BUFFALO AND FORT ERIE
PUBLIC BRIDGE AUTHORITY

FINANCIAL STATEMENTS

December 31, 2016

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December 31, 2016

Lumsden McCormick LLP
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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Buffalo and Fort Erie Public Bridge Authority

We have audited the accompanying financial statements of Buffalo and Fort Erie Public Bridge Authority (the Authority), a business-type activity, as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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 Authority as of December 31, 2016 and 2015, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Lumsden & McCormick, LLP

February 24, 2017

Buffalo and Fort Erie Public Bridge Authority
Management's Discussion and Analysis

December 31, 2016, 2015, and 2014
(Unaudited)

The management of the Buffalo and Fort Erie Public Bridge Authority (hereinafter referred to as the Authority) offers the following overview and analysis of the Authority's financial activities as of and for the years ended December 31, 2016 and 2015, which should be read in conjunction with the Authority's financial statements and notes to the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements. It begins by presenting and explaining the financial statements. These statements have been prepared according to accounting principles generally accepted in the United States of America (GAAP). Revenues and expenses are recorded using the accrual basis of accounting, meaning that they are recorded and recognized by the Authority as earned/incurred, regardless of when cash is received or paid.

Effective January 1, 2015, the Authority adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require the Authority to include in its statement of net position its net pension asset, deferred outflows and deferred inflows of resources for the pension provided to Authority employees and administered by the Authority. The cumulative effect of this change was an increase in net position at January 1, 2015 totaling $3,903,000.

The balance sheets present information on all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Increases or decreases in net position serve as a relative indicator as to whether the Authority's financial position is strengthening or weakening over time.

The statements of revenues, expenses, and changes in net position show the results of the Authority's operations during the year and reflect both operating and non-operating activities. Changes in net position reflect the operational impact of the current year's activities on the financial position of the Authority.

The statements of cash flows provide an analysis of the sources and uses of cash. The cash flow statements show net cash provided or used in operating, capital and related financing, and investing activities.

The notes to the financial statements include additional information which provides a further understanding of the financial statements.

FINANCIAL STATEMENT ANALYSIS

Comparative Balance Sheets as of December 31:

U.S. $, in thousands

	2016	2015	2014
Assets			
Current assets	$ 90,901	$ 96,930	$ 101,972
Restricted assets	9,625	10,229	11,055
Net pension asset	3,374	5,430	-
Capital assets, net	156,282	139,457	128,680
Total assets	260,182	252,046	241,707
Deferred outflows of resources			
Defeasance loss	477	582	695
Deferred outflows of resources from pensions	2,806	800	-
Total deferred outflows	3,283	1,382	695
Total assets and deferred outflows of resources	**$ 263,465**	**$ 253,428**	**$ 242,402**
Liabilities and net position			
Current liabilities	$ 11,782	$ 9,264	$ 9,259
Noncurrent liabilities	34,516	36,257	38,397
Total liabilities	46,298	45,521	47,656
Deferred inflows of resources			
Deferred inflows of resources from pensions	561	722	-
Net position			
Net investment in capital assets	122,929	105,869	92,710
Restricted	9,425	10,029	10,855
Unrestricted	84,252	91,287	91,181
Total net position	216,606	207,185	194,746
Total liabilities, deferred inflows and net position	**$ 263,465**	**$ 253,428**	**$ 242,402**

As noted earlier, net position serves as an indicator of the Authority's overall financial strength. The Authority's net position increased by approximately $9,421,000 during 2016 and $12,439,000 during 2015. As required by the Authority's bond indenture, the restricted portion of net position is reserved for debt service, governmental payments, and operating reserves. Restricted amounts fluctuate based upon required debt service and operating reserve requirements. Substantially all unrestricted net position has been designated by the Board of Directors for acquisition or construction of capital projects and/or major repairs and replacements.

Deferred outflows of resources from pensions increased $2,006,000 primarily because actual net investment earnings were less than expected returns. Accounting standards require amortization of the difference between actual and expected investment earnings over a five year period.

Statements of Revenues, Expenses, and Changes in Net Position for the years ended December 31:

U.S. $, in thousands

	2016	2015	2014
Operating revenues			
Toll revenues	$ 21,321	$ 21,441	$ 22,177
Other revenues	7,913	7,643	9,126
Total operating revenues	29,234	29,084	31,303
Operating expenses			
Toll collection and traffic control	3,043	3,087	3,411
Maintenance of bridge, buildings, plazas & equip.	5,106	5,899	5,075
Administration	2,472	3,034	2,750
Pension	758	224	487
Other postemployment benefits	1,682	1,656	1,681
Other expenses	1,151	1,115	1,169
Depreciation	5,374	4,899	4,980
Total operating expenses	19,586	19,914	19,553
Operating income	9,648	9,170	11,750
Non-operating revenues (expenses)			
Interest income	419	188	178
Interest expense	(708)	(774)	(1,053)
Currency remeasurement	26	(90)	(64)
Bond issuance costs	-	-	(424)
Other	36	42	-
Total non-operating net expense	(227)	(634)	(1,363)
Change in net position	9,421	8,536	10,387
Net position, beginning of year	207,185	194,746	184,359
Restatement - GASB 68	-	3,903	-
Net position, end of year	**$ 216,606**	**$ 207,185**	**$ 194,746**

As a bi-national toll bridge operator, the Authority earns revenue and incurs expenses in both U.S. and Canadian dollars. All Canadian revenue and expenses are converted to U.S. dollars at the average rate of exchange for the year. Fluctuations in the exchange rate during the year resulted in an improvement in the currency remeasurement to U.S. dollars in 2016. The weakening of the Canadian dollar relative to the U.S. dollar since 2013 negatively impacted the currency remeasurement for 2015 and 2014.

