



# ANNUAL REPORT

## 2018-2019

Building Foundations



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## LETTER FROM THE **CHAIR**

*Dwight Duncan*

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Over the past year, the Gordie Howe International Bridge project has been a recurring topic of conversation at the workplace, at social events and in the news. And rightfully so. The project is one of the most ambitious infrastructure projects underway today and it is one that will forever change the landscape of the Windsor-Detroit region.

Windsor-Detroit Bridge Authority (WDBA) is not only in the headlines but is quite literally making history.

This past fiscal year has been one of focused effort. WDBA has worked hard in building the foundations of this transformative project and our efforts have resulted in significant progress.

As you read this report, you will see that there is a lot worth celebrating - the completion of the public-private partnership procurement process, the selection of Bridging North America as our private-sector partner, Michigan advance construction, and, of course, the official start of construction.

These pivotal milestones were welcomed by our stakeholders on both sides of the border and signalled that this project is on its way forward.

Residents, business owners, community groups, workers, trade unions, Indigenous Peoples and elected officials at all levels of government, have together helped WDBA build the foundations for this massive undertaking, and they are to be thanked.

Our progress would not be possible without the work and dedication of our WDBA staff, our consultants and partners, and our private-sector partner, Bridging North America.

Together we have built the foundation of a successful partnership for years to come.

Dwight Duncan  
Chair



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## LETTER FROM THE **CEO**

*Bryce Phillips*

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I begin this letter with a deep sense of pride and thanks.

Shortly before I joined Windsor-Detroit Bridge Authority as its CEO, the organization announced the selection of Bridging North America as our Preferred Proponent. A few weeks later, advance construction began in Michigan, followed by the official start of construction in October 2018.

These are more than just dates in a calendar. These pivotal milestones represent the foundation on which we are building the Gordie Howe International Bridge project.

The foundation includes building strong and enduring relationships with local communities and stakeholders, building and developing a high-performing team within WDBA, and establishing a partnering relationship with our private-sector partner. All this, builds a strong reputation and brand for WDBA and the Gordie Howe International Bridge project.

Over the coming months and years, we will continue to strive to achieve our vision to successfully and safely deliver the project with high-quality, on-time and on-budget.

I would like to thank our employees, partners, advisors and contractors for their commitment and the Board of Directors and members of the International Authority and Infrastructure Canada for their guidance since I joined the organization.

I look forward to working with everyone as we collectively build the once-in-a-generation Gordie Howe International Bridge project – one that is a model for future public-private partnerships.

Bryce Phillips  
CEO



## ABOUT US

Windsor-Detroit Bridge Authority (WDBA) is a not-for-profit Canadian Crown corporation established in 2012 to deliver the Gordie Howe International Bridge project between Windsor, Ontario and Detroit Michigan. We are responsible for delivering North America's largest border infrastructure project and longest cabled-stayed bridge in North America.

WDBA is delivering this significant infrastructure investment via a public-private partnership (P3). As such, we are responsible for project oversight of our private-sector-partner, Bridging North America, during the construction and operation of the Gordie Howe International Bridge project. It is anticipated that the Gordie Howe International Bridge will be open to traffic by the end of 2024. Also, WDBA will set and collect all tolls.

WDBA reports to Parliament through the Minister of Infrastructure and Communities and is guided by our Board of Directors.

## MANDATE

Under the terms of its Letters Patent and of the Crossing Agreement, WDBA is responsible for carrying out the obligations of the Crossing Authority as a party to the Crossing Agreement and to construct, and/or operate the Gordie Howe International Bridge.

## MISSION

Our mission is to construct and/or operate the Gordie Howe International Bridge, alone or together, with one or more governmental authorities, and to do so directly or under one or more public-private partnership agreements (P3 Agreements) with one or more private-sector concessionaires procured through a competitive procurement process as contemplated by the Crossing Agreement.

## GOVERNANCE

Our Board of Directors oversees the management of our business and affairs. Continuous review of the board ensures it has the appropriate number of members with relevant and diverse expertise to enable it to make effective decisions. The board provides well-informed strategic direction and oversight that contribute to the strategic direction and sound governance of WDBA.

## BOARD OF DIRECTORS

WDBA's Board of Directors is made up of nine members including the Chief Executive Officer. These key individuals were appointed by the Minister of Infrastructure and Communities with approval by the Governor in Council.



Standing (left to right), Karla Avis, Judi Cohen, Rish Malhotra.  
Sitting (left to right), Shelly Cunningham, Michael J. Mueller, Dwight Duncan, André Juneau, Marie Campagna.

## INTERNATIONAL AUTHORITY

WDBA's International Authority is made up of six members\* (one seat remains vacant) that represent both Canada and Michigan.

*\*The sixth member was announced on June 23, 2019*

Our International Authority oversaw and approved key steps in the public-private partnership process that led to the identification of Bridging North America. They monitor compliance of our organization with the Crossing Agreement signed between Canada and Michigan.

### DURING 2018/2019, THERE WERE:

- 15** BOARD MEETINGS
- 5** MEETINGS OF THE COMMUNICATIONS AND OUTREACH COMMITTEE
- 5** MEETINGS OF THE AUDIT COMMITTEE
- 5** MEETINGS OF THE GOVERNANCE AND HUMAN RESOURCES COMMITTEE
- 8** INTERNATIONAL AUTHORITY MEETINGS



## PROJECT COMPONENTS

The Gordie Howe International Bridge project is one of the largest infrastructure projects in North America and, one of the most complex. The two Ports of Entry will feature architecture and landscape design that showcases functionality, design excellence, sustainability and barrier-free accessibility. The new bridge will be the longest cable-stayed bridge in North America and its iconic design will be an impressive and inspiring new gateway symbol for Canada and United States.

There are four components to the Gordie Howe International Bridge project:

### THE BRIDGE



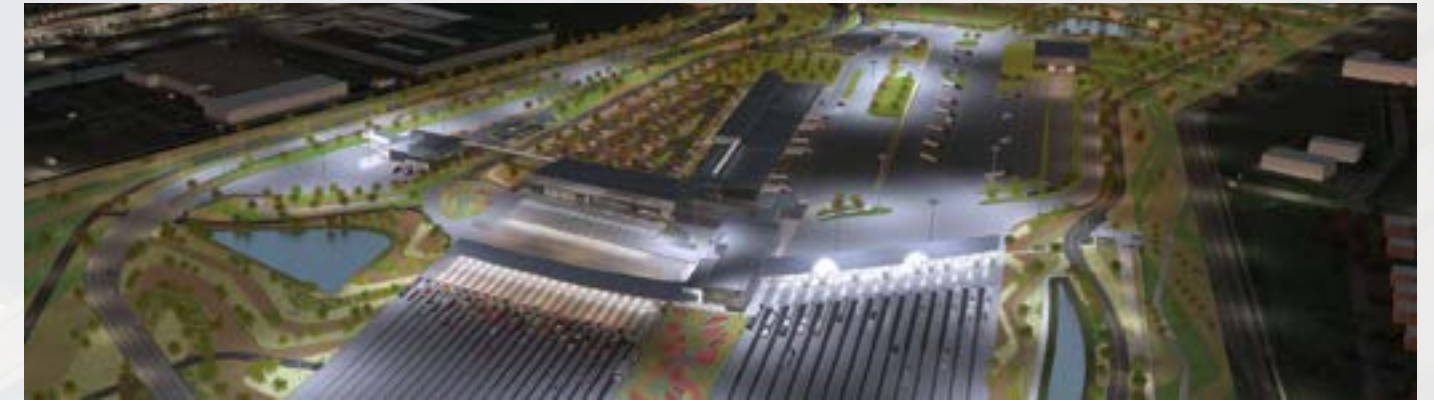
- Cable-stayed design - white to dark grey in colour
- Six-lanes: three Canadian-bound, three US-bound
- Total length: approximately 2.5 kilometres/1.5 miles
- Clear span of 853 metres/0.53 miles - the longest main span of any cable-stayed bridge in North America
- No piers in the water
- One approach bridge on each side of the crossing to connect Ports of Entry in Canada and the US
- The bridge tower shape will reflect the curvature of a hockey stick in a slap shot
- High-powered LED lighting will illuminate the bridge
- A dedicated, toll-free, multi-use path for pedestrians and cyclists

### THE CANADIAN PORT OF ENTRY



- Approximate 53 hectare/130 acre site
- Total building space 12,438m<sup>2</sup>/133,881ft<sup>2</sup>
- Inbound border inspection facilities for both passenger and commercial vehicles
- Outbound inspection facilities
- Toll collection facilities for both the US-bound and Canada-bound traffic
- 24 primary inspection booths
- Total landscaped area 10 hectares/24 acres
- Maintenance facility
- The footprint allows for the installation of further technology and the addition of expanded border processing facilities
- Once constructed, this port will be the largest Canadian port along the Canada-US border and one of the largest anywhere in North America

### THE US PORT OF ENTRY



- Approximate 68 hectare/167 acres
- Total building space 30,318m<sup>2</sup>/326,335sq<sup>2</sup>
- Inbound border inspection facilities for both passenger and commercial vehicles
- Outbound inspection facilities
- Commercial exit control booths
- A 30m/100ft buffer with vegetation and a public path will surround the US POE
- 36 primary inspection booths
- Total landscaped area 12 hectares/30 acres
- Once constructed, this port will be one of the largest ports of entry in North America

### THE MICHIGAN INTERCHANGE



- Local road improvements including:
  - 4 new road bridges
  - 5 new pedestrian bridges
  - Widened roads at key intersections to allow transport trucks to make full uninterrupted turns
- Primary connecting ramps to and from the US POE
- 4 bridges crossing the railway and connecting I-75 to the US POE
- Reconfiguration of I-75 interchange ramps and service drives



# A YEAR OF

## PREFERRED PROPONENT SELECTED

JULY 5, 2018

“ This is an exciting time for WDBA and for communities on both sides of the border. The selection of Bridging North America as the Preferred Proponent is another step toward the start of construction of the Gordie Howe International Bridge - the largest infrastructure project along the Canada-US border and one which will stimulate the economies in Canada and the United States.”

- Dwight Duncan, Chair, WDBA Board of Directors



## MICHIGAN ADVANCE CONSTRUCTION

JULY 17, 2018

“ Strong infrastructure is a key component of strong economic growth. Just as Mr. Hockey set one record after another, I'm confident the Gordie Howe International Bridge will facilitate new records in the U.S.-Canada trade relationship and bring our people even closer together.”

