13. 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.

14. 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.

15. 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.

The Commission has two long-term loans with the Province of Nova Scotia (note 6). The 2007 loan has an outstanding balance of $9,551 and interest charges for the period ended March 31, 2019 of $601 (2018 – $766), of which $159 (2018 - $209) was payable at year end. The 2015 loan has an outstanding balance of $160,000 and interest charges for the period ended March 31, 2019 of $4,301 (2018 - $4,290), of which $1,426 (2018 – $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, 2019 (2018 – $nil).

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

16. PENSION PLANS

The Commission is a Nova Scotia Public Service Superannuation Plan (PSSP) employer, which is a defined benefit plan. Eligible employees of the Commission are PSSP members and the Commission matches employee contributions to the PSSP 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 actuarial and investment risk of the PSSP is administered by Public Service Superannuation Plan Trustee Inc. The Commission is not responsible for any unfunded liability with respect to the PSSP and accounts for the contributions as a defined contribution plan.

Until January 6, 2018, the Commission sponsored a defined contribution pension plan for all permanent employees. The wind-up of this plan commenced January 7, 2018 and was completed with the registration cancelled by the Nova Scotia Superintendent of Pensions effective April 25, 2019.

The Commission recognized pension expense of $198 for the period ended March 31, 2019 (2018 - $158). No future contributions are required in respect of past service at March 31, 2019. In 2019, pension contributions totalling $22 (2018 – $20) have been recorded in WIP.

17. 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. During the year, under direction of the Commission's parent, the Province of Nova Scotia, employees with an accrued retirement benefit were allowed to receive their benefit at their choice. Following payment of these benefits, the Commission has a liability of $3 in accrued employee benefits at March 31, 2019 (2018–$196). A total of $15 (2018–$11) was allocated to operating, administration and maintenance expenses for the period

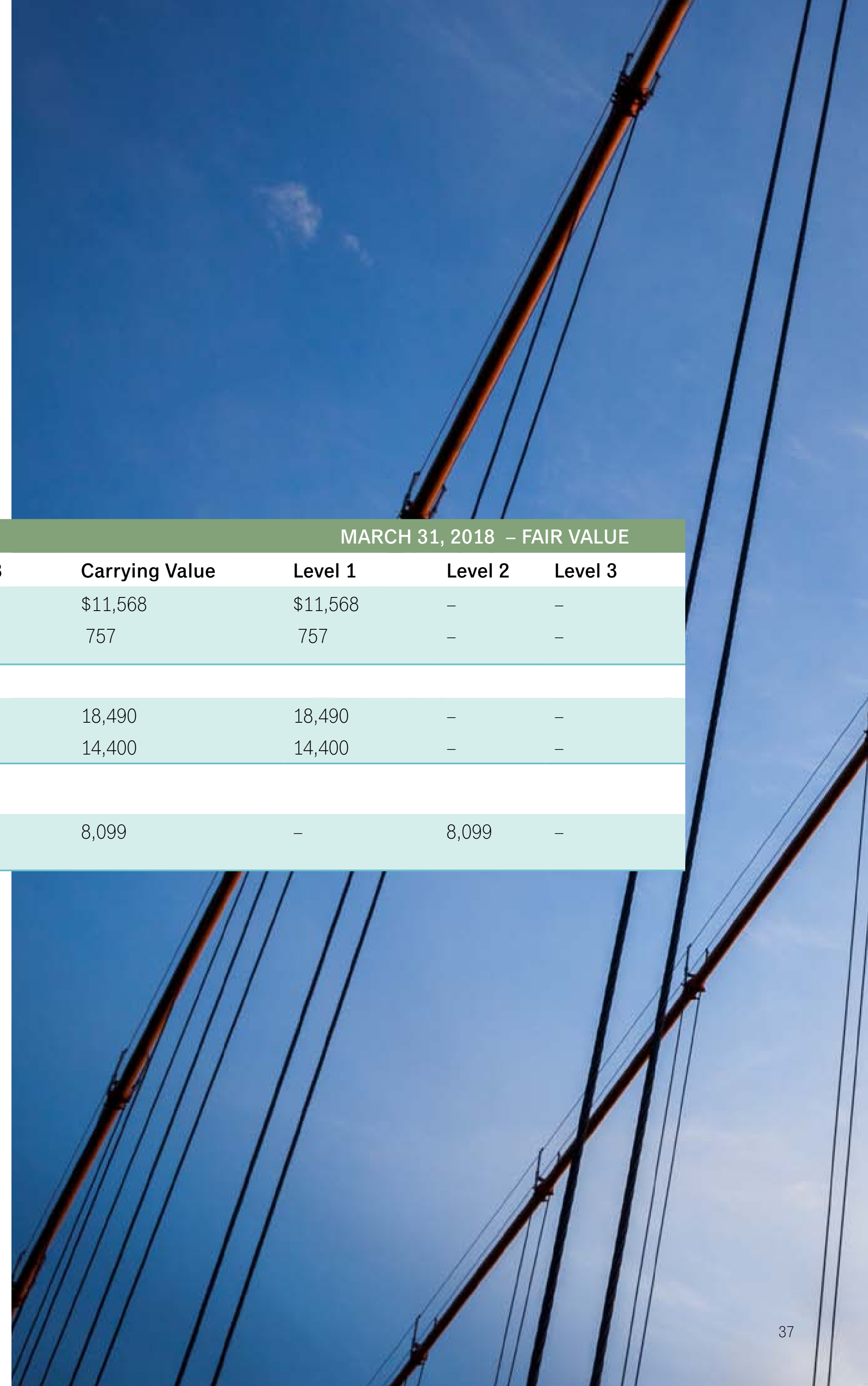
18. FAIR VALUE MEASUREMENT

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, 2019 – FAIR VALUE				MARCH 31, 2018 – FAIR VALUE			
Assets	**Carrying Value**	**Level 1**	**Level 2**	**Level 3**	**Carrying Value**	**Level 1**	**Level 2**	**Level 3**
Cash	$14,561	$14,561	–	–	$11,568	$11,568	–	–
Receivables	716	716	–	(125)	757	757	–	–
Restricted assets	21,579	21,579	–	4,898	18,490	18,490	–	–
Big Lift Fund	14,400	14,400	–	(2)	14,400	14,400	–	–
Liabilities								
Trade and other payables	9,752	–	9,752	–	8,099	–	8,099	–

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)



19. COMMITMENTS

The Commission has entered into contracts for the 2019-2020 fiscal year for the continued maintenance and capital improvement of the bridges in the amount of $4,372.

	2020	2021	2022	2023	2024
Contract obligations	$162	$114	$115	$117	$3
Capital contract obligations	4,210	–	–	–	–
TOTAL CONTRACT OBLIGATIONS	**$4,372**	**$114**	**$115**	**$117**	**$3**

20. 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.

21. COMPARATIVE FIGURES

Certain comparative figures for the March 31, 2018 period have been reclassified from those previously presented to conform to the financial statement presentation adopted for 2019.

PO Box 40, Dartmouth, Nova Scotia, Canada B2Y 3Y2
902.463.2800 | hdbc.ca | bridges@hdbc.ns.ca
@HHBridges

Halifax Harbour Bridges