Financial Statements

The Niagara Parks Commission

March 31, 2017

Contents

THE NIAGARA PARKS COMMISSION

MANAGEMENT REPORT
March 31, 2017

The Management of The Niagara Parks Commission are responsible for the financial statements and all other information presented in these statements. The statements have been prepared by management in accordance with the framework identified in Note 2 in the accompanying audited financial statements.

The financial statements include amounts based on best estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the statements are presented fairly, in all material respects.

Management maintains a system of internal accounting and administrative control that is designed to provide reasonable assurance that the financial information is relevant, reliable, accurate and that the Commission's assets are properly accounted for and adequately safeguarded.

The Board of The Niagara Parks Commission is responsible for gaining assurance that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Board, through the Audit and Finance Committee, meets periodically with Management to discuss financial results, auditing matters, financial reporting issues and to satisfy itself that each group is properly discharging responsibilities. The Committee reviews the financial statements before recommending approval by the Board.

The financial statements have been audited by Grant Thornton LLP, the Commission's appointed External Auditor and in accordance with Canadian generally accepted auditing standards on behalf of the Commission, Minister of Tourism, Culture and Sport and the Provincial Auditor General. Grant Thornton LLP had direct and full access to all Commission records as well as full access to the Audit and Finance Committee with and without the presence of Management to discuss their audit and findings as to the integrity of the Commission's financial reporting.

Reegan McCullough	Margaret Neubauer
Chief Executive Officer	Senior Director, Corporate Services
June 23, 2017	June 23, 2017

Independent auditor's report

Grant Thornton LLP
Suite B
222 Catharine Street, PO Box 336
Port Colborne, ON
L3K 5W1

T +1 905 834 3651
F +1 905 834 5095
E PortColborne@ca.gt.com
www.GrantThornton.ca

To The Niagara Parks Commission,
the Minister of Tourism, Culture and Sport and the Auditor General of Ontario

We have audited the accompanying financial statements of The Niagara Parks Commission, which comprise the statement of financial position as at March 31, 2017, and the statements of operations, accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of these financial statements in accordance with the basis of accounting described in Note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Grant Thornton

Opinion

In our opinion, the financial statements of The Niagara Parks Commission for the year ended March 31, 2017 are prepared, in all material respects, in accordance with the basis of accounting described in Note 2 to the financial statements.

Emphasis of matters

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes the basis of accounting used in the preparation of these financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards.

Grant Thornton LLP

Port Colborne, Canada
June 23, 2017

Chartered Professional Accountants
Licensed Public Accountants

The Niagara Parks Commission
Statement of Financial Position

(in thousands of dollars)

As at March 31	2017	2016
Financial assets		
Cash and cash equivalents	**$ 8,207**	$ 395
Accounts receivable	**4,974**	1,738
Inventories – saleable	**4,055**	3,892
	17,236	6,025
Liabilities		
Bank indebtedness (Note 3)	**-**	2,180
Accounts payable	**10,977**	9,041
Accrued payroll	**2,758**	2,706
Deferred revenue (Note 4)	**2,283**	1,316
Deferred capital funding (Note 5)	**28,534**	26,390
Long term financing (Note 6)	**26,592**	28,371
Post-employment benefits (Note 7)	**3,121**	3,558
Power plant stabilization obligation (Note 8)	**29,414**	29,076
	103,679	102,638
Net debt	**(86,443)**	(96,613)
Non-financial assets		
Tangible capital assets (Note 10 and Page 23)	**158,613**	155,332
Inventories – other	**936**	1,199
Prepaid expenses	**479**	1,230
	160,028	157,761
Accumulated surplus (Note 11)	**$ 73,585**	$ 61,148

Commitments and contingencies (Notes 12 and 13)

On behalf of the Commission

Janice Thomson

Janice Thomson, Chair

Ian Nielsen-Jones, Commissioner

See accompanying notes to the financial statements.

