

Canada

**WDBA APWD**  
WINDSOR-DETROIT BRIDGE AUTHORITY | AUTORITÉ DU PONT WINDSOR-DETROIT

# ANNUAL REPORT

**2017-2018**



AT THE READY



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# MESSAGE FROM

## THE CHAIR



The title of this year's Annual Report is "At the Ready." This is more than just a theme – it is a reality.

Over the past year, much has been accomplished to ready Windsor-Detroit Bridge Authority (WDBA) for the start of construction of the largest infrastructure project along the Canada-US border.

WDBA's Board of Directors is charged with providing oversight to the Crown corporation. We have clear priorities and direction.

**“ We are at the ready to deliver a world class piece of infrastructure that will support the economies of Canada and the US. ”**

We are ready to welcome a private-sector partner into the project team. We are ready to take full advantage of the many opportunities the design and construction phase of the project presents us. We are ready to continue to grow our relationships with our partners, the Windsor and Detroit communities, and stakeholders.

In August 2017, WDBA's Board of Directors was expanded from five to nine members to provide the organization with additional expertise. I am pleased that our Board has achieved gender parity and I am thankful for the skill, experience and knowledge that all of our Board members bring to the table.

The Board of Directors would not be as ready for the busy months ahead without the strong commitment of our partners – the Government of Canada, the US federal government and the State of Michigan – and of course the employees of WDBA who are the backbone of the project. To all of you I offer my heartfelt thanks.

I am proud of what WDBA has accomplished in 2017-2018 and I am excited about the future. We are at the ready to deliver a world class piece of infrastructure that will support the economies of Canada and the US.

Dwight Duncan

# MESSAGE FROM

THE INTERIM CEO



I begin this letter with a sense of gratitude and pride about WDBA that has only grown stronger over the course of my time as Interim CEO. Ours is an exceptional organization with an extraordinary foundation and a promising future.

Over Fiscal Year 2017-2018, WDBA has been steadfast in our dedication and commitment to the Gordie Howe International Bridge project.

As at the time of writing this letter, we are in the midst of what is arguably the single most important task that WDBA will undertake – the procurement process to select the private-sector partner to design, build, finance, operate and maintain the Gordie Howe International Bridge. The three proponent teams have 2000 people working on their submissions as they vie for the chance to literally transform the economy of the region and of Canada and the United States.

Much has been accomplished to date. Significant preparatory work has taken place at the Canadian Port of Entry with over \$200 million in contracts awarded to both local and national companies. On the US side of the project, over \$150 million, excluding the cost of property acquisition, has been invested in utility relocation and other preparatory activities.

“ **The year ahead will be both exciting and challenging as construction begins of this once-in-a-generation project.** ”

The Gordie Howe International Bridge project will have a significant and positive impact for communities and businesses on both sides of the border. I would like to thank our employees, our partners in Canada and the US, our external advisors and contractors and the WDBA Board of Directors and members of the International Authority for their significant support and diligence over the past year. Our continued progress would not be possible without their help.

The year ahead will be both exciting and challenging as construction begins of this once-in-a-generation project.

André Juneau

# WHO WE ARE

Created in 2012, Windsor-Detroit Bridge Authority (WDBA) is a not-for-profit Crown corporation which reports to Parliament through the Minister of Infrastructure and Communities. As a Crown corporation, WDBA is wholly owned by the Government of Canada and the powers necessary to carry out the Crown corporation's mandate are vested in the board that directs it.

WDBA is responsible for the delivery of the procurement process for the design, build, finance, operation and maintenance of the Gordie Howe International Bridge between Windsor, Ontario and Detroit, Michigan through a public-private partnership (P3). WDBA will select the P3 partner and manage the P3 project agreement. WDBA is also responsible for project oversight including the actual construction and operation of the new crossing. As the operator of the new bridge, WDBA will set and collect all tolls.

## GOVERNANCE

### Board of Directors



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

WDBA is governed by a board of directors who are responsible for overseeing the business activities and other affairs of WDBA.

In August 2017, WDBA's board was expanded from five to nine members to provide the organization with additional expertise and oversight. The varied skills, expertise and knowledge of all Board members will contribute vital direction and sound governance to WDBA during the procurement process, the start of construction and the operation of the Gordie Howe International Bridge.

**Dwight Duncan**, Chair

**André Juneau**, Interim CEO

**Karla Avis**, Director

**Marie Campagna**, Director

**Judi Cohen**, Director

**Shelly Cunningham**, Director

**Rish Malhotra**, Director

**Michael J. Mueller\***, Director

\*Appointed May 2018

### International Authority

The International Authority is a joint Canada-Michigan governance entity established to oversee and approve key steps in the public-private partnership procurement process for the Gordie Howe International Bridge. It is also responsible for monitoring compliance of WDBA with the Crossing Agreement signed by Canada and Michigan.

The International Authority consists of six members with equal representation from Canada and Michigan. Two members are appointed by Canada, one appointed by WDBA and three appointed by Michigan.

**Kristine Burr** (appointed by Canada)  
Chair

**Eddie Francis** (appointed by WDBA)  
Director

**Geneviève Gagnon** (appointed by Canada)  
Director

**Michael D. Hayes** (appointed by Michigan)  
Director

**Birgit M. Klohs** (appointed by Michigan)  
Director

**Matt Rizik** (appointed by Michigan)  
Director

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# THE PROJECT

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The Gordie Howe International Bridge project is a once-in-a-generation undertaking. Not only will the project deliver much-needed transportation improvements for commercial and passenger vehicles, it will also provide jobs and opportunities for growth to the Windsor-Detroit region and includes features that make this project truly distinctive. The bridge will provide direct connections to the highway systems in Canada and the US and improved border processing capabilities at Canada's busiest commercial land border crossing. The Ports of Entry allow for the installation of further technology and the addition of expanded border processing facilities in the future. The details of the project components and features will be further developed during the public-private partnership (P3) procurement process that Windsor-Detroit Bridge Authority (WDBA) is currently administering.

There are four components to the Gordie Howe International Bridge:

## The Michigan Interchange

Includes four connecting ramps to and from the US POE, four bridges crossing the railway and connecting I-75 to the US POE, five new pedestrian bridges and reconfiguration of I-75 interchange ramps and service drives.

