NIAGARA FALLS
BRIDGE COMMISSION

Financial Statements and Additional Information
For the Years Ended
October 31, 2017 and 2016
with
Independent Auditors' Report

NIAGARA FALLS BRIDGE COMMISSION

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INDEPENDENT AUDITORS' REPORT

To the Commissioners of
Niagara Falls Bridge Commission
Lewiston, New York

We have audited the accompanying financial statements of Niagara Falls Bridge Commission (the "Commission"), which comprise the statements of financial position as of October 31, 2017 and 2016, and the related statements of activities and changes in unrestricted net assets, and of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 auditors' 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 referred to above present fairly, in all material respects, the financial position of the Commission as of October 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Additional Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The additional information included on pages 14 through 17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Champagne Trott Besaw & Keshner LLP

December 20, 2017

NIAGARA FALLS BRIDGE COMMISSION

STATEMENTS OF FINANCIAL POSITION
OCTOBER 31, 2017 AND 2016

ASSETS	2017	2016
CURRENT ASSETS:		
Cash and cash equivalents	$ 4,973,833	$ 9,683,377
Accounts receivable	1,777,137	2,427,667
Prepaid expenses	431,027	424,951
Investments	17,831,565	14,347,404
Total current assets	25,013,562	26,883,399
NONCURRENT ASSETS:		
Investments	58,524,763	55,311,010
Land, bridges, buildings and equipment, net	310,827,547	270,663,244
Construction in progress - 30 year plan	11,772	30,975,535
Construction in progress - other	8,622,133	14,763,545
Total assets	$ 402,999,777	$ 398,596,733
LIABILITIES AND UNRESTRICTED NET ASSETS		
CURRENT LIABILITIES:		
Current portion of bonds payable	$ 6,500,000	$ 6,100,000
Current portion of postretirement benefit obligation	604,036	532,740
Accounts payable	3,489,051	5,989,764
Accrued wages and related withholdings	1,486,992	1,169,980
Other accrued expenses	255,290	271,116
Bond interest payable	156,841	177,175
Deferred income	1,025,698	1,004,849
Total current liabilities	13,517,908	15,245,624
NONCURRENT LIABILITIES:		
Postretirement benefit obligation	22,938,351	20,928,119
Bonds payable, net	40,854,175	47,246,769
Total liabilities	77,310,434	83,420,512
UNRESTRICTED NET ASSETS:		
Revenue	1,015,738	898,180
Operation	(25,996,591)	(23,284,389)
General	48,224,201	43,957,393
Renewal and replacement	(2,895,566)	(2,652,324)
Debt sinking	3,958,031	3,922,453
Construction	302,739,516	301,271,118
	327,045,329	324,112,431
Cumulative effect of currency translation	(1,355,986)	(8,936,210)
Total unrestricted net assets	325,689,343	315,176,221
Total liabilities and unrestricted net assets	$ 402,999,777	$ 398,596,733

See notes to financial statements.

NIAGARA FALLS BRIDGE COMMISSION

STATEMENTS OF ACTIVITIES AND CHANGES IN UNRESTRICTED NET ASSETS
FOR THE YEARS ENDED OCTOBER 31, 2017 AND 2016

	2017	2016
REVENUES:		
Toll income	$ 20,192,609	$ 18,038,700
Rental income	10,792,171	10,727,329
Construction reimbursement	293,016	829,106
Investment income, net	1,392,910	1,350,720
Miscellaneous	190,022	180,726
Total revenues	32,860,728	31,126,581
EXPENSES:		
Administration and overhead	5,953,740	5,724,163
Maintenance	5,515,138	4,861,700
Toll	2,616,654	2,312,338
Management information systems	967,465	917,062
Security	889,136	788,203
Postretirement	1,916,184	1,376,007
Depreciation	9,193,235	9,298,417
Interest on indebtedness	2,105,760	2,338,761
Amortization of bond financing expenses	107,405	147,119
Gain on disposal of bridge related assets	-	(99,994)
Total expenses	29,264,717	27,663,776
CHANGE IN UNRESTRICTED NET ASSETS BEFORE UNREALIZED GAIN (LOSS) ON INVESTMENTS AND CHANGE IN FOREIGN CURRENCY TRANSLATION	3,596,011	3,462,805
UNREALIZED GAIN (LOSS) ON INVESTMENTS	(663,113)	386,878
CHANGE IN FOREIGN CURRENCY TRANSLATION (See Note 2)	7,580,224	(4,889,181)
CHANGE IN UNRESTRICTED NET ASSETS	10,513,122	(1,039,498)
UNRESTRICTED NET ASSETS - beginning of year	315,176,221	316,215,719
UNRESTRICTED NET ASSETS - end of year	$ 325,689,343	$ 315,176,221

See notes to financial statements.

