# Global Transportation Hub

# Annual Report for 2015-16

Government of Saskatchewan

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# Letters of Transmittal

The Honourable Bill Boyd

Her Honour, the Honourable Vaughn Solomon Schofield, Lieutenant Governor of Saskatchewan
May it Please Your Honour:

Your Honour:

I respectfully submit the Annual Report of the Global Transportation Hub for the fiscal year ending March 31, 2016, including the financial statements, duly certified by auditors for the entity, and in the form approved by the Treasury Board, all in accordance with *The Global Transportation Hub Authority Act*.

I have reviewed and accept responsibility for this report and offer assurance for the accuracy, completeness, and reliability of the enclosed information.

Honourable Bill Boyd
Minister Responsible for the Global Transportation Hub

Bryan Richards

May it Please Your Honour:

I have the honour of submitting the Annual Report of the Global Transportation Hub (GTH) for the fiscal year ending March 31, 2016.

Infrastructure investment and development is an important part of the Saskatchewan Plan for Growth and to keeping Saskatchewan strong. The GTH was formally established to drive transportation innovation, serve as an instrument of trade, and to develop partnerships with the private sector

The GTH is proud to be delivering on that vision. This past year we saw new clients start up, we achieved our Foreign Trade Zone designation, we launched a new website and we continued to make progress in the development of our commercial services centre. At the same time, we continue to actively work with a number of prospective investors.

As the President and Chief Executive Officer of the GTH, I take responsibility for the financial administration and management control of the GTH. Furthermore, I acknowledge my responsibility for this report and provide assurance on the accuracy, completeness and reliability of the information contained within.

Bryan Richards
President and Chief Executive Officer
Global Transportation Hub

# Introduction

This annual report for the Global Transportation Hub (GTH) presents results for the fiscal year ending March 31, 2016. It provides results of key actions and performance. It also reflects progress toward commitments from the Government Direction for 2015-16: Keeping Saskatchewan Strong, and the Saskatchewan Plan for Growth – Vision 2020 and Beyond.

The GTH followed the Public Performance Reporting Guidelines when reporting on its results. These guidelines provide an accountability framework for the GTH's business plan and summarize the results achieved. The GTH has been in operation since January 1, 2010 and this is the sixth annual report based on a full-year of operation. This annual report demonstrates the GTH's commitment to effective public performance reporting, transparency and accountability to the public.

# Alignment with Government's Direction

The GTH's activities in 2015-16 align with Government's vision and four goals:

**Saskatchewan's Vision**

*"... to be the best place in Canada – to live, to work, to start a business, to get an education, to raise a family and to build a life."*

- **Sustaining growth and opportunities for Saskatchewan people**
- **Meeting the challenges of growth**
- **Securing a better quality of life for all Saskatchewan people**
- **Delivering responsive and responsible government**

Together, all ministries and agencies support the achievement of Government's four goals and work towards a secure and prosperous Saskatchewan.

The GTH has and will continue to contribute to the Saskatchewan Plan for Growth through the following key objectives:

- Investing in the infrastructure required for growth
- Supporting increased trade, investment and exports through international engagement
- Assisting in advancing Saskatchewan's natural resource assets and strengths through our transportation design

# Overview of the GTH

The GTH is Saskatchewan's commitment to developing a supply chain, logistics, and transportation infrastructure that supports global trade. As Canada's only autonomous and self-governing inland port authority, the GTH's ability to serve as a single point of contact for our clients is a true differentiator from all other inland port or logistics hub environments.

With passage of Bill No.81 – *The Global Transportation Hub Authority Act* in August 2013, the GTH is responsible for its own land use planning and development regulations, governance structure, sub-division approvals, permitting and enforcement services. It also holds responsibility to own, operate, maintain and replace the infrastructure built specifically for a transportation and logistics operation.

This efficient and collaborative approach where clients can deal with the final decision makers is unique and gives our clients the fastest turnaround from purchase to full operations. For companies depending on domestic and global trade, long-term success means having the flexibility and agility to try new supply chain options and transport systems that meet ever-changing client demands. The GTH collaborates with all its clients to build a unique competitive advantage.

Today, the GTH is a statutory corporation whose operations have been funded by revenues generated from land sales. The GTH has not received any appropriated funding from the General Revenue Fund (GRF), but rather, generates revenue from its land sales and management to maintain the infrastructure and contribute to the ongoing operating costs of the Authority.

The GTH offers:

- The most competitively-priced land in western Canada
- Greenfield build opportunities
- A logistically superior design for maximum efficiency of truck movement

There are ten GTH clients including:

- CP Railway
- Loblaw
- Consolidated Fastfrate
- Emterra Group
- Saskatchewan Liquor and Gaming Authority
- Morguard Investments (Translink Logistics Centre)
- SaskPower
- S.H. Storpark (Slinkemo Enterprises)
- Genesis Holdings (Sterling Truck & Trailer)
- CACN

# Board of Directors

The GTH is guided by a “blue chip” board of directors with experience and expertise in all facets related to its operations. The GTH is being developed to be an innovative and integrated global transportation and logistics hub that provides a positive investment and operating environment for its clients.