The Niagara Parks Commission
Statement of Operations
For the year ended March 31, 2017

(in thousands of dollars)	Budget 2017	**Actual 2017**	Actual 2016
Revenues			
Revenue producing operations	$ 73,088	**$ 85,424**	$ 76,402
Land rent	6,997	**7,009**	6,882
Commission, rentals and fees	14,480	**14,946**	12,858
Premium on United States funds – net	800	**1,119**	1,073
Government transfers – special projects	-	**520**	-
Sundry revenue	5	**20**	7
	95,370	**109,038**	97,222
Expenses (Page 24)			
Revenue producing operations			
Cost of goods sold	12,008	**14,871**	13,265
Operating	37,044	**38,995**	36,953
Maintenance	16,133	**16,343**	15,759
Administrative and police	13,689	**13,838**	13,584
Marketing and promotion	3,595	**3,414**	3,283
Special projects	-	**520**	-
	82,469	**87,981**	82,844
Net surplus for the year before other items	12,901	**21,057**	14,378
Other items			
Interest expense – net (Note 14)	1,483	**1,282**	1,502
Amortization of tangible capital assets (Note 10)	9,033	**8,754**	8,359
Amortization of deferred capital funding (Note 5)	(1,670)	**(1,706)**	(1,498)
Gain on disposal of tangible capital assets	-	**(48)**	(34)
	8,846	**8,282**	8,329
Net surplus from operations	4,055	**12,775**	6,049
Net increase in power plant stabilization obligation (Note 8)	(705)	**(338)**	(239)
Annual surplus	$ 3,350	**$ 12,437**	$ 5,810

See accompanying notes to the financial statements.

The Niagara Parks Commission
Statement of Accumulated Surplus
For the year ended March 31, 2017

(in thousands of dollars)	Budget 2017	**Actual 2017**	Actual 2016
Accumulated surplus (Note 11)			
Beginning of year	$ 61,148	**$ 61,148**	$ 55,338
Annual surplus	3,350	**12,437**	5,810
End of year	$ 64,498	**$ 73,585**	$ 61,148

See accompanying notes to the financial statements.

The Niagara Parks Commission
Statement of Changes in Net Debt
For the year ended March 31, 2017

(in thousands of dollars)	Budget 2017	**Actual 2017**	Actual 2016
Annual surplus	$ 3,350	**$ 12,437**	$ 5,810
Amortization of tangible capital assets (Note 10 and Page 22)	9,033	**8,754**	8,359
Purchase of tangible capital assets (Page 22)	(10,955)	**(12,088)**	(7,016)
Proceeds from the disposal of tangible capital assets	-	**101**	34
Gain on sale of tangible capital assets – net	-	**(48)**	(34)
	1,428	**9,156**	7,153
Acquisition of prepaid expenses	-	**751**	(357)
Use of other inventories	-	**263**	277
Decrease in net debt	1,428	**10,170**	7,073
Net debt			
Beginning of year	(96,613)	**(96,613)**	(103,686)
End of year	$ (95,185)	**$ (86,443)**	$ (96,613)

See accompanying notes to the financial statements.

The Niagara Parks Commission
Statement of Cash Flows

For the year ended March 31	2017	2016
(in thousands of dollars)		
Increase in cash and cash equivalents		
Operating activities		
Annual surplus	**$ 12,437**	$ 5,810
Charges against income not requiring an outlay of funds		
Amortization of tangible capital assets (Note 10 and Page 22)	**8,754**	8,359
Amortization of deferred capital funding	**(1,706)**	(1,498)
Gain on disposal of tangible capital assets – net	**(48)**	(34)
Increase in post-employment benefits	**173**	183
Increase in power plant stabilization obligation – net	**338**	239
	19,948	13,059
Net change in non-cash working capital balances related to operations (Note 15)	**570**	1,694
	20,518	14,753
Capital activities		
Purchase of tangible capital assets (Page 22)	**(12,088)**	(7,016)
Proceeds from disposal of tangible capital assets	**101**	34
	(11,987)	(6,982)
Financing activities		
Repayment of long term financing	**(1,779)**	(1,701)
Payment of post-employment benefits	**(610)**	(322)
Receipt of capital funding	**3,850**	1,450
	1,461	(573)
Net increase in cash and cash equivalents	**9,992**	7,198
Cash and cash equivalents (Note 15)		
Beginning of year	**(1,785)**	(8,983)
End of year	**$ 8,207**	$ (1,785)

See accompanying notes to the financial statements.

