HALIFAX - DARTMOUTH BRIDGE COMMISSION

AUDITED FINANCIAL STATEMENTS

FOR YEAR ENDED DECEMBER 31, 2008

March 19, 2009

HALIFAX - DARTMOUTH BRIDGE COMMISSION
BALANCE SHEET
DECEMBER 31, 2008

ASSETS	2008 ($ 000's)	2007 ($ 000's)
Current		
Cash (note 2(d))	$ 6,159	$ 7,835
Receivables		
Trade	55	47
Accrued interest	93	61
Recoverable HST (note 4)	412	412
Prepaid expenses	303	333
	7,022	8,688
Restricted Assets (note 6)		
Capital Fund	1,869	-
OM Fund	2,550	2,550
Debt Service Fund	1,530	1,530
	5,949	4,080
	12,971	12,768
Deferred transponder charges, net of accumulated amortization of $415 (2007 - $388) (note 11(b))	242	269
Property, plant and equipment (note 5)	73,463	69,927
	$ 86,676	$ 82,964

LIABILITIES	2008 ($ 000's)	2007 ($ 000's)
Current		
Payables and accruals, trade	$ 3,668	$ 2,244
Project holdbacks payable	779	891
Refundable customer transponder amounts (note 11(a))	188	2,636
Deferred revenue (note 2(b)(i) and note 7)	2,604	3,162
Deferred contribution	50	-
Current portion of long term debt (note 8)	3,000	3,000
	10,289	11,933
Deferred capital contribution	600	-
Unearned revenue	58	73
Supplementary employee retirement plan liability (note 15)	521	548
Long term debt (note 8)	54,000	57,000
	65,468	69,554
EQUITY		
Reserve for restricted assets (note 6)	5,949	4,080
Retained Earnings	15,259	9,330
	21,208	13,410
	$ 86,676	$ 82,964

Contingencies (note 16)

On Behalf of the Board

Tom Calkin

Chair

Vice Chair

HALIFAX - DARTMOUTH BRIDGE COMMISSION
AUDITED STATEMENTS OF INCOME, COMPREHENSIVE INCOME AND RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 2008

	2008 ($ 000's)	2007 ($ 000's)
Revenue		
Toll revenue (note 2(b)(i))	$ 23,451	$ 23,426
Other rate revenue	145	146
Investment and sundry income		
Restricted funds investment income	108	1,992
Investment income	294	1,455
Other	295	18
Contributed revenue	2,525	-
Contributed capital contribution (note 2(b)(ii))	49	-
Token reserves taken into income	1,042	-
Total Revenue	**27,909**	**27,037**
Expenses		
Operating expenses	5,561	4,823
Maintenance expenses	6,534	3,913
Amortization of property, plant and equipment	4,609	3,918
Amortization of deferred transponder charges	27	27
Interest on long-term debt and amortization of deferred financing costs (note 9)	3,056	7,801
Net Loss on disposal of property, plant & equipment	367	50
Total Expenses	**20,154**	**20,532**
Net Income	**7,755**	**6,505**
Other Comprehensive Income		
Unrealized gain on investments	46	-
Comprehensive Income	**7,801**	**6,505**
Retained Earnings (Deficit) , beginning of year	**9,330**	**(40,374)**
Transfer to Restricted Asset Reserves (note 6)	**(1,869)**	**(9,601)**
Prior Year Adjustment Due to Rounding	**(3)**	**-**
Redemption of Restricted Asset Reserves (note 6)	**-**	**52,800**
Retained Earnings, end of year	**$ 15,259**	**$ 9,330**

HALIFAX - DARTMOUTH BRIDGE COMMISSION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2008

	2008 ($ 000's)	2007 ($ 000's)
Operating Activities		
Net and Comprehensive Income	$ 7,801	$ 6,505
Amortization of property, plant and equipment	4,609	3,918
Amortization of deferred finance costs	-	728
Amortization of deferred transponder charges	27	27
Unearned Revenue	(15)	18
Unrealized gain on investments	(46)	-
Net loss on disposal of property, plant & equipment	367	50
Contributed capital contribution	(49)	-
	12,694	11,246
Net change in non-cash operating balances (note 10)	(1,657)	1,652
	11,037	**12,898**
Investing Activities		
Purchase of property, plant and equipment	(8,526)	(9,342)
Proceeds from disposal of property, plant and equipment	14	5
Investment in Capital Fund	(1,823)	(3,331)
Investment in Sinking Fund	-	(2,190)
Investment in OM Fund	-	(2,550)
Investment in Debt Service Fund	-	(1,530)
Decrease in Supplementary Employee Retirement Plan liability	(27)	(23)
	(10,362)	**(18,961)**
Financing Activities		
Long term debt installment payment	(3,000)	-
Land transfer NBV from Province of Nova Scotia	649	-
Repayment of Line of Credit	-	(12,000)
Repayment of Toll Revenue Bonds Series 1	-	(94,379)
Proceeds from Long Term Financing	-	60,000
Proceeds from redemption Capital Fund investments	-	28,503
Proceeds from redemption Sinking Fund investments	-	18,830
Proceeds from redemption OM Fund investment	-	2,659
Proceeds from redemption Debt Service Fund investment	-	2,808
	(2,351)	**6,421**
(Decrease) increase in cash during year	**(1,676)**	**358**
Cash, beginning of year	**7,835**	**7,477**
Cash, end of year	**$ 6,159**	**$ 7,835**

