NIAGARA FALLS
BRIDGE COMMISSION

Financial Statements and Additional Information
For the Years Ended
October 31, 2018 and 2017
with
Independent Auditors' Report

NIAGARA FALLS BRIDGE COMMISSION

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Certified
Public Accountants
CTBK
Business
Consultants
Chiampou Travis
Besaw & Kershner LLP
45 BRYANT WOODS NORTH | AMHERST, NY 14228
PHONE 716 630 2400 | FAX 716 630 2401 | CTBK.COM

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, 2018 and 2017, 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, 2018 and 2017, 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 15 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.

Chiampou Travis Besaw & Kershner LLP

January 8, 2019

NIAGARA FALLS BRIDGE COMMISSION

STATEMENTS OF FINANCIAL POSITION
OCTOBER 31, 2018 AND 2017

ASSETS	**2018**	**2017**
CURRENT ASSETS:		
Cash and cash equivalents	$ 88,890,880	$ 4,973,833
Accounts receivable	3,483,509	1,777,137
Prepaid expenses	466,063	431,027
Investments	7,213,383	17,831,565
Total current assets	100,053,835	25,013,562
NONCURRENT ASSETS:		
Investments	54,839,513	58,524,763
Land, bridges, buildings and equipment, net	303,719,880	310,827,547
Construction in progress - 30 year plan	10,956,448	11,772
Construction in progress - other	2,918,191	8,622,133
Total assets	$ 472,487,867	$ 402,999,777
LIABILITIES AND UNRESTRICTED NET ASSETS		
CURRENT LIABILITIES:		
Current portion of bonds payable	$ 6,800,000	$ 6,500,000
Current portion of postretirement benefit obligation	833,890	604,036
Accounts payable	7,154,113	3,489,051
Accrued wages and related withholdings	1,442,249	1,486,992
Other accrued expenses	671,772	255,290
Bond interest payable	383,684	156,841
Deferred income	1,020,404	1,025,698
Total current liabilities	18,306,112	13,517,908
NONCURRENT LIABILITIES:		
Postretirement benefit obligation	24,494,341	22,938,351
Bonds payable, net	104,159,074	40,854,175
Total liabilities	146,959,527	77,310,434
UNRESTRICTED NET ASSETS:		
Revenue	1,523,310	1,015,738
Operation	(27,603,437)	(25,996,591)
General	53,915,912	48,224,201
Renewal and replacement	(583,164)	(2,895,566)
Debt sinking	3,751,019	3,958,031
Construction	299,530,111	302,739,516
	330,533,751	327,045,329
Cumulative effect of foreign currency translation	(5,005,411)	(1,355,986)
Total unrestricted net assets	325,528,340	325,689,343
Total liabilities and unrestricted net assets	$ 472,487,867	$ 402,999,777

See notes to financial statements.

NIAGARA FALLS BRIDGE COMMISSION

STATEMENTS OF ACTIVITIES AND CHANGES IN UNRESTRICTED NET ASSETS FOR THE YEARS ENDED OCTOBER 31, 2018 AND 2017

	2018	2017
REVENUES:		
Toll income	$ 21,331,613	$ 20,192,609
Rental income	10,958,945	10,792,171
Construction reimbursement	1,444,760	293,016
Investment income, net	1,989,805	1,392,910
Miscellaneous	157,808	190,022
Total revenues	35,882,931	32,860,728
EXPENSES:		
Administration and overhead	6,428,897	5,953,740
Maintenance	5,336,785	5,515,138
Toll	2,163,971	2,616,654
Management information systems	918,966	967,465
Security	887,031	889,136
Postretirement	1,875,662	1,916,184
Depreciation	10,506,528	9,193,235
Interest on indebtedness	2,887,601	2,105,760
Amortization of bond financing expenses	86,742	107,405
Total expenses	31,092,183	29,264,717
CHANGE IN UNRESTRICTED NET ASSETS BEFORE UNREALIZED LOSS ON INVESTMENTS AND CHANGE IN FOREIGN CURRENCY TRANSLATION	4,790,748	3,596,011
UNREALIZED LOSS ON INVESTMENTS	(1,302,326)	(663,113)
CHANGE IN FOREIGN CURRENCY TRANSLATION (See Note 2)	(3,649,425)	7,580,224
CHANGE IN UNRESTRICTED NET ASSETS	(161,003)	10,513,122
UNRESTRICTED NET ASSETS - beginning of year	325,689,343	315,176,221
UNRESTRICTED NET ASSETS - end of year	$ 325,528,340	$ 325,689,343

See notes to financial statements.