## The US Port of Entry

A 68 hectare/167 acre site with 36 inspection booths to accommodate inbound and outbound passenger and commercial vehicles. Once constructed, this port will be one of the largest ports of entry in North America.

## The Bridge

A six-lane, 2.5 kilometre/1.5 mile span with a 3.6 metre/11.8 foot multi-use path for pedestrians and cyclists. Once complete, the Gordie Howe International Bridge will be among the top five longest bridges in North America.

## The Canadian Port of Entry

A 53 hectare/130 acre site with 24 inspection booths to accommodate inbound and outbound passenger and commercial vehicles and 16 toll collection booths for both Canada- and US-bound traffic. Once constructed, this port will be the largest Canadian port along the Canada-US border.



# FUTURE READY

## P3 PROCUREMENT

The Gordie Howe International Bridge project is being delivered through a public-private partnership (P3). To select a private-sector partner to deliver the project components – the Canadian and US POEs, the bridge and the Michigan Interchange – WDBA is running a rigorous and fair procurement process. The procurement process is made of two main stages – the Request for Qualifications (RFQ) and the Request for Proposals (RFP). WDBA's procurement process is designed for WDBA to choose a private-sector partner with the skills, experiences and resources necessary to design, build, finance, operate and maintain the Gordie Howe International Bridge project.

# 01

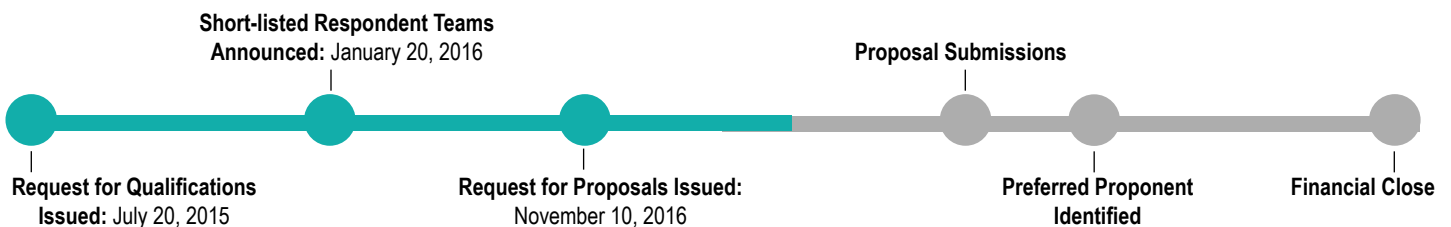
## Request for Qualifications

The Request for Qualifications was issued on July 20, 2015. The purpose of the RFQ is to pre-qualify teams to deliver the Gordie Howe International Bridge project. RFQ submissions were evaluated on the respondents' demonstrated experience and qualifications to deliver and finance large and complex infrastructure projects. Three short-listed respondent teams were announced on January 20, 2016.

# 02

## Request for Proposals

The issuance of the RFP to the Proponents was announced on November 10, 2016. The RFP sets out the conditions and specifications required to undertake the project. It is issued to only pre-qualified Proponents selected through the RFQ stage.



# 03

## Evaluation

In May 2018, the three Proponent teams will submit their proposals to design, build, finance, operate and maintain the Gordie Howe International Bridge project. The proposals will be rigorously evaluated by teams comprised of experts from WDBA, its Owner's Engineer, Michigan Department of Transportation (MDOT), Canada Border Services Agency (CBSA), US Customs and Border Protection (CBP) and other government departments with experience in various disciplines including engineering and finance. As with the entire P3 procurement process, the evaluation is overseen by an independent fairness monitor.

# 04

## Preferred Proponent and Financial Close

WDBA anticipates selecting the Preferred Proponent in June. Subject to reaching Financial Close when the contract is finalized, the Preferred Proponent will become WDBA's private-sector partner. It is expected that Financial Close will be reached by the end of September 2018.

# UNWAVERING PROJECT COMMITMENT

On January 22 and 23, 2018, the Honourable Amarjeet Sohi, Minister of Infrastructure and Communities, visited Windsor and Michigan for an update on the Gordie Howe International Bridge project. As part of his visit, Minister Sohi toured the future Canadian and US Ports of Entry where he had the opportunity to see first-hand the \$350 million invested to date in preparatory activities readying the sites for significant construction in 2018.

While in town, Minister Sohi met with key regional stakeholders, government officials and project staff who were able to share valuable input and project views. He was also a guest of Governor Rick Snyder at his 2018 State of the State address.

“ Working alongside our partners in Washington and Michigan, we will deliver on this critically important project. ”

- Amarjeet Sohi, Minister of Infrastructure and Communities

(left to right) André Juneau, WDBA Interim CEO,  
Douglas George, Consul General of Canada in Detroit,  
the Hon. Amarjeet Sohi, Minister of Infrastructure and  
Communities, Dwight Duncan, Chair of the WDBA Board

# COMMUNITY READY

## AGREEMENTS WITH THE CITY OF DETROIT

On June 23, 2017, the City of Detroit announced that it had reached an agreement with the State of Michigan (through funding provided by WDBA) to sell 36 city-owned parcels of land, underground assets and approximately five miles of city-owned streets as part of a series of landmark agreements totaling \$48 million for the Gordie Howe International Bridge project. The City of Detroit has since dedicated the funds for neighbourhood redevelopment, job training, and health monitoring for Detroit residents.

“ This kind of collaborative approach is how we are going to approach every major project that comes into our city. ”

- Mayor Mike Duggan, City of Detroit

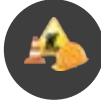
# COMMITMENT TO COMMUNITY BENEFITS

## CANADIAN AND US CONSULTATION SUGGESTS THE FOLLOWING REGIONAL PRIORITIES:

### COMMUNITY PARTNERSHIPS



### MITIGATION OF CONSTRUCTION AND OPERATION ISSUES



### COMMUNITY SAFETY AND CONNECTIONS



### LOCAL WORKFORCE AND TRAINING STRATEGIES



### AESTHETICS AND LANDSCAPING



The Crossing Agreement signed in 2012 by the Government of Canada and the State of Michigan required the incorporation of a Community Benefits Plan for the Gordie Howe International Bridge project that will have positive impact on communities in Windsor and Detroit and will reflect what stakeholders have told WDBA is important to them. Community benefit programs are identified opportunities that can advance economic, social or environmental conditions.