Board members as of March 31, 2016:

**Honourable Bill Boyd,** Chair – As the Minister Responsible for the Global Transportation Hub, Minister Boyd’s mandate is to ensure economic growth in the province continues and that the government is meeting both the challenges and the opportunities of an expanding province. In addition to his responsibility for the GTH, he also serves as Minister of the Economy, Minister Responsible for Saskatchewan Power Corporation and Minister Responsible for Energy and Resources.

**Captain Gordon Houston,** Vice-Chair – Captain Houston is the former President and CEO of Port Metro Vancouver, the biggest port operation in Canada. Captain Houston is among the most senior authorities on port and supply chain logistics in Canada and worked extensively with Saskatchewan exporters during his tenure. He has been involved in the marine-land transportation business for 48 years, including a 24 year sea-going career which started when he was 16.

**Terry Baker** – Mr. Baker is the President of Franklin Land & Cattle Co., a century old mixed farm located in West Central Saskatchewan. A non-practicing Civil Engineer, he was the former Chair of the Saskatchewan Wheat Pool, the founding Chair of Viterra, and the former chair for the Saskatchewan Health Research Foundation. Mr. Baker currently acts as Chair of Agrivita, Canada's national not-for-profit corporation promoting health and safety research and its effective application to the agricultural sector.

**Lionel LaBelle** – Mr. LaBelle brings experience as an entrepreneur and leader in both public and private corporations focused on agribusiness, construction and manufacturing. Mr. Labelle was President and CEO of the Saskatchewan Trade and Export Partnership (STEP) from 2008-14, a member-based association focused on assisting Saskatchewan exporters in national and international markets. Mr. LaBelle currently serves as the Chief Commercialization Officer working within the Ministry of Economy and the Crown Agency of Innovation Saskatchewan.

**Louis Ranger** – Mr. Ranger earned his reputation in Canadian and global transportation issues as the Government of Canada’s Deputy Minister of Transportation and Infrastructure from 2002-09. He has more than 30 years of experience in the transportation industry and has worked for the federal government in increasingly senior roles related to transportation and infrastructure since 1974. Currently, he is a well-known and respected transportation consultant and corporate director.

**David Watson** – Mr. Watson is the former President of Orient Overseas Container Line (OOCL) Canada, a large integrated international container transportation, logistics and terminal company. His 43 year tenure with OOCL and associated companies saw him in numerous senior executive management positions in Canada, Hong Kong, Australia and Europe with extended experience covering the Trans-Atlantic, Trans-Pacific and Asia-Europe trades. His knowledge of the international maritime industry and network of contacts, including major importers, exporters, freight forwarding and global supply chain logistics are of particular benefit to the GTH.

**Board member update as of March 31, 2016:**

In September 2015, the GTH bid farewell to one of its founding board members. Mr. Mayo Schmidt is the President & CEO of both Hydro One Limited and Hydro One Inc. He previously served as President, CEO and Director at Viterra. He has been recognized in the Financial Post's Top 10 CEO Scorecard Rankings, as CEO of the year by Canadian Business Magazine, as well as being awarded the Saskatchewan Centennial Medal.

In March 2016, the GTH also bid farewell to Mr. Barry Goldberg, who joined the GTH board in 2014. Mr. Goldberg served as Managing Director and the global head of mergers, acquisitions and restructuring with Canaccord Genuity. He was also a founding Principal of Genuity Capital markets where he helped lead some of the country's largest and most complex corporate financial restricting transactions.

The GTH recognizes the significant leadership Mr. Mayo Schmidt and Mr. Barry Goldberg provided during their tenure on its Board of Directors, and wishes to thank them for their contributions.

# Progress in 2015-16

## Government Goals

## Goal

Our Government's vision and four goals provide a directional framework for ministries, agencies and third parties to align with these priorities. This 2015-16 annual report provides an opportunity to report on results achieved. This honours our Government's commitment to keep its promises and ensure greater transparency and accountability to the people of Saskatchewan.

Together, all government ministries and agencies support the achievement of the Government's goals and work towards a growing and prosperous Saskatchewan.

The Government of Saskatchewan continues to maintain an attractive business climate for the transportation and logistics industry and establishing the infrastructure that will support growth. The GTH is an effective and responsive administrator of business risk management programs that support these goals.

The GTH has and will continue to contribute to the Saskatchewan Plan for Growth through the following key objectives:

- Investing in the infrastructure required for growth.
- Supporting increased trade, investment and exports through international engagement.
- Assisting in advancing Saskatchewan's natural resource assets and strengths through our transportation design.

The vision of the GTH board of directors and management team is to be recognized as Canada's Premier Inland Port.

## Economic Impact

Since inception, private sector investment in the GTH has topped $485 million and hundreds of new jobs and career opportunities have been realized. Employment during construction has created over 1,800 jobs while approximately 860 full time jobs currently exist on site. Another noticeable financial advantage of the GTH is the $17 million generated in incremental diesel fuel tax and $15.2 million in provincial personal income tax. Additionally, the GTH sees about 4,800 weekly truck movements in and out of the footprint – a testament to the economic activity taking place in Saskatchewan's inland port.