NIAGARA FALLS BRIDGE COMMISSION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED OCTOBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in unrestricted net assets before unrealized gain (loss) on investments and change in foreign currency translation	$ 3,596,011	$ 3,462,805
Adjustments to reconcile change in unrestricted net assets before unrealized gain (loss) on investments and change in foreign currency translation to net cash flows provided by operating activities:		
Depreciation	9,193,235	9,298,417
Amortization of bond financing expenses	107,405	147,119
Amortization of investment discounts	(1,251)	-
Loss on sale of investments	153,728	250,586
Gain on disposal of property	(578)	(108,258)
Changes in operating assets and liabilities:		
Accounts receivable	271,990	587,443
Prepaid expenses	(174)	22,090
Accounts payable	(2,530,090)	1,392,017
Accrued wages and related withholdings	296,541	57,017
Other accrued expenses	(16,573)	75,846
Bond interest payable	(20,333)	(19,333)
Deferred income	(451)	(2,335)
Postretirement benefit obligation	1,916,183	1,376,007
Net cash provided by operating activities	12,965,643	16,539,421
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	24,054,917	35,433,487
Purchases of investments	(30,417,192)	(26,433,146)
Purchases of land, bridges, buildings, equipment and construction in progress	(5,288,551)	(23,504,051)
Net cash used in investing activities	(11,650,826)	(14,503,710)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Bond principal payments	(6,100,000)	(5,800,000)
Net cash used in financing activities	(6,100,000)	(5,800,000)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	75,639	(60,511)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,709,544)	(3,824,800)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	9,683,377	13,508,177
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 4,973,833	$ 9,683,377

See notes to financial statements.

1. ORGANIZATION

The Niagara Falls Bridge Commission (the "Commission") is a public instrumentality created by an Act of the Congress of the United States (Chapter 490, 75th Congress, 3rd Session, as amended) (the "Act") to own, operate and maintain the Rainbow, Whirlpool-Rapids and Lewiston-Queenston bridges across the Niagara River. The Extra Provincial Corporations Act of the Province of Ontario, Canada licenses the Niagara Falls Bridge Commission. Canada and the United States are equally represented on the Niagara Falls Bridge Commission by an eight-member Board of Commissioners. The Commission has no stockholders or equity holders. The Act provides that upon retirement of the Bridge Revenue Bonds, the bridges will be transferred to the State of New York and the Province of Ontario.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The provisions of the Bond Indenture with the Commission's bondholders (the "bond agreement") govern the disposition of revenues and prescribe certain accounting practices of the Commission, which include the conditions for transfer of funds between the various accounts held by the Commission or the trustee and the use of such funds. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and are reflected in United States currency. The accounting policies followed by the Commission in preparing financial statements are set forth below.

Reporting and Accounting Guidelines – The financial statements are prepared on the accrual basis of accounting in accordance with current accounting standards, which establish standards for external reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. As of October 31, 2017 and 2016, the Commission had only unrestricted net assets.

Current accounting standards require that an allocation be made of support costs to the functional activity of the Commission. The Commission's primary functional purpose is to own and operate the Rainbow, Whirlpool-Rapids and Lewiston-Queenston bridges across the Niagara River. All support costs, primarily interest and depreciation, have been charged to that function.

The unrestricted net assets of the Commission consist of the following:

Revenue Net Assets – Revenue net assets represent toll and non-toll revenues which are transferred to other various net asset subgroups to be used for their specific purposes. Non-toll revenues are to be used for payment of operations and maintenance expenses and for renewal and replacement. Toll revenues are first to be used for operating purposes if there is a deficiency of non-toll revenue. The remaining excess of toll revenue must be expended in the following order: (1) to meet debt service requirements of the outstanding bond issues, (2) any remaining renewal and replacement expenses not paid for by non-toll revenues are to be paid for by toll revenues, and (3) any excess is to be deposited into the general net asset subgroup.