- Kelly Craft, United States Ambassador to Canada



# CELEBRATIONS

## FINANCIAL CLOSE

SEPTEMBER 28, 2018

“ The Gordie Howe International Bridge will be a stunning addition to Windsor and Detroit's shared skyline. Its modern yet timeless design married with advanced technology represents the future of international border crossings. The staff at WDBA, along with our consultants and partners are pleased to welcome Bridging North America to the 'Gordie Howe' team and we are proud to work together on this history-in-the-making infrastructure project.”

- Bryce Phillips, CEO, WDBA



## CONSTRUCTION START

OCTOBER 5, 2018

“ Today, full construction begins on the largest and most ambitious infrastructure project along the Canada-United States border. Canadians need infrastructure they can rely on to get where they want to go and to expand their businesses within our borders and beyond. The Gordie Howe International Bridge will help grow our economy, encourage increased trade and investment, and create good, well-paying jobs on both sides of the border.”

-The Rt. Hon. Justin Trudeau, Prime Minister of Canada





# 2018/19 CONSTRUCTION HIGHLIGHTS

Our theme this year is building foundations - not only in terms of construction, but with our neighbours, our host communities, our stakeholders and our private-sector partner, Bridging North America. Here are some construction highlights for the fiscal year 2018/19

## APRIL/MAY

Preparatory activities continued at the Canadian and US Ports of Entry and at the Michigan Interchange. This work included completion of duct bank installation, removal of abandoned cables, syphon installation and advance utility relocation which necessitated the installation of temporary hydro poles and the removal of two hydro towers. As well, US property acquisition continued.



## OCTOBER

Site preparation including grading and surveying for the construction of the bridge tower on the US side started.

## NOVEMBER

Seawall investigation began on the US side of the project to ensure that there are no sub-surface obstacles for the construction of the bridge pier.

## JUNE/JULY

Progress continued on the Perimeter Access Road with the laying of asphalt, line painting, and the installation of street lights and signage.

Work continued at the McKee Street Storm Sewer adjacent to the Canadian Port of Entry.

A temporary road to provide access to adjacent businesses was opened. US advanced utility relocations and demolitions continued.



## DECEMBER

Installation of wick drains, drainage layer and advanced fill commenced. This work was needed to prepare the ground for the main bridge approach at the Canadian POE.

## JANUARY

Wind tunnel testing of superstructure model was conducted. The testing includes traffic simulations of high-sided vehicles.



## AUGUST

Surveying of Canadian and US footprint began. This work was required in advance of the start of investigative geotechnical drilling.

## SEPTEMBER

A common survey reference for bridge construction ensuring both sides of the river are using the same survey information was completed.



## FEBRUARY

Testing of bridge deck soffit was conducted. This is one of the first components of the bridge superstructure to be manufactured.

## MARCH

New municipal sanitary pumping station commissioned. The new station replaced an existing station which needed to be relocated for the construction of the Canadian POE.



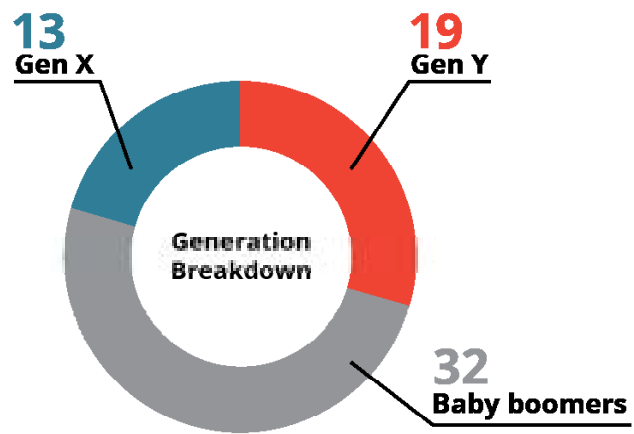


## WORK ENVIRONMENT

WDBA is committed to offering an excellent team working environment and a culture where safety comes first. WDBA has notable employment categories including, but not limited to, gender and linguistic diversity of both staff and Board of Directors. We will continue to focus on diversity goals, based on the local community make-up and implement the necessary strategies to maintain a diverse workforce. As of March 31, 2019, WDBA had 64 full-time employees. WDBA is also committed to offering experiential learning opportunities for post-secondary students. During the 2018/2019 fiscal year, 22 local college and university students were employed through WDBA's Co-op Education Program.



Employee Breakdown by Generation



**8 of 20**

Senior level management positions are filled by women





# STRATEGIC PRIORITIES

In previous years, WDBA established a set of strategic priorities which continue to be executed against to ensure the successful delivery of the Corporation's mandate. The successful delivery of these priorities helped to put WDBA in a position where construction could of this award-winning project could begin.

**Over the last fiscal year (2018-2019), WDBA has met milestones and goals on the following priorities :**

- Finalizing P3 procurement
- Stakeholder engagement and developing an understanding of the macroenvironment
- US Property acquisition
- Canadian Early Works and utility relocations
- US utility relocations
- Construction

## FINALIZING P3 PROCUREMENT

The procurement phase of the Gordie Howe International Bridge project was completed in fiscal year 2018-19, with Financial Close having been reached in September 2018. WDBA announced then that a fixed-price contract with a value of \$5.7 billion was signed with Bridging North America to design, build, finance, operate and maintain the Gordie Howe International Bridge project.

## STAKEHOLDER ENGAGEMENT

In fiscal year 2018-19, WDBA continued to build upon the strong foundation of stakeholder engagement and communications established in previous years. WDBA's approach is international in scope, developed to provide information and elicit engagement and feedback from residents in the immediate local communities, local businesses, and stakeholders with vested interests in a new international bridge and future users.



## US PROPERTY ACQUISITION

MDOT met 98% of its 2018-19 Possession Targets and 92% of its Project-Ready Targets.

In fiscal year 2018-19, as part of the property acquisition process, WDBA, through MDOT and its consultants, completed environmental site assessments by completing Preliminary Site Investigations and Due Care Plans for the parcels. WDBA also completed environmental remediation and/or demolition, to the extent necessary, so that properties would be project ready for handover to Bridging North America. Also, during 2018-19, all Preliminary Site Investigations were completed and building demolitions advanced.



## US UTILITY RELOCATIONS

Within the US POE and the Michigan Interchange, there are major third-party utilities that require relocation to facilitate the main construction. WDBA is undertaking this work through MDOT and the utility companies. US utility relocations were advanced in conjunction with MDOT's I-75 Inlay Project as well as by third party utilities (DTE, ITC and AT&T).

## CONSTRUCTION

After the selection of the Preferred Proponent, a separate contract was executed with Bridging North America on July 5, 2018, for advanced works during the summer of 2018. This allowed certain design and construction activities to commence during the time when the final Project Agreement and financing was being completed.

This advanced work included setting up project offices, survey and utility locates, commencing design activities on the main bridge, Michigan Interchange and POEs, field investigation for geotechnical work, test/technique shafts on the main Bridge pier foundations, sewer lining work in the US POE and syphon junction chamber work along the Northbound Service Drive at the I-75.



## CANADIAN EARLY WORKS AND UTILITY RELOCATION

The Early Works comprise, in part, the construction of a new perimeter access road around the Canadian POE to provide municipal connectivity to the City of Windsor road network and to provide access to the POE for employees and servicing.

As a component of Early Works, utilities in the area are being relocated into the new road right-of-way. Utilities include Hydro One as their overhead lines in the area of the Canada approach bridge are being relocated underground. Advance plaza fill is also being undertaken to allow ground settlements to occur in advance of the main project construction, reducing overall project risks.



# FINANCIAL MANAGEMENT DISCUSSION & ANALYSIS

For fiscal year 2019-20 WDBA will focus on the priorities listed below. While some of these priorities are carried over from the previous fiscal year, they have been renamed to provide refinement as these priorities have evolved from procurement, to our current design build-phase, and will continue to evolve into operations once construction of the Gordie Howe International Bridge project is completed.

## EXECUTING ON OVERSIGHT PLANS, ENSURING PROJECT AGREEMENT OBLIGATIONS ARE BEING MET

As part of WDBA's Project Governance Framework, a Project Management Plan was developed. The Project Management Plan will help to provide oversight coverage for all scopes of work for the Gordie Howe International Bridge project.

## DESIGN AND CONSTRUCTION OF THE GORDIE HOWE INTERNATIONAL BRIDGE PROJECT

In terms of design and construction of the Gordie Howe International Bridge project (consisting of the Canadian POE, bridge and approaches, US POE, and Michigan interchange), it is expected that construction will be undertaken over a 74-month schedule, starting in October 2018 and with the bridge open to traffic by the end of 2024.

## SITE PREPARATIONS

WDBA has been engaged in site preparation activities in the US and Canada since 2015. These preparations are comprised of property acquisition (undertaken by MDOT in the US) and Early Works, comprised of environmental remediation, demolition, utility relocation, perimeter access road construction and advance fill, and US utility relocation.



## BUILDING ORGANIZATIONAL CAPACITY AND CONTINUED ORGANIZATIONAL DEVELOPMENT DURING THE DESIGN-BUILD PHASE

WDBA continues to recognize that its greatest asset is its human resources. With the design-build phase of the Gordie Howe International Bridge project underway, the success of the organization will depend heavily on the ability to build capacity and capability, as well as retain the necessary resources to deliver on the mandate of the project.

## STAKEHOLDER ENGAGEMENT AND EXTERNAL POSITIONING FOR OPERATIONS

Over the last few years, WDBA has established a strong foundation of extensive outreach and relationship building with key stakeholders. It will continue to maintain the lead role in the delivery of all stakeholder engagement and outward-facing communications during the design-build phase of the project, with Bridging North America playing a supportive role. Key priorities include leading comprehensive stakeholder and community engagement as well as overseeing delivery of the Community Benefits Plan.

## TRANSITION PLANNING FROM CONSTRUCTION TO OPERATIONS

Over WDBA's five-year planning period, WDBA will begin to plan its transition from the design-build phase to operations.





# 2018-2019 FINANCIAL RESULTS

## OVERVIEW

Fiscal Year 2018-2019 was the fifth year of operations for WDBA, and was a transformative year, with significant progress made on its key activities. On July 5, 2018, WDBA announced the selection of the Preferred Proponent to design, build, finance, operate and maintain the Gordie Howe International Bridge Project. The successful proponent was Bridging North America (BNA).

On September 28, 2018, WDBA and BNA reached financial close, signing the Project Agreement (PA) between WDBA and BNA. Prior to financial close, WDBA and BNA separately signed the Early Work agreement, under which BNA has commenced certain start-up activities. This is reflected in the financial results, with increases in expenses, tangible capital assets, prepaid expenses and liabilities compared to the prior year.

