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**CONSOLIDATED
FINANCIAL STATEMENTS**

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Province of Ontario
Consolidated Statement of Operations

(\$ Millions)	2016–17 Budget ¹ (See Note 16)	2016–17 Actual	2015–16 Restated Actual ² (See Note 16)
Revenue (Schedules 1 and 2)			
Personal Income Tax	32,167	30,671	31,141
Sales Tax	23,976	24,750	23,455
Corporations Tax	12,050	14,872	11,428
Employer Health Tax	6,007	5,908	5,649
Education Property Tax	5,834	5,868	5,839
Ontario Health Premium	3,604	3,575	3,453
Gasoline and Fuel Taxes	3,312	3,368	3,210
Other Taxes (Note 11)	4,869	5,336	7,643
Total Taxation	91,819	94,348	91,818
Transfers from Government of Canada	25,138	24,543	23,141
Fees, Donations and Other Revenues from Hospitals, School Boards and Colleges (Schedule 10)	7,404	7,957	7,493
Income from Investment in Government Business Enterprises (Schedule 9 and Note 11)	5,027	5,567	4,909
Other	9,094	8,320	8,787
	138,482	140,735	136,148
Expense (Schedules 3 and 4)			
Health	55,786	56,026	55,001
Education ³	26,093	26,203	26,077
Children's and Social Services	15,816	16,006	15,537
Environment, Resources and Economic Development	12,102	12,715	12,516
Interest on Debt	12,412	11,709	11,589
Postsecondary and Training	10,198	10,130	9,902
Justice	4,516	4,618	4,548
General Government and Other	4,865	4,319	4,493
	141,788	141,726	139,663
Reserve	1,000	-	-
Annual Deficit	(4,306)	(991)	(3,515)

¹ Amounts reported as "Plan" in 2016 Budget, reclassified for presentation changes (Note 16).

² Actual results for 2015–16 restated to reflect reversal of regulated accounting for net pension assets and adoption of line-by-line consolidation for hospitals, school boards and colleges; see Note 16.

³ Teachers' Pension Plan expense is included in Education (Schedule 4).

See accompanying Notes and Schedules to the Consolidated Financial Statements.

Province of Ontario
Consolidated Statement of Financial Position

As at March 31 (\$ Millions)	2017	2016 (Restated — See Note 16)
Liabilities		
Accounts Payable and Accrued Liabilities <i>(Schedule 5)</i>	20,248	19,361
Debt <i>(Note 2)</i>	333,102	327,413
Other Long-Term Financing <i>(Note 4)</i>	13,697	14,145
Deferred Revenue and Capital Contributions <i>(Note 5)</i>	11,538	10,779
Other Employee Future Benefits <i>(Note 6)</i>	10,478	10,751
Other Liabilities <i>(Note 7)</i>	6,367	6,348
	395,430	388,797
Financial Assets		
Cash and Cash Equivalents	16,401	13,600
Investments <i>(Note 8)</i>	17,983	21,765
Accounts Receivable <i>(Schedule 6)</i>	11,192	11,059
Loans Receivable <i>(Schedule 7)</i>	11,868	11,545
Net Pension Asset <i>(Note 6)</i>	11,033	9,312
Other Assets	3,036	2,572
Investment in Government Business Enterprises <i>(Schedule 9)</i>	22,269	23,572
	93,782	93,425
Net Debt	(301,648)	(295,372)
Non-Financial Assets		
Tangible Capital Assets <i>(Note 9)</i>	107,288	102,536
Prepaid Expenses and Other Non-Financial Assets	850	807
	108,138	103,343
Accumulated Deficit	(193,510)	(192,029)
Contingent Liabilities (Note 13) and Contractual Obligations (Note 14).		
See accompanying Notes and Schedules to the Consolidated Financial Statements.		