## Achievements

The past fiscal year was both busy and successful. Highlights include:

The GTH received its Foreign Trade Zone (FTZ) designation from the Government of Canada in August. With only a small selection of Canadian communities having this status, being able to offer clients eligibility for programs like duty deferrals is a significant competitive advantage for the GTH. Known in the industry as a "single window," the GTH can provide a single point of contact and coordinated service on Canada's FTZ programming – something that potential international investors consistently inquire about.

The GTH entered into a cooperation agreement with one of China's inland integrated logistics parks. Henan Imported Materials Public Bonded Centre Co. (HNBLC) and the GTH share a common purpose to enhance the trading experience between the two countries and identify business development opportunities. Located in the inland of China, Henan is the 5$^{th}$ largest provincial economy of China, offering access to over 350 million people within a 500 km radius.

Saskatchewan Liquor and Gaming Authority's (SLGA) new 158,000 sq.ft. distribution centre (DC) at the GTH began operation in August. The DC supplies wines, spirits, refreshment beverages and specialty beer products to more than 700 retail outlets across the province. As almost all beverage alcohol sold in the province is imported by truck and rail from manufacturers located around the world, the GTH's centralized access to both mainline rail service and major trucking connections was the ideal distribution solution for SLGA.

The GTH celebrated the arrival of an important service partner in November. Slinkemo Enterprises opened its doors to business in October offering container storage, drayage, transport, maintenance, and handling services right at the GTH footprint. The business is part of a land purchase deal with Regina businessman, Sterling Hornoi. His second business venture will see a truck servicing operation open in the fall of 2016.

The GTH hosted the senior executive team and board of directors from the Port of Vancouver in mid-October. The Port held its fall board meeting in Regina, with a critical part of the agenda including a tour of the GTH to learn more about its role in enabling Saskatchewan's supply chain. Saskatchewan is a critical link to the Asian Pacific Gateway and is the Port of Vancouver's largest customer. They were impressed with progress at the GTH and its growing list of clients.

Also in 2015, Emterra exercised an option in their contract to acquire an additional 13 acres of land at the GTH. Emterra initially purchased 13 acres at the GTH in 2013 to build a flagship recycling and waste management centre. Their latest development plans will see a new business venture on the footprint.

CACN, a food-processing export company purchased 5 acres of land at the GTH. The private Saskatchewan registered company is currently working through their development plans.

In February, the GTH signed a $7.6 million land deal to Brightenview Development International Inc. Brightenview intends to purchase 30 acres of land to execute its business development vision for Saskatchewan. The GTH's appealing infrastructure, logistics support and recent FTZ designation were compelling factors for Brightenview. Further details on Brightenview's development plan will be released before the end of the next fiscal year.

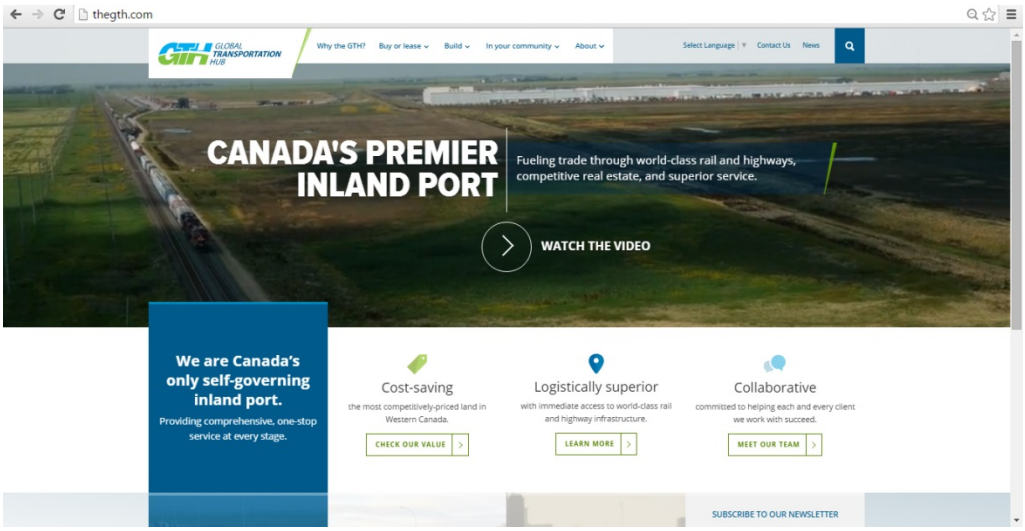
As part of a continued effort to maintain industry-leading infrastructure standards, the GTH achieved a number of improvements to the footprint this past fiscal year including:

- Installed 3.2 km of water and sewer pipe.
- Paved Owens Street which represents 400 meters of four-lane roadway on the west side of the footprint and also provides an alternate connection to Dewdney Avenue.
- Completed a four-year rough-grading program to provide required slope and compaction for the land now available for sale.

The GTH continued to make progress in the development of a commercial services centre to be located at the northeast corner of the footprint. The GTH has selected private sector partners through an open expression of interest process. Priority services will include food, rest and fueling related services for truck drivers.

The GTH made some significant strides with its digital marketing presence in 2015. The transportation authority launched a new website in the fall and entered the social media realm by setting up accounts on Twitter and LinkedIn. The new website promotes the GTH's unique value proposition and offers robust information on the client community, as well as being a better representation of the GTH today. Improving its overall online presence is an important means to engage with site selectors and those in the supply chain industry.