In the second half of the year, the focus of WDBA shifted to the commencement of construction activities. BNA began to mobilize for construction, continued design work on the components of the project, and started certain preliminary activities.

BNA is responsible for contributing its own funds to the Project of an amount equal to 15% of construction and non-construction costs, or \$574.8 million, referred to in the Project Agreement with BNA as the Threshold Amount. BNA must contribute these funds prior to WDBA contributing its own funds to the Project. This amount is recognized as Due to Private Partner in the Statement of Financial Position; this obligation will be discharged by WDBA through Capital Payments, which commence upon the handover of the Canadian Port of Entry to WDBA.

During Fiscal Year 2018-2019, WDBA also continued advancing the following strategic priorities:

US Property acquisition

Completing Early Works

Utility relocation in Canada

Utility relocation in Michigan

## STATEMENT OF OPERATIONS

### OVERVIEW

WDBA's level of activity increased in Fiscal Year 2018-2019 over the prior year, with a corresponding increase in expenses. The increase in expenses accelerated after the signing of the PA and the Early Work agreement with BNA. BNA incurred significant costs related primarily to mobilization, design, administration and financing. Michigan property acquisition and preparation, Early Works preparation in Canada, and I-75 Interchange - related activities continued as WDBA worked to ensure that it would meet its obligations to the Public-Private Partner (P3), now reflected in the PA.

### REVENUE

WDBA revenue of \$5.0 million (2018: \$4.6 million) is substantially from interest earned on cash balances, and includes \$0.5 million of proceeds of insurance related to assets damaged by a flood on the Canadian POE in 2017-18.

### EXPENSES

WDBA incurred \$211.6 million (2018: \$84.0 million) of direct expenses in support of the project. The increase is primarily driven by an increase in I-75 costs of \$112.5 million related to mobilization and design costs, and the requirement in the procurement process to reimburse the two unsuccessful proponents for bid-related costs up to \$30 million.

Internal services costs reflect expenses to support the Gordie Howe International Bridge project, primarily salaries and benefits of support staff. WDBA incurred \$9.2 million of internal services costs (2018: \$9.1 million).

WDBA recognized expense of \$6.0 million (2018: \$3.9 million) for work performed for other government agencies.

The table below provides a breakdown of the expenses by expense type:

<b>(thousands of dollars)</b>		
	<b>2019</b>	<b>2018</b>
I-75 Costs	<b>127,168</b>	14,717
Reimbursement for Unsuccessful Proponents	<b>30,000</b>	-
Professional Services	<b>18,262</b>	15,479
Michigan Land	<b>12,086</b>	26,287
Payroll and Benefits	<b>8,717</b>	8,877
Legal Services	<b>8,381</b>	13,895
Work performed for other Government Agencies	<b>5,977</b>	3,871
Local Road Improvements	<b>5,083</b>	-
Insurance	<b>4,909</b>	1,456
Foreign Exchange Loss	<b>2,247</b>	1,768
Amortization	<b>1,111</b>	247
Office and Maintenance	<b>820</b>	516
Rent	<b>701</b>	644
Property Taxes	<b>646</b>	407
Travel Expenses	<b>437</b>	311
Other	<b>307</b>	318
Repairs and Maintenance	<b>3</b>	2,898
Transfers to International Authority	<b>2</b>	300
Impairment Loss	<b>-</b>	4,955
	<b>226,857</b>	96,946

As the I-75 interchange will be turned over to the State of Michigan upon completion of the project, all costs associated with the I-75 interchange are expensed as incurred. I-75 costs are primarily for mobilization and design costs incurred by BNA, which are new for 2018-19, and other professional services related to design and engineering for the I-75 interchange; the increase is due mainly to the BNA costs.



Reimbursement for Unsuccessful Proponents represent costs that were incurred by the two unsuccessful proponents in an effort to secure the P3 agreement for the Gordie Howe International Bridge that were reimbursed by WDBA in accordance with the terms of the Request for Proposal. The procurement process for the P3 allowed for the reimbursement of costs for the two unsuccessful proponents, to a limit of \$15 million each. The maximum reimbursements were provided. Local Road Improvements represents mobilization and design costs related to work to be performed on local roads in Canada outside of the Canadian POE.

WDBA has implemented an owner-controlled insurance program for insurance related to the construction of the project. The increase in insurance expense is the result of policies being put in place in anticipation of the start of construction.

The increase in professional services is primarily driven by an increase in the engineering and procurement activities in Michigan.

Work performed for other government agencies consist of \$5.9 million for environmental remediation work on a property adjacent to the Canadian POE for Infrastructure Canada (\$2.0 million in the prior year), and \$29,000 for site preparation work performed for the Ontario Ministry of Transportation on Bridge B-1 (\$1.9 million in the prior year). Bridge B-1 connects the Rt. Hon. Herb Gray Parkway to the Canadian POE.

Michigan land costs relate to the acquisition of property in Michigan that will be primarily used for the I-75 interchange, or is needed for the associated local road improvements. The decrease in Michigan land costs is primarily due to lower levels of property acquisition activities in Michigan compared to the prior year.

The decrease in legal services is primarily due to lower levels of property acquisition activities in Michigan compared to the prior year and completion of the P3 procurement process.

## APPROPRIATIONS

To support its activities, WDBA received \$345.1 million (2018: \$150.0 million) in appropriations and ended the year with a net surplus of \$129.2 million (2018: \$124.6 million). The surplus is mostly due to the timing of appropriations and expenses. The majority of the appropriations to date have been used to fund WDBA's capital costs.

Appropriations were used to fund BNA's activities, property acquisition activities in Michigan, the Early Works, Canadian and US utility relocation, design and engineering cost and WDBA operations. Appropriations were higher in 2019 primarily to fund BNA's activities as WDBA moves from the procurement phase of the project and into the construction phase.

## GOVERNMENT TRANSFER - OTHER

Government transfers - other represents contributions other than through appropriations to WDBA from the Government of Canada. The prior year contributions consist primarily of \$64.9 million for land contributed to WDBA by Infrastructure Canada. Consistent with the provisions of the Crossing Agreement, consideration for the lease is nil. The leased land provides a significant benefit to WDBA, therefore WDBA has recognized the lease as a tangible capital asset, contributed to WDBA at the carrying amount recorded by Infrastructure Canada.

## GOVERNMENT TRANSFER - RECOVERIES

Government transfers - recoveries relates to amounts reimbursed to WDBA for the environmental remediation work on a property adjacent to the Canadian POE owned by Infrastructure Canada. WDBA recovered \$5.9 million (2018: \$2.0 million) for this work. The increase is due to the increased level of activity in the current year.

# STATEMENT OF FINANCIAL POSITIONS

## OVERVIEW

BNA's activities, property acquisition, utility relocation, capitalized design and engineering costs, and the Early Works on the Canadian lands have driven significant changes in the Statement of Financial Position compared to the prior year. The impact of these activities is reflected in increases in most line items in the statement.

## NET FINANCIAL ASSETS (NET DEBT)

At March 31, 2019, WDBA's net debt was \$452.6 million (2018: net financial assets of \$130.9 million). Financial assets of \$278.1 million (2018: \$221.8 million) were mostly made up of \$240.4 million in cash and \$36.5 million in accounts receivable (2018: \$198.9 million and \$21.7 million), offset by \$730.6 million in liabilities (2018: \$90.9 million).

At March 31, 2019, WDBA had \$51.1 million in its operating cash accounts (2018: \$9.0 million), and a restricted cash balance of \$189.3 million in an escrow account (2018: \$189.9 million). The cash is held in a US dollar escrow account to fund US property acquisitions and other Michigan activities. WDBA is required to fund budgeted Michigan activities at the beginning of each quarter in the escrow account. The increase in cash in the operating account is primarily due to the need to fund anticipated expenditures related to BNA activities.

Accounts receivable consist mainly of recoverable HST. WDBA expects to recover 100% of the HST on expenditures directly related to construction (including design, engineering, plaza fill, utility relocation, etc.), and approximately 70% of the HST for expenditures related to WDBA's operating expenses.

Accounts payable and accrued liabilities of \$117.4 million at March 31, 2019, (2018: \$70.9 million) included payables and accruals for Michigan activities, BNA activities, utility relocation, engineering consulting services, legal fees, and environmental remediation work on Infrastructure Canada property. The increase is due largely to property acquisition in the State of Michigan and other Michigan activities, BNA activities, utility relocation and environmental remediation for Infrastructure Canada.

Accrued employee benefits of \$0.8 million (2018: \$0.8 million) represents accruals for employee bonuses and vacations. WDBA recorded an environmental liability of \$19.5 million at March 31, 2019, (2018: \$15.5 million) to reflect the anticipated costs of remediating contaminated properties.

Due to private partner represents WDBA's liability to BNA for BNA's contribution of 15% of the design and build costs. WDBA will repay BNA through capital payments, which will commence upon the handover of the Canadian POE to WDBA.



## NON-FINANCIAL ASSETS

WDBA held \$988.4 million of capital assets at March 31, 2019, (2018: \$287.9 million). These consist primarily of costs incurred related to the Gordie Howe International Bridge project (Construction in Progress), and land contributed by Infrastructure Canada.

Construction in Progress of \$858.2 million (2018: \$222.6 million) includes costs related to the building of the bridge, and the Canadian and US POEs. Given that the project is still in its early stages, the majority of the capitalized costs relate to BNA's activities (mobilization, design, administration and financing), utility relocation, professional services such as the general engineering contractor, and the Early Works on the Canadian lands. The primary reason for the increase is the commencement of BNA's activities in 2019.

The table below provides a breakdown of Construction in Progress:

**(thousands of dollars)**

	March 31, 2019	March 31, 2018
Bridge	335,133	57,430
Canadian Port of Entry	297,502	118,653
US Port of Entry	225,585	46,539
	<b>858,220</b>	<b>222,622</b>

WDBA signed a ground lease with Infrastructure Canada for the Canadian land effective July 1, 2017. Consistent with the provisions of the Crossing Agreement, consideration for the lease is nil. The leased land provides a significant benefit to WDBA, therefore WDBA has recognized the lease as a tangible capital asset, contributed to WDBA at the carrying amount recorded by Infrastructure Canada of \$64.9 million in 2018.