Operation Net Assets – Operation net assets represent the portion of expendable funds that are available for all reasonable and necessary operation and maintenance expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

General Net Assets – General net assets consist of undesignated net assets obtained from excess toll revenues, after the replenishment of debt sinking requirements, which may be used for any lawful purpose of the Commission. In addition, a portion of general net assets has been designated to cover net operation deficits that result from the accrual of liabilities, in particular the long-term postretirement benefit liability. The amount designated for such operation deficit is $25,996,591 and $23,284,389 as of October 31, 2017 and 2016, respectively.

Renewal and Replacement Net Assets – Renewal and replacement net assets represent net assets designated for major or extraordinary renewal, replacement, resurfacing or reconstruction of the Toll Bridge System.

Debt Sinking Net Assets – Debt sinking net assets represent net assets set aside to meet debt service requirements.

Construction Net Assets – Construction net assets represent net assets designated for the capital program for improvements and expansion of the bridges, tolls and toll plazas.

Cash and Cash Equivalents – Cash equivalents are highly liquid investments (valued at cost, which approximates fair value) acquired with original maturities of three months or less.

Accounts Receivable – Accounts receivable primarily represents rents receivable from Duty Free and General Services Administration, EZ Pass payments receivable from other EZ Pass agencies and reimbursement from Duty Free America for construction of a new Duty Free store at the Lewiston plaza. Included in accounts receivable at October 31, 2016 is $510,000 due from Duty Free America for construction of a new Duty Free store. There is no balance outstanding at October 31, 2017. The Commission utilizes EZ Pass, a form of electronic toll collection, which involves collection of tolls via the use of electronic transponders issued by other participating agencies. These agencies then forward payment to the Commission for amounts collected through their transponders. Included in accounts receivable at October 31, 2017 and 2016 is approximately $911,000 and $798,000, respectively, due from EZ Pass agencies.

Investments – Investments in marketable securities with readily determinable fair values, and all investments in debt securities, are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the statements of activities and changes in unrestricted net assets. If, and when, a determination is made that a decline in fair value below the cost basis is other than temporary, the related investment is written down to its estimated fair value.

Investment Valuation and Income Recognition – The Commission follows accounting standards that were established to determine the fair value of assets and liabilities which are subject to reporting at fair value. This guidance established a hierarchy for the determination of fair value, as well as disclosure requirements relative to those assets and liabilities. The hierarchy identified three levels of input. Level 1 inputs are generally quoted market prices for identical assets or liabilities, which are actively traded on an exchange. Level 2 inputs generally consist of market prices for identical assets which are not actively traded or market prices of similar assets or liabilities which are actively traded on an exchange. Level 3 inputs are referred to as unobservable inputs and consist primarily of information derived by management where Level 1 and Level 2 inputs are not available. These may include such things as present value of expected future cash flows or other valuation methodologies. Under the hierarchy, Level 1 inputs are the most preferred followed by Level 2 and Level 3. Level 3 inputs are to be used when neither Level 1 nor Level 2 inputs are available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

An investment's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for investments measured at fair value as of October 31, 2017 and 2016:

U.S. Government Obligations and Corporate Bonds: Under the Commission's current investment asset strategy, the Commission's investment assets in this category are classified as Level 1. These assets include government agency bonds, and corporate and treasury bonds. Quoted prices for these securities are provided to the Commission by published market sources.

Canadian Government Obligations and Corporate Bonds: Under the Commission's current investment asset strategy, the Commission's investment assets in this category are classified as Level 1. These assets consist of guaranteed interest certificates and corporate bonds. Quoted prices for the guaranteed interest certificates are based on the original cost plus the amount of interest these investments have earned. Quoted prices for the corporate bonds are provided to the Commission by published market sources.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Commission believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

The Commission presents unrealized gains and losses on investments in the statements of activities and changes in unrestricted net assets.