New Website: TheGTH.com




@GTHSask

Global Transportation Hub

# 2015-16 Financial Overview

Global Transportation Hub
Management's Responsibility for the Financial Statements
For the Twelve Month Period Ended March 31, 2016

The accompanying financial statements are the responsibility of the management of the Global Transportation Hub (GTH). They have been prepared in accordance with generally accepted accounting principles for the public sector, using management's best estimates and judgements, where appropriate. Management is responsible for the reliability and integrity of the financial statements, the notes to the financial statements and other financial information contained in this report.

Management is also responsible for maintaining a system of internal controls, policies and procedures designed to provide reasonable assurance that assets are safeguarded and that accounting systems provide timely, accurate and reliable financial information.

The GTH board of directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The GTH's external auditor, Deloitte LLP, expresses an independent opinion on these statements and their report follows.

On behalf of the GTH,

Bryan Richards
President and Chief Executive Officer

Deloitte LLP
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Mezzanine Level
Bank of Montreal Building
Regina SK S4P 3Z8
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## INDEPENDENT AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

We have audited the accompanying financial statements of the Global Transportation Hub Authority, which comprise the statement of financial position as at March 31, 2016, and the statement of revenues, expenses and change in accumulated surplus, statement of change in net financial assets and the statement of cash flows 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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on 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.

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Global Transportation Hub Authority as at March 31, 2016, and the results of its operations, changes in its net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Professional Accountants

May 27, 2016
Regina, Saskatchewan

**Statement 1**

## GLOBAL TRANSPORTATION HUB AUTHORITY
## STATEMENT OF FINANCIAL POSITION
**As at March 31, 2016**
(thousands of dollars)

| | 2016 | 2015 |
|---|---|---|
| **Financial assets** | | |
| Accounts receivable | 533 | 1,728 |
| | 533 | 1,728 |
| **Liabilities** | | |
| Bank indebtedness (note 4) | 2,909 | 3,472 |
| Accounts payable | 1,533 | 3,835 |
| Customer deposit | 52 | 221 |
| Deferred revenue | 2,863 | 2,872 |
| Term debt (note 4) | 24,000 | 17,000 |
| | 31,357 | 27,400 |
| **Net financial liabilities** | (30,824) | (25,672) |
| **Non financial assets** | | |
| Prepaid expenses | 148 | 243 |
| Inventory of land | 25,417 | 24,558 |
| Tangible capital assets (note 8) | 29,564 | 25,894 |
| | 55,129 | 50,695 |
| **Accumulated surplus (Statement 2)** | **$ 24,305** | **$ 25,023** |

(See accompanying notes to the financial statements)

**APPROVED BY THE BOARD**

..... **Chairman, Audit & Finance Committee**

..... **Director**

**Statement 2**

## GLOBAL TRANSPORTATION HUB AUTHORITY
### STATEMENT OF REVENUE, EXPENSES AND CHANGE IN ACCUMULATED SURPLUS
**For the Year Ending March 31, 2016**
(thousands of dollars)

| | 2016 Budget (Note 3) | 2016 | 2015 |
|---|---|---|---|
| **Revenue** | | | |
| Land sales (Note 7) | $ 15,600 | $ 3,790 | $ 12,925 |
| Topsoil movement | - | - | 3,050 |
| Property tax | 1,506 | 1,857 | 1,356 |
| Transit | - | 285 | 298 |
| Permits & fees | 160 | 30 | 85 |
| Other | - | 171 | 524 |
| | 17,266 | 6,133 | 18,238 |
| **Expenses (Note 10)** | | | |
| Land & development costs | 4,202 | 982 | 3,648 |
| Topsoil movement | - | - | 2,191 |
| Authority management | 1,595 | 1,890 | 2,481 |
| Permits & fees | 139 | 15 | 72 |
| Professional services | 593 | 312 | 387 |
| Operating expenses | 5,112 | 3,652 | 3,680 |
| | 11,641 | 6,851 | 12,459 |
| **Annual (deficit) surplus** | **5,625** | **(718)** | **5,779** |
| **Accumulated surplus, beginning of year** | 25,032 | 25,023 | 19,244 |
| **Accumulated surplus, end of year (Statement 1)** | **$ 30,657** | **$ 24,305** | **$ 25,023** |

(See accompanying notes to the financial statements)

**Statement 3**

## GLOBAL TRANSPORTATION HUB AUTHORITY
## STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
**For the Year Ending March 31, 2016**
(thousands of dollars)

| | 2016 Budget (Note 3) | 2016 | 2015 |
|---|---|---|---|
| **Annual Surplus** | $ 5,625 | $ (718) | $ 5,779 |
| Acquisition of tangible capital assets | - | (4,344) | (3,282) |
| Disposal of tangible capital assets | - | 3 | 239 |
| Amortization of tangible capital assets | - | 671 | 582 |
| | | (4,388) | 3,318 |
| Purchase of inventory of land | - | (1,317) | (7,739) |
| Sale of inventory of land | - | 458 | 3,199 |
| Decrease (increase) of prepaid expenses | - | 95 | (83) |
| **(Decrease) in net financial assets** | - | (5,152) | (1,305) |
| **Net financial liabilities – beginning of year** | - | (25,672) | (24,367) |
| **Net financial liabilities – end of year** | $ - | $ (30,824) | $ (25,672) |