1. Incorporation

The Halifax-Dartmouth Bridge Commission (the Commission) was created in 1950 by a statute of the Province of Nova Scotia (now the *Halifax-Dartmouth Bridge Commission Act* - Statutes of Nova Scotia, 2005, c.7).

The Commission is a self-supporting entity that operates and maintains two toll bridges across the Halifax Harbour, the Angus L. Macdonald Bridge and the A. Murray MacKay Bridge.

Under the *Halifax-Dartmouth Bridge Commission Act*, Section 27 (1) - With the approval of the Governor in Council, the Commission may construct, maintain and operate a transportation project across Halifax Harbour and the North West Arm, or either of them.

The Government of the Province or the Municipality may request the Commission to investigate the sufficiency of the means of access to Halifax provided by the Bridges or the present or future need of a transportation project as stipulated under the *Halifax-Dartmouth Bridge Commission Act*, Section 27 (2).

Under the *Halifax-Dartmouth Bridge Commission Act*, Section 27 (3) - Any costs incurred by the Commission under this Section are expenses of operating the Bridges or a transportation project in respect of which the Commission is collecting tolls, fees, rates and other charges.

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2. Significant Accounting Policies ($000's)

a) Basis of financial statement presentation

The Commission, which is a provincially controlled public sector entity, is reporting as a government business enterprise as defined in the Public Sector Accounting and Auditing handbook of the Canadian Institute of Chartered Accountants. Government business enterprises are required to use Canadian generally accepted accounting principles for profit-oriented entities, which is the basis under which these financial statements are prepared.

b) Revenue recognition

i) The Commission recognizes revenue at the time a vehicle crosses a bridge. The Commission's bridge toll rates are regulated by the Nova Scotia Utility and Review Board (NSUARB).

ii) Contributed capital contributions are deferred and recognized into revenue on a basis consistent with the capital asset's related amortization.

c) Amortization of property, plant and equipment

Effective January 1, 2008, the Commission has moved to a full straight line (s.l.) method for calculating depreciation on all assets. Amortization commences in the year an asset is put in use. The Commission periodically updates the estimated remaining useful life of the bridges based on consultation with the Commission's external consulting engineers.

d) Cash

Cash consists of funds held in the current bank account. Interest is received on funds in the general bank account at a rate of Prime minus 1.75%.

e) Financial instruments

The Commission classifies its financial instruments as follows:

Cash, the OM Fund, Debt Service Fund and Capital Fund are classified as assets held for trading and are reported at fair value at each balance sheet date, and any change in fair value is recognized in net income in the period during which the change occurs as unrealized gain or loss. Transaction costs are expensed when incurred.

Receivables are classified as loans and receivables and payables and long term debt as other financial liabilities. These instruments are deemed to have been issued at prevailing market interest rates at the date of advance, accordingly no adjustment for fair value has been recorded.

2. Significant Accounting Policies (Continued)

f) Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

g) Other retirement benefit plans (note 15)

The actuarial determination of the accrued benefit obligations for other retirement benefits uses the accumulated benefit method, which is applicable when future salary levels do not affect the amount of employee future benefits.

3. International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board announced that Canadian Generally Accepted Accounting Principals (GAAP) for publicly accountable enterprises would be replaced by International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2011. As a government business enterprise we are currently specifically scoped into the definition of a publicly accountable enterprise, although the Canadian Accounting Standards Board is reviewing this definition. If we are included, we will be required to prepare our March 31, 2012 financial statements, including comparative information, in compliance with IFRS. We are currently assessing the potential impact of the transition to IFRS on our financial statements, disclosures, and broader financial reporting systems and controls.