Toll revenues decreased slightly during 2016 due to a 1.3% and 1.2% decline in passenger and commercial crossings and a 4% and 2% decline in passenger and commercial crossings, respectively, in 2015. Toll revenue during 2014 also decreased due to a 7% decline in passenger crossings; commercial crossings were consistent with 2013. Toll rates have remained unchanged for all years presented. Other revenues, consisting primarily of rental income, were impacted by an increase in rental income from Canadian duty-free operators during 2016 as well as an increase in rental income attributable to U.S. Government agencies.

Operating expenses for 2016 decreased by $328,000 or 1.6% (increase of $361,000 or 1.8% in 2015 and a decrease of $2,498,000 or 11.3% in 2014). The decrease in 2016 was primarily the result of maintenance expenses of $1,100,000 for radiation portal monitors on the U.S. plaza and $376,000 related to bridge deck and plaza paving repairs which occurred in 2015. Additional decreases in operating expenses are attributable to a decrease in legal expenses in 2016. Decreases were partially offset by increases in salaries and benefits of $702,000 (mainly attributable to pension expenses) and an increase in depreciation of $475,000.

Total non-operating net expense decreased $407,000 in 2016 due to the increase in investment income on restricted assets of $249,000, as well as a reduction in interest expense of $66,000. Interest expense continues to decrease due to reductions in the outstanding principal balances and a decrease in the effective interest rate paid on the bonds. Currency remeasurement was positively impacted by the performance of the Canadian dollar during 2016 compared to 2015.

Total non-operating net expense decreased $729,000 in 2015 due to non-recurring costs associated with the issuance of the Series 2014 Bonds in 2014. These expenses were partially offset by a reduction in interest expense of $279,000, due to a reduction in outstanding principal and a decrease in the effective interest rate paid on the bonds. Currency remeasurement was negatively impacted by the continued weakening of the Canadian dollar during 2015.

CAPITAL ASSETS AND LONG TERM DEBT

The Authority's total investment in capital assets as of December 31, 2016 approximated $156,282,000, representing 60% of the Authority's total assets. Capital assets consist of land, the Peace Bridge, buildings and plaza improvements, equipment, and construction-in-progress. Capital asset additions totaled $22,800,000 in 2016 and $15,680,000 in 2015, as the Authority continued projects to renovate the U.S. commercial warehouse and widen the Canadian bridge approach. As described below, in 2016 the Authority also began construction on the Peace Bridge rehabilitation project.

In August 2005, the Authority issued $44,120,000 in Series 2005 Toll Bridge System Revenue Refunding Bonds, bearing interest at 3% through July 1, 2007. On July 1, 2007, the bonds were remarketed at an interest rate of 4% through July 1, 2010. On July 1, 2010, the bonds were again remarketed at an interest rate of 2.625% until July 1, 2014, at which time the bonds were refunded.

In June 2014, the Authority issued $28,840,000 in fixed rate Toll Bridge System Revenue Refunding Bonds at a premium of $4,262,000, to currently refund $33,500,000 of outstanding Series 2005 bonds, with interest rates ranging from 4% to 5%, and a true interest cost of 2.22%. The Series 2014 bond proceeds of $33,102,000 plus $3,710,000 in Series 2005 bond reserve monies were used to refund the Series 2005 bonds under a mandatory tender and establish the Series 2014 debt reserves.

Standard & Poor's Rating Services and Fitch Ratings have assigned ratings of "A+" and "A" respectively, to the Series 2014 Bonds.

FACTS THAT WILL IMPACT FINANCIAL POSITION

In October 2016, the Authority began the construction project to "re-deck" and rehabilitate the Peace Bridge. This project will continue for a period of three (3) years with an anticipated total cost of approximately $100,000,000. Replacement of the concrete bridge deck will be conducted during the off-peak travel season (October 15th – May 1st). During construction, the bridge will be reduced at times to 2 lanes. Following each off-peak season, the bridge will be returned to a condition that will facilitate 3 lanes of travel. While lane restrictions will be in place during active construction time, the Authority believes it has in place other mechanisms to minimize any impact on traffic volumes at the bridge which will minimize the impact on toll revenues.

In conjunction with the Authority's five year capital plan that was approved by the Board in October 2016, the Board also approved a new money bond issuance to support the five year capital plan. The Authority is anticipating the bond issuance to occur during 2017. The Board also approved the allocation of up to $10,000,000 of unrestricted net position for the establishment and funding of an independent trust for the purpose of providing the benefits associated with the Authority's defined benefit postemployment healthcare plans (OPEB). The establishment of the trust is also in anticipation of the implementation of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

CONTACT FOR AUTHORITY'S FINANCIAL MANAGEMENT

This report is designed to provide a general overview of the finances of the Authority for interested parties. Questions concerning any information within this report or requests for additional information should be addressed to Karen L. Costa, Finance Manager, 100 Queen Street, Fort Erie, ON L2A 3S6.

Balance Sheets (in thousands)

December 31,	2016	2015
Assets		
Current assets:		
Cash	$ 523	$ 697
Accounts receivable, net	1,177	936
Prepaid expenses and other assets	850	332
Investments	88,351	94,965
	90,901	96,930
Noncurrent assets:		
Restricted assets:		
Cash	3,413	4,078
Investments	6,212	6,151
	9,625	10,229
Net pension asset	3,374	5,430
Capital assets, net (Note 5)	156,282	139,457
	169,281	155,116
Total assets	260,182	252,046
Deferred outflows of resources		
Defeasance loss	477	582
Deferred outflows of resources from pensions	2,806	800
	3,283	1,382
Total assets and deferred outflows of resources	$ 263,465	$ 253,428
Liabilities		
Current liabilities:		
Current portion of bonds payable	$ 2,220	$ 2,130
Accounts payable and accrued liabilities	7,662	5,275
Accrued compensation and benefits	779	739
Other current liabilities	1,121	1,120
	11,782	9,264
Noncurrent liabilities:		
Bonds payable	25,008	27,803
Other postemployment benefits	9,508	8,454
	34,516	36,257
Total liabilities	46,298	45,521
Deferred inflows of resources		
Deferred inflows of resources from pensions	561	722
Net Position		
Net investment in capital assets	122,929	105,869
Restricted	9,425	10,029
Unrestricted	84,252	91,287
Total net position	216,606	207,185
Total liabilities, deferred inflows of resources, and net position	$ 263,465	$ 253,428

See accompanying notes.