1. Nature of operations

The Niagara Parks Commission (the "Commission") is governed by the Niagara Parks Act. Initially established in 1885, the Commission is an "Operational Enterprise" of the Province of Ontario and is responsible for maintaining, protecting and showcasing over 1,300 hectares of parkland stretching some 56 kilometres along the Niagara River from Lake Erie to Lake Ontario. The Commission is exempt from corporate income taxes under the Income Tax Act (Canada) and Ontario Corporation Tax Act.

The Commission is also classified as an Other Government Organization by the Ministry of Finance and as such, the Commission's audited financial statements are published as part of the Public Accounts.

2. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with the financial reporting provisions of the Ontario Financial Administration Act, Ontario Ministry of Tourism Memorandum of Understanding and the accounting requirements of Regulation 395/11 of the Ontario Financial Administration Act. The Ontario Ministry of Tourism Memorandum of Understanding requires that the financial statements be prepared in accordance with the Canadian public sector accounting standards. The Ontario Financial Administration Act provides that changes may be required to the application of these standards as a result of regulation.

Regulation 395/11 to the Ontario Financial Administration Act requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the Statement of Operations at a rate equal to amortization charged on the related depreciable tangible capital assets. These contributions include government transfers and externally restricted contributions.

The accounting requirement under Regulation 395/11 is not consistent with the requirements of Canadian public sector accounting standards which requires that:

- government transfers be recognized as revenue when approved by the transferor and the eligibility criteria have been met unless the transfer contains a stipulation that creates a liability, in which case the transfer is recognized as revenue over the period that the liability is extinguished in accordance with public sector accounting standard PS3410;
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100.

As a result revenue recognized in the Statement of Operations and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

2. Significant accounting policies (continued)

Basis of accounting (continued)

The significant accounting principles used in the preparation of these financial statements are summarized below.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with maturities of less than three months.

Inventories

Saleable and other inventories are valued at the lower of average cost and net realizable value.

Tangible capital assets

Tangible capital assets are recorded at cost. Cost includes all directly attributable expenses in the acquisition, construction, development and/or betterment of the asset required to install the asset at the location and in the condition necessary for its intended use. Contributed tangible capital assets are capitalized at estimated fair value upon acquisition.

The Commission capitalizes an amount of interest as part of the costs of its capital works in progress and financed via long term financing.

Works of art for display in the Commission property are not included as capital assets. Works of art are held for exhibition, educational and historical interest. Such assets are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. No valuation of the collection has been disclosed in the financial statements.

Leases are classified as capital or operating leases. Leases that transfer substantially all benefits incidental to ownership are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Amortization is calculated on a straight-line basis to write-off the net cost of each asset over its estimated useful life for all classes except land. Land is considered to have an infinite life without amortization. Residual values of assets are assumed to be zero with any net gain or loss arising from the disposal of assets recognized in the Statement of Operations. Amortization is charged on a monthly basis. Assets under construction are not amortized until the asset is available for productive use.

Amortization is based on the following classifications and useful lives:

Classification	Useful Life
Land improvements, buildings, roadways and structures	7 to 40 years
Equipment and furnishings	3 to 10 years
Vehicles	10 to 12 years

2. Significant accounting policies (continued)

Deferred revenue

Revenue that is restricted by legislation of senior governments or by agreement with external parties are deferred and reported as restricted revenues. When qualifying expenses are incurred, restricted revenues are brought into revenue at equal amounts. Revenues received in advance of expenses that will be incurred in a later period are deferred until they are earned by being matched against those expenses.

Deferred capital funding

Government transfers for capital purposes and contributed tangible capital assets are recorded as a liability, referred to as deferred capital funding, and are recognized into revenue at the same rate as the related tangible capital assets are amortized, in accordance with Regulation 395/11 to the Ontario Financial Administration Act, as disclosed above.

Post-employment benefits

The present value of the cost of providing employees with future benefit programs is expensed as employees earn these entitlements.

Liabilities for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Commission:
    - is directly responsible; or
    - accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

Revenue recognition

Revenue from gift shops, restaurants and attractions are recognized when merchandise has been transferred to the customer or services have been rendered. Revenue from land rent, commissions, rentals, fees and sundry are recognized over the life of the agreement or when earned.