4. Harmonized Sales Tax (HST) and Income Tax Status

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

5. Property, plant and equipment

	2008 ($000's)				2007 ($000's)
	Rate	**Cost**	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Land		$ 5,735	$ -	$ 5,735	$ 5,735
Buildings	**40 yrs s.l.**	3,537	1,732	1,805	1,448
Bridge and bridge components					
Angus L. Macdonald	**20 to 85 yrs s.l.**	69,146	28,926	40,220	41,790
A. Murray MacKay	**15 to 80 yrs s.l.**	30,278	15,733	14,545	13,372
Electronic toll transponders	Life Ext. Dec. 31/2017	3,023	1,165	1,858	1,238
Computer equipment	**2 to 5 yrs s.l.**	895	660	235	106
Toll and other equipment	**5 to 8 yrs s.l.**	11,226	2,526	8,700	5,977
Mobile equipment	**5 to 10 yrs s.l.**	1,387	1,022	365	261
		$ 125,227	**$ 51,764**	**$ 73,463**	$ 69,927

Of the above amounts, $489 is not currently being amortized as some capital projects were not completed as of December 31, 2008.

6. Restricted Assets (000's)

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

Under the terms of the loan agreement, the OM Fund must be maintained at an amount at least equal to 25% of the annual budgeted OM expenses for the year. This fund can only be used to pay OM expenses, although any amount in the fund in excess of the required balance can be transferred to the Commission's unrestricted accounts. At December 31, 2008 the OM Fund was held in a cash account and had a market value of $2,602.

Under the terms of the loan agreement, the Debt Service Fund must be maintained at an amount at least equal to 50% of annual interest payments required in respect of certain indebtedness. This fund can only be used to pay principal, interest, and fees, although any amount in the fund in excess of the required balance can be transferred to the Commission's unrestricted accounts. At December 31, 2008 the Debt Service Fund was held in a cash account and had a market value of $1,561.

Under the terms of the loan agreement, the Commission established and deposited $900 to a Capital Fund commencing June 4, 2008 and every six months thereafter for the duration of the loan. This fund can only be used to pay amounts owing in respect of the principal or interest on the long term loan, or for the maintenance of, or improvements to, the bridges. At December 31, 2008, the Capital Fund had a market value of $1,869 and was invested in various provincial bonds maturing in 2013 and 2014 with annual yields of 3.99% to 10.00%.

7. Deferred Revenue

	2008 ($000's)	2007 ($000's)
Unredeemed Tokens	$ -	$ 1,439
Electronic Toll Collection (ETC) Accounts	2,604	1,723
	$ 2,604	$ 3,162

Token sales were recorded as deferred revenue until the tokens were used by customers, at which time revenue was recognized. Tokens were no longer accepted as a method of payment effective May 1, 2008. As of August 1, 2008, tokens were no longer accepted for refunds. At December 31, 2008, all unredeemed tokens (reserves) were taken into income.

Customers prepay their ETC crossings. When the customer crosses a bridge, revenue is recognized and the deferred ETC account is reduced accordingly. The significant increase over 2007 is a result of transferring the liability for transponder deposits into customers' accounts at the end of February, 2008 and a notable increase in new *MACPASS* customer accounts.

8. Long Term Debt ($000's)

	2008 ($000's)	2007 ($000's)
Debt outstanding at January 1st:	$ 60,000	$ 106,379
$60,000 Long Term Loan Agreement with the Province of Nova Scotia on July 25, 2007 with a final maturity date of December 4, 2019. The agreement requires eleven consecutive annual installments of $3,000 commencing with an installment payment on December 4, 2008 and for each year thereafter with the final principal repayment amount of $27,000 along with all accrued and unpaid interest thereon due on the final maturity date of December 4, 2019. Interest is payable semi-annually with the first interest payment due on December 4, 2007 and on June 4th and December 4th each year thereafter. The average interest rate over the 12-year period is 5.13%.		60,000
Debt repaid during the year:	(3,000)	(106,379)
Total Debt Outstanding:	$ 57,000	$ 60,000
Less: Principal debt maturing within one year:	(3,000)	(3,000)
Total Long Term Debt:	$ 54,000	$ 57,000

9. Interest on long (short) term debt and amortization of deferred financing costs ($000's)

	2008 ($000's)	2007 ($000's)
Interest on long (short) term debt		
Toll Revenue Bonds (short)	$ -	$ 5,200
Line of Credit - $12,000 (short)	-	541
Long Term Debt - $60,000	3,056	1,331
Amortization of deferred financing costs and discounts	-	729
	$ 3,056	$ 7,801

10. Net change in non-cash operating balances

	2008 ($000's)	2007 ($000's)
Increase (decrease) in cash from changes in:		
Receivables	$ (39)	$ (219)
Prepaid expenses	30	106
Payables and accruals	1,309	1,304
Customer transponder amounts	(2,449)	332
Deferred revenue	(508)	129
	$ (1,657)	$ 1,652

11. Transponders ($000's)

a) The Commission has recorded a liability for all deposits received on the issue of transponders to customers. In accordance with the NSUARB ruling on January 22, 2007, the *MACPASS* transponder deposit requirement was removed and existing transponder deposits were refunded to customers' accounts by February 29, 2008 for those accounts meeting the criteria for the refund.

b) The cost of all transponders issued to customers prior to December 2000 has been recorded as a deferred charge. The cost of all transponders purchased for issue to customers after that date has been recorded as property, plant and equipment (see note 5). In both cases, the transponders are being amortized on a straight - line basis to December 31, 2017.