Purchases and sales of obligations and bonds are recorded on a trade date basis. Interest income is recorded on the accrual basis.

Land, Bridges, Building, and Equipment – Land, bridges, building, and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful life of the assets and amounted to $9,193,235 and $9,298,417 for the years ended October 31, 2017 and 2016, respectively. Depreciation is not recorded in the year of acquisition. The estimated useful lives used are as follows:

Bridges	62 – 120 years
Buildings	20 – 50 years
Equipment	3 – 15 years

Deferred Income – Deferred income represents prepaid toll payments received as part of the Commission's electronic toll program. The program consists of prepaid deposits linked to an electronic card. Each time a participating patron crosses a bridge, the card is read and their account balance is decreased as toll revenue is recognized.

Revenue Recognition – The two primary recurring sources of revenue for the Commission consist of toll and rental income. The Commission recognizes toll income as earned and accepts payment in both United States and Canadian currency. The Commission also recognizes monthly rental income from various duty-free shops on an accrual basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currency Translation – The revenues, expenses, assets and liabilities recorded in Canadian currency have been translated into United States currency in the accompanying financial statements based on the appropriate rates of exchange. Revenues and expenses are translated using an average of the currency exchange rates which prevailed during the fiscal year. The average of the currency exchange rates for the years ended October 31, 2017 and 2016 were .767 and .75356, respectively, and resulted in exchange gains of $662,263 and $676,002 for the years ended October 31, 2017 and 2016, respectively. Assets and liabilities are translated at currency exchange rates prevailing at the statement of financial position date. The spot rates at October 31, 2017 and 2016 were .7756 and .7457, respectively, and resulted in exchange gains/(losses) of $7,580,224 and $(4,889,181) as of October 31, 2017 and 2016, respectively.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes – No provision for income tax is recorded because the Commission is a tax-exempt organization as a public instrumentality.

Statement of Cash Flows – Interest paid was $2,126,094 and $2,358,093 for the years ended October 31, 2017 and 2016, respectively. Accounts payable as of October 31, 2017 and 2016, included $2,429,994 and $5,164,056 related to additions to land, bridges, buildings, equipment and construction in progress, respectively.

Subsequent Events – Management of the Commission has evaluated the effects of all subsequent events through December 20, 2017, the date which the financial statements were available to be issued, to determine if events or transactions occurring through that date require potential adjustment or disclosure in the financial statements.

3. INVESTMENTS

Investments consisted of the following as of October 31, 2017 and 2016:

	2017		2016	
	Cost	**Fair Value**	**Cost**	**Fair Value**
U.S. government obligations	$ 4,751,922	$ 4,695,392	$ 7,547,170	$ 7,577,669
U.S. treasury obligations	26,300,564	26,279,916	22,367,271	22,542,403
Canadian guaranteed interest certificates (stated in U.S. dollars)	17,063,200	18,025,277	17,896,800	18,465,893
Canadian corporate bonds (stated in U.S. dollars)	3,041,577	3,064,483	-	-
U.S. corporate bonds	23,630,380	23,769,298	20,028,982	20,544,291
Global corporate bonds	518,375	521,962	518,375	528,158
	$ 75,306,018	$ 76,356,328	$ 68,358,598	$ 69,658,414

3. INVESTMENTS (continued)

Investment maturity as of October 31, 2017 and 2016 is as follows:

	2017 Fair Value	2016 Fair Value
Due in less than one year	$ 17,831,565	$ 14,347,404
Due from one to five years	44,867,866	39,913,401
Due in greater than five years	13,656,897	15,397,609
	$ 76,356,328	$ 69,658,414

The Commission's investment income, consisting of interest income and amortization of discounts and premiums, was $1,392,910 and $1,350,720 for the years ended October 31, 2017 and 2016, respectively. The unrealized gain (loss) on the adjustment of fair value of the investments was $(663,113) and $386,878 for the years ended October 31, 2017 and 2016, respectively.

The Commission regularly assesses its investment portfolio in order to determine if unrealized losses on individual securities held represent an other-than-temporary decline in fair value, in which case a realized loss would be recognized. The Commission did not deem any securities to be other-than-temporarily impaired as of and for the years ended October 31, 2017 or 2016.