2. Significant accounting policies (continued)

Foreign currency translation

These financial statements are presented in Canadian dollars. Assets and liabilities denominated in foreign currencies are translated at the exchange rates in effect at the Statement of Financial Position date. Gains and losses on translation are reflected in the annual surplus (deficit).

Use of estimates and measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported 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. Two areas in which estimates are used are with regards to post-employment benefits and the power plant stabilization obligation.

3. Credit facilities

The credit facilities, which have a maximum borrowing capacity of $ 15,000,000, provide for two types of loans. There is a variable rate loan facility which varies with the Canadian Imperial Bank of Commerce prime rate and there is a fixed rate operating loan facility available with a maximum term not to exceed 364 days at rates which are set relative to banker’s acceptance rates. These credit facilities are unsecured and expire on March 31, 2021, with an option of a three year renewal at the Commission’s discretion. As at March 31, 2017, $ Nil has been drawn upon for all credit facilities (2016 - $ 1,371,416). Taking into account outstanding cheques and deposits, the balance reported on the Statement of Financial Position is $ Nil (2016 - $ 2,179,628).

4. Deferred revenue

	2017	2016
	(in thousands of dollars)	
Defunct power stations (Note 8)	**$ 8**	$ 135
Sale proceeds related to Fort Erie land transaction	**314**	321
Other	**1,961**	860
	$ 2,283	$ 1,316

Fort Erie land transaction obligation

In fiscal 2009, the Commission and the Peace Bridge Authority ("PBA") entered into an agreement to transfer parcels of land. The PBA acquired a 5.952 acre parcel located in Fort Erie from the Commission for $ 2,021,206. The Commission acquired an option for $ 670,000 plus an annual sum of $ 7,300 adjusted for inflation, to receive 1.973 acres of river front property located at the end of Jarvis Street in Fort Erie from the PBA. The agreement calls for the net proceeds to the Commission in the amount of $ 1,351,206 to be spent on a) funding improvements at Old Fort Erie which are intended for the 200th year anniversary of the War of 1812 and b) returning and/or maintaining the Jarvis Street property as parkland.

The net proceeds were recorded as part of deferred revenue on the Statement of Financial Position. To date approximately $ 996,000 from these proceeds have been spent on the capital works project for the renovation of Old Fort Erie and approximately $ 47,000 has been spent on the Jarvis Street property maintenance. As of March 31, 2017, approximately $ 314,285 remains for use in 2018 and beyond.

5. Deferred capital funding

	2017	2016
	(in thousands of dollars)	
Deferred capital funding		
Beginning of year	**$ 26,390**	$ 26,438
Received during year for capital projects	**3,850**	1,450
Amortization	**(1,706)**	(1,498)
End of year	**$ 28,534**	$ 26,390

6. Long term financing

	2017	2016
	(in thousands of dollars)	
Unsecured fixed rate term loan requiring blended payments of principal and interest of $ 2,640,907 per annum, bearing interest at 5.06% through to April, 2027	**$ 21,951**	$ 23,400
Unsecured fixed rate term loan requiring blended first annual payment of $ 543,418 and then payments of $ 569,965 per annum thereafter, bearing interest at 5.07% through to April, 2027	**4,553**	4,876
The Commission has an option to purchase land requiring annual payments of $ 7,300 until January, 2028 (Note 4)	**88**	95
	$ 26,592	$ 28,371

The principal payments of the long term financial obligations due in the next five years are as follows:

2018	$ 1,877
2019	1,972
2020	2,071
2021	2,173
2022	2,285

7. Post-employment benefits

Defined termination benefits

The Commission provides a defined employee future benefit, payable on termination to certain full time employees with a minimum of five years of service. The benefit is calculated on the basis of one week's remuneration, at the time of termination, for every year of full time service provided to the Commission to a maximum of twenty-six weeks. The accrued benefit liability as at March 31, 2017 is $ 3,121,208 (2016 - $ 3,557,888).