Province of Ontario
Consolidated Statement of Change in Net Debt

For the year ended March 31 (\$ Millions)	2016-17 Budget	2016-17 Actual	2015-16 (Actual — See Note 16)
Annual Deficit	(4,306)	(991)	(3,515)
Acquisition of Tangible Capital Assets (<i>Note 9</i>)	(13,037)	(10,045)	(10,922)
Amortization of Tangible Capital Assets (<i>Note 9</i>)	5,137	5,215	4,913
Proceeds on Sale of Tangible Capital Assets	-	151	175
(Gain)/Loss on Sale of Tangible Capital Assets	-	(73)	363
(Increase)/Decrease in Prepaid Expenses and Other Non-Financial Assets	-	(43)	20
	(7,900)	(4,795)	(5,451)
Decrease in Accumulated Other Comprehensive Loss	-	114	-
Increase/(Decrease) in Fair Value of Ontario Nuclear Funds	-	1,094	(1,003)
Increase in Net Debt	(12,206)	(4,578)	(9,969)
Net Debt at Beginning of Year	(296,109)	(295,372)	(293,730)
Reversal of Pension Asset Valuation Allowances (<i>Note 16</i>)	-	-	9,154
IFRS Transitional Impact for Ontario Power Generation and Hydro One (<i>Note 16</i>)	-	(683)	-
Pension Adjustment	-	(617)	-
Accumulated Other Comprehensive Loss (<i>Note 16</i>)	-	(480)	-
Other (<i>Note 16</i>)	-	82	(827)
Restated Net Debt at Beginning of Year	(296,109)	(297,070)	(285,403)
Net Debt at End of Year	(308,315)	(301,648)	(295,372)
See accompanying Notes and Schedules to the Consolidated Financial Statements.			

Province of Ontario
Consolidated Statement of Change in Accumulated Deficit

For the year ended March 31
(\$ Millions)

Accumulated Deficit, March 31, 2015 as presented in the prior year	(196,665)
Reversal of Pension Asset Valuation Allowances (<i>Note 16</i>)	9,154
Restated Accumulated Deficit, March 31 2015	(187,511)
Annual Deficit, restated	(3,515)
Decrease in Fair Value of Ontario Nuclear Funds (<i>Note 10</i>)	(1,003)
Restated Accumulated Deficit, March 31, 2016	(192,029)
IFRS Transitional Impact for Ontario Power Generation and Hydro One (<i>Note 16</i>)	(683)
Pension Adjustment	(617)
Accumulated Other Comprehensive Loss (<i>Note 16</i>)	(480)
Other (<i>Note 16</i>)	82
Restated Accumulated Deficit, April 1, 2016	(193,727)
Annual Deficit	(991)
Increase in Fair Value of Ontario Nuclear Funds (<i>Note 10</i>)	1,094
Decrease in accumulated other comprehensive loss from GBEs (<i>Schedule 9</i>)	114
Accumulated Deficit, March 31, 2017	(193,510)
See accompanying Notes and Schedules to the Consolidated Financial Statements.	

Province of Ontario
Consolidated Statement of Cash Flow

For the year ended March 31 (\$ Millions)	2017	2016 (Restated — see Note 16)
Operating Transactions		
Annual Deficit	(991)	(3,515)
Non-Cash Items:		
Amortization of Tangible Capital Assets (Note 9)	5,215	4,913
(Gain)/Loss on Sale of Tangible Capital Assets	(73)	363
Gain on Sale of Brampton Distribution Holdco Inc.	(109)	-
Gain on Sale of Shares of Hydro One Limited (Note 11)	(538)	(783)
Income from Investment in Government Business Enterprises (Schedule 9)	(5,567)	(4,909)
Cash Items:		
Decrease/(Increase) in Accounts Receivable (Schedule 6)	(133)	(753)
Increase in Loans Receivable (Schedule 7)	(323)	(420)
Increase /(Decrease) in Accounts Payable and Accrued Liabilities (Schedule 5)	887	(694)
Decrease in Liability for Other Employee Future Benefits (Note 6)	(273)	(79)
Increase in Net Pension Assets (Note 6)	(2,338)	(1,633)
Increase in Other Liabilities (Note 7)	19	1,470
Increase in Deferred Revenue and Capital Contributions (Note 5)	759	669
Remittances from Investment in Government Business Enterprises (Schedule 9)	5,105	5,365
(Increase)/Decrease in Prepaid Expenses and Other Non-Financial Assets	(43)	20
Increase in Other Assets	(329)	(1,378)
Cash Provided by/(Applied to) Operating Transactions	1,268	(1,364)
Capital Transactions		
Acquisition of Tangible Capital Assets (Note 9)	(10,045)	(10,922)
Proceeds from Sale of Tangible Capital Assets	151	175
Cash Applied to Capital Transactions	(9,894)	(10,747)
Investing Transactions		
Decrease /(Increase) in Investments (Note 8)	3,782	(1,399)
Net Proceeds from sale of Brampton Distribution Holdco Inc.	545	-
Capital Contribution to Hydro One Limited (Schedule 9)	-	(2,600)
Net Proceeds from Sale of Shares of Hydro One Limited (Note 11)	1,859	1,854
Cash Provided by/(Applied to) Investing Transactions	6,186	(2,145)
Financing Transactions		
Long-Term Debt Issued	26,591	34,362
Long-Term Debt Retired	(21,484)	(21,882)
Net Change in Short-Term Debt	582	(27)
(Decrease)/Increase in Other Long-Term Financing (Note 4)	(448)	210
Cash Provided by Financing Transactions	5,241	12,663
Net Increase /(Decrease) in Cash and Cash Equivalents	2,801	(1,593)
Cash and Cash Equivalents at Beginning of Year	13,600	15,193
Cash and Cash Equivalents at End of Year	16,401	13,600
See accompanying Notes and Schedules to the Consolidated Financial Statements.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