Statements of Revenues, Expenses, and Changes in Net Position (in thousands)

For the years ended December 31,	**2016**	2015
Operating revenues:		
Commercial tolls	**$ 15,426**	$ 15,522
Passenger tolls	**5,895**	5,919
Rentals	**7,601**	7,425
Other	**312**	218
Total operating revenues	**29,234**	29,084
Operating expenses:		
Toll collection and traffic control	**3,043**	3,087
Maintenance of bridge, buildings, plazas and equipment	**5,106**	5,899
Administration	**2,472**	3,034
Pension	**758**	224
Other postemployment benefits	**1,682**	1,656
Canadian property taxes and U.S. equalization payments	**951**	915
Payments to New York State	**200**	200
Depreciation	**5,374**	4,899
Total operating expenses	**19,586**	19,914
Operating income	**9,648**	9,170
Non-operating revenues (expenses):		
Interest income	**419**	188
Interest expense	**(708)**	(774)
Currency remeasurement	**26**	(90)
Other	**36**	42
Total non-operating net expense	**(227)**	(634)
Change in net position	**9,421**	8,536
Net position - beginning of year	**207,185**	198,649
Net position - end of year	**$ 216,606**	$ 207,185

See accompanying notes.

Statements of Cash Flows (in thousands)

For the years ended December 31,	2016	2015
Operating activities:		
Toll revenue	$ 21,065	$ 21,386
Payments to suppliers	(5,685)	(7,097)
Payments for wages and employee benefits	(7,578)	(7,040)
Other revenues	7,860	8,030
Net operating activities	15,662	15,279
Capital and related financing activities:		
Acquisition and construction of capital assets	(20,393)	(15,254)
Interest paid on debt	(1,220)	(1,353)
Principal payment on debt	(2,130)	(2,230)
Proceeds from asset disposal and other	46	55
Net capital and related financing activities	(23,697)	(18,782)
Investing activities:		
Decrease in investments	6,553	4,253
Interest income	419	188
Net investing activities	6,972	4,441
Effect of exchange rate changes	224	(1,046)
Change in cash	(839)	(108)
Cash - beginning	4,775	4,883
Cash - ending	3,936	$ 4,775
Reconciliation of operating income to net cash provided from operating activities:		
Operating income	9,648	$ 9,170
Adjustments to reconcile operating income to net cash provided from operating activities:		
Depreciation	5,374	4,899
Net pension activity	(55)	(188)
(Gain) loss on disposal	537	(10)
Accrued compensation and other postemployment benefits	1,009	792
Changes in assets and liabilities:		
Accounts receivable	(236)	388
Prepaid expenses and other assets	(516)	46
Accounts payable and accrued liabilities	(99)	182
	$ 15,662	$ 15,279

See accompanying notes.

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Reporting Entity

Buffalo and Fort Erie Public Bridge Authority (the Authority) was established through a legislative act as a public benefit corporation to own and operate an international toll bridge connecting the United States and Canada. The enabling Act, under which the Authority was created, provides that on July 1, 2020, or when all bonds issued by the Authority have been discharged (current final maturity date is January 1, 2025), whichever shall be later, the powers, jurisdiction and duties of the Board shall cease and the property and assets acquired and held by the Authority within the State of New York and within Canada shall be under jurisdiction of the State of New York and Her Majesty The Queen in Right of Canada, respectively.

Basis of Presentation

The financial statements of the Authority are prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Measurement Focus

The Authority reports as a special purpose government engaged in business-type activities, as defined by GASB Statement No. 34. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

The Authority's policy for defining operating activities in the statements of revenues, expenses, and changes in net position are those that generally result from exchange transactions such as payments received for services and payments made to purchase those goods or services. Certain other transactions are reported as non-operating activities and include investment income, interest paid on capital debt, and the net effect of currency remeasurement.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash

At various times, cash in financial institutions may exceed insured limits and subject the Authority to concentrations of credit risk.

Investments

Investments consist of money market funds, short-term commercial paper, and U.S. mortgage and government agency obligations and are stated at fair value on a recurring basis as determined by quoted prices in active markets.

Restricted Assets

The Authority established the following accounts in order to comply with bond resolution requirements:

Bond – trustee accounts established to receive amounts necessary to meet current principal and interest payments and to maintain a sufficient balance in a debt service reserve fund.

Government payments – holds amounts necessary to fund payments to the State of New York as required under current legislation.

Operating expense reserve – holds amounts necessary to pay current year operating expenses as defined, plus an operating reserve equal to one-sixth of the operating expenses of the Authority for the preceding year.

Capital Assets

Capital assets are reported at historical cost. For assets being depreciated, expense is calculated over estimated useful lives using the straight-line method. Maintenance and repairs are expensed as incurred; significant improvements are capitalized.

Capitalization thresholds for determining which asset purchases are added to capital accounts and the estimated useful lives of capital assets are:

	Capitalization policy	Estimated useful life
Bridge infrastructure	$ 5,000	10-150 years
Buildings and plazas	$ 5,000	10-40 years
Equipment - general	$ 1,000	3-10 years
Equipment - toll system	$ 1,000	7 years

Currency Translation

Due to its bi-national operations, the Authority accounts for transactions in either United States dollars (USD) or Canadian dollars (CAD). The Authority translates all Canadian asset and liability accounts at the year end exchange rate, except for property and equipment, which is translated at historical rates in effect in the year of acquisition. The statement of revenues, expenses, and changes in net position is converted at the average rate of exchange for the year. Translation gains and losses are included as a component of non-operating revenues (expenses) as a currency remeasurement.