12. Financial instruments ($000's)

a) Credit Facilities

The Commission has a $5,000 operating loan facility with a chartered bank which bears interest at prime rate minus 0.5% per year. The operating facility is subject to annual review and is unsecured. As at December 31, 2008, no advances were outstanding. On June 30, 2008, the Commission entered into a $60,000 revolving, unsecured credit facility with the Province of Nova Scotia which bears a rate of interest equal to the arithmetical average of the discount rates for Bankers' Acceptances applicable on the date of the requested advance. As at December 31, 2008, no advances were outstanding.

b) Fair value of financial instruments

Financial instruments of the Commission consist mainly of cash, accounts receivable, restricted assets, accounts payable, accrued liabilities and long term debt. The carrying values of these financial assets and financial liabilities approximate their fair values.

c) Credit Risk Management

The Commission provides credit to its customers in the normal course of its operations. In order to reduce its credit risk, the Commission has adopted credit policies including the monitoring of its customer accounts. The company does not have a significant exposure to any individual customer or counterpart.

d) Interest Rate Risk

The long term debt bears fixed interest rates. Consequently, the long term debt risk exposure is minimal.

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13. Related party transactions ($000's)

As a provincially controlled public sector entity, the Commission is considered to be related to the Province of Nova Scotia.

On July 25, 2007, the Commission entered into a refinancing loan agreement for $60,000 with the Province of Nova Scotia. The Commission accrued interest on the long term debt for the period ending December 31, 2008 in the amount of $215.

On June 30, 2008, the Commission entered into a Line of Credit agreement for $60,000 with the Province of Nova Scotia. There have been no borrowings against this Line of Credit as of December 31, 2008.

On April 4, 2008, the Commission received $2,575 from the Province of Nova Scotia for repairs to the infrastructure know as as the Victoria Road Interchange (VRI) on Highway 111. In addition, the Province of Nova Scotia transferred the net book value of the VRI in the amount $649 to the Commission.

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14. Pension plan ($000's)

The Commission sponsors a defined contribution pension plan for all permanent employees. No future contributions are required in respect of past service at December 31, 2008. The Commission recognized an expense of $110 representing a 6% pension contribution for the period ending December 31, 2008 ($93 for 2007).

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15. Retirement benefits ($000's)

a) Canadian generally accepted accounting principles require entities to accrue all employee future benefits. The Commission's policy is that all employees whose age and years of service total 80 or more, or who become disabled at any age, will be paid a retirement benefit equal to one month's salary for their first ten years of service, plus one month's salary for each additional five full years of service. The benefit is based on the salary in effect at the time of retirement. The Commission has recorded a liability of $189 (2007 - $179) in retirement benefits at December 31, 2008. A total of $10 was allocated to administrative, maintenance, and *MACPASS* expenses for the period.

15. Retirement benefits ($000's) (Continued)

b) The Supplementary Employee Retirement Plan (SERP) is an unfunded defined benefit pension plan which provides for benefits to employees under the following conditions. In summary, benefits are payable for up to ten (10) years commencing at age 60. Benefits are in respect of service prior to January 1, 1991 and no further benefits are being accrued by existing members nor will there be future members under this arrangement. Pension benefits are based on length of service and earnings up to 1991. Benefits are not indexed for inflation either before or after retirement.

A summary of principal pension expense and disclosure information, as required for disclosure purposes pursuant to CICA 3461, for the current fiscal year follows. Actuarial measurements are as of December 31, 2008.