NIAGARA FALLS BRIDGE COMMISSION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED OCTOBER 31, 2018 AND 2017

	2018	**2017**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in unrestricted net assets before unrealized loss on investments and change in foreign currency translation	$ 4,790,748	$ 3,596,011
Adjustments to reconcile change in unrestricted net assets before unrealized loss on investments and change in foreign currency translation to net cash flows provided by operating activities:		
Depreciation	10,506,528	9,193,235
Amortization of bond financing expenses	86,742	107,405
Amortization of investment discounts	(17,849)	(1,251)
Loss on sale of investments	151,043	153,728
Gain on disposal of property	(554)	(578)
Changes in operating assets and liabilities:		
Accounts receivable	(2,147,938)	271,990
Prepaid expenses	(38,956)	(174)
Accounts payable	3,663,773	(2,530,090)
Accrued wages and related withholdings	(34,459)	296,541
Other accrued expenses	419,214	(16,573)
Bond interest payable	226,843	(20,333)
Deferred income	5,448	(451)
Postretirement benefit obligation	1,875,662	1,916,183
Net cash provided by operating activities	19,486,245	12,965,643
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	19,720,978	24,054,917
Purchases of investments	(6,815,050)	(30,417,192)
Purchases of land, bridges, buildings, equipment and construction in progress	(11,919,098)	(5,288,551)
Net cash provided by (used in) investing activities	986,830	(11,650,826)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Bond principal payments	(6,500,000)	(6,100,000)
Proceeds from bond issuance	71,225,000	-
Bond issuance costs	(1,206,843)	-
Net cash provided by (used in) financing activities	63,518,157	(6,100,000)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(74,185)	75,639
NET CHANGE IN CASH AND CASH EQUIVALENTS	83,917,047	(4,709,544)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,973,833	9,683,377
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 88,890,880	$ 4,973,833

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, 2018 and 2017, 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 $27,603,437 and $25,996,591 as of October 31, 2018 and 2017, 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 and EZ Pass payments receivable from other EZ Pass agencies. Also included in accounts receivable at October 31, 2018 is approximately $1,367,000 due from GSA for the bus and pedestrian modification project at Rainbow Bridge. 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, 2018 and 2017 is approximately $1,088,000 and $911,000, 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, 2018 and 2017:

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 $10,506,528 and $9,193,235 for the years ended October 31, 2018 and 2017, respectively. It is the policy of the Commission to not record depreciation 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, 2018 and 2017 were .7773 and .7670, respectively, and resulted in exchange gains of $695,282 and $662,263 for the years ended October 31, 2018 and 2017, respectively. Assets and liabilities are translated at currency exchange rates prevailing at the statement of financial position date. The spot rates at October 31, 2018 and 2017 were .7609 and .7756, respectively, and resulted in exchange (losses) or gains of $(3,649,425) and $7,580,224 as of October 31, 2018 and 2017, 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 $2,660,758 and $2,126,094 for the years ended October 31, 2018 and 2017, respectively. Accounts payable as of October 31, 2018 and 2017, included $6,217,876 and $2,429,994 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 January 8, 2019, 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, 2018 and 2017:

	2018		2017	
	Cost	**Fair Value**	**Cost**	**Fair Value**
U.S. government obligations	$ 3,899,834	$ 3,757,538	$ 4,751,922	$ 4,695,392
U.S. treasury obligations	14,791,580	14,441,395	26,300,564	26,279,916
Canadian guaranteed interest certificates (stated in U.S. dollars)	15,218,000	16,488,338	17,063,200	18,025,277
Canadian corporate bonds (stated in U.S. dollars)	4,504,627	4,461,726	3,041,577	3,064,483
U.S. corporate bonds	22,943,202	22,400,443	23,630,380	23,769,298
Global corporate bonds	518,375	503,456	518,375	521,962
	$ 61,875,618	$ 62,052,896	$ 75,306,018	$ 76,356,328

3. INVESTMENTS (continued)

Investment maturity as of October 31, 2018 and 2017 is as follows:

	2018 Fair Value	2017 Fair Value
Due in less than one year	$ 7,213,383	$ 17,831,565
Due from one to five years	44,327,242	44,867,866
Due in greater than five years	10,512,271	13,656,897
	$ 62,052,896	$ 76,356,328

The Commission's investment income, consisting of interest income and amortization of discounts and premiums, was $1,989,805 and $1,392,910 for the years ended October 31, 2018 and 2017, respectively. The unrealized loss on the adjustment of fair value of the investments was $(1,302,326) and $(663,113) for the years ended October 31, 2018 and 2017, 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, 2018 or 2017.