To help ensure these community priorities are captured, WDBA introduced the I-CARE Framework in 2016 to support the development and delivery of the Community Benefits Plan. WDBA has engaged in numerous community consultation activities including focus groups, individual meetings and community meetings that generated an initial list of approximately 200 ideas for community benefits from Detroit and Windsor representatives and First Nations.

It is anticipated that the community benefit plans developed by the three Proponent teams will reflect the input from stakeholders. To allow the Proponents adequate time to consider community requests, WDBA imposed a deadline of November 30, 2017, for the community to submit ideas. This deadline resulted in more than 30 additional suggestions.

All suggestions have been shared with the three Proponent teams and it is anticipated that the community benefit plans developed by the Proponents will reflect the input from stakeholders. The community benefit plans will be submitted to WDBA for evaluation as part of the RFP submission. Once the private-sector partner is selected following Financial Close, the private-sector partner will deliver the plan with oversight from WDBA.



## OWNER'S ENGINEER

On March 5, 2018, WDBA announced the selection of Parsons Inc. of Markham, Ontario, as Owner's Engineer for the Gordie Howe International Bridge project.

This \$61 million contract is the first contract WDBA has awarded for services related to the design-build phase of the project.

In its role, Parsons will support the owner – WDBA – through design review, providing technical advice and monitoring and overseeing the construction activities of the private-sector partner through inspections, compliance reviews and audits.


**“ As we finalize our procurement process to select a private-sector partner to deliver the Gordie Howe International Bridge project it is important that we take steps now to prepare for the start of significant construction. ”**

- André Juneau, Interim Chief Executive Officer, WDBA

# COUNTDOWN TO CONSTRUCTION

Work is well underway to prepare the Canadian and US Ports of Entry for construction of the Gordie Howe International Bridge project. Progress highlights achieved as of **March 31, 2018**, include:

## INVESTMENT

**MILLION**  **350** of preparatory activities  
**200** invested in CDN POE  
**150** invested in US POE & I-75 Interchange

## UTILITY RELOCATIONS

### Electric

Almost **27 km/16 miles** of **cabling** installed/relocated in Canada



### Hydro

**3** transmission towers constructed at CDN site

### Gas

Almost **6 km/3.5 miles** of **gas lines** installed in Canada

### Sewer

Constructed **8** sewer crossings on I-75



More than **366 m/1,200 ft** of **pipes & box culverts** used at US site

## DEMOLITION

**239** buildings demolished



## CLEARING

Tree removal activities have begun at US POE



Over **230,000 m<sup>3</sup>** of soil excavated at CDN POE

## JOB OPPORTUNITIES



**20+** Disadvantaged Business Enterprises hired to work on US project site

**575+** workers from **50** companies trained to work at CDN POE

## PROPERTY



**100%** of CDN properties acquired



**96%** of US properties acquired or under court order to vacate



**90%** of US properties are in MDOT control & vacated

## PERIMETER ACCESS ROAD

**3 km** of new **access road** for adjacent businesses & properties completed at CDN POE



**4.3 km total**

## STORMWATER MANAGEMENT

**2** stormwater management ponds installed and rehabilitation of the



**Broadway Drain** completed at CDN POE

## FILL PLACEMENT

**1** MILLION TONNES OF FILL

=



**34** SHIPLOADS

placed to grade CDN site

# STRATEGIC PRIORITIES

WDBA's strategic priorities for Fiscal Year 2017-2018 have poised WDBA to be at the ready for construction to begin in 2018. These priorities were developed based on a vision to become the model land border crossing in North America, one that is integrated with communities on both sides of the border and a symbol of opportunity for the region. Our priorities were:

**Engagement strategies  
with strategic partners and  
stakeholders**

**Understand the  
macro-environment and  
innovation**

**Construction of the new  
international crossing**

WDBA delivered the following successes during Fiscal Year 2017-2018:

## ENGAGEMENT STRATEGIES

WDBA developed robust engagement strategies to further develop relationships with key stakeholder groups, including host municipalities, First Nation communities, community agencies, adjacent businesses and future commercial users.

In implementing these strategies over the course of the fiscal year, 94 meetings with stakeholders were held and 58 presentations were made, with over 1,500 stakeholders in attendance. These meetings and presentations have allowed WDBA to provide information on project-related activities, encourage dialogue and strengthen relations.

**“ WDBA has undertaken an active engagement process that has allowed our community to leverage the project as an opportunity to build a strong community benefits component. ”**

- Lisa Kolody, WindsorEssex Community Foundation

## MACRO-ENVIRONMENT AND INNOVATION

To assist in gaining an understanding of the macro-environment in which WDBA operates, two studies were commissioned with the University of Windsor's Cross Border Institute. The Traffic Impact Study was completed in January 2018 and will provide a better understanding of the anticipated impacts that construction and operation of the Gordie Howe International Bridge will have on the host communities.

A three-part Economic Impact Study has also been undertaken to identify the economic benefits arising from construction and to identify and recommend ways to leverage opportunities for economic development that are created by the improved transportation service of the crossing. The first phase was completed in the fall of 2017 and included a report on the accessibility improvements that will result from the project and an initial report on feasibility studies for logistics development.



## CONSTRUCTION OF NEW INTERNATIONAL CROSSING

During Fiscal Year 2017-2018, WDBA continued to build upon the accomplishments of the previous year.

### Finalizing the P3 Procurement Process:

68 Commercially Confidential Meetings (CCM) were held during the fiscal year with Proponents, providing them with an opportunity to ask questions, seek clarification and gather additional information to assist in the preparation of their proposals. This part of the procurement process concluded in March 2018 with a total of 96 CCMs held during the Request for Proposals (RFP) open period.

### US Property:

A total of 959 properties are required for the US side of the project. During the fiscal reporting year, a total of 90 per cent of the required land parcels were under Michigan Department of Transportation's (MDOT) possession with 132 structures having been demolished in the preparation of the US Port of Entry site.

### Preparatory Activities at the Canadian and US Ports of Entry:

Relocation of Hydro One distribution systems at the Canadian POE was completed in December 2017. The relocation work included the installation of 1,120 metres of new underground duct bank and 10,200 metres of cable. Work on Bridge B1 – the overpass linking the Rt. Hon. Herb Gray Parkway to the Canadian POE - commenced with the installation of 28,000 metres of wick drains and the placement of 38,000 tonnes of granular fill. Construction of a new sanitary pump station, including a chamber and generator building, to replace the existing municipal pumping station, was also started during the fiscal year.