(a) Basis of Accounting

The Consolidated Financial Statements are prepared by the Government of Ontario in accordance with the accounting standards for governments recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA Canada).

(b) Reporting Entity

These financial statements report the activities of the Consolidated Revenue Fund combined with those organizations that are controlled by the Province.

Government business enterprises (GBEs), broader public sector (BPS) organizations (i.e., hospitals, school boards and colleges) and other government organizations controlled by the Province are included in these financial statements. Controlled organizations are consolidated if they meet one of the following criteria: i) their revenues, expenses, assets or liabilities are greater than \$50 million; or ii) their outside sources of revenue, deficit or surplus are greater than \$10 million. In accordance with PSAB, the Province also applies the “benefit versus cost constraint” in determining which organizations should be consolidated in the Province’s financial statements. A listing of consolidated government organizations is provided in Schedule 8. For those organizations that do not meet the PSAB benefit versus cost constraint standard, such as Children’s Aid Societies and Community Care Access Centres, government transfer payments to these organizations are included as expenses in these financial statements through the accounts of the ministries responsible for them.

Trusts administered by the Province on behalf of other parties are excluded from the reporting entity, but are disclosed in Note 15.

(c) Principles of Consolidation

Government business enterprises are defined as those government organizations that i) are separate legal entities with the power to contract in their own name and that can sue and be sued; ii) have the financial and operating authority to carry on a business; iii) have as their principal activity and source of revenue the selling of goods and services to individuals and non-government organizations; and iv) are able to maintain their operations and meet their obligations from revenues generated outside the government reporting entity. The activities of GBEs are recorded in the financial statements using the modified equity method, applying the basis of reporting as stipulated by Public Sector Accounting Standards for GBEs. Their combined net assets are included in the financial statements as Investment in Government Business Enterprises on the Consolidated Statement of Financial Position, and their net income is shown as a separate item, Income from Investment in Government Business Enterprises (GBEs), on the Consolidated Statement of Operations. Less than wholly owned GBEs (e.g., Hydro One Limited) are reflected using the modified equity method based on the percentage of ownership government held during the fiscal year.

The Province consolidates the results for Hydro One Limited and Ontario Power Generation based on their results prepared using international Financial Reporting Standards (IFRS) basis (including IFRS14). See Note 16 for further details regarding change in accounting policy.

The assets, liabilities, revenues and expenses of the consolidated BPS organizations (hospitals, school boards and colleges) are reported with those of the Province on a line-by-line basis on the Consolidated Financial Statements. Total expenses (excluding net interest expense on BPS debt) of hospitals are included in Health expenses, school boards in Education expenses, and colleges in Postsecondary and Training expenses on the Consolidated Statement of Operations. Third-party revenues of BPS organizations received directly from the Government of Canada and the public, such as tuition fees, patient fees, research grants and other recoveries, are included in the consolidated revenues of the Province. The reported net debt for the Province therefore includes net debt of hospitals, school boards and colleges. Where appropriate, adjustments are made to present the accounts of these organizations on a basis consistent with the accounting policies of the Province. See Note 16 for further details regarding the change in presentation of third-party revenues and interest on debt.

Other government organizations controlled by the Province are consolidated on a line-by-line basis with the assets, liabilities, revenues and expenses of the Province based on the percentage of ownership the government held during the fiscal year. Where appropriate, adjustments are also made to present the accounts of these organizations on a basis consistent with the accounting policies of the Province, and to eliminate significant inter-organizational accounts and transactions.