Compensated Absences

The Authority provides for vacation, sick, and compensatory time that is attributable to services already rendered and vested. The liabilities are recorded based on employees' rates of pay as of the end of the year, and include all payroll-related liabilities.

Pensions

For purposes of measuring the net pension asset, deferred outflows and deferred inflows of resources, pension expense, and information about and changes in the fiduciary net position of the Authority's defined benefit pension plans (Note 7) have been determined on the same basis as reported by the plans. For this purpose, benefit payments in the plans are recognized when due and payable in accordance with the benefit terms and investments are reported at fair value.

Net Position

- *Net investment in capital assets* – consists of net capital assets reduced by outstanding balances of any related debt obligations attributable to the acquisition, construction, or improvement of the assets.
- *Restricted* – consists of restricted assets, reduced by liabilities and deferred inflows of resources related to those assets, subject to externally imposed restrictions by creditors (such as through debt covenants), federal or state laws, or enabling legislation.
- *Unrestricted* – the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the definition of the above restrictions and are available for general use of the Authority.

The Authority has adopted a policy of using restricted funds, when available, prior to unrestricted funds.

2. Deposits and Investments:

The Authority's policy is to obtain collateral from U.S. financial institutions for its cash deposits. Cash deposits maintained in banks within the United States are covered by U.S. Federal Deposit Insurance and by collateral held by a custodial bank in the Authority's name based upon the average daily funds available as determined by the bank. Canada Deposit Insurance covers cash deposits maintained at banks within Canada.

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. At December 31, 2016, $1,142,000 of the Authority's bank deposits were exposed to custodial credit risk.

The Authority's exposure to foreign currency risk derives from its deposits in Canadian denominated deposits totaling $1,546,000 (USD).

The Authority manages its investments pursuant to the bond resolution, which defines the nature and maturity of allowable investments. In general, the Authority invests conservatively in short-term U.S. and Canadian government agency securities and certificates of deposit.

3. Accounts Receivable, net:

(in thousands)		**2016**		2015
Accounts receivable for rental and tolls	**$**	**1,178**	$	937
Less allowance for doubtful accounts		**1**		1
	$	**1,177**	$	936

4. Investments:

(in thousands)		**2016**		2015
Unrestricted:				
U.S. Treasury notes	**$**	**59,977**	$	77,193
Federal Home Loan Mortgage Corporation notes		**9,982**		699
Federal Home Bank notes		**-**		7,005
Federal National Mortgage Association notes		**10,018**		3,005
Money market funds		**8,374**		7,063
	$	**88,351**	$	94,965
Restricted:				
U.S. Treasury notes	**$**	**6,212**	$	6,151

5. Capital Assets:

(in thousands)	January 1, 2016	Additions	Reclassifications and Disposals	**December 31, 2016**
Non-depreciable capital assets:				
Land	$ 25,243	$ -	$ -	**$ 25,243**
Construction-in-progress	6,835	22,162	(12,540)	**16,457**
Total non-depreciable assets	32,078	22,162	(12,540)	**41,700**
Depreciable capital assets:				
Bridge	63,762	-	9,115	**72,877**
Buildings and plazas	115,455	-	1,390	**116,845**
Equipment - general	4,907	620	(202)	**5,325**
Equipment - toll system	4,521	18	(16)	**4,523**
Total depreciable assets	188,645	638	10,287	**199,570**
Less accumulated depreciation:				
Bridge	(33,929)	(1,721)	(8)	**(35,658)**
Buildings and plazas	(39,467)	(3,200)	1,298	**(41,369)**
Equipment - general	(3,547)	(398)	346	**(3,599)**
Equipment - toll system	(4,323)	(55)	16	**(4,362)**
Total accumulated depreciation	(81,266)	(5,374)	1,652	**(84,988)**
Total depreciable assets, net	107,379	(4,736)	11,939	**114,582**
	$ 139,457	$ 17,426	$ (601)	**$ 156,282**

(in thousands)	January 1, 2015	Additions	Reclassifications and Disposals	December 31, 2015
Non-depreciable capital assets:				
Land	$ 25,245	$ -	$ (2)	$ 25,243
Construction-in-progress	13,065	15,022	(21,252)	6,835
Total non-depreciable assets	38,310	15,022	(21,254)	32,078
Depreciable capital assets:				
Bridge	63,451	311	-	63,762
Buildings and plazas	94,754	58	20,643	115,455
Equipment - general	4,329	271	307	4,907
Equipment - toll system	4,533	18	(30)	4,521
Total depreciable assets	167,067	658	20,920	188,645
Less accumulated depreciation:				
Bridge	(32,203)	(1,726)	-	(33,929)
Buildings and plazas	(36,932)	(2,773)	238	(39,467)
Equipment - general	(3,252)	(345)	50	(3,547)
Equipment - toll system	(4,310)	(55)	42	(4,323)
Total accumulated depreciation	(76,697)	(4,899)	330	(81,266)
Total depreciable assets, net	90,370	(4,241)	21,250	107,379
	$ 128,680	$ 10,781	$ (4)	$ 139,457

Net investment in capital assets as of December 31, 2016 and 2015 consists of the following (in thousands):

	2016	2015
Capital assets, net of accumulated depreciation	$ 156,282	$ 139,457
Bonds and related premiums	(27,228)	(29,933)
Capital asset purchases included in accounts payable	(6,013)	(3,606)
Accrued interest	(589)	(631)
Defeasance loss	477	582
	$ 122,929	$ 105,869