On the US side of the project, preparatory activities completed included the installation of eight new siphons and combined sewers along a portion of I-75 adjacent to the US POE. The siphon installation and watermain installation/extension is approximately 50 per cent complete.

More than \$350 million in contracts have been undertaken at the Canadian and US Ports of Entry to date. Much of this work has been completed by local companies and workers. More than 575 workers from over 50 companies have received environment, health and safety training allowing them to work on the Canadian site. In Michigan, 20 Disadvantaged Business Enterprises (DBE) have been contracted to complete work at the US Port of Entry.



# FINANCIAL MANAGEMENT DISCUSSION & ANALYSIS

## OUTLOOK FOR 2018-2019

Over the past three years, WDBA has devoted the vast majority of its time and resources on preparing the Canadian and US Ports of Entry for construction and running the procurement process to select a private-sector partner to design, build, finance, operate and maintain the Gordie Howe International Bridge project. These tactical priorities are well underway and WDBA is now able to place a greater emphasis on future planning.

Over the coming fiscal year, WDBA will focus significant attention on the following strategic priorities, some of which are carried over from Fiscal Year 2017-2018.



Finalize the P3 procurement process



Continue Canadian Early Works activities



Continue Canadian and US utility relocation



Continue US property acquisition



Start construction of the new crossing

These strategic priorities will move WDBA to fulfill its mandate – the delivery and operation of the Gordie Howe International Bridge project.

## ANNOUNCEMENT OF PREFERRED PROPONENT

Subsequent to the financial statement dated March 31, 2018, WDBA announced the selection of Bridging North America as the Preferred Proponent to design, build, finance, operate and maintain the Gordie Howe International Bridge. WDBA has entered into negotiations with Bridging North America and anticipates reaching Financial Close and executing the Project Agreement by September 28, 2018. In order to commence work as soon as possible, on July 5, 2018, WDBA entered into a separate agreement with Bridging North America to conduct advance construction activities in Michigan. That contract has a maximum value of \$50 million and is expected to commence in early July, 2018.

## SIGNING OF MASTER LEASE

Subsequent to the financial statement date of March 31, 2018, WDBA entered into a ground lease with the Michigan Department of Transportation. The lease arrangement was signed on July 5, 2018, and relates to the Michigan lands on which the Gordie Howe International Bridge will be constructed. Based upon the terms and conditions of the lease, WDBA will lease the Michigan lands for a period of 100 years commencing from the effective date of the Crossing Agreement (the “Term”) to March 24, 2113, in exchange for rent in the amount of \$10.00 US dollars for the entire Term. Since the lease agreement was entered into after fiscal year end, an estimate of its potential impact on WDBA financial statements cannot be currently made.

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# 2017-2018 FINANCIAL RESULTS

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## OVERVIEW

Fiscal Year 2017-2018 was the fourth year of operations for WDBA. During the year WDBA made significant progress on its key 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 Fiscal Year 2017-2018, WDBA's activities were focused the P3 procurement process and on 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 significantly in Fiscal Year 2017-2018 over the prior year, with corresponding increases in expenses. Michigan property acquisition and I-75 Interchange related activities ramped up considerably in Fiscal Year 2017-2018 as WDBA worked to ensure that it would meet its obligations to the P3 partner upon completion of the procurement process.

WDBA also carried out work for other parties during the year for activities related to, but distinct from the project. WDBA performed environmental remediation work on a property adjacent to the Canadian POE for Infrastructure Canada. WDBA also acted on behalf of the Ontario Ministry of Transportation (MTO) to have site preparation work performed for Bridge B-1, the bridge that will connect the Rt. Hon. Herb Gray Parkway to the Canadian POE. Both the environmental remediation and the site preparation work for Bridge B-1 were contracted out by WDBA to third parties.

### Revenue

WDBA recognized revenue from operations of \$1.9 million (\$0 in the prior year) related to the site preparation for Bridge B-1. WDBA's payments to the contractor performing the work are reimbursed by MTO; these reimbursements are treated as revenue by WDBA.

### Expenses

WDBA incurred \$84.0 million of direct expenses in Fiscal Year 2017-2018 in support of the project, compared to \$33.9 million in the prior year. The increase is primarily driven by costs of property acquisition and design and engineering activity in Michigan related to the I-75 Interchange, which are expensed as incurred; professional services, legal services, impairment of assets, repairs to assets, and payroll and benefits.

Internal services costs reflect expenses to support the Gordie Howe International Bridge project, primarily salaries and benefits of support staff. WDBA incurred \$9.1 million of internal services costs in Fiscal Year 2017-2018, compared to \$6.3 million in the prior year.

WDBA recognized expenses of \$3.9 million (\$0.2 million in the prior year) for work performed for other government agencies.

# FINANCIAL RESULTS

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

(thousands of dollars)		
	2018	2017
Michigan Land	26,287	12,040
Professional Services	15,479	5,037
I-75 Costs	14,717	4,312
Legal Services	13,895	7,349
Payroll and Benefits	8,877	6,738
Impairment Loss	4,955	-
Work performed for other Government agencies	3,871	152
Repairs and Maintenance	2,898	15
Foreign Exchange Loss	1,768	-
Insurance	1,456	1,288
Rent	644	619
Office and Maintenance	516	486
Property Taxes	407	429
Other	318	275
Travel expenses	311	178
Transfers to International Authority	300	265
Amortization	247	233
Claim Settlements	-	882
	<b>96,946</b>	<b>40,298</b>

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. 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. I-75 costs are primarily for professional services related to design and engineering for the I-75 interchange. The increase in both Michigan land and I-75 costs is mainly the result of significantly higher property acquisition and design and engineering activities.

The increase in professional services is primarily driven by an increase in the engineering and procurement activities and other consulting services related to the P3 procurement process. The increase in legal services is mainly due to an increase in legal activities related to property acquisition in Michigan and work related to the P3 procurement process.

WDBA recognized impairment losses totaling \$5.0 million 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.

Work performed for other government agencies consist of \$2.0 million for environmental remediation work on a property adjacent to the Canadian POE for Infrastructure Canada (\$0.2 million in the prior year), and \$1.9 million for site preparation work performed for Bridge B-1 (\$0 in the prior year).