(See accompanying notes to the financial statements)

**Statement 4**

## GLOBAL TRANSPORTATION HUB AUTHORITY
## STATEMENT OF CASH FLOWS
**For the Year Ending March 31, 2016**
(thousands of dollars)

| | 2016 | 2015 |
|---|---|---|
| **Cash flows from operations** | | |
| Annual (deficit) surplus | $ (718) | $ 5,779 |
| Non-cash items in annual surplus | | |
| Amortization expense | 671 | 582 |
| Changes in working capital | | |
| Accounts receivable | 1,195 | 908 |
| Inventory | (859) | (4,540) |
| Accounts payable | (2,302) | (3,512) |
| Customer deposit | (169) | 104 |
| Deferred revenue | (9) | 2,787 |
| Prepaid expenses | 95 | (83) |
| | (2,096) | 2,025 |
| **Cash flows used in capital activities** | | |
| Purchase of tangible capital assets | (4,344) | (3,282) |
| Sale of tangible capital assets | 3 | 239 |
| | (4,341) | (3,043) |
| **Cash flows from financing activities** | | |
| Issuance (repayment) of term debt | 7,000 | (3,000) |
| | 7,000 | (3,000) |
| Total cash inflows (outflows) during year | 563 | (4,018) |
| (Bank indebtedness) cash, beginning of year | (3,472) | 546 |
| (Bank indebtedness), end of year | $ (2,909) | $ (3,472) |
| Interest paid | $ 516 | $ 481 |

(See accompanying notes to the financial statements)

**Global Transportation Hub Authority**
**Notes to the Financial Statements**
**As at March 31, 2016**
(thousands of dollars)

## 1. Status of Global Transportation Hub Authority

The Global Transportation Hub Authority (the "GTHA") was established as a Treasury Board Crown corporation by Order in Council 492/2009 dated June 24, 2009. Effective August 6, 2013 the *Global Transportation Hub Authority Act* was passed and gives the GTHA authority over land use, planning and regulation, infrastructure asset ownership and rights to property taxes.

The GTHA holds a mandate to advise on, plan, develop, construct, operate, manage, and promote Saskatchewan's Global Transportation Hub in a manner that:

- creates an investment and operating environment for business that is secure, efficient, coordinated, and orderly; and,
- is consistent with the social and economic development of the province.

## 2. Significant Accounting Policies

Pursuant to standards established by the Public Sector Accounting Board, the GTHA is classified as an other government organization. These financial statements are prepared using Canadian public sector accounting standards. The statement of re-measurement gains and losses has been omitted as there were no relevant transactions to report.

The following policies are considered significant:

a) Revenue

Land sales are recognized as revenue when the risk and rewards of ownership are transferred and the amount can be reasonably estimated and collectability is reasonably assured. Property tax revenues are recognized as they are earned. Topsoil movement, transit, permit and other revenue is recognized as revenue in the year it is earned.

Deferred revenue received from the Ministry of Highways and Infrastructure ("MHI") related to borrow lands will be recognized into revenue on a percentage of completeness basis as the West Regina Bypass is completed or refunded to the MHI as appropriate. Deferred revenue relating to building and development permits, is billed at the outset of construction and is recognized into revenue as the permitting process occurs throughout construction.

b) Land and Development Costs

Land and development cost expense is recognized in the year that the associated land sales revenue is recognized.

The cost of land sales relate to the initial purchase and grading costs directly associated with the land sold. Costs related to land development for roads, undergrounds and other infrastructure constructed on common lands are capitalized and amortized over their useful life.

c) Inventory of Land

Inventory of land consists of the costs of acquiring land held for sale, grading and municipal reserve costs incurred on any land to be sold. All inventories are held at the lower of cost or net realizable value. Land is held for sale in future periods.

## 2. Significant Accounting Policies (continued)

d) Tangible Capital Assets

Tangible capital assets are recorded at cost. Normal maintenance and repairs are expensed as incurred. Tangible capital assets, with a life exceeding one year, are amortized on a straight-line basis over their estimated useful lives as follows:

| | |
|---|---|
| Roadways | 40 years |
| Undergrounds | 75 years |
| Storm water management | 100 years |
| Fixtures and equipment | 1 – 20 years |

Leasehold improvements are amortized over the remaining lease period.

e) Pensions

GTHA employees participate in the Public Employees' Pension Plan (PEPP) which is a defined contribution pension plan. The GTHA follows defined contribution plan accounting for its participation in the plan. Accordingly, the GTHA expenses all contributions (7.25% of employee salaries) it is required to make in the year.

f) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the Statement of Revenue, Expenses and Change in Accumulated Surplus in the period in which they become known.

g) Financial Instruments

All financial instruments are measured at amortized cost.

h) Amendments to Standards

Standard amendments that may impact GTHA and are not yet effective for the year ended March 31, 2016 have not been applied in preparing these financial statements. In particular the following standard amendments are effective for financial statements on or after April 1, 2017:

PS 2200, Related Party Disclosures
PS 3380, Contractual Rights
PS 3320, Contingent Assets
PS 3210, Assets

The extent of the impact on adoption of this standard is not known at this time.