Prepaid expenses of \$135.6 million (2018: \$117.6 million) primarily consists of costs related to the acquisition of land in Michigan of \$113.4 million (2018: \$114.2 million). Of this amount, \$75.1 million has been acquired by MDOT (2018: \$75.4 million) and \$38.3 million (2018: \$38.9 million) relates to properties that MDOT is in the process of acquiring through the State of Michigan's eminent domain process.

Effective July 3, 2018, WDBA signed a master lease with Michigan for certain properties that have been acquired by Michigan. As properties are acquired and meet the necessary conditions, they are incorporated into the master lease and reclassified from prepaid expenses to tangible capital assets. The amount transferred in 2019 was \$58.3 million (2018: \$0).

Prepaid expenses also includes \$22.0 million of prepaid insurance (2018: \$3.0 million) related mainly to WDBA's owner-controlled insurance program for insurance related to the construction of the project.

## STATEMENT OF CANADIAN CONTRIBUTIONS AND STATEMENT OF UNRECOUPED CANADIAN CONTRIBUTIONS

Under the Crossing Agreement, WDBA is required to issue, annually, an audited Statement of Canadian Contributions and Statement of Unrecouped Canadian Contributions (the Statements). The Canadian Contributions reflect the costs that Canada has paid for the project, beginning in Fiscal Year 2005-2006, which will be recouped through WDBA's revenues. The Unrecouped Canadian Contributions represents the costs paid to date, plus an imputed cost of Unrecouped Canadian Contributions which is accrued annually on the outstanding balance, less revenues received by WDBA. The Statements do not include revenues or expenditures related to work performed on behalf of entities not a part of the Government of Canada, as these do not meet the definitions of Crossing Authority Revenue or Canadian Contributions as defined in the Crossing Agreement.

The aggregate Canadian Contributions paid as of March 31, 2019, is \$889.9 million (2018: \$558.9 million). The aggregate Imputed Cost on accrued as of March 31, 2019, is \$82.8 million (2018: \$52.7 million). These amounts are offset by aggregate Crossing Authority Revenue received of \$24.8 million as of March 31, 2019 (2018: \$9.9 million), for a balance of \$947.9 million in Unrecouped Canadian Contributions as of March 31, 2019, (2018: \$601.7 million).

The Statements have been included within this Annual Report following the financial statements of WDBA.



# FINANCIAL STATEMENTS

## STATEMENT OF MANAGEMENT RESPONSIBILITY

### WDBA FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

The accompanying financial statements of the Windsor-Detroit Bridge Authority (WDBA) are the responsibility of management.

The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards and necessarily include some estimates, which are based on management's best judgements.

Management is responsible for developing and maintaining books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the integrity and reliability of financial information, that assets are safeguarded and controlled, and that transactions and events are properly recorded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control in accordance with Part X of the *Financial Administration Act* and regulations, the *International Bridges and Tunnels Act* and regulations, and the letters patent, any supplementary letters patent, and by-laws of the Authority as well as the directives issued pursuant to section 89 of the *Financial Administration Act*. The Board exercises these responsibilities with the assistance of the Audit Committee of the Board, which is composed of four directors who are not employees of WDBA.

The Audit Committee meets with management and the Auditor General of Canada, the external auditor, and also reviews and recommends to the Board the approval of the Authority's annual financial statements. In addition, the external auditor has full and free access to the directors of the Authority.

The Auditor General of Canada is responsible for auditing the financial statements and for issuing his report thereon.



Bryce Phillips  
Chief Executive Officer

Windsor, Canada  
June 21, 2019



Mike St. Amant, CPA, CA  
Chief Financial and Administrative Officer

# INDEPENDENT AUDITOR'S REPORT



Office of the  
Auditor General  
of Canada

Bureau du  
vérificateur général  
du Canada

## INDEPENDENT AUDITOR'S REPORT

To the Minister of Infrastructure and Communities

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of the Windsor-Detroit Bridge Authority (the Authority), which comprise the statement of financial position as at 31 March 2019, and the statement of operations, statement of remeasurement gains and losses, statement of change in net financial assets (net debt) and statement of cash flow 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 Authority as at 31 March 2019, and the results of its operations, its remeasurement gains and losses, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### 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 Authority 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.

#### Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be



materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *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 Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority'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 Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority'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 Authority'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 Authority'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 Authority 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.

#### **Report on Compliance with Specified Authorities**

##### *Opinion*

In conjunction with the audit of the financial statements, we have audited transactions of the Windsor-Detroit Bridge Authority coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are Part X of the *Financial Administration Act* and regulations, the *International Bridges and Tunnels Act* and regulations, the articles and by-laws of the Windsor-Detroit Bridge Authority, and the directives issued pursuant to section 89 of the *Financial Administration Act*.

In our opinion, the transactions of the Windsor-Detroit Bridge Authority that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act*, we report that, in our opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

##### *Responsibilities of Management for Compliance with Specified Authorities*

Management is responsible for the Windsor-Detroit Bridge Authority's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Windsor-Detroit Bridge Authority to comply with the specified authorities.



# STATEMENT OF FINANCIAL POSITION

## Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.



Etienne Matte, CPA, CA  
Principal  
for the Interim Auditor General of Canada

Ottawa, Canada  
21 June 2019


## Windsor-Detroit Bridge Authority as at March 31 (thousands of dollars)

	2019	2018
<b>FINANCIAL ASSETS</b>		
Cash	51,090	9,008
Restricted cash (Note 3)	189,276	189,913
Accounts receivable	36,527	21,747
Deposits	1,160	1,160
<b>TOTAL FINANCIAL ASSETS</b>	<b>278,053</b>	<b>221,828</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	117,376	70,913
Accrued employee benefits	784	753
Environmental liability (Note 4)	19,523	15,468
Holdback (Note 5)	10,666	3,807
Due to private partner (Note 6)	582,280	-
<b>TOTAL LIABILITIES</b>	<b>730,629</b>	<b>90,941</b>
<b>NET FINANCIAL ASSETS (NET DEBT)</b>	<b>(452,576)</b>	<b>130,887</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 7)	988,380	287,948
Prepaid expenses (Note 8)	135,583	117,601
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>1,123,963</b>	<b>405,549</b>
<b>ACCUMULATED SURPLUS</b>	<b>671,387</b>	<b>536,436</b>
Accumulated surplus is comprised of:		
Accumulated operating surplus	671,044	541,856
Accumulated remeasurement gains (losses)	343	(5,420)
	<b>671,387</b>	<b>536,436</b>


Commitments (Note 9) and Contingencies (Note 10)

The accompanying notes form an integral part of the financial statements.

Approved by the Board of Directors



Dwight Duncan  
Chair of the Board



Marie Campagna  
Chair of the Audit Committee



## STATEMENT OF OPERATIONS

Windsor-Detroit Bridge Authority  
for the year ended March 31  
(thousands of dollars)

	2019 Budget	2019 Actual	2018 Actual
<b>REVENUE</b>			
Revenue from operations	-	38	1,856
Proceeds from insurance claims	-	515	-
Interest	-	4,492	2,745
<b>TOTAL REVENUE</b>	-	5,045	4,601
<b>EXPENSES (Note 11)</b>			
Gordie Howe International Bridge Project	191,755	211,631	84,006
Internal services	17,107	9,249	9,069
Work performed for other Government agencies	-	5,977	3,871
<b>TOTAL EXPENSES</b>	208,862	226,857	96,946
<b>DEFICIT BEFORE GOVERNMENT FUNDING</b>	(208,862)	(221,812)	(92,345)
Government transfers - Appropriations (Note 12)	352,636	345,052	149,985
Government transfers - Other (Note 12)	-	-	64,979
Government transfers - Recoveries (Note 12)	7,060	5,948	2,015
	359,696	351,000	216,979
<b>ANNUAL OPERATING SURPLUS</b>	150,834	129,188	124,634
<b>ACCUMULATED OPERATING SURPLUS, BEGINNING OF YEAR</b>	522,131	541,856	417,222
<b>ACCUMULATED OPERATING SURPLUS, END OF YEAR</b>	672,965	671,044	541,856

The accompanying notes form an integral part of the financial statements.

## STATEMENT OF REMEASUREMENT GAINS AND LOSSES

Windsor-Detroit Bridge Authority  
for the year ended March 31  
(thousands of dollars)

	2019 Actual	2018 Actual
<b>ACCUMULATED REMEASUREMENT LOSSES, BEGINNING OF YEAR</b>	(5,420)	(529)
Unrealized gains (losses) attributable to:		
Foreign exchange	3,516	(6,659)
Amounts reclassified to the Statement of Operations:		
Foreign exchange	2,247	1,768
<b>NET REMEASUREMENT GAINS (LOSSES) FOR THE YEAR</b>	5,763	(4,891)
<b>ACCUMULATED REMEASUREMENT GAINS (LOSSES), END OF YEAR</b>	343	(5,420)

The accompanying notes form an integral part of the financial statements.



## STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)

Windsor-Detroit Bridge Authority  
for the year ended March 31  
(thousands of dollars)

	2019 Budget	2019 Actual	2018 Actual
ANNUAL OPERATING SURPLUS	150,834	129,188	124,634
Acquisition of tangible capital assets	(482,130)	(701,543)	(157,683)
Amortization of tangible capital assets	920	1,111	247
Impairment of tangible capital assets	-	-	4,955
	(330,376)	(571,244)	(27,847)
Changes in other non-financial assets			
Acquisition of prepaid expenses	-	(82,832)	(66,530)
Use of prepaid expenses	-	6,506	2,937
Transfer of prepaids to capital	-	58,345	-
	-	(17,981)	(63,593)
Net remeasurement gains and (losses) for the year	-	5,763	(4,891)
DECREASE IN NET FINANCIAL ASSETS	(330,376)	(583,462)	(96,331)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	127,385	130,887	227,218
NET FINANCIAL ASSETS (NET DEBT), END OF YEAR	(202,991)	(452,575)	130,887

The accompanying notes form an integral part of the financial statements.