Repairs and maintenance consists largely of the cost of the removal of damaged assets and associated cleanup costs.

Payroll and benefits are higher due to higher staffing levels. At March 31, 2018, WDBA had 60 FTEs, compared to 51 at March 31, 2017.

Claim settlements expense represents the non-capitalized portion of the cost to settle contractor claims against WDBA.

Transfers to the International Authority (IA) represents WDBA's cost of supporting the IA as mandated in the Crossing Agreement. The main components of this cost are insurance, IA member retainer fees and per diems, board-related expenses and professional fees.

### Appropriations

To support its activities, WDBA received \$150.0 million in appropriations, compared to \$354.3 million in the prior year and ended the year with a net surplus of \$124.6 million, compared to \$300.6 million in the prior year. The surplus is mostly due to the timing of appropriations and expenses on the acquisition of US properties and capital costs.

Appropriations were higher in the prior year in order to fund the escrow account. This was done to ensure that sufficient funds were available to support offers for properties in Michigan. The appropriations were used to fund property acquisition activities in Michigan, the Early Works, Canadian and U.S. utility relocation, design and engineering cost and WDBA operations.

### Government Transfers

Government transfers other consists 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 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.

## STATEMENT OF FINANCIAL POSITION

### Overview

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

At March 31, 2018, WDBA's net financial assets were \$130.9 million (\$227.2 million at March 31, 2017). Financial assets of \$221.8 million (\$291.9 million at March 31, 2017) were mostly made up of \$198.9 million in cash and \$21.7 million in accounts receivable (\$275.5 million and \$16.3 million at March 31, 2017), offset by \$90.9 million in liabilities (\$64.7 million at March 31, 2017).

At March 31, 2018, WDBA had \$9.0 million in its operating cash accounts, compared to \$9.8 million in the prior year. At March 31, 2018, WDBA had a restricted cash balance of \$189.9 million in an escrow account (\$265.7 million at March 31, 2017). 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 year over year decrease is primarily due to property acquisitions in Michigan and the funding of related Michigan 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 \$70.9 million at March 31, 2018, (\$52.3 million at March 31, 2017) included payables and accruals for Michigan activities, utility relocation, legal fees, engineering consulting services, 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, utility relocation and environmental remediation for Infrastructure Canada.

Accrued employee benefits of \$0.8 million (\$0.8 million at March 31, 2017) represents accruals for employee bonuses and vacations. WDBA recorded an environmental liability of \$15.5 million at March 31, 2018 (\$5.8 million at March 31, 2017) to reflect the anticipated costs of remediating contaminated soil.

# FINANCIAL RESULTS

## Non-Financial Assets

WDBA held \$287.9 million of capital assets at March 31, 2018, compared to \$135.5 million at the end of the prior year. 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 (\$222.6 million at March 31, 2018 - \$134.8 million at March 31, 2017) 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 utility relocation, professional services such as the general engineering contractor, and the Early Works on the Canadian lands.

The table below provides a breakdown of the Construction in Progress:

(thousands of dollars)		
	March 31, 2018	March 31, 2017
Canadian Port of Entry	118,653	76,783
Bridge	57,430	36,286
US Port of Entry	46,539	21,733
	<b>222,622</b>	<b>134,802</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.

Prepaid expenses of \$117.6 million (\$54.0 million at March 31, 2017) primarily consisted of costs related to the acquisition of land in Michigan (\$114.2 million at March 31, 2018 - \$49.7 million at March 31, 2017). Of this amount, \$75.4 million has been acquired by MDOT (\$30.9 million in 2016-2017) and \$38.9 million (\$18.8 in 2016-2017) relates to properties that MDOT is in the process of acquiring through the State of Michigan's eminent domain process. Prepaid expenses also includes \$3.0 million of prepaid insurance (\$4.2 in 2016-2017) related mainly to the Michigan properties.

## 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, 2018, is \$558.9 million (\$326.3 million as of March 31, 2017). The aggregate Imputed Cost on accrued as of March 31, 2018, is \$52.7 million (\$33.1 million as of March 31, 2017). These amounts are offset by aggregate Crossing Authority Revenue received of \$9.9 million as of March 31, 2018 (\$0.9 million as of March 31, 2017), for a balance of \$601.7 million in Unrecouped Canadian Contributions as of March 31, 2018 (\$358.5 million at March 31, 2017).

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

# FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

## STATEMENT OF MANAGEMENT RESPONSIBILITY

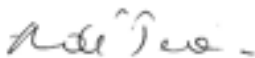
The accompanying financial statements of the Windsor-Detroit Bridge Authority (WDBA) are the responsibility of management.

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.

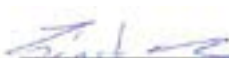
To meet management's responsibility, management has developed and maintains books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the integrity and reliability of financial information, that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



André Juneau  
Interim Chief Executive Officer



Linda Hurdle, CPA, CA  
Chief Operating Officer

Windsor, Canada  
June 22, 2018

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# INDEPENDENT AUDITOR'S REPORT

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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 Financial Statements

I have audited the accompanying financial statements of the Windsor-Detroit Bridge Authority, which comprise the statement of financial position as at 31 March 2018, and the statement of operations, statement of remeasurement gains and losses, statement of change in net financial assets and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### *Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Windsor-Detroit Bridge Authority as at 31 March 2018, 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.

### Report on Other Legal and Regulatory Requirements

As required by the *Financial Administration Act*, I report that, in my opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Windsor-Detroit Bridge Authority that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with 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*.