4. LAND, BRIDGES, BUILDINGS AND EQUIPMENT, NET

A summary of land, bridges, buildings and equipment as of October 31, 2017 and 2016, is as follows:

	2017	2016
Land and land improvements	$ 54,921,825	$ 30,338,827
Bridges	127,960,951	123,639,296
Buildings and leasehold improvements	210,345,761	191,508,355
Equipment	5,914,201	8,454,064
	399,142,738	353,940,542
Less accumulated depreciation	88,315,191	83,277,298
	$ 310,827,547	$ 270,663,244

Additionally, the Commission has construction in progress – 30 year plan of $11,772 and $30,975,535 as of October 31, 2017 and 2016, respectively. This represents construction projects funded by the 2014 bond issue. Also, the Commission has construction in progress – other of $8,622,133 and $14,763,545 as of October 31, 2017 and 2016, respectively. This consists of construction projects funded by the reserves of the Commission. Construction in progress consists primarily of construction costs related to bridge renovations, reconstruction of the Lewiston and Queenston plazas and Rainbow Bus Inspection building renovations.

5. BONDS PAYABLE

The outstanding bonds are presented net of the discount and premium on bond issuance and financing costs. The discount, premium and financing costs are being amortized on a basis consistent with the principal payments due on the bonds.

As of October 31, 2017 and 2016, bridge revenue bonds payable consisted of the following:

	2017	2016
Total outstanding bonds:		
Series 2014A	$ 33,830,000	$ 33,830,000
Series 1993A	13,300,000	19,400,000
	47,130,000	53,230,000
Net premium on bond issuance	727,677	783,803
Prepaid bond financing costs	(503,502)	(667,034)
	47,354,175	53,346,769
Less current portion	6,500,000	6,100,000
	$ 40,854,175	$ 47,246,769

Principal payments on the outstanding bonds are due as follows:

2018	$ 6,500,000
2019	6,800,000
2020	795,000
2021	835,000
2022	875,000
Thereafter	31,325,000
	$ 47,130,000

On July 9, 1993, the Commission issued $133,035,000 of Toll Bridge System Revenue Bonds consisting of $30,700,000 Series 1993A Weekly Adjustable/Fixed Rate Bonds maturing on October 1, 2019 and $102,335,000 of Series 1993B 5.2% Fixed Rate Bonds which matured on October 1, 2015. On February 25, 2010 the Commission remarketed the Series 1993A Bonds and replaced these variable rate bonds with 4% fixed rate bonds. The Commission maintains a Sinking Fund Debt Service Reserve representing 125% of the average annual debt service over the remaining term of all outstanding bonds. The balance in the Sinking Fund Debt Service Reserve was approximately $4,100,800 and $4,085,800 as of October 31, 2017 and 2016, respectively.

On October 1, 2014, the Commission issued $33,830,000 of Toll Bridge System Revenue Bonds Series 2014A maturing on October 1, 2044. The net proceeds of approximately $34,200,000 (after issuance costs and premiums received) are to be used for reconstruction and expansion at the Lewiston Bridge.

The bonds provide, among other things, that the Commission meet specified requirements for debt service coverage. The Commission was in compliance with these requirements as of October 31, 2017.

6. LEASES

The Commission's leasing operations consist primarily of renting various bridge facilities to third parties under operating-type leases, some of which contain renewal options and escalation clauses.

The cost of the leased facilities is included in the statements of financial position as a portion of the cost of bridges and related structures and is not separately determinable.

A schedule by year of minimum future rentals receivable for the next five years under noncancelable operating leases in effect as of October 31, 2017, is as follows:

2018	$6,924,800
2019	6,833,254
2020	7,054,603
2021	7,091,554
2022	7,068,927

The above minimum future rentals for the next five years does not include contingent rentals which may be received under lease agreements based upon gross sales of the lessee.

7. PENSION PLANS

The Commission has defined contribution pension plans covering substantially all full-time employees after six months of service. The retirement contribution is generally based on annual compensation. Employees may elect to contribute a minimum of 3% of their salary to the United States plans and 5% of their salary to the Canadian plans to receive the company match. Contributions by the Commission under the plans amounted to approximately $430,000 and $432,000 for the years ended October 31, 2017 and 2016, respectively.