## STATEMENT OF CASH FLOW

Windsor-Detroit Bridge Authority  
for the year ended March 31  
(thousands of dollars)

	2019	2018
OPERATING TRANSACTIONS		
Cash receipts from Government transfers	351,000	152,000
Interest received	4,522	2,517
HST Refunds	9,943	6,468
Other cash receipts	532	1,969
Cash payments to suppliers	(209,476)	(144,144)
Proceeds from insurance claims	515	-
Cash payments to and on behalf of employees	(8,582)	(8,656)
Transfers to International Authority	(1)	(300)
CASH PROVIDED BY OPERATING TRANSACTIONS	148,453	9,854
CAPITAL TRANSACTIONS		
Cash used to acquire tangible capital assets	(111,872)	(78,503)
CASH APPLIED TO CAPITAL TRANSACTIONS	(111,872)	(78,503)
Effect of exchange rate changes on cash	4,864	(7,955)
Increase (decrease) in cash and cash equivalents	41,445	(76,604)
Cash and cash equivalents at beginning of period	198,921	275,525
Cash and cash equivalents at end of period	240,366	198,921
Cash is composed of:		
Cash	51,090	9,008
Restricted cash	189,276	189,913
	240,366	198,921

The accompanying notes form an integral part of the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

## 01. AUTHORITY AND ACTIVITIES

Windsor-Detroit Bridge Authority (WDBA), incorporated on October 9, 2012, under Order in Council P.C. 2012-1350, is a Crown Corporation listed under Schedule III Part I of the *Financial Administration Act* (FAA) and is not subject to income tax under the provisions of the *Income Tax Act*.

WDBA was established in accordance with the Crossing Agreement signed by the Government of Canada and the State of Michigan on June 15, 2012. The mandate of WDBA is to design, construct, finance, operate and maintain a new international crossing between Windsor, Ontario and Detroit, Michigan through a Public-Private Partnership.

In the early stages of the Gordie Howe International Bridge project (Project), the international crossing was designated the Detroit River International Crossing on May 14, 2015, the international crossing was officially named the Gordie Howe International Bridge.

WDBA is also mandated to design, construct and finance the interchange between the Gordie Howe International Bridge and the Interstate 75 (I-75), a highway that is part of the United States' Interstate Highway System. In accordance with the Crossing Agreement, the interchange shall also be a part of the Interstate Highway System. Once the construction of the interchange has been completed it will be turned over to the Michigan Department of Transportation (MDOT). MDOT will be responsible for maintaining the interchange; WDBA will have no further responsibility for or involvement with the interchange.

The Crossing Agreement also established the International Authority, a legal entity separate and distinct from WDBA. The International Authority is empowered to approve land acquisitions in the State of Michigan, leases of land in Michigan, as well as the Request for Qualifications, Request for Proposals and the Public-Private Agreement with respect to the Project. The International Authority also has certain oversight responsibilities. These are to maintain on-going monitoring of compliance by WDBA with the Crossing Agreement and the Concessionaire with the Public-Private Agreement.

The International Authority is governed by a board consisting of six members. Two of the members are appointed by the Government of Canada, one member by WDBA, and three members appointed by the State of Michigan. All costs of the International Authority are funded by WDBA.

WDBA depends on funding from the Government of Canada for its operations and will require funding from the Government of Canada to partially fund the construction of the international crossing. After completion of the bridge WDBA will continue to depend on funding from the Government of Canada to finance operations until the bridge operations generate a surplus.

On September 28, 2018, WDBA entered into a Public-Private Agreement (Project Agreement) with Bridging North America (BNA) to design, build, partially finance, operate and maintain the Project. Specifically, the Project Agreement covers BNA's responsibilities to design, construct, partially finance, operate and maintain the Facility; and to design, construct and partially finance the Interstate 75 Interchange (I-75 Interchange). The components of the Facility are the Bridge, the Canadian Port of Entry, and the US Port of Entry. The Project Agreement will expire in 2054. BNA is responsible for financing the Facility and the I-75 Interchange to an amount equal to 15% of design and build costs. BNA contributed these funds prior to WDBA contributing its own funds to the Project. BNA contributions will be repaid through Capital Payments.

By Order in Council P.C. 2014-1382 dated December 10, 2014, WDBA is also subject to a directive pursuant to Section 89 of the *Financial Administration Act* as follows:

a) To ensure that the pension plans will provide:

i. A 50:50 current service cost-sharing ratio between employee and employer for pension contributions, to be phased in for all members by December 31, 2017, and,

ii. For any employee hired on or after January 1, 2015, that the normal age of retirement is raised to 65 years and that the age at which retirement benefits are available, other than those received at the normal age of retirement, corresponds with the age at which they are available under the Public Service Pension Plan; and

b) To outline its implementation strategies with respect to the commitments set out in paragraph (a) In its next corporate plan and subsequent corporate plans until the commitments are fully implemented.

WDBA implemented this directive effective December 31, 2017.

In July 2015, WDBA was issued a directive (P.C. 2015-1114) pursuant to section 89 of the *Financial Administration Act* to align its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with their legal obligations and to report on the implementation of the directive in WDBA's corporate plan. WDBA has implemented this directive effective August 7, 2015.

The financial statements were approved and authorized for issuance by the Board of Directors on June 21, 2019.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### a. Basis of Accounting

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS).

### b. Public-Private Partnership

WDBA accounts for the Public-Private Partnership to reflect the terms of the Project Agreement in accordance with Canadian PSAS. Eligible costs incurred by BNA related to the Facility are recognized as tangible capital assets, as the Facility is constructed. These costs include design and build costs, interest costs incurred prior to assets being ready for productive use, as well as rehabilitation payments which are determined to be a betterment. Eligible costs related to the I-75 Interchange are recognized as expenses as they are incurred given that this component will be turned over to MDOT upon completion. At this point, WDBA will have no further responsibility for or involvement with the I-75 Interchange.

WDBA recognizes the associated liability of the Public-Private Partnership for the first 15% of the design and build costs as Due to Private Partner. A 15% holdback is also recorded as a liability for each subsequent invoice of the design and build costs, which will be due upon substantial completion of the Facility.



# NOTES TO THE FINANCIAL STATEMENTS

The liability for funds contributed by BNA is recognized as Due to Private Partner in the Statement of Financial Position; this obligation will be discharged by WDBA through Capital Payments, which commence upon the handover of the Canadian Port of Entry to WDBA.

Operating, maintenance and repair payments, and rehabilitation payments which are not determined to be a betterment will be recognized as expenses.

Revenue from operations will consist of tolls collected from users of the Bridge. Revenue will be recognized as it is earned, as evidenced by WDBA's fulfillment of its performance obligations for the use of the Bridge when the Facility is in productive use.

## c. Revenue

WDBA recognizes revenue when the transactions or events giving rise to the revenues occur. Normally, revenues are recognized when persuasive evidence of an arrangement exists, services have been provided or goods have been delivered, the amount is fixed and determinable, and collection is reasonably assured.

## d. Interest

Interest on cash deposits is recorded in the period in which it is earned.

## e. Proceeds from Insurance Claims

Proceeds from insurance claims are recognized in the period in which they are confirmed.

## f. Expense Recognition

All expenses are recognized in the period in which they are incurred. Estimates for accruals are made at the end of each period.

## g. Government Transfers – Appropriations

Government transfers are recognized as revenue when the transfer is authorized and eligibility criteria are met, except to the extent that stipulations give rise to an obligation that meets the definition of a liability. Transfers received are recognized as deferred revenue when stipulations give rise to a liability.

For government transfers initially recognized as deferred revenue, revenue is recognized in the statement of operations as the stipulations are met. Any portion of government transfers to which WDBA is entitled to but has not received is recognized under Accounts Receivable from the Government of Canada.

## h. Government Transfers – Other

Costs incurred by the Government of Canada to support WDBA that would otherwise have been incurred by WDBA are recognized in the financial statements of WDBA at the carrying amount. These costs are reported as Government Transfers - Other, and expensed or capitalized as contributions to tangible capital assets depending on their nature as economic resources are consumed and used by WDBA.

## i. Government Transfers – Recoveries

Costs recovered from the Government of Canada for services provided by WDBA are recognized in the financial statements at the exchange amount.

## j. Cash and Restricted Cash

Cash and restricted cash consist of cash held in WDBA's bank accounts.

## k. Accounts Receivable

Accounts receivable are recorded and carried at cost. Accounts receivable are reviewed at each financial statement date by WDBA for impairment. Accounts receivable consist primarily of HST receivable.

## l. Deposits

Deposits with other entities are recorded and carried at cost. Deposits represent amounts held by third parties under the terms of their contracts with WDBA.

## m. Accounts Payable and Accrued Liabilities

Accounts payable are recorded and carried at cost. Accounts payable consist primarily of amounts related to the ongoing construction activities of the Project.

## n. Environmental Obligations

Whenever WDBA accepts responsibility or has direct responsibility for sites where contamination exceeds environmental standards, plans to abandon future economic benefits to remediate the property, and where the amount involved can be reasonably estimated, an obligation for the clean-up of the contaminated sites is recorded as a liability in the Statement of Financial Position. The estimate includes costs directly attributable to remediation activities, post-remediation operations, and maintenance and monitoring activities that are an integral part of the remediation strategy. The estimated future costs are recorded as a liability and are based on the present value of the estimated cash flows of costs that are most likely to be incurred. If it proves impossible to make a reasonable estimate of the amount or it is not expected that remediation will occur, the situation will be disclosed through a note to the Financial Statements.

## o. Due to Private Partner

The amount Due to Private Partners consists of the obligation to BNA for the first 15% of the design and build costs. The obligation is measured at amortized cost based on the effective interest rate, which is represented by the rate implicit within the contract. Capital payments commence upon handover of the Canadian Port of Entry and expire after 30 years, which include both principal and interest payments.

## p. Tangible Capital Assets

Tangible capital assets are recorded at cost. Replacements, major improvements and costs which extend the useful service lives of existing assets or increase their capacity, are capitalized. Repairs and maintenance are charged to the Statement of Operations as incurred.

Amounts included in construction in progress are not amortized until transferred to the appropriate capital asset classification. The amounts are transferred when the assets are ready for productive use in accordance with WDBA's policies.

Tangible capital assets are amortized over their estimated useful lives using the straight-line method, over the following periods:

Leasehold improvements	between 3 and 7 years
Office equipment and furniture	between 3 and 10 years
Roads	between 4 and 6 years
Leased Property	between 93 and 94 years



# NOTES TO THE FINANCIAL STATEMENTS

When conditions indicate that a tangible capital asset no longer contributes to the ability of WDBA to provide services, or that the value of future economic benefits associated with a tangible capital asset is less than its net carrying value, the cost of the tangible capital asset is reduced to reflect the impairment. Net write-downs on tangible capital assets are recorded as expenses in the Statement of Operations. Assessments of whether such conditions exist are made, at a minimum, at each financial statement date.

## q. Prepaid Expenses

Payments made prior to the related services being rendered are recorded as prepaid expenses. Prepaid expenses are recognized in expense as the related services are rendered.

Payments made to the State of Michigan to fund the purchase of land for the Project and that will be leased to WDBA are recorded as prepaid expenses. Payments made to purchase land that will not be leased back to WDBA, but will remain the responsibility of the State of Michigan are expensed as incurred.