(d) Measurement Uncertainty

The preparation of financial statements requires the Province to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses during the reporting period. Uncertainty in the determination of the amounts at which an item is recognized or disclosed in the financial statements is known as measurement uncertainty.

Measurement uncertainty that is material to these financial statements exists in the valuation of pensions and other employee future benefits obligations; the value of tangible capital assets; the estimation of personal income tax, corporations tax and Harmonized Sales Tax revenue accruals; the valuation of the Canada Health Transfer; Canada Social Transfer Equalization Payment entitlements; and the estimation of liabilities for contaminated sites.

Net pension assets of \$11.0 billion (2015–16, \$9.3 billion) and other employee future benefits liability of \$10.5 billion (2015–16, \$10.8 billion), see Note 6, are subject to measurement uncertainty because actual results may differ significantly from the Province's best long-term estimate of expected results (for example, the difference between actual results and actuarial assumptions regarding return on investment of pension fund assets and health care cost trend rates for retiree benefits may be significant).

The net book value of tangible capital assets of \$107.3 billion (2015–16, \$102.5 billion), see Note 9, is subject to uncertainty because of differences between estimated useful lives of the assets and their actual useful lives.

Personal income tax revenue estimate of \$30.7 billion (2015–16, \$31.1 billion), may be subject to subsequent revisions based on information available in the future related to past year tax return processing. Corporations tax revenues of \$14.9 billion (2015–16, \$11.4 billion), and Harmonized Sales Tax revenues of \$24.8 billion (2015–16, \$23.5 billion), are also subject to uncertainty for similar reasons.

The estimation of the Canada Health Transfer of \$13.9 billion (2015–16, \$13.1 billion) and Canada Social Transfer of \$5.1 billion (2015–16, \$5.0 billion), and Equalization Payments entitlements of \$2.3 billion (2015–16, \$2.4 billion), see Schedule 1, are subject to uncertainty because of variances between the estimated and actual Ontario share of the Canada-wide personal income and corporations tax base and population.

There is measurement uncertainty surrounding the estimation of liabilities for contaminated sites of \$1.8 billion as at March 31, 2017 (2015–16, \$1.8 billion), see Note 7. The Province may be responsible for cleanup costs that cannot be reasonably estimated due to several factors, including: insufficient information related to the nature and extent of contamination, timing of costs well into the future (e.g., unknown impacts of future technological advancements), the challenges of remote locations and unique contaminations.

The Province's investment in Ontario Power Generation (OPG) includes asset retirement obligations for fixed asset removal and nuclear waste management, discounted for the time value of money. These obligations are estimated based on the expected amount and timing of future cash expenditures based on plans for fixed asset removal and nuclear waste management. Such estimates are subject to uncertainty in the nature and extent of cost estimates, the timing of costs being incurred, changes in the discount rate applied to the cash flow estimates, and other unanticipated changes in fixed asset removal and nuclear waste management techniques.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. By their very nature, estimates are subject to measurement uncertainty. Therefore, actual results may differ materially from the Province's estimates.

(e) Significant Accounting Policies

Revenue

Tax revenues are recognized in the period in which the taxable event occurs and when they are authorized by legislation, or the ability to assess and collect the tax has been provided through legislative convention. Reported tax revenues include estimated revenues for the current period, adjustments between the estimated revenues of previous years and actual amounts, and revenues from reassessments relating to prior years. Reported amounts do not include estimates of unreported taxes or the impact of future reassessments.

Personal income tax revenue for the period is accrued based on an estimate of current year tax assessments (plus late-arriving assessments/reassessments for prior years)

prorated from the federal Department of Finance's Tax Sharing Statements and an estimate for the following tax year based on the First Estimate of Payments.

The Harmonized Sales Tax component of sales tax revenue is collected by the Government of Canada under a Comprehensive Integrated Tax Coordination Agreement and is remitted to the Province net of credits. The remittances are based on the federal Department of Finance's best estimates, which are subject to periodic updates. The Province recognizes Harmonized Sales Tax revenues based on these federal estimates.

Accrued corporate income tax (CIT) revenue for the period is based on estimated corporate taxpayers' taxable income for the year. The estimate is based on an Ontario Ministry of Finance economic model projection, which leverages the historical relationship between aggregate taxable income and corporate profits.

PSAB 3510 distinguishes between tax concessions (relief of taxes paid), which are accounted for as revenue offsets, and transfers made through the tax system (financial benefits independent of taxes paid), which are reported as expenses.