8. POSTRETIREMENT BENEFITS

The Commission has postretirement medical, dental and group life plans. To be eligible to receive benefits in the plans, the employee must be full-time with twenty (20) years of service and have reached age fifty (50) for both United States and Canadian employees. No new non-union U.S. or Canadian employees will enter the plan subsequent to December 31, 2005 unless through board resolution. No new Canadian union employees will enter the plan subsequent to October 31, 2007. No new U.S. union employees will enter the plan subsequent to June 30, 2010.

The accumulated postretirement benefit obligation as of October 31, 2017 and 2016 is summarized below:

	2017	**2016**
Retirees	$ (7,279,929)	$ (7,116,955)
Active participants	(25,140,854)	(22,687,068)
Total	$ (32,420,783)	$ (29,804,023)
Plan assets at fair value	$ -	$ -
Payments for beneficiaries	$ 418,610	$ 383,930

8. POSTRETIREMENT BENEFITS (continued)

	2017	2016
Accumulated postretirement benefit obligation in excess of plan assets	$ (32,420,783)	$ (29,804,023)
Prior service cost not yet recognized	63,130	168,897
Unrecognized loss	8,815,266	8,174,267
Accrued postretirement benefit cost	$ (23,542,387)	$ (21,460,859)

The assumed health care cost trend rate used in measuring the accumulated postretirement benefit obligation was 8% for the United States for the first year, then decreasing 1% each subsequent year until a floor of 5% is reached. The assumed health care cost trend rate for Canada was 8% for the first year and 5% for all subsequent years. The assumed discount rate used in determining the accumulated postretirement benefit obligation was 4.0% and 4.25% at October 31, 2017 and 2016, respectively.

Benefit payments, which reflect expected future service, are expected to be paid for the years ending October 31 are approximately as follows:

2018	$ 604,000
2019	672,000
2020	734,000
2021	817,000
2022	897,500
2023 - 2027	6,677,000

9. CONCENTRATIONS

At October 31, 2017, approximately 57% of the Commission's employees are covered by a U.S. collective bargaining agreement that expires on October 31, 2019 and 72% of the Commission's employees are covered by a Canadian collective bargaining agreement that expires on October 31, 2018.

10. CONTINGENCIES

The Commission is involved in various legal actions arising in the ordinary course of its operations. The Commission believes its ultimate liability, if any, in connection with these matters will not have a material effect on the Commission's results of operations or financial position.

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NIAGARA FALLS BRIDGE COMMISSION

SCHEDULE OF FINANCIAL POSITION BY NET ASSETS
OCTOBER 31, 2017

ASSETS	Revenue	Operation	General	Renewal and Replacement	Debt Sinking	Construction	Total
Cash and cash equivalents	$ 479,952	$ 356,116	$ 3,341,756	$ 169,202	$ 12,627	$ 614,180	$ 4,973,833
Accounts receivable	1,754,052	23,085	-	-	-	-	1,777,137
Prepaid expenses	-	431,027	-	-	-	-	431,027
Investments	-	-	69,253,814	-	4,102,245	3,000,269	76,356,328
Land, bridges, buildings and equipment, net	-	-	-	-	-	310,827,547	310,827,547
Construction in progress - 30 year plan	-	-	-	-	-	11,772	11,772
Construction in progress - other	-	-	-	-	-	8,622,133	8,622,133
Total assets	$ 2,234,004	$ 810,228	$ 72,595,570	$ 169,202	$ 4,114,872	$ 323,075,901	$ 402,999,777
LIABILITIES AND UNRESTRICTED NET ASSETS							
Accounts payable	$ 60,039	$ 1,001,409	$ -	$ 2,194,384	$ -	$ 233,219	$ 3,489,051
Accrued wages and related withholdings	-	1,486,992	-	-	-	-	1,486,992
Other accrued expenses	-	132,304	-	122,986	-	-	255,290
Bond interest payable	-	-	-	-	156,841	-	156,841
Deferred income	1,025,698	-	-	-	-	-	1,025,698
Postretirement benefit obligation	-	23,542,387	-	-	-	-	23,542,387
Bonds payable, net	-	-	-	-	-	47,354,175	47,354,175
Total liabilities	1,085,737	26,163,092	-	2,317,370	156,841	47,587,394	77,310,434
UNRESTRICTED NET ASSETS:							
Revenue	1,015,738	-	-	-	-	-	1,015,738
Operation	-	(25,996,591)	-	-	-	-	(25,996,591)
General	-	-	48,224,201	-	-	-	48,224,201
Renewal and replacement	-	-	-	(2,895,566)	-	-	(2,895,566)
Debt sinking	-	-	-	-	3,958,031	-	3,958,031
Construction	-	-	-	-	-	302,739,516	302,739,516
	1,015,738	(25,996,591)	48,224,201	(2,895,566)	3,958,031	302,739,516	327,045,329
Cumulative effect of currency translation	132,529	643,727	24,371,369	747,398	-	(27,251,009)	(1,355,986)
Total unrestricted net assets	1,148,267	(25,352,864)	72,595,570	(2,148,168)	3,958,031	275,488,507	325,689,343
Total liabilities and unrestricted net assets	$ 2,234,004	$ 810,228	$ 72,595,570	$ 169,202	$ 4,114,872	$ 323,075,901	$ 402,999,777