6. Bond Indebtedness:

(in thousands)	January 1, 2016	Increases	Decreases	December 31, 2016	Due Within One Year
Serial bonds	$ 26,610	$ -	$ (2,130)	$ 24,480	$ 2,220
Unamortized premium 2014 refunding	3,323	-	(575)	2,748	-
	$ 29,933	$ -	$ (2,705)	$ 27,228	$ 2,220

(in thousands)	January 1, 2015	Increases	Decreases	December 31, 2015	Due Within One Year
Serial bonds	$ 28,840	$ -	$ (2,230)	$ 26,610	$ 2,130
Unamortized premium 2014 refunding	3,924	-	(601)	3,323	-
	$ 32,764	$ -	$ (2,831)	$ 29,933	$ 2,130

In August 2005, the Authority issued $44,120,000 in variable rate Toll Bridge System Revenue Refunding Bonds to currently refund $43,915,000 of outstanding 1995 Series bonds with interest rates ranging from 5.125% to 6.0%. The net proceeds of $43,639,000 (after payment of $481,000 for underwriting fees and other issuance costs) plus $4,789,000 in Series 1995 bond reserve monies were used to refund the original bonds and establish the series 2005 debt reserves.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $2,242,000. This difference, reported in the accompanying balance sheets as a deferred outflow, is being charged to operations through the year 2024 using the effective interest method. The net difference is $477,000 and $582,000 at December 31, 2016 and 2015.

The Series 2005 bonds, which were special revenue obligations of the Authority, were issued as variable rate obligations. They bore an initial term rate interest of 3% through July 1, 2007. On July 1, 2007, the bonds were remarketed at an interest rate of 4% until July 1, 2010. On July 1, 2010, the bonds were again remarketed at an interest rate of 2.625% until July 1, 2014, when the bonds were subject to mandatory tender without a bondholder right to retain.

In June 2014, the Authority issued $28,840,000 in fixed rate Toll Bridge System Revenue Refunding Bonds at a premium of $4,262,000, with interest rates ranging from 4% to 5%, to currently refund $33,500,000 of outstanding Series 2005 bonds. The Series 2014 bond proceeds, including premium, of $33,102,000 plus $3,710,000 in Series 2005 bond reserve monies were used to refund the Series 2005 bonds under mandatory tender and establish the Series 2014 debt reserves.

Debt service requirements are as follows (in thousands):

Years ending December 31,		Principal		Interest
2017	$	2,220	$	1,089
2018		2,320		973
2019		2,440		875
2020		2,550		748
2021		2,690		613
2022-2025		12,260		961
	$	24,480	$	5,259

7. Pension Plans:

Defined Benefit Plans

The Authority maintains two non-contributory, single-employer defined benefit pension plans: Pension Plan for Employees of Buffalo and Fort Erie Public Bridge Authority in the United States (U.S. Plan) and Pension Plan for Employees of Buffalo and Fort Erie Public Bridge Authority in Canada (Canadian Plan), collectively, the Defined Benefit Plans. The Defined Benefit Plans cover full and part-time employees hired before September 29, 2006 (union) and January 1, 2009 (non-union) in the United States, and before July 27, 2007 (union) and January 1, 2009 (non-union) in Canada. The Board of Directors has the responsibility to establish and amend benefit provisions. Audited financial statements of the Defined Benefit Plans are not required and have not been prepared.

Benefits: The Defined Benefit Plans provide retirement, death benefits, and if applicable, certain annual cost of living adjustments to members and beneficiaries. Cost of living adjustments are effective when the most recent actuarial valuation reports reveal a surplus which is greater than twice the annual service cost. The cost of living adjustment, on a percentage basis, is equal to 50% of the change in consumer price indices based on the average change over the 12 month period ending on September 30th of the calendar year prior to the effective date of the adjustment. The cost of living adjustments are included in the Authority's annual pension cost only in the applicable years.

Employees Covered by Benefit Terms: At December 31, 2016, the following employees were covered by the Defined Benefit Plans:

	Canadian Plan	U.S. Plan
Inactive employees or beneficiaries currently receiving benefits	45	44
Inactive employees entitled to but not yet receiving benefits	-	2
Active employees	17	32
	62	78

Employees Covered by Benefit Terms: At December 31, 2015, the following employees were covered by the Defined Benefit Plans:

	Canadian Plan	U.S. Plan
Inactive employees or beneficiaries currently receiving benefits	41	44
Inactive employees entitled to but not yet receiving benefits	-	2
Active employees	22	32
	63	78

Contributions: The Authority pays the full cost of all benefits provided under the Defined Benefit Plans. As a federally regulated pension plan, the Canadian plan is funded based upon an actuarial valuation and funding standards established by the *Pension Benefits Standard Act*. The Authority's policy with respect to the U.S. plan is to fund the greater of the annual required contribution or the current year service cost, as actuarially determined. Actuarial valuations are prepared no less frequently than every other year. For the years ended December 31, 2016 and 2015, the Authority's contribution rate to the Canadian Plan was 37.0% and 44.2% of covered payroll. The contribution rate to the U.S. Plan was 10.2% and 12.7% of covered payroll.

Defined Contribution Plans

The Authority has also established two non-contributory defined contribution money purchase plans which separately cover U.S. and Canadian employees hired subsequent to the eligibility dates of the Defined Benefit Plans described above.

The defined contribution plans require the Authority to contribute 6.0% of each qualified employee's covered salary annually. Contributions to the defined contribution plans totaled $87,000 and $53,000 in 2016 and 2015, respectively. The Authority makes all required contributions when due.

Net Pension Asset

The net pension asset was measured as of December 31, 2015 based on an actuarial valuation as of January 1, 2015. The December 31, 2016 end of year measurement used in this report reflects an actuarial roll forward of the January 1, 2015 valuation. There have been no changes in benefits or other plan provisions from the beginning of the year to the end of the year.