The Commission requires that an actuarial valuation of the post-employment benefits be conducted every three years. The last valuation was completed for the year ended March 31, 2016 with extrapolations through to 2019 and updated on March 29, 2017. The latest valuation reflects approved changes by the Commission regarding eligibility and maximum amounts of the benefit payable upon termination.

The actual obligation as at March 31, 2017 is $ 2,331,209 (2016 - $ 2,674,097) which is the actuarial valuation for March 31, 2017 adjusted for the actual benefits paid of $ 609,558, incorporated in an actuarial update provided dated March 29, 2017.

Defined benefit plan information

	2017	2016
	(in thousands of dollars)	
Employee benefit plan assets	**$ Nil**	$ Nil
Employee benefit plan liabilities	**3,121**	3,558
Employee benefit plan deficit	**$ 3,121**	$ 3,558

Benefit obligation recognized on the Statement of Financial Position

	2017	2016
Benefit obligation, beginning of year	**$ 3,558**	$ 3,697
Expense for the year	**173**	183
Benefits paid during the year	**(610)**	(322)
Benefit obligation, end of year	**$ 3,121**	$ 3,558

7. Post-employment benefits (continued)

	2017	2016
	(in thousands of dollars)	
The net benefit expense is as follows:		
Current service cost	**$ 163**	$ 170
Interest cost	**104**	117
Amortization of actuarial gain/loss	**(94)**	(104)
	$ 173	$ 183

The main actuarial assumptions applied in the valuation of the defined benefit plan are as follows:

Interest (discount) rate – the accrued obligation and the expense for the year were determined using a discount rate of 4.25% (2016 - 4.25%).

Salary levels – future salary and wage levels were assumed to increase at 2% per annum.

These assumptions were reviewed in the current year.

Pension benefits

The Commission provides pension benefits for all its permanent employees (and to non-permanent employees who elect to participate) through the Public Service Pension Fund ("PSPF") and the Ontario Public Service Employees' Union Pension Fund ("OPSEU Pension Fund"). These are defined benefit pension plans for employees of the Province and many provincial agencies. The Province of Ontario, which is the sole sponsor of the PSPF and a joint sponsor of the OPSEU Pension Fund, determines the Commission's annual payments to the funds. As the sponsors are responsible for ensuring that the pension funds are financially viable, any surpluses or unfunded liabilities arising from statutory actuarial funding valuations are not assets or obligations of the Commission. The Commission's annual payments of $ 2,316,697 (2016 - $ 2,318,548), of which $ 1,158,349 (2016 - $ 1,159,274) represents the employees' portion, are included in the administrative and police expense on the Statement of Operations.

The cost of post-employment, non-pension benefits are paid by the Province and therefore are not included in the Statement of Operations.

8. Power plant stabilization obligation

The Province of Ontario directed the Commission to accept ownership of three former electricity generating power stations all located within Commission lands.

The Toronto Power Generating Station ("TPGS") and the Ontario Power Generating Station ("OPGS") were transferred by Ontario Power Generation Inc. ("OPG") to the Commission at no cost in August, 2007. As part of the terms of transfer of TPGS and OPGS, OPG was to undertake certain structural and environmental work to ensure that the buildings were no threat to the public. The Canadian Niagara Power Generating Station ("CNPGS") previously owned by Fortis Ontario was transferred April 30, 2009.

The Ministry of Tourism engaged the services of an architectural firm (The Ventin Group Inc.) to ensure that the original Government Directive governing the initial transfer was complied with and to identify work and related costs required to "stabilize and mothball" all the facilities until an ultimate use for the buildings can be determined. The Ventin Group identified the remaining lead paint at the TPGS and OPGS as a deficiency which OPG should have resealed or encapsulated after cleaning. The Ventin Group reported that there are substantial costs required to bring the three power stations to what would be considered a "mothball" state. Therefore, additional costs would be required to bring these buildings to a "development ready" state. Further, there are in existence certain secondary structures related to TPGS and OPGS that were not accounted for in the original Government Directive that will result in additional remediation costs at some point in the future.

The Commission is of the belief that the acceptance of these power generating stations will require a significant infusion of funds that is beyond its capacity to meet. As at March 31, 2017, ongoing discussions with the Province have not resulted in any assurance that the Commission will not be responsible for any future costs. Any costs that are expected to be incurred for the purposes described above will not commence without funding received from the Province.