## 3. Budget Approval

The budget figures are presented for comparison purposes. The GTHA's 2015-16 budget was approved by the Board of Directors on September 28, 2014.

## 4. Term Debt

| | 2016 | 2015 |
|---|---|---|
| Royal Bank Loan with interest at prime rate less .50% | $ 24,000 | $17,000 |

The loan is repayable in full on the earlier of receipt of the net proceeds on sale of developed land or December 31, 2016.

| | | |
|---|---|---|
| 2017 | $ | 24,000 |

A line of credit operating loan ($10 million at prime rate less .50%) has been approved. The balance outstanding as at March 31, 2016 is $2,909 (March 31, 2015 – $3,472). Prime rate at March 31, 2016 is 2.70% (March 31, 2015 – 2.85%).

## 5. Related Parties

These financial statements include routine transactions with related parties. GTHA is related to all Saskatchewan Crown agencies such as ministries, corporations, boards and commissions under the common control or significant influence of the Government of Saskatchewan.

The Information Technology Division of the Ministry of Central Services provided information technology services to GTHA in 2015-16 under a Service Level Agreement.

Related party transactions to March 31, 2016 include the following:

| **Expenses** | | **2016** | 2015 |
|---|---|---|---|
| Ministry of Central Services | $ | 101 | 123 |
| Ministry of Finance | | - | 2 |
| Ministry of Highways and Infrastructure | | 660 | 2,950 |
| Ministry of Justice | | 4 | 1 |
| Ministry of the Economy | | 61 | 49 |
| Provincial Public Safety Telecommunications Network | | 2 | 1 |
| SaskEnergy | | 5 | 73 |
| SaskPower | | 132 | 935 |
| SaskTel | | 21 | 280 |
| Total | $ | 986 | $ 4,414 |

| **Revenue** | | **2016** | 2015 |
|---|---|---|---|
| Ministry of the Economy | | - | 6 |
| Ministry of Highways and Infrastructure | $ | 59 | 3,056 |
| Saskatchewan Liquor and Gaming Authority | | 75 | 84 |
| SaskPower | | 214 | - |
| SaskEnergy | | 19 | - |
| Ministry of Justice | | 12 | - |
| Total | $ | 379 | $ 3,146 |

## 5. Related Parties (continued)

| Accounts Receivable | 2016 | 2015 |
|---|---|---|
| Ministry of Highways and Infrastructure | $ 2 | $ 563 |

| Prepaid Expenses | 2016 | 2015 |
|---|---|---|
| Ministry of Central Services | $ 83 | $ 186 |

| Deferred Revenue | 2016 | 2015 |
|---|---|---|
| Ministry of Highways and Infrastructure | $ 2,860 | $ 2,860 |
| Saskatchewan Liquor and Gaming Authority | - | 12 |
| Total | $ 2,860 | $ 2,872 |

| Accounts Payable | 2016 | 2015 |
|---|---|---|
| Ministry of Central Services | $ 5 | $ 9 |
| Ministry of Highways and Infrastructure | 193 | 1,100 |
| Ministry of The Economy | 12 | 12 |
| SaskEnergy | - | 1 |
| SaskPower | 3 | 358 |
| SaskTel | 2 | 8 |
| Total | $ 215 | $ 1,488 |

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. In addition, the GTHA pays Provincial Sales Tax on all its taxable purchases.

## 6. Contractual Obligations

Contractual obligations include:

| | 2016 | 2015 |
|---|---|---|
| Stantec Engineering | $ 754 | $ 1,757 |
| Clean Landscapes (EcoCare) | 613 | 4 |
| Accurate HD | 306 | - |
| ASL Paving | 86 | - |
| Associated Engineering | 9 | 15 |
| KPCL (Grading Contractor) | - | 1,341 |
| Yellow Pencil | - | 200 |
| Jay O'Connor | - | 2 |
| Total | $ 1,768 | $ 3,319 |

The above contractual obligations do not include those contracts which are paid on a usage basis. The GTHA has entered into a five year contract with First Canada for the provision of transit service that is paid on a usage basis and expires on May 4, 2019. The GTHA has also entered into two separate five year contracts with the City of Regina expiring December 31, 2019 for the provision of fire services and assessment and collection of property taxes for which a service fee is calculated based on up to date information each year.

## 6. Contractual Obligations (continued)

During 2014-15 the GTHA entered into a 15 year lease for head office space. Non-cancellable operating lease payments are as follows (thousands of dollars):

| | |
|---|---|
| 2017 | $ 92 |
| 2018 | 92 |
| 2019 | 92 |
| 2020 | 95 |
| 2021 | 99 |
| Thereafter | 890 |

During the year ended March 31, 2016 the Authority recognized $118 (2015 - $128) as rent expense related to operating leases.

## 7. Land Sales

The GTHA received this revenue in 2015-16 pursuant to land sale agreements.