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

22 June 2018  
Ottawa, Canada

# STATEMENT OF FINANCIAL POSITION

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

	2018	2017
<b>FINANCIAL ASSETS</b>		
Cash	9,008	9,842
Restricted cash (Note 3)	189,913	265,683
Accounts receivable	21,747	16,274
Deposits	1,160	134
<b>TOTAL FINANCIAL ASSETS</b>	<b>221,828</b>	<b>291,933</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	70,913	52,347
Accrued employee benefits	753	810
Environmental liability (Note 9)	15,468	5,840
Holdback (Note 6)	3,807	5,718
<b>TOTAL LIABILITIES</b>	<b>90,941</b>	<b>64,715</b>
<b>NET FINANCIAL ASSETS</b>	<b>130,887</b>	<b>227,218</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 4)	287,948	135,467
Prepaid expenses (Note 5)	117,601	54,008
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>405,549</b>	<b>189,475</b>
<b>ACCUMULATED SURPLUS</b>	<b>536,436</b>	<b>416,693</b>
Accumulated surplus is comprised of:		
Accumulated operating surplus	541,856	417,222
Accumulated remeasurement gains (losses)	(5,420)	(529)
	<b>536,436</b>	<b>416,693</b>

Commitments (Note 7) and Contingencies (Note 8)

*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  
Statement of Operations  
for the year ended March 31  
(thousands of dollars)

	2018 Budget	2018 Actual	2017 Actual
<b>REVENUE</b>			
Revenue from Operations	-	1,856	-
Interest	-	2,745	677
Foreign Exchange Gain	-	-	620
<b>TOTAL REVENUE</b>	-	4,601	1,297
<b>EXPENSES (Note 10)</b>			
Detroit River International Crossing	180,571	84,006	33,850
Internal services	10,806	9,069	6,296
Work performed for other Government agencies	-	3,871	152
<b>TOTAL EXPENSES</b>	191,377	96,946	40,298
<b>DEFICIT BEFORE GOVERNMENT FUNDING</b>	(191,377)	(92,345)	(39,001)
Government transfers - Appropriations	297,606	149,985	354,348
Reimbursement of Appropriations (Note 11)	-	-	(15,000)
Government transfers - Other	24,212	64,979	53
Government transfers - Recoveries	-	2,015	152
	321,818	216,979	339,553
<b>ANNUAL OPERATING SURPLUS</b>	130,441	124,634	300,552
<b>ACCUMULATED OPERATING SURPLUS, BEGINNING OF YEAR</b>	419,971	417,222	116,670
<b>ACCUMULATED OPERATING SURPLUS, END OF YEAR</b>	550,412	541,856	417,222

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

# STATEMENT OF REMEASUREMENT GAINS AND LOSSES

Windsor-Detroit Bridge Authority Statement of Remeasurement Gains and Losses for the year ended March 31 (thousands of dollars)		
	2018 Actual	2017 Actual
ACCUMULATED REMEASUREMENT GAINS (LOSSES), BEGINNING OF YEAR	(529)	643
Unrealized losses attributable to:		
Foreign exchange	(6,659)	(552)
Amounts reclassified to the Statement of Operations:		
Foreign exchange	1,768	(620)
NET REMEASUREMENT GAINS (LOSSES) FOR THE YEAR	(4,891)	(1,172)
ACCUMULATED REMEASUREMENT GAINS (LOSSES), END OF YEAR	(5,420)	(529)

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

# STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

Windsor-Detroit Bridge Authority  
Statement of Change in Net Financial Assets  
for the year ended March 31  
(thousands of dollars)

	2018 Budget	2018 Actual	2017 Actual
ANNUAL OPERATING SURPLUS (DEFICIT)	130,441	124,634	300,552
Acquisition of tangible capital assets	(171,941)	(157,683)	(79,561)
Amortization of tangible capital assets	200	247	233
Impairment of tangible capital assets	-	4,955	-
	(41,300)	(27,847)	221,224
Changes in other non-financial assets			
Acquisition of prepaid expenses	(118,500)	(66,530)	(43,012)
Use of prepaid expenses	-	2,937	1,989
	(118,500)	(63,593)	(41,023)
Net remeasurement gains and (losses) for the year	-	(4,891)	(1,172)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(159,800)	(96,331)	179,029
NET FINANCIAL ASSETS, BEGINNING OF YEAR	238,098	227,218	48,189
NET FINANCIAL ASSETS, END OF YEAR	78,298	130,887	227,218

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

# STATEMENT OF CASH FLOW

Windsor-Detroit Bridge Authority Statement of Cash Flow for the year ended March 31 (thousands of dollars)		
	2018	2017
<b>OPERATING TRANSACTIONS</b>		
Cash receipts from Government transfers	152,000	354,500
Interest received	2,517	636
HST Refunds	6,468	139
Other cash receipts	1,969	28
Cash payments to suppliers	(144,144)	(59,652)
Return of Parliamentary appropriations	-	(15,000)
Cash payments to and on behalf of employees	(8,656)	(6,198)
Transfers to International Authority	(300)	(265)
<b>CASH PROVIDED BY OPERATING TRANSACTIONS</b>	<b>9,854</b>	<b>274,188</b>
<b>CAPITAL TRANSACTIONS</b>		
Cash used to acquire tangible capital assets	(78,503)	(71,746)
<b>CASH APPLIED TO CAPITAL TRANSACTIONS</b>	<b>(78,503)</b>	<b>(71,746)</b>
Effect of exchange rate changes on cash	(7,955)	(144)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(76,604)</b>	<b>202,298</b>
Cash and cash equivalents at beginning of period	275,525	73,227
Cash and cash equivalents at end of period	198,921	275,525
<b>Cash is composed of:</b>		
Cash	9,008	9,842
Restricted cash	189,913	265,683
	<b>198,921</b>	<b>275,525</b>

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

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# NOTES TO THE FINANCIAL STATEMENTS

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## 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. In the early stages of the 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 Proposal and the Public-Private Agreement with respect to the Gordie Howe International Bridge 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 finance 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.

By Order in Council P.C. 2014-1382 dated December 10, 2014, the Corporation 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 has implemented this directive effective December 31, 2017.

# NOTES TO THE FINANCIAL STATEMENTS

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In July 2015, the Corporation 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 22, 2018.

## 02. SIGNIFICANT ACCOUNTING POLICIES

### a. Basis of Accounting

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

### b. 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.

### c. 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.

### d. 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.

### e. 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.

### f. Interest

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

### g. Cash and Restricted Cash

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

### h. 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.

### **i. 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.

### **j. Accounts Payable**

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

### **k. 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 Gordie Howe International Bridge 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.

### **l. 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

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.

### **m. Environmental Obligations**

Whenever WDBA accepts responsibility or has direct responsibility for sites where contamination exceeds environmental standards, plans to abandon future economic benefits to that effect 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 economic benefits will be given up, the situation will be disclosed through a note to the Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS

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## n. 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 or fail 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.