VFA, Inc. has reviewed the infrastructure through site visits and prepared estimates using standard engineering formulas. Further, they have provided the Commission with their assessment and a requirements list report providing costs for each component of stabilization required, as well as the timing of when these costs should be incurred. Commission engineering staff have reviewed the list and categorized the costs by year according to urgency and based on expected available funding, with the most urgent requirements addressed over the next two years. In addition, the Commission undertook several studies to determine critical underground infrastructure that needs replacing, including seismic studies, review of intake gates, geophysical and geotechnical settlement and a stability investigation.

The stabilization obligation as of March 31, 2017 has been calculated to be $ 29,414,141 (2016 - $ 29,076,363). This is an increase of $ 337,778 from 2016 and has been recorded in the Statement of Operations.

This obligation represents the Commission's best estimate of the costs required to "stabilize and mothball" the three power stations based on the information noted above. The Commission estimates that this work could take approximately four years to complete and estimates the costs to increase by 1.5% per year, being the five year average industrial construction inflation rate according to Statistics Canada.

8. Power plant stabilization obligation (continued)

	2017	2016
	(in thousands of dollars)	
Power plant stabilization obligation		
Beginning of year	**$ 29,076**	$ 28,837
Increase in present value of obligation	**709**	704
Actual work performed during year	**(371)**	(465)
Net increase in power plant stabilization obligation	**338**	239
End of year	**$ 29,414**	$ 29,076

A capital asset has not been recorded for these properties as there is an impairment in their value, which has been documented in the various studies carried out to date.

As at October 31, 2009, the Commission had received $ 1,550,000 in funding from the Ministry of Tourism, Culture and Sport to assist in the "stabilizing and mothball" process. Approximately $ 7,800 of this funding remains for use in 2018 and beyond. The actual work performed in 2017 was funded from other grants received from the Province.

Actual work performed in 2017 of $ 371,254 was completed of which $ 317,714 was funded from grants received from the Province.

The Commission has incurred annual costs related to maintenance and security for all sites and has recorded them in the Statement of Operations and are included in the maintenance expense.

The Commission has engaged the services of The Ventin Group Inc. to review existing studies in order to update the requirements necessary to bring the power plants to a development ready state. This process is expected to continue in 2018. Reductions to the Power Plant Stabilization Obligation will occur as actual work is completed.

9. Liabilities for contaminated sites

The Commission reports environmental liabilities related to the management and remediation of any contaminated sites where the Commission is obligated or likely obligated to incur such costs. Currently no such contaminated sites have been identified and therefore no liability has been recorded.

The Commission's ongoing efforts to assess contaminated sites may result in future environmental remediation liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. Any changes to the Commission's liabilities for contaminated sites will be accrued in the year in which they are assessed as likely and reasonably estimable.

10. Tangible capital assets

			2017	2016
			(in thousands of dollars)	
	Cost	Accumulated Depreciation	**Net Book Value**	Net Book Value
Land	$ 14,359	$ -	**$ 14,359**	$ 14,359
Land improvements	17,135	-	**17,135**	17,135
Buildings, roadways and structures	241,819	121,934	**119,885**	118,341
Equipment and furnishings	44,148	39,406	**4,742**	4,297
Vehicles	4,887	3,160	**1,727**	975
	322,348	164,500	**157,848**	155,107
Capital works in progress	765	-	**765**	225
	$ 323,113	$ 164,500	**$ 158,613**	$ 155,332
Equipment under capital lease included above	$ 69	$ 63	**$ 6**	$ 13

Amortization of tangible capital assets

	Budget 2017	**Actual 2017**	Actual 2016
		(in thousands of dollars)	
Amortization of income producing assets	$ 4,443	**$ 4,230**	$ 4,428
Amortization of non-income producing assets	4,590	**4,524**	3,931
	$ 9,033	**$ 8,754**	$ 8,359

11. Accumulated surplus

	2017	2016
	(in thousands of dollars)	
Operating surplus (deficit)	**$ 2,633**	$ (6,789)
Investment in tangible capital assets	**130,079**	128,942
Unfunded		
Long term debt	**(26,592)**	(28,371)
Post-employment benefits	**(3,121)**	(3,558)
Power plant stabilization obligation	**(29,414)**	(29,076)
	(59,127)	(61,005)
Accumulated surplus	**$ 73,585**	$ 61,148

Surplus funds

Pursuant to Section 16(2) of the Niagara Parks Act, any surplus moneys shall, on the order of the Lieutenant Governor in Council, be paid to the Minister of Finance and shall form part of the consolidated revenue fund. As of March 31, 2017 no surplus moneys have been recorded as a liability to the Minister of Finance.