## 8. Tangible Capital Assets

| | Net Book Value, beginning of year | Cost, beginning of year | Additons | Disposals | Cost, end of year |
|---|---|---|---|---|---|
| Leasehold improvements | $ 1,266 | $ 1,310 | $ - | $ - | $ 1,310 |
| Roadways | 12,766 | 13,543 | 1,226 | - | 14,769 |
| Undergrounds | 8,797 | 9,074 | 2,817 | - | 11,891 |
| Storm water management | 2,519 | 2,568 | 273 | - | 2,841 |
| Fixtures and equipment | 546 | 656 | 28 | 3 | 681 |
| | **$ 25,894** | **$ 27,151** | **$ 4,344** | **$ 3** | **$ 31,492** |

| | Accumulated Amortization, beginning of year | Amortization, current year | Disposals | Accumulated Amortization, end of year | Net Book Value, end of year |
|---|---|---|---|---|---|
| Leasehold improvements | $ 44 | $ 87 | $ - | $ 131 | $ 1,179 |
| Roadways | 777 | 349 | - | 1,126 | 13,643 |
| Undergrounds | 277 | 137 | - | 414 | 11,477 |
| Storm water management | 49 | 27 | - | 76 | 2,765 |
| Fixtures and equipment | 110 | 71 | - | 181 | 500 |
| | **$ 1,257** | **$ 671** | **$ -** | **$ 1,928** | **$ 29,564** |

## 9. Financial Instruments

The GTHA's financial assets consist of cash and accounts receivable which are measured at amortized cost. Financial liabilities consist of accounts payable, customer deposits, deferred revenue and debt which are measured at amortized cost.

*Financial risk management*

The Board of Directors ensures that the GTHA has identified its major risks and ensures that management monitors and controls them. The Board of Directors oversees the GTHA's systems and practices of internal control, and ensures that these controls contribute to the assessment and mitigation of risk.

The GTHA has exposure to the following risks from its use of financial instruments: credit risk, interest rate risk and liquidity risk.

a) Credit risk

The GTHA is exposed to credit risk from the potential non-payment of accounts receivable. The GTHA's receivables are primarily from the companies who have purchased land or property tax revenues receivable.

The carrying amount of accounts receivable represents the maximum credit exposure as follows:

| | 2016 | 2015 |
|---|---|---|
| Accounts receivable | $ 533 | $ 1,728 |

The GTHA manages its credit risk surrounding accounts receivable by dealing solely with reputable customers and ensuring security.

b) Interest rate risk

Financial liabilities with variable interest rates expose the GTHA to cash flow interest rate risk. The GTHA's debt outstanding as at March 31, 2016 has a variable interest rate.

Although management monitors exposure to interest rate fluctuations, it does not employ any interest rate management policies to counteract interest rate fluctuations.

As at March 31, 2016 had prevailing interest rates increased or decreased by 1% it would result in a change in annual interest payments of $269.

c) Liquidity risk

Liquidity risk is the risk that the GTHA will not be able to meet its financial obligations as they become due.

The GTHA manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities.

At March 31, 2016 the GTHA has drawn $2,909 on its operating line of credit (2015 - $3,472) and has outstanding term debt maturing December 31, 2016 of $24,000 (2015 - $17,000).

## 10. Expenses by Object

| | 2016 Budget | 2016 | 2015 |
|---|---|---|---|
| Salaries & benefits | $ 1,583 | $ 1,525 | $ 1,520 |
| Purchased goods and services | 7,840 | 4,139 | 9,876 |
| Interest | 900 | 516 | 481 |
| Amortization | 1,318 | 671 | 582 |
| Total | $ 11,641 | $ 6,851 | $ 12,459 |

## 11. Pension Contributions

During the year, the GTHA contributed $93 (2015 - $92) to PEPP.

## 12. Contingent Liabilities

The GTHA has accrued a contingent liability relating to matters outstanding with the Ministry of Highways and Infrastructure.

The GTHA may be required to contribute to regional infrastructure improvements for which the payment amount is not determinable. As this contribution, if any, is finalized it will be recorded in the financial records.