Actuarial Assumptions: Based on the size of the plans, it was not deemed appropriate to perform an experience study. The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Canadian Plan	U.S. Plan
Inflation	2.25%	2.75%
Salary increases	2.75%	2.75%
Investment rate of return	5%, compounded annually, net of all expenses	6%, compounded annually, net of all expenses
Mortality	CPM2014 Mortality Table with generational mortality improvements projected using Scale B - no assumed preretirement deaths	RP-2000 Blended Mortality Table fully generational with Scale BB improvements - no assumed preretirement deaths
Discount rate	5.00%	6.00%
COLA increases	1.01% COLA assumed	.83% COLA assumed

The long-term expected rates of return on plan assets were determined using best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment and inflation) developed for each major asset class. These ranges are combined to produce the long-term expected rates of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Canadian Plan		
Canadian equities	30%	6.0%
Foreign equities	20%	6.0%
Fixed income	50%	0.2%
Cash equivalents	-	0.1%
	100%	
U.S. Plan		
Domestic equities	40%	8.4%
International equities	10%	7.0%
Fixed income	47%	1.3%
Cash	3%	0.8%
	100%	

Discount rate: The projection of cash flows used to determine the respective discount rates assumed that the Authority's contributions will continue to follow the current funding policy. Based on this assumption, the Authority's fiduciary net position was projected to be sufficient to make all projected future benefit payments of the Defined Benefit Plans' current members. A municipal bond rate of 3.20% was used in the development of the blended GASB discount rate after that point for the Defined Benefit Plans. The 3.20% rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2015. Based on the long-term rate of return of 5.0% (Canadian Plan) and 6.0% (U.S. Plan) and the municipal bond rate of 3.20%, the blended GASB discount rate would be 5.0% (Canadian Plan) and 6.0% (U.S. Plan).

Changes in the Net Pension Asset

Canadian Plan (in thousands)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Balances at 12/31/14	$ (11,391)	$ 11,788	$ 397
Changes for the year:			
Service cost	(190)	-	(190)
Interest	(565)	-	(565)
Employer contributions	-	647	647
Net investment income	-	1,432	1,432
Benefit payments	565	(565)	-
Administrative expense	-	(19)	(19)
Net changes	(190)	1,495	1,305
Balances at 12/31/15	$ (11,581)	$ 13,283	$ 1,702
Effect of foreign currency exchange rate changes	(431)	495	64
Changes for the year:			
Service cost	(207)	-	(207)
Interest	(593)	-	(593)
Employer contributions	-	554	554
Net investment income	-	175	175
Benefit payments	673	(673)	-
Administrative expense	-	(41)	(41)
Net changes	(127)	15	(112)
Balances at 12/31/16	$ (12,139)	$ 13,793	$ 1,654

U.S. Plan (in thousands)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Balances at 12/31/14	$ (21,073)	$ 24,547	$ 3,474
Changes for the year:			
Service cost	(267)	-	(267)
Interest	(1,252)	-	(1,252)
Employer contributions	-	300	300
Net investment income	-	1,515	1,515
Benefit payments	936	(936)	-
Administrative expense	-	(42)	(42)
Net changes	(583)	837	254
Balances at 12/31/15	$ (21,656)	$ 25,384	$ 3,728
Changes for the year:			
Service cost	(283)	-	(283)
Interest	(1,269)	-	(1,269)
Employer contributions	-	266	266
Net investment income (loss)	-	(657)	(657)
Benefit payments	1,610	(1,610)	-
Administrative expense	-	(65)	(65)
Net changes	58	(2,066)	(2,008)
Balances at 12/31/16	$ (21,598)	$ 23,318	$ 1,720

The following presents the Authority's net pension asset for the plans calculated using the discount rate of 5.0% (Canadian Plan) and 6.0% (U.S. Plan) and the impact of using a discount rate that is 1.0% higher or lower than the current rate as of December 31, 2016.

(in thousands)	1.0% Decrease	At Current Discount Rate	1.0% Increase
Authority's Canadian Plan net pension asset	$ 194	$ 1,654	$ 2,876
Authority's U.S. Plan net pension asset	$ 863	$ 1,720	$ 3,891

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended December 31, 2016 and 2015, the Authority recognized pension expense of $85,000 and $16,000, respectively, for the Canadian Plan and $550,000 and $96,000, respectively, for the U.S. Plan. At December 31, 2016 and 2015, the Authority reported deferred outflows and deferred inflows of resources as follows:

	Canadian Plan		U.S. Plan	
2016 (in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 408	$ 523	$ 1,711	$ 38
Authority contributions subsequent to the measurement date	468	-	219	-
	$ 876	$ 523	$ 1,930	$ 38

	Canadian Plan		U.S. Plan	
2015 (in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 672	$ -	$ 50
Authority contributions subsequent to the measurement date	534	-	266	-
	$ 534	$ 672	$ 266	$ 50

Authority contributions subsequent to the measurement date will be recognized as an adjustment to the net pension asset in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Years ending December 31,	Deferred Outflows and Deferred Inflows of Resources
2017	$ 343
2018	343
2019	343
2020	529
	$ 1,558

Payable to the Pension Plan

At December 31, 2016 and 2015, no amounts were payable for contributions to the pension plans required for the years ended December 31, 2016 and 2015.

8. Other Postemployment Benefits:

The Authority maintains two single-employer defined benefit postemployment healthcare plans (the Plans), one covering certain Canadian employees and one plan covering certain U.S. employees. The Plans provide benefits in the form of insurance premium payments for coverage of eligible retirees and dependents. Plan provisions and Authority and member contribution rates are determined by the Authority. The Plans do not issue publicly available financial reports.