4. LAND, BRIDGES, BUILDINGS AND EQUIPMENT, NET

A summary of land, bridges, buildings and equipment as of October 31, 2018 and 2017, is as follows:

	2018	2017
Land and land improvements	$ 55,006,083	$ 54,921,825
Bridges	132,064,891	127,960,951
Buildings and leasehold improvements	208,052,722	210,345,761
Equipment	6,443,515	5,914,201
	401,567,211	399,142,738
Less accumulated depreciation	97,847,331	88,315,191
	$ 303,719,880	$ 310,827,547

Additionally, the Commission has construction in progress – 30 year plan of $10,956,448 and $11,772 as of October 31, 2018 and 2017, respectively. This represents construction projects funded by the 2014 and 2018 bond issuances. Also, the Commission has construction in progress – other of $2,918,191 and $8,622,133 as of October 31, 2018 and 2017, 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.

It is the policy of the Commission to translate land, bridges, buildings and equipment annually at the year end spot rate. Had land, bridges, buildings and equipment been translated at historical rates, that is the rate in effect at the time of acquisition, the balance at October 31, 2018 would be greater by approximately $30,000,000.

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, 2018 and 2017, bridge revenue bonds payable consisted of the following:

	2018	**2017**
Total outstanding bonds:		
Series 2018	$ 71,225,000	$ -
Series 2014A	33,830,000	33,830,000
Series 1993A	6,800,000	13,300,000
	111,855,000	47,130,000
Net premium on bond issuance	675,736	727,677
Bond financing costs	(1,571,662)	(503,502)
	110,959,074	47,354,175
Less current portion	6,800,000	6,500,000
	$ 104,159,074	$ 40,854,175

Principal payments on the outstanding bonds are due as follows:

2019	$ 6,800,000
2020	2,160,000
2021	2,240,000
2022	2,325,000
2023	2,415,000
Thereafter	95,915,000
	$ 111,855,000

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 $4,131,300 and $4,100,800 as of October 31, 2018 and 2017, 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.

On June 27, 2018, the Commission issued $71,225,000 of Toll Bridge System Revenue Bonds Series 2018 maturing on October 1, 2048. The net proceeds of approximately $70,000,000 (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, 2018.

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, 2018, is as follows:

2019	$ 7,276,242
2020	7,434,044
2021	9,350,329
2022	9,296,433
2023	10,014,097

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 $422,000 and $430,000 for the years ended October 31, 2018 and 2017, 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, 2018 and 2017 is summarized below:

	2018	**2017**
Retirees	$ (15,206,959)	$ (7,279,929)
Active participants	(20,283,141)	(25,140,854)
Total	$ (35,490,100)	$ (32,420,783)
Plan assets at fair value	$ -	$ -
Payments for beneficiaries	$ 559,558	$ 418,610

8. POSTRETIREMENT BENEFITS (continued)

	2018	2017
Accumulated postretirement benefit obligation in excess of plan assets	$ (35,490,100)	$ (32,420,783)
Prior service cost not yet recognized	-	63,130
Unrecognized loss	10,161,869	8,815,266
Accrued postretirement benefit cost	$ (25,328,231)	$ (23,542,387)

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% at October 31, 2018 and 2017.

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

2019	$ 834,000
2020	908,000
2021	997,000
2022	1,074,000
2023	1,258,000
2024 - 2028	7,888,000

9. CONCENTRATIONS

At October 31, 2018, approximately 51% of the Commission's U.S. employees are covered by a U.S. collective bargaining agreement that expires on October 31, 2019; 76% of the Commission's Canadian employees are covered by a Canadian collective bargaining agreement which expired on October 31, 2018. A new Canadian collective bargaining agreement was ratified on January 23, 2019.