NIAGARA FALLS BRIDGE COMMISSION

SCHEDULE OF ACTIVITIES AND CHANGES IN UNRESTRICTED NET ASSETS BY NET ASSETS
FOR THE YEAR ENDED OCTOBER 31, 2017

	Revenue	Operation	General	Renewal and Replacement	Debt Sinking	Construction	Total
REVENUES:							
Toll income	$ 20,192,609	$ -	$ -	$ -	$ -	$ -	$ 20,192,609
Rental income	10,792,171	-	-	-	-	-	10,792,171
Construction reimbursement	-	-	-	293,016	-	-	293,016
Investment income, net	358	1,516	1,384,350	317	(463)	6,832	1,392,910
Miscellaneous	167,274	13,748	-	9,000	-	-	190,022
Total revenues	31,152,412	15,264	1,384,350	302,333	(463)	6,832	32,860,728
EXPENSES:							
Administration and overhead	-	5,886,873	66,867	-	-	-	5,953,740
Maintenance	-	5,318,191	-	196,947	-	-	5,515,138
Toll	267	2,616,387	-	-	-	-	2,616,654
Management information systems	-	967,465	-	-	-	-	967,465
Security	-	889,136	-	-	-	-	889,136
Postretirement	-	1,916,184	-	-	-	-	1,916,184
Depreciation	-	-	-	-	-	9,193,235	9,193,235
Interest on indebtedness	-	-	-	-	2,105,760	-	2,105,760
Amortization of bond financing expenses	-	-	-	-	-	107,405	107,405
Total expenses	267	17,594,236	66,867	196,947	2,105,760	9,300,640	29,264,717
CHANGE IN UNRESTRICTED NET ASSETS BEFORE REALIZED AND UNREALIZED GAIN ON INVESTMENTS AND CHANGE IN FOREIGN CURRENCY TRANSLATION	31,152,145	(17,578,972)	1,317,483	105,386	(2,106,223)	(9,293,808)	3,596,011
REALIZED AND UNREALIZED GAIN ON INVESTMENTS	-	-	(677,118)	-	13,801	204	(663,113)
CHANGE IN FOREIGN CURRENCY TRANSLATION	(3,582)	(188,525)	825,100	(16,002)	-	6,963,233	7,580,224
CHANGE IN UNRESTRICTED NET ASSETS	31,148,563	(17,767,497)	1,465,465	89,384	(2,092,422)	(2,330,371)	10,513,122
TRANSFER OF NET ASSETS	(31,034,587)	14,866,769	3,626,443	(348,627)	2,128,000	10,762,002	-
UNRESTRICTED NET ASSETS - beginning of year	1,034,291	(22,452,136)	67,503,662	(1,888,925)	3,922,453	267,056,876	315,176,221
UNRESTRICTED NET ASSETS - end of year	$ 1,148,267	$ (25,352,864)	$ 72,595,570	$ (2,148,168)	$ 3,958,031	$ 275,488,507	$ 325,689,343