Components of Net Periodic Pension Cost	2008 ($000's)	2007 ($000's)
Interest cost	$ 30	$ 27
Actuarial loss (gain) on accrued benefit obligation	(38)	(23)
Past service cost	(19)	(27)
Costs arising, and net periodic pension cost recognized, in the year	**$ (27)**	**$ (23)**

Weighted-Average Assumptions for Expense and Disclosure	2008	2007
Discount rate for expense	5.45%	4.70%
Discount rate for disclosure	6.85%	5.45%

Changes in Accrued Benefit Obligation	2008 ($000's)	2007 ($000's)
Accrued benefit obligation at end of prior year	**$ 548**	$ 571
Interest cost	30	27
Benefits paid	-	-
Actuarial loss (gain)	(38)	(23)
Past service cost	(19)	(27)
Accrued benefit obligation at end of period	**$ 521**	$ 548

Reconciliation of Funded Status to Accrued Benefit Asset (Liability)	2008 ($000's)	2007 ($000's)
Excess (Deficit) at end of year	**$ (521)**	$ (548)
Unamortized net actuarial loss (gain)	-	-
Accrued benefit asset (liability)	**$ (521)**	$ (548)

16. Contingencies ($000's)

An accrued liability of $521 has been included in long term liabilities on the Balance Sheet representing the Supplementary Employee Retirement Plan (see Note 15) which is subject to review and approval by the Department of Finance, Province of Nova Scotia.

17. Comparative figures

In some cases, the comparative figures on these financial statements have been reclassified to correspond with the current year's presentation.

HALIFAX - DARTMOUTH BRIDGE COMMISSION

AUDITED FINANCIAL STATEMENTS

FOR THREE MONTHS ENDED MARCH 31, 2009

June 26, 2009

HALIFAX - DARTMOUTH BRIDGE COMMISSION
BALANCE SHEET
MARCH 31, 2009

ASSETS	2009 ($ 000's)	Dec. 31, 2008 ($ 000's)
Current		
Cash (note 2(d))	$ 6,355	$ 6,159
Receivables		
Trade	101	55
Accrued interest	88	93
Recoverable HST (note 4)	297	412
Prepaid expenses	146	303
	6,987	**7,022**
Restricted Assets (note 6)		
Capital Fund	1,913	1,869
OM Fund	2,550	2,550
Debt Service Fund	1,530	1,530
	5,993	**5,949**
	12,980	**12,971**
Deferred transponder charges, net of accumulated amortization of $422 (2008 - $415) (note 9(b))	235	242
Property, plant and equipment (note 5)	74,329	73,463
	$ 87,544	**$ 86,676**

LIABILITIES	2009 ($ 000's)	Dec. 31, 2008 ($ 000's)
Current		
Payables and accruals, trade	$ 3,737	$ 3,668
Project holdbacks payable	953	779
Refundable customer transponder amounts (note 9(a))	187	188
Deferred revenue (note 2(b)(i))	2,569	2,604
Deferred contribution	-	50
Current portion of unearned revenue	84	-
Current portion of long term debt (note 7)	3,000	3,000
	10,530	**10,289**
Deferred capital contribution (note 2(b)(ii))	584	600
Unearned revenue	52	58
Supplementary employee retirement plan liability (note 13(b))	529	521
Long term debt (note 7)	54,000	54,000
	65,695	**65,468**
Contingencies (note 14)		
EQUITY		
Reserve for restricted assets (note 6)	5,993	5,949
Retained Earnings	15,856	15,259
	21,849	**21,208**
	$ 87,544	**$ 86,676**

On Behalf of the Board

Tom Collins

Chair

Vice Chair

HALIFAX - DARTMOUTH BRIDGE COMMISSION
AUDITED STATEMENTS OF INCOME, COMPREHENSIVE INCOME AND RETAINED EARNINGS
THREE MONTHS ENDED MARCH 31, 2009
(WITH COMPARATIVE FOR YEAR ENDED DECEMBER 31, 2008)

	2009 ($ 000's)	2008 ($ 000's)
Revenue		
Toll revenue (note 2(b)(i))	$ 5,441	$ 23,451
Other rate revenue	37	145
Investment and sundry income		
Restricted funds investment income	17	108
Investment income	16	294
Other	81	295
Contributed revenue	50	2,525
Amortization of deferred capital contribution (note 2(b)(ii))	16	49
Token reserves taken into income	-	1,042
Total Revenue	**5,658**	**27,909**
Expenses		
Operating expenses	1,344	5,561
Maintenance expenses	1,748	6,534
Amortization of property, plant and equipment	1,200	4,609
Amortization of deferred transponder charges	7	27
Interest on long-term debt	717	3,056
Net loss on disposal of property, plant & equipment	28	367
Total Expenses	**5,044**	**20,154**
Net Income	**614**	**7,755**
Other Comprehensive Income		
Unrealized gain on investments	27	46
Comprehensive Income	**641**	**7,801**
Retained Earnings, beginning of year	**15,259**	**9,330**
Transfer to Restricted Asset Reserves (note 6)	**(44)**	**(1,869)**
Prior Year Adjustment Due to Rounding	**-**	**(3)**
Retained Earnings, end of period	**$ 15,856**	**$ 15,259**