Eligibility is based on date of hire, attainment of retirement age, and years of service. The Authority pays 100% of the health, dental, and life insurance premiums for employees meeting the following criteria:

Canadian Plan
Full-time employees hired prior to September 19, 2003 (union) or November 21, 2003 (non-union), upon attainment of age 50 with 2 years of service.

Full-time employees hired on or after September 19, 2003 but prior to July 27, 2007 (union) or on or after November 21, 2003 but prior to December 31, 2008 (non-union), upon attainment of age 50 with 10 years of service.

U.S. Plan
Full-time employees hired prior to July 18, 2003 (union) or November 21, 2003 (non-union), upon attainment of age 50 with 2 years of service.

Full-time employees hired on or after July 18, 2003 but prior to September 29, 2006 (union) or on or after November 21, 2003 but prior to December 31, 2008 (non-union), upon attainment of age 50 with 10 years of service.

Accounting standards require that the Authority recognize the cost of postemployment benefits during the periods when employees render the services that will ultimately entitle them to the benefits. This cost is referred to as the annual required contribution (ARC) and includes:

- Amortization of the unfunded actuarial accrued liability (UAAL) for the current year, which is the actuarially-determined, unfunded present value of all future OPEB costs associated with current employees and retirees at the beginning of the year.

- Normal cost which is the actuarially-determined cost of future OPEB earned in the current year.

The ARC represents an amount that, if funded each year, would ultimately satisfy the UAAL at the end of the amortization period (the Authority is using the maximum period of 30 years) as well as each year's normal cost during that timeframe. A liability is recognized to the extent that actual funding of the Plans is less than the ARC. This liability is reflected on the balance sheet as other postemployment benefits. The Authority's Board of Directors has the authority to establish funding policies for the Plans. The current policy is to fund the Plans to the extent of premium payments and reimbursements on the pay as you go basis.

The following table summarizes the Authority's annual OPEB for the years ended December 31, 2016 and 2015 (in thousands):

	2016	2015
Annual required contribution		
Normal cost	**$ 569**	$ 555
Amortization of UAAL	**1,278**	1,249
Annual required contribution	**1,847**	1,804
Interest on OPEB obligation	**299**	268
ARC adjustment	**(464)**	(416)
Annual OPEB cost	**1,682**	1,656
Contribution made	**(628)**	(1,065)
Increase in net OPEB obligation	**1,054**	591
Net OPEB obligation - beginning of year	**8,454**	7,863
Net OPEB obligation - end of year	**$ 9,508**	$ 8,454

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the previous three years were as follows (in thousands):

	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2016	$ 1,682	37%	$ 9,508
2015	1,656	64%	8,454
2014	1,681	42%	7,863

As of January 1, 2016, the total actuarial accrued liability for future benefits was $24,300,000. Since there are no Plan assets, the entire liability is unfunded. The annual payroll of employees eligible to be covered by the Plans was $2,844,000 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 854%.

The schedule of funding progress presented as required supplementary information (RSI) following the notes to the financial statements presents multi-year trend information about whether the actuarial values of plan assets, if any, are increasing or decreasing over time relative to the UAAL for benefits.

The actuarial valuation involves estimates of costs and the impact of events far into the future. Examples include employee turnover and retirement rates, employee and retiree mortality, changes in healthcare costs, and interest rates. The Plans will be subject to routine actuarial valuations in future years and these analyses will reflect revised estimates and assumptions as actual results are compared to past projections and expectations of the future. Similarly, the valuations reflect the Plans' benefits and cost sharing between the Authority and members of the Plans in effect at the time. Any changes in these factors will impact the results of future valuations.

The actuarial calculations reflect a long-term perspective and use techniques designed to reduce short-term volatility in actuarial accrued liabilities. A summary of the methods and assumptions is provided below:

Healthcare cost trend:

Canadian Plan: 7.0% grading down by 0.25% each year through 2024, and 4.5% per year thereafter

U.S. Plan: 7.5% grading down by 0.25% each year through 2024, and 5.0% per year thereafter

Actuarial cost method:

Projected unit credit

Discount rate:

3.5%

Amortization methods:

30 years, open, level dollar

Mortality:

US and Canada

IRS Fully Generational, using scale BB

Retirement:

Provided by the Authority for active employees based upon their unreduced pension eligibility

Termination:

Rates calibrated to produce 3% aggregate turnover of the active data based on the Authority's historical experience

9. Rentals:

The Authority, as lessor, has entered into non-cancelable operating leases with separate U.S. and Canadian duty-free enterprises through December 31, 2020 and October 31, 2031, respectively. The Authority recognized $4,900,000 and $5,100,000 in rental income in 2016 and 2015, respectively, from the duty-free enterprises. The leases provide for annual minimum and contingent lease payments to the Authority.

The Authority also leases space to a governmental entity under a non-cancelable ten year operating lease expiring June 2019. Rental revenue received by the Authority amounted to $1,950,000 and $1,500,000 in 2016 and 2015, respectively.

Minimum amounts to be received under the leases are as follows (in thousands):

2017	$	6,294
2018		6,294
2019		5,227
2020		4,325
2021		3,000
Thereafter		29,500
	$	54,640

The Authority also leases certain real property under cancelable operating leases to commercial enterprises and governmental agencies. These leases are generally maintained on a month-to-month basis.

10. Deferred Compensation Plan:

All employees of the Authority in the United States are offered participation in a deferred compensation plan (the plan) created in accordance with Internal Revenue Code Section 457. The plan permits eligible participants to defer a portion of their salary until future years. Under the plan, amounts deferred are not available to employees until separation, retirement, death, or unforeseen emergency. All amounts deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust until paid or made available to the employee or other beneficiary.

The Authority also has unfunded liabilities of $990,000 and $928,000 as of December 31, 2016 and 2015 to current and former management employees due under separate deferred compensation agreements. Payments made under these agreements totaled $8,000 and $8,300 in 2016 and 2015.