## 13. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

# For More Information

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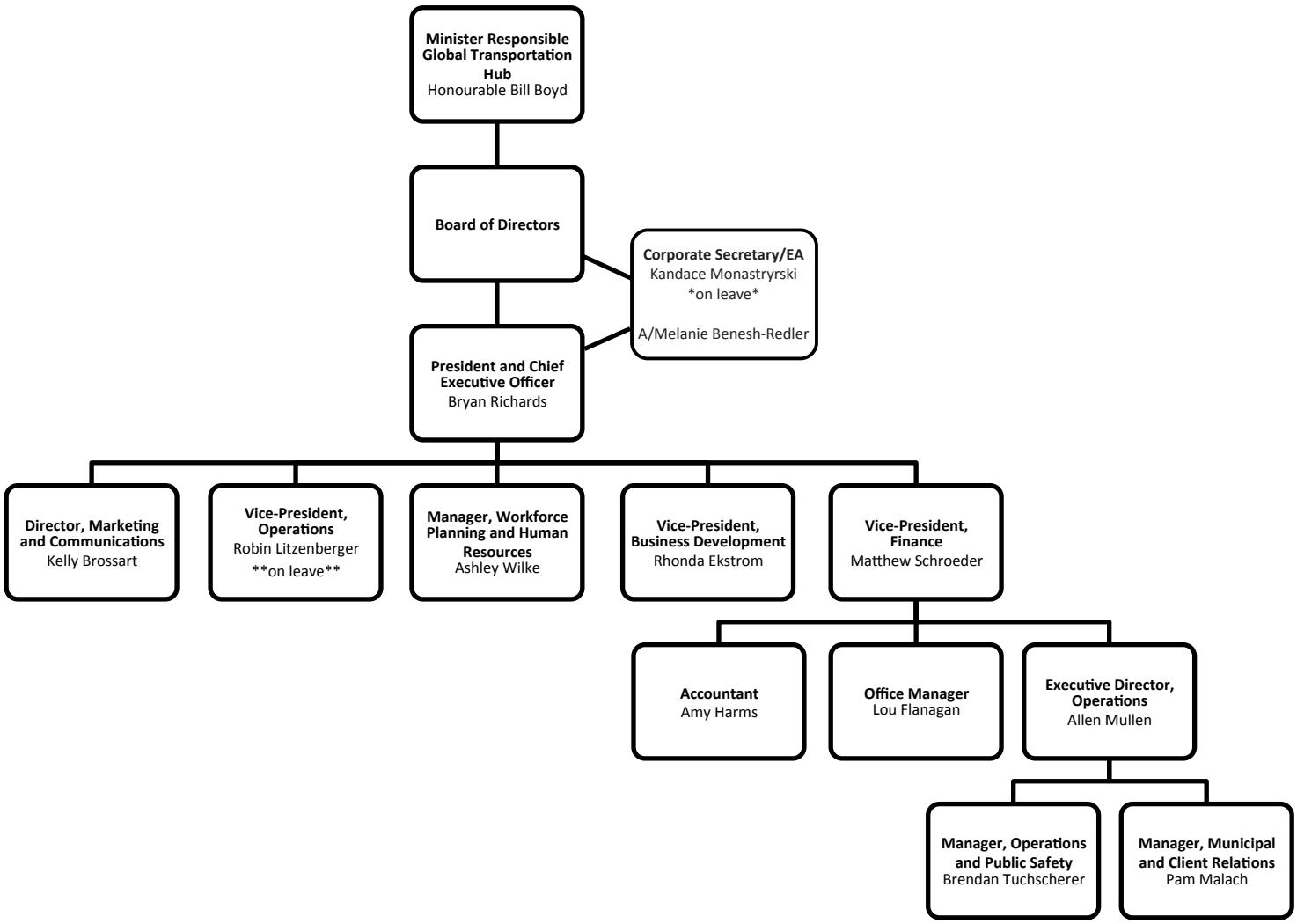
Global Transportation Hub

# Appendix A:
# GTH Organizational Chart



# Appendix B: Payee Report

## Employees

Individual payees are reported where remuneration paid to them totals at least $50,000. Remuneration includes salaries, wages, bonuses, payments in lieu of notice, vacation payouts and other taxable benefits paid to employees with a minimum threshold of $50,000.

Payments of pension funds to, or on behalf of, active or retired employees are not reported.

| Employee | Remuneration |
|---|---|
| BROSSART, KELLY | 103,014 |
| EKSTROM RHONDA | 183,558 |
| FLANAGAN, LOU | 56,814 |
| HARMS, AMY | 58,554 |
| LITZENBERGER, ROBIN | 69,558 |
| MALACH, PAM | 71,310 |
| MONASTYRSKI, KANDACE | 57,974 |
| MULLEN, ALLEN | 76,260 |
| SCHROEDER, MATTHEW | 158,814 |
| RICHARDS, BRYAN | 254,206 |
| TUCHSCHERER, BRENDAN | 95,814 |
| WILKE, ASHLEY | 89,610 |

**Suppliers and Other Payments**

Individual payees are reported where the sum of payments to them total at least $50,000.

| Vendor | Remuneration |
|---|---|
| ASL PAVING LTD | 1,293,875 |
| ACCURATE HD LTD | 1,539,924 |
| BROWN COMMUNICATIONS GROUP | 81,013 |
| CANADA REVENUE AGENCY | 53,651 |
| CITY OF REGINA | 381,112 |
| ECOCARE LTD. | 266,979 |
| FIRST CANADA ULC | 438,511 |
| FIRST NATIONS POWER AUTHORITY OF SASKATCHEWAN | 91,810 |
| HOOPP REALTY INC. | 180,414 |
| KELLY PANTELUK CONSTRUCTION LTD. | 1,957,937 |
| MINISTRY OF CENTRAL SERVICES | 105,312 |
| MINISTRY OF HIGHWAYS & INFRASTRUCTURE | 3,169,643 |

| | |
|---|---|
| NIS CONTRACTORS LTD. | 464,547 |
| RAPID LAWN HYDROSEEDING | 66,873 |
| RBC ROYAL BANK VISA | 64,158 |
| SASKPOWER | 483,597 |
| STANTEC CONSULTING LTD. | 1,447,173 |
| WAPPEL CONSTRUCTION LTD. | 74,958 |
| YELLOW PENCIL | 218,732 |