## o. 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.

## p. Pension and Benefit Plans

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

## q. 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	
	Deposits	
Financial liabilities	Accounts payable and accrued liabilities	Cost or amortized cost
	Holdback	

## r. 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 gain and loss are recorded in the Statement of Operations.

## s. 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.

## t. 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.

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

The following standards and guidelines have been issued by the PSAB effective April 1, 2017 and were adopted prospectively by

WDBA on April 1, 2017. Their adoption did not have a significant impact on the financial statements and no adjustment was required to the opening accumulated surplus:

*PS 2200 Related party disclosures:* This new Section defines a related party and establishes disclosures required for related party transactions.

*PS 3210 Assets:* This new Section provides guidance for applying the definition of assets set out in Financial Statement concepts, Section PS 1000, and establishes general disclosure standards for assets.

*PS 3320 Contingent assets:* This new Section defines and establishes disclosure standards on contingent assets.

*PS 3380 Contractual rights:* This new Section defines and establishes disclosure standards on contractual rights.

#### **v. Standards and Guidelines Issued to be Adopted at a Later Date**

The following standard has been issued by the PSAB:

*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.

This Section applies to restructuring transactions occurring in fiscal years beginning on or after April 1, 2018.

WDBA intends to adopt this standard when it becomes applicable. While WDBA is currently evaluating the impact of adopting this standard on its financial statements, it is not expected to have an impact on WDBA's financial reporting.

### **03. RESTRICTED CASH**

Restricted cash consists of funds deposited into an escrow account. The cash in the escrow account is used to fund the Gordie Howe International Bridge 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 04. TANGIBLE CAPITAL ASSETS

(thousands of dollars)					
	Leasehold Improvements	Computer and Office Equipment	Construction in Progress	Land	Total
<b>Cost</b>					
April 1, 2016	792	278	55,308	-	56,378
Acquisitions	18	49	79,494	-	79,561
March 31, 2017	810	327	134,802	-	135,939
April 1, 2017	810	327	134,802	-	135,939
Acquisitions	22	-	92,775	-	92,797
Contributions (Note 11)	-	-	-	64,886	64,886
Impairments	-	-	(4,955)	-	(4,955)
March 31, 2018	832	327	222,622	64,886	288,667
<b>Accumulated Amortization</b>					
April 1, 2016	144	95	-	-	239
Amortization	133	100	-	-	233
March 31, 2017	277	195	-	-	472
April 1, 2017	277	195	-	-	472
Amortization	138	109	-	-	247
March 31, 2018	415	304	-	-	719
<b>Net Book Value</b>					
March 31, 2017	533	132	134,802	-	135,467
March 31, 2018	417	23	222,622	64,886	287,948

The acquisition of tangible capital assets shown above includes an amount of \$38,540 (\$24,246- 2017) for capital items and holdbacks that remain to be paid for as at March 31, 2018. These items are not included in the Statement of Cash Flow.

WDBA recognized impairment losses totaling \$4,955 (\$0- 2017) 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.

## 05. PREPAID EXPENSES

(thousands of dollars)		
	2018	2017
Michigan Land Acquisitions	75,388	30,929
Michigan Land Acquisitions through Condemnation	38,853	18,773
Prepaid Insurance	3,010	4,216
Other	350	90
	<b>117,601</b>	<b>54,008</b>

The Michigan Land acquisition is related to payments made to the State of Michigan to fund the purchase of land for the Gordie Howe International Bridge 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 10).

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.

## 06. HOLDBACK

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

## 07. COMMITMENTS

WDBA has commitments, principally for professional fees, rental agreements, bridge construction, and IT/Communications for amounts totaling \$287,350 (\$384,557 - 2017). Some professional fees 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	Bridge Construction	IT/ Communications	Total
2019	4,622	339	181,677	142	186,780
2020	241	339	43,378	142	44,100
2021	210	339	21,878	130	22,557
2022	107	257	14,270	-	14,634
2023	24	-	13,342	-	13,366
2024 and thereafter	-	-	5,913	-	5,913
	<b>5,204</b>	<b>1,274</b>	<b>280,458</b>	<b>414</b>	<b>287,350</b>

## 08. 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, 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, 2018.

# NOTES TO THE FINANCIAL STATEMENTS

## 09. 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 Gordie Howe International Bridge project. In Canada, this consists of land contributed by the Government of Canada to WDBA for use in the Gordie Howe International Bridge 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 Gordie Howe International Bridge.

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 \$3,135 (\$3,250 for 2017), and \$12,333 for the Michigan land, (\$2,590 for 2017) for a total of \$15,468 (\$5,840 for 2017).

This amount was recorded as an environmental liability in the Statement of Financial Position. Of this amount, \$13,738 (\$5,135 for 2017) was capitalized to the cost of the project, and \$1,730 (\$705 for 2017) relating to land that will not be leased to WDBA, but will remain the responsibility of the State of Michigan, was expensed.

## 10. EXPENSES BY TYPE

(thousands of dollars)		
	2018	2017
Michigan Land	26,287	12,040
Professional Services	15,479	5,037
I-75 Costs	14,717	4,312
Legal Services	13,895	7,349
Payroll and Benefits	8,877	6,738
Impairment Loss	4,955	-
Work performed for other Government agencies	3,871	152
Repairs and Maintenance	2,898	15
Foreign Exchange Loss	1,768	-
Insurance	1,456	1,288
Rent	644	619
Office and Maintenance	516	486
Property Taxes	407	429
Other	318	275
Travel expenses	311	178
Transfers to International Authority	300	265
Amortization	247	233
Claim Settlements	-	882
	<b>96,946</b>	<b>40,298</b>

## 11. 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 \$542 (\$405 – 2017), and recorded government funding of \$149,985 (\$354,348 – 2017). At March 31, 2018, WDBA recorded \$21,222 (\$16,182 – 2017) in accounts receivable with related parties, and accounts payable \$0 (\$1 – 2017).

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

In the prior year the Government of Canada requested that WDBA reimburse \$15,000 of appropriations it had already received, but not drawn, as actual expenditures were lower than estimated. This reimbursement occurred prior to March 31, 2017.