11. Commitments and Contingencies:

Risk Management

The Authority purchases commercial insurance for various risks of loss due to torts, theft, damage, errors and omissions, injuries to employees, and natural disasters. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three years. Losses resulting from acts of terrorism have been excluded from property and excess liability policies. The Terrorism Risk Insurance Act of 2002 of the United States governs coverage for acts of terrorism under the general liability policy.

Contractual Commitments

As of December 31, 2016, the Authority had contractual commitments of approximately $75,000,000 primarily related to ongoing capital construction projects.

Litigation

The Authority is involved in various legal proceedings, the outcome of which cannot be determined at this time.

12. Net Position:

Unrestricted - Designated

The Board of Directors has designated available unrestricted amounts for acquisition or construction of capital projects and maintenance.

Restricted

(in thousands)	**2016**	2015
Debt service funds:		
Debt service fund	**$ 2,813**	$ 2,763
Debt service reserve fund	**3,300**	3,311
Operating expense reserve account	**3,312**	3,955
Total restricted assets	**$ 9,425**	$ 10,029

Required Supplementary Information
Schedule of Funding Progress Postemployment Benefits
(in thousands)

December 31, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2014	$ -	$ 23,549	$ 23,549	-	$ 3,458	681%
1/1/2015	$ -	$ 23,300	$ 23,300	-	$ 3,156	738%
1/1/2016	$ -	$ 24,300	$ 24,300	-	$ 2,844	854%

Required Supplementary Information
Schedule of Changes in the Authority's Net Pension Asset and Related Ratios - Canadian Plan
(in thousands)

As of the measurement date of December 31,	**2015**	2014
Total pension liability		
Service cost	$ 207	$ 190
Interest	593	565
Benefit payments, including refunds of employee contributions	(673)	(565)
Net change in total pension liability	127	190
Total pension liability - beginning	11,581	11,391
Effect of foreign currency exchange rate changes	431	-
Total pension liability - ending	**$ 12,139**	$ 11,581
Plan fiduciary net position		
Employer contributions	$ 554	$ 647
Net investment income	175	1,432
Benefit payments, including refunds of employee contributions	(673)	(565)
Administrative expense	(41)	(19)
Net change in plan fiduciary net position	**$ 15**	$ -
Plan fiduciary net position - beginning	13,283	11,788
Foreign currency exchange	495	-
Plan fiduciary net position - ending	13,793	13,283
Authority's net pension asset - ending	(1,654)	(1,702)
Plan fiduciary net position as a percentage of the total pension liability	113.6%	114.7%
Covered payroll	1,272	1,207
Authority's net pension asset as a percentage of covered payroll	-130.0%	-141.0%

** Data prior to 2014 is unavailable.*

Required Supplementary Information
Schedule of Changes in the Authority's Net Pension Asset and Related Ratios - U.S. Plan
(in thousands)

As of the measurement date of December 31,	**2015**	2014
Total pension liability		
Service cost	$ 283	$ 267
Interest	1,269	1,252
Benefit payments, including refunds of employee contributions	(1,610)	(936)
Net change in total pension liability	(58)	583
Total pension liability - beginning	21,656	21,073
Total pension liability - ending	**$ 21,598**	$ 21,656
Plan fiduciary net position		
Employer contributions	$ 266	$ 300
Net investment income	(657)	1,515
Benefit payments, including refunds of employee contributions	(1,610)	(936)
Administrative expense	(65)	(42)
Net change in plan fiduciary net position	**$ (2,066)**	$ 837
Plan fiduciary net position - beginning	25,384	24,547
Plan fiduciary net position - ending	23,318	25,384
Authority's net pension asset - ending	(1,720)	(3,728)
Plan fiduciary net position as a percentage of the total pension liability	108.0%	117.2%
Covered payroll	2,157	2,099
Authority's net pension asset as a percentage of covered payroll	-79.7%	-177.6%

** Data prior to 2014 is unavailable.*

Required Supplementary Information
Schedule of Canadian Plan Contributions (in thousands)

December 31,		**2016**		2015
Actuarially determined contribution	$	468	$	548
Contributions in relation to the actuarially determined contribution		468		534
Contribution deficiency	$	-	$	14
Covered payroll	$	1,272	$	1,207
Contributions as a percentage of covered payroll		36.79%		44.24%

Notes to Schedule

Valuation date	January 1, 2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Straight-line, closed
Remaining amortization period	5 years
Asset valuation method	Market value of assets
Inflation	2.25% per annum
Salary increases	2.75% per annum
Investment rate of return	5.0% per annum, net of investment expenses
Retirement age	Members eligible to retire are assumed to retire at the age which produces the highest value; other members are assumed to retire at age 65
Mortality	UP 1994 Table with dynamic generational mortality projection using Scale AA
COLA increases	1.01%

** Data prior to 2015 is unavailable.*

Required Supplementary Information
Schedule of U.S. Plan Contributions (in thousands)

December 31,		**2016**		2015
Actuarially determined contribution	$	286	$	270
Contributions in relation to the actuarially determined contribution		219		266
Contribution deficiency	$	67	$	4
Covered payroll	$	2,157	$	2,099
Contributions as a percentage of covered payroll		10.15%		12.67%

Notes to Schedule

Valuation date January 1, 2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar, closed
Remaining amortization period	7 years
Asset valuation method	Fair market value, adjusted for any contributions and benefit payments in-transit
Inflation	2.75% per annum
Salary increases	2.75% per annum
Investment rate of return	6.0%, compounded annually, net of all expenses
Retirement age	Participants are assumed to retire at age 59; participants who have already reached age 59 are assumed to retire one year from current valuation date
Mortality	Postretirement: RP-2000 Blended Mortality Table Fully Generational with Scale BB Improvement, no preretirement deaths are assumed
COLA increases	

** Data prior to 2015 is unavailable.*