12. Commitments

The Commission has committed to approximately $ 13,288,000 in capital works projects in the next year.

The Commission has two agreements with a franchisor requiring the payment of service fees of 4.5% of gross sales and advertising and marketing fees of 2.5% of gross sales. The terms of the agreements are ten years, expiring in April, 2017 and October, 2022.

The Commission leases vehicles, equipment and premises under operating leases expiring in 2018. The total obligation under operating leases amounts to approximately $ 8,603 in 2018.

13. Contingencies

The Commission is in litigation pertaining to certain claims for which the likelihood of loss is not determinable and the amount not reasonably estimable. Accordingly, no provision for these claims is reflected in the financial statements.

14. Interest expense – net

	Budget 2017	**Actual 2017**	Actual 2016
		(in thousands of dollars)	
Interest revenue	$ (30)	**$ (138)**	$ (48)
Loan interest expense	1,513	**1,420**	1,550
	$ 1,483	**$ 1,282**	$ 1,502

15. Statement of cash flows

	2017	2016
	(in thousands of dollars)	
Changes in working capital components include		
Accounts receivable	**$ (3,236)**	$ (302)
Inventories – saleable and other	**100**	274
Accounts payable	**1,936**	2,064
Accrued payroll	**52**	117
Deferred revenue	**967**	(102)
Prepaid expenses	**751**	(357)
	$ 570	$ 1,694
Cash and cash equivalents consist of:		
Cash on hand	**$ 424**	$ 395
Cash balance with banks (bank indebtedness)	**7,783**	(2,180)
	$ 8,207	$ (1,785)

The Niagara Parks Commission
Schedule of Tangible Capital Assets
For the year ended March 31, 2017

(in thousands of dollars)	Land	Land Improvements	Buildings, Roadways and Structures	Equipment and Furnishings	Vehicles	Capital Works in Progress	**2017**	2016
Cost								
Beginning of year	$ 14,359	$ 17,135	$ 233,117	$ 42,496	$ 4,086	$ 225	**$ 311,418**	$ 304,582
Add additions	-	-	8,477	1,909	937	765	**12,088**	7,016
Less disposals	-	-	-	(257)	(136)	-	**(393)**	(180)
Transfers of capital works in progress	-	-	225	-	-	(225)	**-**	-
End of year	14,359	17,135	241,819	44,148	4,887	765	**323,113**	311,418
Accumulated amortization								
Beginning of year	-	-	114,776	38,199	3,111	-	**156,086**	147,907
Add amortization	-	-	7,158	1,415	181	-	**8,754**	8,359
Less disposals	-	-	-	(208)	(132)	-	**(340)**	(180)
End of year	-	-	121,934	39,406	3,160	-	**164,500**	156,086
Net book value	$ 14,359	$ 17,135	$ 119,885	$ 4,742	$ 1,727	$ 765	**$ 158,613**	$ 155,332

The Niagara Parks Commission
Schedule of Expenses by Object
For the year ended March 31, 2017

(in thousands of dollars)	Budget 2017	**Actual 2017**	Actual 2016
Cost of goods sold	$ 12,008	**$ 14,871**	$ 13,265
Salaries, wages and benefits	47,159	**48,399**	46,343
Sales and other	3,448	**3,950**	3,466
Equipment repairs and maintenance	4,405	**4,652**	4,451
Materials and supplies	2,651	**2,700**	2,568
Advertising and promotion	2,793	**3,050**	2,684
Facilities	7,025	**6,772**	6,793
Administrative	2,980	**3,067**	3,274
Special projects	-	**520**	-
	$ 82,469	**$ 87,981**	$ 82,844