Payments made for Michigan land through the condemnation process which will be leased to WDBA are recorded as Prepaid Expenses – Michigan Land Acquisitions through Condemnation. Payments made for properties that will not be leased back to WDBA, but will remain the responsibility of the State of Michigan are expensed as incurred.

When land is brought into the master lease agreement with Michigan it is reclassified to tangible capital assets (leased property).

## r. Contingent Liabilities

Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is recognized and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

## s. Pension and Benefit Plans

WDBA offers a defined contribution pension plan and a group benefit plan to its employees; expenses related to these plans are recognized in the period in which they are incurred.

## t. Financial Instruments

WDBA identifies, assesses and manages financial risks in order to minimize their impact on its results and financial position. Financial risks are managed in accordance with specific criteria. WDBA does not engage in speculative transactions or the use of derivatives.

The measurement of financial instruments depends on their classification as follows:

Categories	Financial instruments	Measurement
Financial assets	Cash	Cost or amortized cost
	Restricted cash	Cost or amortized cost
	Deposits	Cost or amortized cost
Financial liabilities	Accounts payable and accrued liabilities	Cost or amortized cost
	Holdback	Cost or amortized cost
	Due to private partner	Cost or amortized cost

## u. Foreign Currency Translation

Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates in effect at the time of those transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the rate at the end of each year. Until an item is settled, gains and losses arising as a result of remeasurement are reported in the Statement of Remeasurement Gains and Losses. When the item is settled, the exchange gains and losses are recorded in the Statement of Operations.

## v. Measurement Uncertainty

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts and presentation of assets and liabilities at the financial statements date and the reported amounts of revenues and expenses during the reporting period. The amount of GST/HST recoverable, the estimated useful life of tangible capital assets, accrued liabilities, environmental liabilities, impairments and contingencies are the most significant items where estimates are used. Actual results could differ significantly from those estimates.

## w. Budget Figures

Budget figures included in the financial statements were provided for comparison. These figures are from WDBA's Corporate Plan which was approved by WDBA's Board of Directors and the Treasury Board Secretariat.

## x. Accounting Standards and Guidelines Adopted During the Year

The following standard was issued by the PSAB effective April 1, 2018, and was adopted by WDBA on April 1, 2018:

*PS 3430 Restructuring transactions:* This new Section defines a restructuring transaction and establishes standards for recognizing and measuring assets and liabilities transferred in a restructuring transaction.

The adoption did not have an impact on the financial statements.

The following standard was issued by the PSAB on November 1, 2018, and was early adopted by WDBA effective April 1, 2018.

*PS 3400 Revenue:* This new Section establishes standards on how to account for and report on revenue.

The adoption did not have an impact on the financial statements and no adjustment was required to the opening accumulated surplus

## y. Standards Issued to be Adopted at a Later Date

The following standard has been issued by the PSAB:

*PS 3280 Asset Retirement Obligation:* This new Section establishes standards on when and how to account for an asset retirement obligation.

This Section was issued by PSAB in August 2018 and will be effective for fiscal years beginning on or after April 1, 2021. WDBA intends to adopt this standard when it becomes applicable and is currently evaluating the impact of adopting this standard on its financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

## 3. RESTRICTED CASH

Restricted cash consists of funds deposited into an escrow account. The cash in the escrow account is used to fund the Project activities in Michigan, including property acquisition and related costs, planning and engineering costs.

WDBA is required by the Michigan Activities Funding Acknowledgement to utilize an escrow account to hold and disburse the funds for these activities. The Michigan Activities Funding Acknowledgement outlines the processes, roles and responsibilities surrounding the acquisition of property in Michigan by the Michigan Parties (MDOT and the Michigan Strategic Fund, or MSF) and other Project activities in Michigan. The escrow account is funded by WDBA on a quarterly basis.

## 4. ENVIRONMENTAL LIABILITY

WDBA recognizes a provision for environmental cleanup when all of the following conditions are satisfied: an environmental standard exists; the level of contamination has been determined to exceed the environmental standard; WDBA is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made at that time.

WDBA is responsible for the land required for the Project. In Canada, this consists of land contributed by the Government of Canada to WDBA for use in the Project. The Michigan land required for the Project is purchased by the State of Michigan; these purchases are funded by WDBA. It has been determined that certain parcels of land contain levels of contamination above acceptable environmental standards. WDBA expects that future economic benefits will be given up to remediate the contamination; remediation will be performed as part of the activities to prepare the site for the construction of the Project.

The contamination is the result of prior owners' use of the land. Remediation will require the excavation and disposal of contaminated soil. Studies commissioned by WDBA estimate that the cost of remediation activities for the Canadian land to be \$0 (2018: \$3,135), and \$19,523 for the Michigan land, (2018: \$12,333) for a total of \$19,523 (2018: \$15,468).

This amount was recorded as an environmental liability in the Statement of Financial Position. Of this amount, \$16,653 (2018: \$13,738) was capitalized to the cost of the Project, and \$2,870 (2018: \$1,730) relating to land that will not be leased to WDBA, but will remain the responsibility of the State of Michigan, was expensed.

## 5. HOLDBACK

WDBA temporarily retains an amount on the total due to contractors to ensure that the latter fulfill their obligations. The contracts call for WDBA to pay holdbacks upon substantial completion of the individual contracts.

## 6. DUE TO PRIVATE PARTNER

BNA is responsible for financing the Project to an amount equal to 15% of design and build costs, (the Threshold Amount \$574,803), prior to WDBA contributing its own funds to the Project. The Threshold Amount was achieved during March 2019, with the liability presented as the present value of expected future cash flows, discounted at the implied effective interest rate of 3.24%.

This liability will be discharged by WDBA through Capital Payments, which commence upon the handover of the Canadian Port of Entry to WDBA and expire 30 years after that date. Estimated repayments for the next five years and thereafter are as follows:

(thousands of dollars)	
Capital Payments:	
2020 Through 2023	-
2024	11,683
2025 and Thereafter	1,039,769
Less: Total Interest	(476,649)
Private Partner Contribution	574,803
Capitalized Interest To Date	6,056
Expensed Interest To Date	1,421
Liability	582,280

## 7. TANGIBLE CAPITAL ASSETS

(thousands of dollars)							
	Leasehold Improvements	Computer and Office Equipment	Construction in Progress	Land	Roads	Leased Property	Total
<b>Cost</b>							
April 1, 2017	810	327	134,802	-	-	-	135,939
Acquisitions	22	-	92,775	-	-	-	92,797
Contributions	-	-	-	64,886	-	-	64,886
Impairments	-	-	(4,955)	-	-	-	(4,955)
March 31, 2018	832	327	222,622	64,886	-	-	288,667
April 1, 2018	832	327	222,622	64,886	-	-	288,667
Acquisitions	19	10	643,169	-	-	-	643,198
Transfers	-	-	(7,571)	-	7,571	-	-
Transfers from Prepays	-	-	-	-	-	58,345	58,345
March 31, 2019	851	337	858,220	64,886	7,571	58,345	990,210
<b>Accumulated Amortization</b>							
April 1, 2017	277	195	-	-	-	-	472
Amortization	138	109	-	-	-	-	247
March 31, 2018	415	304	-	-	-	-	719
April 1, 2018	415	304	-	-	-	-	719
Amortization	114	14	-	-	675	308	1,111
March 31, 2019	529	318	-	-	675	308	1,830
<b>Net Book Value</b>							
March 31, 2018	417	23	222,622	64,886	-	-	287,948
March 31, 2019	322	19	858,220	64,886	6,896	58,037	988,380



## NOTES TO THE FINANCIAL STATEMENTS

At March 31, 2019, WDBA recognized construction in progress of \$858,220 (2018: \$222,622) for the Project based on eligible costs incurred to date, including capitalized interest of \$6,056 (2018: \$0). The Project components will be amortized over their estimated useful lives once they are entered into operation and commence rendering service. During the year, WDBA recognized \$132,251 (2018: \$14,717) of expense related to the I-75 costs and local road improvements, including interest of \$1,421 (2018: \$0).

The acquisition of tangible capital assets shown above includes an amount of \$565,862 (2018: \$38,540) for capital items and holdbacks that remain to be paid for as at March 31, 2019. These items are not included in the Statement of Cash Flow.

On July 3, 2018, WDBA executed a master lease agreement with Michigan for properties in Michigan's possession. As of March 31, 2019, \$58,345 of Michigan land has been transferred from prepaid expenses (Note 8 - Michigan Land acquisition) to tangible capital assets (Leased Property).

In 2018, WDBA recognized impairment losses totaling \$4,955 to write-down damaged assets in construction in progress to their net realizable values. Due to physical damage to the assets, WDBA determined that the assets provided no future benefit to WDBA.

### 8. PREPAID EXPENSES

(thousands of dollars)

	2019	2018
Michigan Land Acquisitions	75,075	75,388
Michigan Land Acquisitions through Condemnation	38,305	38,853
Prepaid Insurance	22,036	3,010
Other	167	350
	<b>135,583</b>	<b>117,601</b>

The Michigan Land acquisition is related to payments made to the State of Michigan to fund the purchase of land for the Project that will be leased to WDBA for the life of the bridge. Payments made to purchase land that will not be leased to WDBA were expensed in Michigan Land (Note 11).

Where a property cannot otherwise be acquired through voluntary means, MDOT will acquire the property through the condemnation process. Michigan Land Acquisitions through Condemnation represent amounts related to properties in the condemnation process that will be leased to WDBA by the State of Michigan. Once the court has awarded title of a property to MDOT the amount associated with that property is reclassified to Michigan Land Acquisitions.

When land is brought into the master lease agreement with Michigan it is reclassified to tangible capital assets (Leased Property).

### 9. COMMITMENTS

WDBA has commitments, principally for professional fees, rental agreements, infrastructure construction, and IT/Communications for amounts totaling \$5,155,717 (2018: \$287,350). Some professional fee arrangements include termination rights which allow both parties to terminate the contracts without penalty. Minimum payments over the next years are as follows:

(thousands of dollars)	Professional Fees	Rent	Infrastructure Construction	Operations and Maintenance	IT/Communications	Total
2020	1,500	214	882,813	-	149	884,676
2021	455	214	690,220	-	137	691,026
2022	121	162	914,172	-	-	914,455
2023	21	-	765,594	-	-	765,615
2024	-	-	310,524	2,199	-	312,723
2025 and thereafter	-	-	230,769	1,356,453	-	1,587,222
	<b>2,097</b>	<b>590</b>	<b>3,794,092</b>	<b>1,358,652</b>	<b>286</b>	<b>5,155,717</b>

### 10. CONTINGENCIES

In the normal course of its activities, WDBA is the claimant or defendant or is involved in certain pending claims or lawsuits. To the extent that a future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense is recorded in the financial statements. It is the opinion of management that the settlement of such matters will not result in any material liabilities to WDBA for the year ended March 31, 2019.