HALIFAX - DARTMOUTH BRIDGE COMMISSION
STATEMENT OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2009
(WITH COMPARATIVE FOR YEAR ENDED DECEMBER 31, 2008)

	2009 ($ 000's)	2008 ($ 000's)
Operating Activities		
Net and comprehensive income	$ 641	$ 7,801
Amortization of property, plant and equipment	1,200	4,609
Amortization of deferred transponder charges	7	27
Unearned revenue	77	(15)
Unrealized gain on investments	(27)	(46)
Net loss on disposal of property, plant & equipment	28	367
Amortization of deferred capital contribution	(16)	(49)
	1,910	12,694
Net change in non-cash operating balances (note 8)	388	(1,657)
	2,298	**11,037**
Investing Activities		
Purchase of property, plant and equipment	(2,098)	(8,526)
Proceeds from disposal of property, plant and equipment	4	14
Investment in Capital Fund	(16)	(1,823)
Increase (decrease) in Supplementary Employee Retirement Plan liability	8	(27)
	(2,102)	**(10,362)**
Financing Activities		
Long term debt installment payment	-	(3,000)
Land transfer NBV from Province of Nova Scotia	-	649
	-	**(2,351)**
Increase in cash during period	**196**	**(1,676)**
Cash, beginning ofyear	**6,159**	**7,835**
Cash, end of period	**$ 6,355**	**$ 6,159**

1. Incorporation

The Halifax-Dartmouth Bridge Commission (the Commission) was created in 1950 by a statute of the Province of Nova Scotia (now the *Halifax-Dartmouth Bridge Commission Act* - Statutes of Nova Scotia, 2005, c.7).

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Under the *Halifax-Dartmouth Bridge Commission Act*, Section 27 (3) - Any costs incurred by the Commission under this Section are expenses of operating the Bridges or a transportation project in respect of which the Commission is collecting tolls, fees, rates and other charges.

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2. Significant Accounting Policies ($000's)

a) Basis of financial statement presentation

The Commission, which is a provincially controlled public sector entity, is reporting as a government business enterprise as defined in the Public Sector Accounting and Auditing handbook of the Canadian Institute of Chartered Accountants. Government business enterprises are required to use Canadian generally accepted accounting principles for profit-oriented entities, which is the basis under which these financial statements are prepared.

b) Revenue recognition

i) The Commission recognizes revenue at the time a vehicle crosses a bridge. The Commission's bridge toll rates are regulated by the Nova Scotia Utility and Review Board (NSUARB). Customers prepay their ETC crossings. When the customer crosses a bridge, revenue is recognized and the deferred ETC account is reduced accordingly.

ii) Contributed capital contributions are deferred and recognized into revenue on a basis consistent with the capital asset's related amortization.

c) Amortization of property, plant and equipment

Effective January 1, 2008, the Commission moved to a full straight line (s.l.) method for calculating depreciation on all assets, at rates based on the useful life as indicated in Note 5. Amortization commences in the year an asset is put in use. The Commission periodically updates the estimated remaining useful life of the bridges based on consultation with the Commission's external consulting engineers.

d) Cash

Cash consists of funds held in the current bank account and cash on hand. Interest is received on funds in the general bank account at a rate of Prime minus 1.75%.

e) Financial instruments

The Commission classifies its financial instruments as follows:

Cash, the OM Fund, Debt Service Fund and Capital Fund are classified as assets held for trading and are reported at fair value at each balance sheet date, and any change in fair value is recognized in net income in the period during which the change occurs as unrealized gain or loss. Transaction costs are expensed when incurred.

2. Significant Accounting Policies (2(e) Continued)

Receivables are classified as loans and receivables and payables and long term debt as other financial liabilities. These instruments are deemed to have been issued at prevailing market interest rates at the date of advance, accordingly no adjustment for fair value has been recorded.

f) Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

g) Other retirement benefit plans (Note 13)

The actuarial determination of the accrued benefit obligations for other retirement benefits uses the accumulated benefit method, which is applicable when future salary levels do not affect the amount of employee future benefits.

3. International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board announced that Canadian Generally Accepted Accounting Principals (GAAP) for publicly accountable enterprises would be replaced by International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2011. As a government business enterprise we are currently specifically scoped into the definition of a publicly accountable enterprise, although the Canadian Accounting Standards Board is reviewing this definition. If we are included, we will be required to prepare our March 31, 2012 financial statements, including comparative information, in compliance with IFRS. We are currently assessing the potential impact of the transition to IFRS on our financial statements, disclosures, and broader financial reporting systems and controls.