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, 2018

ASSETS	Revenue	Operation	General	Renewal and Replacement	Debt Sinking	Construction	Total
Cash and cash equivalents	$ 670,161	$ 732,348	$ 16,717,600	$ 49,646	$ 3,293,005	$ 67,428,120	$ 88,890,880
Accounts receivable	2,071,309	7,093	-	1,405,108	-	-	3,483,509
Prepaid expenses	-	466,063	-	-	-	-	466,063
Investments	-	-	61,105,739	-	841,698	105,459	62,052,896
Land, bridges, buildings and equipment, net	-	-	-	-	-	303,719,880	303,719,880
Construction in progress - 30 year plan	-	-	-	-	-	10,956,448	10,956,448
Construction in progress - other	-	-	-	-	-	2,918,191	2,918,191
Total assets	$ 2,741,470	$ 1,205,504	$ 77,823,339	$ 1,454,754	$ 4,134,703	$ 385,128,098	$ 472,487,867
LIABILITIES AND UNRESTRICTED NET ASSETS							
Accounts payable	$ 71,520	$ 870,756	$ -	$ 1,166,887	$ -	$ 5,044,951	$ 7,154,113
Accrued wages and related withholdings	-	1,442,249	-	-	-	-	1,442,249
Other accrued expenses	-	424,075	-	122,986	-	124,711	671,772
Bond interest payable	-	-	-	-	383,684	-	383,684
Deferred income	1,020,404	-	-	-	-	-	1,020,404
Postretirement benefit obligation	-	25,328,231	-	-	-	-	25,328,231
Bonds payable, net	-	-	-	-	-	110,959,074	110,959,074
Total liabilities	1,091,924	28,065,311	-	1,289,873	383,684	116,128,736	146,959,527
UNRESTRICTED NET ASSETS:							
Revenue	1,523,310	-	-	-	-	-	1,523,310
Operation	-	(27,603,437)	-	-	-	-	(27,603,437)
General	-	-	53,915,912	-	-	-	53,915,912
Renewal and replacement	-	-	-	(583,164)	-	-	(583,164)
Debt sinking	-	-	-	-	3,751,019	-	3,751,019
Construction	-	-	-	-	-	299,530,111	299,530,111
	1,523,310	(27,603,437)	53,915,912	(583,164)	3,751,019	299,530,111	330,533,751
Cumulative effect of foreign currency translation	126,236	743,630	23,907,427	748,045	-	(30,530,749)	(5,005,411)
Total unrestricted net assets	1,649,546	(26,859,807)	77,823,339	164,881	3,751,019	268,999,362	325,528,340
Total liabilities and unrestricted net assets	$ 2,741,470	$ 1,205,504	$ 77,823,339	$ 1,454,754	$ 4,134,703	$ 385,128,098	$ 472,487,867

NIAGARA FALLS BRIDGE COMMISSION

SCHEDULE OF ACTIVITIES AND CHANGES IN UNRESTRICTED NET ASSETS BY NET ASSETS
FOR THE YEAR ENDED OCTOBER 31, 2018

	Revenue	Operation	General	Renewal and Replacement	Debt Sinking	Construction	Total
REVENUES:							
Toll income	$ 21,331,613	$ -	$ -	$ -	$ -	$ -	$ 21,331,613
Rental income	10,958,945	-	-	-	-	-	10,958,945
Construction reimbursement	-	-	-	1,444,760	-	-	1,444,760
Investment income, net	1,278	3,015	1,521,891	297	32,221	431,103	1,989,805
Miscellaneous	139,926	17,882	-	-	-	-	157,808
Total revenues	32,431,762	20,897	1,521,891	1,445,057	32,221	431,103	35,882,931
EXPENSES:							
Administration and overhead	-	6,296,904	131,993	-	-	-	6,428,897
Maintenance	-	5,245,352	-	91,433	-	-	5,336,785
Toll	1,516	2,162,455	-	-	-	-	2,163,971
Management information systems	-	918,966	-	-	-	-	918,966
Security	-	887,031	-	-	-	-	887,031
Postretirement	-	1,875,662	-	-	-	-	1,875,662
Depreciation	-	-	-	-	-	10,506,528	10,506,528
Interest on indebtedness	-	-	-	-	2,887,601	-	2,887,601
Amortization of bond financing expenses	-	-	-	-	-	86,742	86,742
Total expenses	1,516	17,386,370	131,993	91,433	2,887,601	10,593,270	31,092,183
CHANGE IN UNRESTRICTED NET ASSETS BEFORE UNREALIZED LOSS ON INVESTMENTS AND CHANGE IN FOREIGN CURRENCY TRANSLATION	32,430,246	(17,365,473)	1,389,898	1,353,624	(2,855,380)	(10,162,167)	4,790,748
UNREALIZED LOSS ON INVESTMENTS	-	-	(1,296,607)	-	(5,203)	(516)	(1,302,326)
CHANGE IN FOREIGN CURRENCY TRANSLATION	(6,293)	99,903	(463,942)	647	-	(3,279,740)	(3,649,425)
CHANGE IN UNRESTRICTED NET ASSETS	32,423,953	(17,265,570)	(370,651)	1,354,271	(2,860,583)	(13,442,423)	(161,003)
TRANSFER OF NET ASSETS	(31,922,674)	15,758,627	5,598,420	958,778	2,653,571	6,953,278	-
UNRESTRICTED NET ASSETS - beginning of year	1,148,267	(25,352,864)	72,595,570	(2,148,168)	3,958,031	275,488,507	325,689,343
UNRESTRICTED NET ASSETS - end of year	$ 1,649,546	$ (26,859,807)	$ 77,823,339	$ 164,881	$ 3,751,019	$ 268,999,362	$ 325,528,340