### 11. EXPENSES BY TYPE

(thousands of dollars)

	2019	2018
I-75 Costs	127,168	14,717
Reimbursement for Unsuccessful Proponents	30,000	-
Professional Services	18,262	15,479
Michigan Land	12,086	26,287
Payroll and Benefits	8,717	8,877
Legal Services	8,381	13,895
Work performed for other Government Agencies	5,977	3,871
Local Road Improvements	5,083	-
Insurance	4,909	1,456
Foreign Exchange Loss	2,247	1,768
Amortization	1,111	247
Office and Maintenance	820	516
Rent	701	644
Property Taxes	646	407
Travel Expenses	437	311
Other	307	318
Repairs and Maintenance	3	2,898
Transfers to International Authority	2	300
Impairment Loss	-	4,955
	<b>226,857</b>	<b>96,946</b>



# NOTES TO THE FINANCIAL STATEMENTS

## 12. RELATED PARTY TRANSACTIONS

WDBA is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations. WDBA enters into transactions with these entities in the normal course of business and on normal trade terms applicable to all individuals and enterprises. These transactions are measured at the exchange amount. During the year, WDBA incurred expenses totaling \$285 (2018: \$542), and recorded government funding of \$345,052 (2018: \$149,985). At March 31, 2019, WDBA recorded \$36,082 (2018: \$21,222) in accounts receivable and \$0 (2018: \$0) in accounts payable with related parties.

WDBA has no contractual commitments or contingent liabilities with its related parties.

### Government Transfers - Other

Certain activities were undertaken by the Government of Canada to support WDBA. WDBA recognized these support costs as funding at the carrying amount. The costs of these activities were not recovered from WDBA by the Government of Canada. During the year WDBA recognized \$0 (2018: \$64,979), of which \$0 (2018: \$93) was recognized as expense, and \$0 (2018: \$64,886) was capitalized as contributed assets.

Effective July 1, 2017, WDBA entered into a ground lease with the Government of Canada for the land to be used for the construction of the Canadian Port of Entry. Under the terms and conditions of the ground lease, all of the benefits and risks incident to ownership have been, in substance, transferred to WDBA. Consistent with the Crossing Agreement, the land was leased to WDBA for nil consideration. The Canadian land is recorded as a contributed capital asset at the Government of Canada's carrying amount of \$64,886.

### Government Transfers - Recoveries

WDBA recovered costs of \$5,948 (2018: \$2,015) from the Government of Canada for environmental remediation performed by WDBA on a portion of a required parcel of land that will be retained by the Government of Canada.

As part of its land acquisition process, the Government of Canada agreed to purchase a certain property from a utility company to replace another property required for the Project. A portion of the replacement property acquired will be contributed to WDBA for the Project. The remainder will be retained by the Government of Canada to be provided to the utility company as a replacement for the property needed for the Project.

The replacement property was determined to require environmental remediation. The Government of Canada requested WDBA to undertake the remediation of the property, and entered into a memorandum of understanding with WDBA for the remediation of the property. The funding for the portion of the property to be contributed to WDBA is recognized in Government Transfers – Appropriations. The funding for the portion to be retained by the Government of Canada and provided as a replacement property is recognized in Government Transfers – Recoveries.

### Key Management Personnel

Other than salary and benefits, WDBA has no transactions with its key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of WDBA, including WDBA's senior management personnel and members of its Board of Directors.

WDBA also receives services without charge, such as financial statement audits. These are not recorded in the financial statements.

## 13. FINANCIAL INSTRUMENTS

### a. Fair Value

The carrying value of WDBA's financial assets and financial liabilities, except for Due to Private Partner, approximates their fair value due to their short-term nature.

### b. Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Substantially all of WDBA credit risk relates to its cash balances. WDBA manages this risk by dealing only with members of the Canadian Payment Association. Generally, the carrying amount reported on WDBA's Statement of Financial Position for its financial assets exposed to credit risk, net of any applicable provisions for losses, represents the maximum amount exposed to credit risk. The credit risk is not significant for WDBA.

The maximum exposure of WDBA to credit risk at March 31 is as follows:

(thousands of dollars)		
	2019	2018
Restricted Cash	189,276	189,913
Cash	51,090	9,008
Deposits	1,160	1,160
	<b>241,526</b>	<b>200,081</b>

The credit risk associated with cash and restricted cash is reduced substantially by ensuring that cash and restricted cash are held in WDBA's bank accounts.

### c. Liquidity Risk

Liquidity risk is the risk that WDBA will not be able to meet its obligations as they fall due. WDBA manages the risk by establishing budgets with detailed cash estimates and regular follow up. The liquidity risk is low given that WDBA is financed by the Government of Canada.

WDBA's accounts payable and accrued liabilities and holdback are non-interest-bearing; none of the liabilities are payable on demand. The due to private partner is measured at amortized cost based on an effective interest rate of 3.24%, representing the rate implicit in the funds contributed by BNA and the Capital Payments paid by WDBA to BNA.

The maturities of WDBA's financial liabilities are estimated to be as follows:

(thousands of dollars)				
	Less than 3 months	3 months to 1 year	Over 1 year	Total
Due to Private Partner	-	-	582,280	582,280
Accounts payable and accrued liabilities	117,376	-	-	117,376
Holdback	-	5,585	5,081	10,666
	<b>117,376</b>	<b>5,585</b>	<b>587,361</b>	<b>710,322</b>



# NOTES TO THE FINANCIAL STATEMENTS

## d. Market Risk

Market risk is the risk of an impact on results from changes in market factors such as fluctuations in foreign currency exchange rates and interest rates.

WDBA is subject to interest rate risk on its cash. If interest rates had varied by 1% during the year, the interest revenue from cash balances would have varied approximately \$2,156 (2018: \$2,414).

WDBA is subject to foreign currency exchange rate risk on its US dollar cash balances and accounts payable. A 1% variation in foreign currency exchange rates at March 31, 2019, would have a net impact of approximately \$1,205 (2018: \$1,239).

## 14. BENEFIT PLANS

WDBA offers two benefit plans to its employees, a pension plan and a group benefit plan. Prior to January 1, 2018 WDBA offered a Supplementary Executive Retirement Plan (SERP) to its executives. The pension plan is a defined contribution plan. Under the group benefit plan WDBA pays the premiums for certain benefits; the remainder are paid by the employee. The SERP is a defined contribution notional plan. The expense recognized for each plan is disclosed in the table below:

<b>(thousands of dollars)</b>	<b>2019</b>	<b>2018</b>
Pension plan	<b>522</b>	473
Group benefit plan	<b>440</b>	402
Supplementary Executive Retirement Plan	<b>6</b>	56
	<b>968</b>	931

## a. Pension Plan

The defined contribution pension plan is a registered pension plan where contribution amounts are pre-determined and the benefit received at retirement depends on the amount of contributions accumulated and the earnings on the contributions. Membership in the plan is compulsory; employees must join immediately upon becoming eligible for membership.

Employees are required to make basic contributions equal to 5% of their base earnings, and may make optional contributions of up to 4% of their base earnings, for a maximum possible total of 9% of base earnings. WDBA is required to contribute 5% of employees' base earnings, and to match optional contributions up to a maximum of 4% of employees' base earnings.

The pension plan was established effective January 1, 2015. In order to comply with Order in Council P.C. 2014-1382 (Note 1), effective January 1, 2018, executives have the same contribution plan as the employees. Prior to January 1, 2018, executive employees were required to make basic contributions equal to 6% of their base earnings; WDBA was required to contribute 12% of the executive employees' base earnings.

## b. Group Benefit Plan

Premiums for the following benefits under the group benefit plan are paid by WDBA:

- i. Extended health care
- ii. Emergency travel assistance
- iii. Dental care
- iv. Health spending account
- v. Basic life insurance
- vi. Dependent life insurance
- vii. Basic accidental death and dismemberment insurance
- viii. Employee assistance program.

The group benefit plan is substantially the same for both executive and employees. The only difference is in the health care spending account; executive employees overall maximum amount is \$2,500 per year compared to \$1,000 per year for employees.

## 15. STATEMENT OF CANADIAN CONTRIBUTIONS AND STATEMENT OF UNRECOUPED CANADIAN CONTRIBUTIONS

The Crossing Agreement requires WDBA to prepare a Statement of Canadian Contributions and a Statement of Unrecouped Canadian Contributions. The Statements are contained within the Annual Report of WDBA.



# STATEMENT OF CANADIAN CONTRIBUTIONS AND STATEMENT OF UNRECOUPED CANADIAN CONTRIBUTIONS

FOR THE PERIOD ENDED MARCH 31, 2019

## STATEMENT OF MANAGEMENT RESPONSIBILITY

The accompanying Statement of Canadian Contributions and Statement of Unrecouped Canadian Contributions "the Statements" are the responsibility of the management of the Windsor-Detroit Bridge Authority (WDBA).

The Statements have been prepared using the basis of accounting described in Note 2.

To meet management's responsibility, management has developed and maintains books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the integrity and reliability of financial information, and that transactions and events are properly recorded.


The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control in accordance with the Crossing Agreement. The Board exercises these responsibilities with the assistance of the Audit Committee of the Board, which is composed of four directors who are not employees of WDBA.

The Audit Committee meets with management and the Auditor General of Canada, the external auditor, and also reviews and recommends to the Board the approval of the Statements. In addition, the external auditor has full and free access to the directors of the Authority.

The Auditor General of Canada is responsible for auditing the Statements and for issuing his report thereon.



Bryce Phillips  
Chief Executive Officer



Mike St. Amant, CPA, CA  
Chief Financial and Administrative Officer

Windsor, Canada  
June 21, 2019

## INDEPENDENT AUDITOR'S REPORT



Office of the  
Auditor General  
of Canada

Bureau du  
vérificateur général  
du Canada

### INDEPENDENT AUDITOR'S REPORT

To the Minister of Infrastructure and Communities

#### *Opinion*

We have audited the statement of Canadian Contributions and statement of Unrecouped Canadian Contributions of the Windsor-Detroit Bridge Authority (the Authority) for the period ended 31 March 2019 and notes to these statements, including a summary of significant accounting policies (together "the statements").