4. Harmonized Sales Tax (HST) and Income Tax Status

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

5. Property, plant and equipment

				2009 ($000's)	2008 ($000's)
	Rate	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land		$ 5,735	$ -	$ 5,735	$ 5,735
Buildings	5 - 40 yrs	3,583	1,755	1,828	1,805
Bridge and bridge components					
Angus L. Macdonald	5 - 85 yrs	69,161	29,488	39,673	40,220
A. Murray MacKay	5 - 80 yrs	31,939	15,962	15,977	14,545
Electronic toll transponders	Dec. 31, 2017	3,219	1,222	1,997	1,858
Computer equipment	2 - 5 yrs	780	542	238	235
Toll and other equipment	5 - 25 yrs	11,320	2,830	8,490	8,700
Mobile equipment	5 - 10 yrs	1,319	928	391	365
		$ 127,056	$ 52,727	$ 74,329	$ 73,463

Of the above amounts, $3,305 is not currently being amortized as some capital projects were not completed as of March 31, 2009.

6. Restricted Assets (000's)

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

Under the terms of the loan agreement, the OM Fund must be maintained at an amount at least equal to 25% of the annual budgeted OM expenses for the year. This fund can only be used to pay OM expenses, although any amount in the fund in excess of the required balance can be transferred to the Commission's unrestricted accounts. At March 31, 2009 the OM Fund was held in a cash account and had a market value of $2,602.

Under the terms of the loan agreement, the Debt Service Fund must be maintained at an amount at least equal to 50% of annual interest payments required in respect of certain indebtedness. This fund can only be used to pay principal, interest, and fees, although any amount in the fund in excess of the required balance can be transferred to the Commission's unrestricted accounts. At March 31, 2009 the Debt Service Fund was held in a cash account and had a market value of $1,561.

Under the terms of the loan agreement, the Commission established and deposited $900 to a Capital Fund commencing June 4, 2008 and every six months thereafter for the duration of the loan. This fund can only be used to pay amounts owing in respect of the principal or interest on the long term loan, or for the maintenance of, or improvements to, the bridges. At March 31, 2009, the Capital Fund had a market value of $1,913 and was invested in various provincial bonds maturing in 2013 and 2014 with annual yields of 3.99% to 10.00%.

7. Long Term Debt ($000's)

	2009 ($000's)	2008 ($000's)
Debt outstanding at January 1st:	$ 57,000	$ 60,000

$60,000 Long Term Loan Agreement with the Province of Nova Scotia on July 25, 2007 with a final maturity date of December 4, 2019. The agreement requires eleven consecutive annual installments of $3,000 commencing with an installment payment on December 4, 2008 and for each year thereafter with the final principal repayment amount of $27,000 along with all accrued and unpaid interest thereon due on the final maturity date of December 4, 2019. Interest is payable semi-annually with the first interest payment due on December 4, 2007 and on June 4th and December 4th each year thereafter. The average interest rate over the 12-year period is 5.13%.

	2009 ($000's)	2008 ($000's)
Debt repaid during the year:	-	(3,000)
Total Debt Outstanding:	$ 57,000	$ 57,000
Less: Principal debt maturing within one year:	(3,000)	(3,000)
Total Long Term Debt:	$ 54,000	$ 54,000

8. Net change in non-cash operating balances

	2009 ($000's)	2008 ($000's)
Increase (decrease) in cash from changes in:		
Receivables	$ 73	$ (39)
Prepaid expenses	157	30
Payables and accruals	243	1,309
Customer transponder amounts	(1)	(2,449)
Deferred revenue	(84)	(508)
	$ 388	$ (1,657)

9. Transponders ($000's)

a) The Commission has recorded a liability for all deposits received on the issue of transponders to customers. In accordance with the NSUARB ruling on January 22, 2007, the *MACPASS* transponder deposit requirement was removed and existing transponder deposits were refunded to customers' accounts by February 29, 2008 for those accounts meeting the criteria for the refund.

b) The cost of all transponders issued to customers prior to December 2000 has been recorded as a deferred charge. The cost of all transponders purchased for issue to customers after that date has been recorded as property, plant and equipment (see Note 5). In both cases, the transponders are being amortized on a straight - line basis to December 31, 2017.