### Government Transfers

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 \$64,979 (\$53 – 2017), of which \$93 (\$53 – 2017) was recognized as expense, and \$64,886 (\$0 – 2017) 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 Recoveries

WDBA recovered costs of \$2,015 (\$152 – 2017) 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 Gordie Howe International Bridge project. A portion of the replacement property acquired will be contributed to WDBA for the GHIB 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 12. FINANCIAL INSTRUMENTS

### a. Fair Value

The carrying value of WDBA's financial instruments 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. WDBA is subject to credit risk on cash. 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)		
	2018	2017
Cash	9,008	9,842
Restricted Cash	189,913	265,683
Deposits	1,160	134
	<b>200,081</b>	<b>275,659</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.

None of WDBA's liabilities are interest-bearing, and none of the liabilities are payable on demand.

The maturities of the Corporation'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
Accounts payable and accrued liabilities	70,913			70,913
Holdback		3,807		3,807
	<b>70,913</b>	<b>3,807</b>	-	<b>74,720</b>

### 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 \$2,414 (\$1,584 at March 31, 2017).

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, 2018, would have a net impact of approximately \$1,239 (\$2,190 at March 31, 2017).

### 13. 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:

(thousands of dollars)		
	2018	2017
Pension plan	473	348
Group benefit plan	402	293
Supplementary Executive Retirement Plan	56	42
	931	683

#### a. Pension Plan

WDBA 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.

# NOTES TO THE FINANCIAL STATEMENTS

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## **c. Supplementary Executive Retirement Plan**

WDBA's Supplementary Executive Retirement Plan (SERP) is a defined contribution notional 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. In order to comply with Order in Council P.C. 2014-1382 (Note 1), the SERP has been closed to new members effective January 1, 2018. As such, membership in the plan is restricted to executives who were employees prior to January 1, 2018. Membership in the plan is compulsory for these executives.

Effective January 1, 2018, WDBA ceased making contributions to the SERP. Executive employees are no longer required or permitted to contribute to the SERP. Members of the SERP will be paid the balances owing to them when they leave WDBA.

## **14. COMPARATIVE FIGURES**

For the year ended March 31, 2018, WDBA changed the presentation of the operating activities of its statement of cash flow from the indirect method to the direct method. WDBA has concluded that the direct method will provide more relevant and reliable information about WDBA's cash flows. The comparative amounts provided for the prior period were reclassified for consistency.

Certain other comparative figures have also been reclassified to conform to the presentation adopted in the current year.

## **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 & STATEMENT OF UNRECOUPED CANADIAN CONTRIBUTIONS

FOR THE YEAR ENDED MARCH 31, 2018

## 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 Windsor-Detroit Bridge Authority (WDBA).

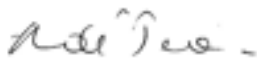
The Statements have been prepared using the basis of accounting described in Note 2.

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.



André Juneau  
Interim Chief Executive Officer



Linda Hurdle, CPA, CA  
Chief Operating Officer

Windsor, Canada  
June 22, 2018

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# INDEPENDENT AUDITOR'S REPORT

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Office of the  
Auditor General  
of Canada

Bureau du  
vérificateur général  
du Canada

## INDEPENDENT AUDITOR'S REPORT

To the Minister of Infrastructure and Communities

I have audited the accompanying statement of Canadian Contributions and statement of Unrecouped Canadian Contributions of the Windsor-Detroit Bridge Authority for the period ended 31 March 2018 ("the statements"). The statements have been prepared by management using the basis of accounting described in Note 2 to the statements.

### *Management's Responsibility for the Statements*

Management is responsible for the preparation of the statements in accordance with the basis of accounting described in Note 2 to the statements, 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.

### *Auditor's Responsibility*

My responsibility is to express an opinion on the statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### *Opinion*

In my opinion, the statement of Canadian Contributions and statement of Unrecouped Canadian Contributions of the Windsor-Detroit Bridge Authority for the period ended 31 March 2018 are prepared, in all material respects, in accordance with the basis of accounting described in Note 2 to the statements.

### *Basis of Accounting*

Without modifying my opinion, I draw attention to Note 2 to the statements, which describes the basis of accounting. The statements are prepared to assist the Windsor-Detroit Bridge Authority to comply with the financial reporting provisions of the Crossing Agreement. As a result, the statements may not be suitable for another purpose.

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

22 June 2018  
Ottawa, Canada

# STATEMENT OF CANADIAN CONTRIBUTIONS & STATEMENT OF UNRECOUPED CANADIAN CONTRIBUTIONS

Statement of Canadian Contributions and Statement of Unrecouped Canadian Contributions for the year ended March 31 (thousands of Canadian dollars)		
	2018	2017
<b>Canadian Contributions:</b>		
Opening balance (note 4)	326,258	181,993
Canadian Contributions for the year	232,626	144,265
<b>Aggregate Canadian Contributions</b>	<b>558,884</b>	<b>326,258</b>
<b>Imputed Cost of Unrecouped Canadian Contributions:</b>		
Opening balance (note 4)	33,097	22,637
Imputed Cost for the year	19,565	10,460
<b>Aggregate Imputed Cost</b>	<b>52,662</b>	<b>33,097</b>
<b>Crossing Authority Revenue:</b>		
Opening balance	(873)	(237)
Crossing Authority Revenue for the year	(8,986)	(636)
<b>Aggregate Crossing Authority Revenue</b>	<b>(9,859)</b>	<b>(873)</b>
<b>Total Unrecouped Canadian Contributions</b>	<b>601,687</b>	<b>358,482</b>

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

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## 01. CROSSING AGREEMENT AND STATEMENTS CONTENT

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

The Crossing Agreement stipulates that the costs to design, construct, 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.

## 02. 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.

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

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## 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.

## 03. 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.

## 04. 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 thousand. These costs have been excluded from the Statement of Canadian Contributions.

# BE READY

## LIKE • FOLLOW • VISIT • ENGAGE

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, [wdbridge.com](http://wdbridge.com), is your main source for up-to-date information on construction activities, news, P3 procurement process, 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 519-946-3038 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.



### Construction Notices

Stay up-to-date on Canadian and US construction activities through our weekly construction notices posted at [wdbridge.com](http://wdbridge.com).



### Our Office

WDBA's office provides a place where you can find information, talk to the team, ask questions and provide feedback.

Our offices are located at:

100 Ouellette Avenue, Suite 400

Windsor, ON



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[WDBA-APWD](https://www.linkedin.com/company/WDBA-APWD)



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