In our opinion, the accompanying statements of the Authority for the period ended 31 March 2019 are prepared, in all material respects, in accordance with the basis of accounting described in Note 2.

#### *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 Statements* section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the 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.

#### *Emphasis of Matters – Basis of Accounting*

We draw attention to Note 2 to the statements, which describes the basis of accounting. The statements are prepared to assist the Authority to comply with the financial reporting provisions of the Crossing Agreement. As a result, the statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

#### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the statements and our auditor's report thereon.

Our opinion on the statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *Responsibilities of Management and Those Charged with Governance for the Statements*

Management is responsible for the preparation of the statements in accordance with the basis of accounting described in Note 2, and for such internal control as management determines is necessary to enable the preparation of the statements that are free from material misstatement, whether due to fraud or error.

In preparing the statements, management is responsible for assessing the Authority'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 Authority or to cease operations, or has no realistic alternative but to do so.

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

#### *Auditor's Responsibility for the Audit of the Statements*

Our objectives are to obtain reasonable assurance about whether the statements are free as a whole 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 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 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 Authority's internal control.
- 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 Authority'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 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 Authority to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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.



Etienne Matte, CPA, CA  
Principal  
for the Interim Auditor General of Canada

Ottawa, Canada  
21 June 2019



# STATEMENT OF CANADIAN CONTRIBUTIONS AND STATEMENT OF UNRECOUPED CANADIAN CONTRIBUTIONS

Statement of Canadian Contributions and Statement of Unrecouped Canadian Contributions

For the period ended March 31

(thousands of Canadian dollars)

	2019	2018
<b>Canadian Contributions:</b>		
Opening balance (note 4)	558,884	326,258
Canadian Contributions for the year	331,024	232,626
<b>Aggregate Canadian Contributions</b>	<b>889,908</b>	<b>558,884</b>
<b>Imputed Cost of Unrecouped Canadian Contributions:</b>		
Opening balance (note 4)	52,662	33,097
Imputed Cost for the year	30,128	19,565
<b>Aggregate Imputed Cost</b>	<b>82,790</b>	<b>52,662</b>
<b>Crossing Authority Revenue:</b>		
Opening balance	(9,859)	(873)
Crossing Authority Revenue for the year	(14,980)	(8,986)
<b>Aggregate Crossing Authority Revenue</b>	<b>(24,839)</b>	<b>(9,859)</b>
<b>Total Unrecouped Canadian Contributions</b>	<b>947,859</b>	<b>601,687</b>

# NOTES TO THE STATEMENT OF CANADIAN CONTRIBUTIONS AND STATEMENT OF UNRECOUPED CANADIAN CONTRIBUTIONS

## 1. CROSSING AGREEMENT AND STATEMENTS CONTENT

The Gordie Howe International Bridge project is governed by the Crossing Agreement between Canada, the Crossing Authority (WDBA), and the State of Michigan. The Crossing Agreement provides a framework for a Crossing Authority established by Canada to design, build, finance, operate and maintain a new International Crossing between Canada and Michigan.

The Crossing Agreement stipulates that the costs to design, build, finance, operate and maintain the Gordie Howe International Bridge will be recouped through future Crossing Authority Revenue and US Federal Agencies Contributions. To track these costs, and the extent to which they have been recouped, the Crossing Agreement requires the Crossing Authority to prepare a Statement of Canadian Contributions and a Statement of Unrecouped Canadian Contributions (the Statements).

The Statement of Canadian Contributions presents the aggregate of Canadian Contributions; the Statement of Unrecouped Canadian Contributions presents the amount by which the aggregate of Canadian Contributions plus the aggregate of imputed costs on Unrecouped Canadian Contributions exceeds the aggregate of the Crossing Authority Revenue and US Federal Agencies Contributions.

The Crossing Agreement also established the International Authority, a legal entity separate and distinct from the Crossing Authority. The role of the International Authority is to maintain on-going monitoring of compliance by the Crossing Authority with the Crossing Agreement and the Concessionaire with Public-Private Agreement.

Further information, including definitions of terms, can be found in the Crossing Agreement, which is available on the website of the Crossing Authority.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of Accounting

The Statements are prepared in accordance with the Crossing Agreement which stipulates that Canadian Contributions consist of all monies, real or personal property, or services provided, which monies or monies for such property or services have been paid.

### b) Canadian Contributions

Canadian Contributions means, at any particular time, all monies (in Canadian currency or converted into Canadian currency at conversion rates prevailing as at the date paid or provided) and all real or personal property or services provided (at the fair value as at the date provided in Canadian currency or converted into Canadian currency at conversion rates prevailing as at the date provided), which monies or monies for such property or services, have been appropriated by the Parliament of Canada and have been paid by Canada or provided by Canada to the Crossing Authority and paid by the Crossing Authority, before or after the Initial Execution Date and prior to such particular time, for International Crossing Costs, Michigan Interchange Costs, US Federal Plaza Costs, Crossing Authority Costs and International Authority Costs.



**c) International Crossing Costs**

International Crossing Costs means all costs and expenses paid by Canada or the Crossing Authority associated with the International Crossing and the International Crossing Lands, including costs of the International Crossing Land Activities and costs of the International Crossing Project Activities, and related obligations under the Crossing Agreement and any Public-Private Agreement including payments to a Concessionaire, other than the Crossing Authority Costs and other than International Authority Costs.

**d) Michigan Interchange Costs**

Michigan Interchange Costs means all costs and expenses paid by Canada or the Crossing Authority associated with the Michigan Interchange and the Michigan Interchange Lands, including the costs of the Michigan Interchange Land Activities, the costs of the Michigan Interchange Project Activities and related obligations under the Crossing Agreement and any Public-Private Agreement, including payments to a Concessionaire, other than the Crossing Authority Costs and other than International Authority Costs.

**e) US Federal Plaza Costs**

US Federal Plaza Costs means all costs and expenses paid by Canada or the Crossing Authority associated with the US Federal Plaza and the US Federal Plaza Lands, including the costs of the US Federal Plaza Land Activities, the costs of the US Federal Plaza Project Activities and related obligations under the Crossing Agreement and any US Federal Plaza Public-Private Agreement, including payments to a Concessionaire, other than the Crossing Authority Costs and other than International Authority Costs.

**f) Crossing Authority Costs**

Crossing Authority Costs means all costs and expenses paid by the Crossing Authority related to overhead and administration, including costs and expenses related to dispute resolution and litigation, and all costs and expenses paid by the Crossing Authority related to Taxes, and associated with the International Crossing, the Michigan Interchange or the US Federal Plaza, and related obligations under the Crossing Agreement, any Public-Private Agreement and any US Federal Plaza Public-Private Agreement.

**g) International Authority Costs**

International Authority Costs means all costs and expenses paid by the International Authority and funded by the Crossing Authority related to overhead and administration, including costs and expenses related to dispute resolution and litigation, and associated with the International Authority Oversight.

**h) Imputed Cost of Unrecouped Canadian Contributions**

The Imputed Cost of Unrecouped Canadian Contributions means, at each fiscal year-end, the aggregate amount accrued on the Unrecouped Canadian Contributions in Canadian dollars, during such fiscal year, calculated at a rate per annum equal to the Government of Canada benchmark long-term bond yield effective on the last business day of the previous fiscal year-end, as published by the Bank of Canada, plus 100 basis points, and compounded annually.

**i) Crossing Authority Revenue**

Crossing Authority Revenue means all revenue received by the Crossing Authority (other than monies received from Canada and US Federal Agencies Contributions) related to the International Crossing, the Michigan Interchange prior to the International Crossing Opening Date, and the US Federal Plaza, including: the Canadian Crossing Tolls; revenue arising from any Public-Private Agreement or any US Federal Plaza Public-Private Agreement; interest or other money on account of investments by the Crossing Authority; and proceeds of insurance in the event of damage or destruction of any portion of the International Crossing, the Michigan Interchange prior to the International Crossing Opening Date, or the US Federal Plaza.

**j) US Federal Agencies Contributions**

US Federal Agencies Contributions means all monies (in Canadian currency or converted into Canadian currency at conversion rates prevailing as at the date paid or provided) paid or provided by one or more US Federal Agencies to the Crossing Authority for the US Federal Plaza Costs.

**k) Unrecouped Canadian Contributions**

Unrecouped Canadian Contributions means, at each fiscal year end, the amount, if any, by which the aggregate of the International Crossing Costs, the Michigan Interchange Costs, the US Federal Plaza Costs, the Crossing Authority Costs, the International Authority Costs prior to such time and the aggregate amount of Imputed Cost of Unrecouped Canadian Contributions compounded at any fiscal year end at and prior to such time, exceeds the aggregate of the Crossing Authority Revenue and the US Federal Agencies Contributions prior to such time, all amounts in Canadian currency or converted into Canadian currency at conversion rates prevailing as at the date paid or received as the case may be.

### **3. COMPARABILITY TO THE FINANCIAL STATEMENTS OF THE CROSSING AUTHORITY**

As the Statement of Canadian Contributions is prepared on a cash basis, and contains financial transactions from other government entities, these Statements are not comparable to the financial statements of the Crossing Authority.

### **4. EXCLUDED COSTS**

The Government of Canada's record retention policy requires that records be retained for a period of seven years; disposal of records is allowed after the retention requirement has been met. As a result of this policy, some records from 2005 to 2009 were not retained.

The total of the Canadian Contributions for which records were not retained is \$982,000. These costs have been excluded from the Statement of Canadian Contributions.



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WDBA is engaging the community and its stakeholders as it works to deliver the Gordie Howe International Bridge project. There are many ways to stay connected with us. We encourage open dialogue and will work to answer your questions.



### WDBA Website

Our website, [gordiehoweinternationalbridge.com](http://gordiehoweinternationalbridge.com), is your main source for up-to-date information on construction activities, news, employment opportunities and corporate reports.



### Public Inquiries

Have a question about the project? Not only can you message us through social media, you can call us at 1-844-322-1773 or email us at [info@wdbridge.com](mailto:info@wdbridge.com).



### Join the Email List

Join our electronic mailing list by visiting our website and receive up-to-date information delivered right to your inbox.



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100 Ouellette Ave. Suite 400  
Windsor, Ontario  
N9A 6T3  
519-946-3038



7744 W Vernor Hwy.  
Detroit, Michigan  
48209  
1-844-322-1773



3201 Sandwich St.  
Windsor, Ontario  
N9C 1A8  
1-844-322-1773



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