NIAGARA FALLS BRIDGE COMMISSION

SCHEDULE OF ACTIVITIES BY FUNCTIONAL CURRENCY
FOR THE YEAR ENDED OCTOBER 31, 2017

	Total	Foreign Exchange	Subtotal	U.S. Operations in U.S. $	Canadian Operations in CA $
REVENUES:					
Toll income	$ 20,192,609	$ (1,533,097)	$ 21,725,706	$ 15,145,895	$ 6,579,811
Rental income	10,792,171	(992,550)	11,784,721	7,524,847	4,259,874
Construction reimbursement	293,016	(48,815)	341,831	132,322	209,509
Investment income, net	1,392,910	(123,556)	1,516,466	986,188	530,278
Miscellaneous	190,022	(46,087)	236,109	38,306	197,803
Total revenues	32,860,728	(2,744,105)	35,604,833	23,827,558	11,777,275
EXPENSES:					
Administration and overhead	5,953,740	(928,899)	6,882,639	2,895,946	3,986,693
Maintenance	5,515,138	(723,953)	6,239,091	3,131,995	3,107,096
Toll	2,616,654	(234,068)	2,850,722	1,846,138	1,004,584
Management information systems	967,465	(9,659)	977,124	935,669	41,455
Security	889,136	(116,432)	1,005,568	505,860	499,708
Postretirement	1,916,184	(73,622)	1,989,806	1,673,829	315,977
Depreciation	9,193,235	(1,319,735)	10,512,970	4,848,875	5,664,095
Interest on indebtedness	2,105,760	-	2,105,760	2,105,760	-
Amortization of bond financing expenses	107,405	-	107,405	107,405	-
Total expenses	29,264,717	(3,406,368)	32,671,085	18,051,477	14,619,608
CHANGE IN UNRESTRICTED NET ASSETS BEFORE UNREALIZED LOSS ON INVESTMENTS AND CHANGE IN FOREIGN CURRENCY TRANSLATION	$ 3,596,011	$ 662,263	$ 2,933,748	$ 5,776,081	$ (2,842,333)

NIAGARA FALLS BRIDGE COMMISSION

SCHEDULE OF ACTIVITIES BY FUNCTIONAL CURRENCY
FOR THE YEAR ENDED OCTOBER 31, 2016

	Total	Foreign Exchange	Subtotal	U.S. Operations in U.S. $	Canadian Operations in CA $
REVENUES:					
Toll income	$ 18,038,700	$ (1,527,225)	$ 19,565,925	$ 13,368,803	$ 6,197,122
Rental income	10,727,329	(1,042,713)	11,770,042	7,538,955	4,231,087
Construction reimbursement	829,106	-	829,106	829,106	-
Investment income, net	1,350,720	(129,204)	1,479,924	955,642	524,282
Miscellaneous	180,726	(49,859)	230,585	28,269	202,316
Total revenues	31,126,581	(2,749,001)	33,875,582	22,720,775	11,154,807
EXPENSES:					
Administration and overhead	5,724,163	(958,207)	6,682,370	2,794,192	3,888,178
Maintenance	4,861,700	(688,289)	5,549,989	2,757,072	2,792,917
Toll	2,312,338	(237,832)	2,550,170	1,585,102	965,068
Management information systems	917,062	(13,114)	930,176	876,957	53,219
Security	788,203	(102,562)	890,765	474,591	416,174
Postretirement	1,376,007	(66,816)	1,442,823	1,171,698	271,125
Depreciation	9,298,417	(1,358,183)	10,656,600	5,145,410	5,511,190
Interest on indebtedness	2,338,761	-	2,338,761	2,338,761	-
Amortization of bond financing expenses	147,119	-	147,119	147,119	-
Gain on disposal of bridge related assets	(99,994)	-	(99,994)	(99,994)	-
Total expenses	27,663,776	(3,425,003)	31,088,779	17,190,908	13,897,871
CHANGE IN UNRESTRICTED NET ASSETS BEFORE UNREALIZED GAIN ON INVESTMENTS AND CHANGE IN FOREIGN CURRENCY TRANSLATION	$ 3,462,805	$ 676,002	$ 2,786,803	$ 5,529,867	$ (2,743,064)