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10. Financial instruments ($000's)

a) Credit facilities

The Commission has a $5,000 operating loan facility with a chartered bank which bears interest at prime rate minus 0.5% per year. The operating facility is subject to annual review and is unsecured. As at March 31, 2009, no advances were outstanding. On June 30, 2008, the Commission entered into a $60,000 revolving, unsecured credit facility with the Province of Nova Scotia which bears a rate of interest equal to the arithmetical average of the discount rates for Bankers' Acceptances applicable on the date of the requested advance. As at March 31, 2009, no advances were outstanding.

b) Fair value of financial instruments

Financial instruments of the Commission consist mainly of cash, accounts receivable, restricted assets, accounts payable, accrued liabilities and long term debt. The carrying values of these financial assets and financial liabilities approximate their fair values.

c) Credit risk management

The Commission provides credit to its customers in the normal course of its operations. In order to reduce its credit risk, the Commission has adopted credit policies including the monitoring of its customer accounts. The company does not have a significant exposure to any individual customer or counterpart.

d) Interest rate risk

The long term debt bears fixed interest rates. Consequently, the long term debt risk exposure is minimal.

e) Capital management

The Commission's objective when managing capital is to ensure there is adequate cash flow on hand to meet its operational and capital expenditure requirements. The Commission regularly reviews its projected future toll revenues in conjunction with its current cash position and borrowing ability in order to finance significant future projects that are required to upgrade and maintain its capital assets.

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11. Related party transactions ($000's)

As a provincially controlled public sector entity, the Commission is considered to be related to the Province of Nova Scotia.

On July 25, 2007, the Commission entered into a refinancing loan agreement for $60,000 with the Province of Nova Scotia. The Commission accrued interest on the long term debt for the period ending March 31, 2009 in the amount of $932.

On June 30, 2008, the Commission entered into a Line of Credit agreement for $60,000 with the Province of Nova Scotia. There have been no borrowings against this Line of Credit as of March 31, 2009.

On April 4, 2008, the Commission received $2,575 from the Province of Nova Scotia for repairs to the infrastructure know as as the Victoria Road Interchange (VRI) on Highway 111. In addition, the Province of Nova Scotia transferred the net book value of the VRI in the amount $649 to the Commission.

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12. Pension plan ($000's)

The Commission sponsors a defined contribution pension plan for all permanent employees. No future contributions are required in respect of past service at March 31, 2009. The Commission recognized an expense of $25 representing a 6% pension contribution for the period ending March 31, 2009 ($26 for 2008).

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13. Retirement benefits ($000's)

a) Canadian generally accepted accounting principles require entities to accrue all employee future benefits. The Commission's policy is that all employees whose age and years of service total 80 or more, or who become disabled at any age, will be paid a retirement benefit equal to one month's salary for their first ten years of service, plus one month's salary for each additional five full years of service. The benefit is based on the salary in effect at the time of retirement. The Commission has recorded a liability of $199 (2008 - $189) in retirement benefits at March 31, 2009. A total of $10 was allocated to administrative, maintenance and *MACPASS* expenses for the period.

b) The Supplementary Employee Retirement Plan (SERP) is an unfunded defined benefit pension plan which provides for benefits to employees under the following conditions. In summary, benefits are payable for up to ten (10) years commencing at age 60. Benefits are in respect of service prior to January 1, 1991 and no further benefits are being accrued by existing members nor will there be future members under this arrangement. Pension benefits are based on length of service and earnings up to 1991. Benefits are not indexed for inflation either before or after retirement.

A summary of principal pension expense and disclosure information, as required for disclosure purposes pursuant to CICA 3461, for the current fiscal year follows. Actuarial measurements are as of March 31, 2009.

Components of Net Periodic Pension Cost	**2009 ($000's)**	2008 ($000's)
Interest cost	$ 9	$ 30
Actuarial loss (gain) on accrued benefit obligation	5	(38)
Past service cost	(6)	(19)
Costs arising, and net periodic pension cost recognized, in the year	**$ 8**	**$ (27)**

Weighted-Average Assumptions for Expense and Disclosure	**2009**	2008
Discount rate for expense	6.85%	5.45%
Discount rate for disclosure	6.65%	6.85%

Changes in Accrued Benefit Obligation	**2009 ($000's)**	2008 ($000's)
Accrued benefit obligation at end of prior year	**$ 521**	$ 548
Interest cost	9	30
Benefits paid	-	-
Actuarial loss (gain)	5	(38)
Past service cost	(6)	(19)
Accrued benefit obligation at end of period	**$ 529**	$ 521

Reconciliation of Funded Status to Accrued Benefit Asset (Liability)	**2009 ($000's)**	2008 ($000's)
Excess (Deficit) at end of year	**$ (529)**	$ (521)
Unamortized net actuarial loss (gain)	-	-
Unamortized past service costs	-	-
Accrued benefit asset (liability)	**$ (529)**	$ (521)

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14. Contingencies ($000's)

An accrued liability of $529 has been included in long term liabilities on the Balance Sheet representing the Supplementary Employee Retirement Plan (see Note 13) which is subject to review and approval by the Department of Finance, Province of Nova Scotia.

15. Comparative figures

In some cases, the comparative figures on these financial statements have been reclassified to correspond with the current year's presentation.