Refundable personal and corporate income tax credits constitute transfers made through the tax system that are reclassified as expenses to conform to the PSAB standard. To ensure that the reclassification is fiscally neutral, a corresponding increase is made to personal income tax revenue and corporations tax revenue. Non-refundable personal and corporate income tax credits constitute tax concessions (relief of taxes paid), which are accounted for as revenue offsets by crediting the related tax revenue.

Transfers from the Government of Canada are recognized as revenues in the period during which the transfer is authorized by the federal government and all eligibility criteria are met, except if the stipulations related to federal government funding creates an obligation that meets the definition of a liability. Once a liability is recognized, the transfer is recorded in revenue as the obligations related to these stipulations are met.

Other revenues are recognized in the fiscal year that the events giving rise to the revenues occur and they are earned. Amounts received prior to the end of the year that will be earned in a subsequent fiscal year are deferred and reported as liabilities (see "Liabilities").

Expense

Expenses are recognized in the fiscal year that the events giving rise to the expenses occur and resources are consumed.

Transfer payments are recognized in the year that the transfer is authorized and all eligibility criteria have been met by the recipient. Any transfers paid in advance are deemed to have met all eligibility criteria.

Interest on debt includes: i) interest on outstanding debt (including BPS debt) net of interest income on investments and loans; ii) amortization of foreign exchange gains or losses; iii) amortization of debt discounts, premiums and commissions; iv) amortization of deferred hedging gains and losses; and v) debt servicing costs and other costs.

Employee future benefits, such as pensions, other retirement benefits and entitlements upon termination, are recognized as expenses over the years in which the benefits are

earned by employees. These expenses are the government's share of the current year's cost of benefits earned in the period, interest on the net benefits' liability or asset, amortization of actuarial gains or losses, gain/loss on plan amendments and other adjustments. A valuation allowance is recorded to write down the Province's share of net pension assets when the government assesses it is not entitled to fully benefit from the net pension asset.

Other employee future benefits are recognized in the period in which the event that obligates the government occurs or in the period in which the benefits are earned by employees.

The costs of buildings, transportation infrastructure, vehicles, aircraft, leased capital assets, machinery, equipment and information technology infrastructure and systems owned by the Province and its consolidated organizations are amortized and recognized as expenses over their estimated useful lives on a straight-line basis.

Liabilities

Liabilities are recorded to the extent that they represent present obligations of the government to outside parties as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in the sacrifice of economic benefits in the future.

Liabilities include obligations to make transfer payments to organizations and individuals, present obligations for environmental costs, probable losses on loan guarantees issued by the government and contingencies when it is likely that a loss will be realized and the amount can be reasonably determined.

Liabilities also include obligations to GBEs.

Deferred revenue represents unspent externally restricted receipts from the Federal Government or other third parties. Deferred revenues are recorded into revenue in the period in which the amounts received are used for the purposes specified or all external restrictions are satisfied. Deferred capital contributions represent the unamortized amount of contributions received from the federal government and other third parties to construct or acquire tangible capital assets. These contributions are recognized as deferred capital contributions and recorded into revenue over the useful life of the tangible capital assets based on the relevant stipulations of the contributions taken together with the actions and communications of the Province.

Alternative Financing and Procurement (AFP) refers to the Province using private-sector partners to procure and finance infrastructure assets. Assets procured via AFP are recognized as tangible capital assets and the related obligations are recognized as other long-term financing liabilities in these financial statements as the assets are constructed.

Debt

Debt consists of treasury bills, commercial paper, medium- and long-term notes, savings bonds, debentures and loans.

Debt denominated in foreign currencies that has been hedged is recorded at the Canadian dollar equivalent using the rates of exchange established by the terms of the hedge agreements. Other foreign currency-denominated debt is translated to Canadian dollars at year-end rates of exchange and any exchange gains or losses are amortized over the remaining term to maturity.

Derivatives are financial contracts, the value of which is derived from underlying instruments. The Province uses derivatives for the purpose of managing risk associated with interest cost. The Province does not use derivatives for speculative purposes. Gains or losses arising from derivative transactions are deferred and amortized over the remaining life of the related debt issue.

Pensions and Other Employee Future Benefits

The liabilities (net assets) for pensions and other employee future benefits are calculated on an actuarial basis using the government's best estimates of future inflation rates, investment returns, employee salary levels and other underlying assumptions, and, where applicable, the government's borrowing rate. When actual plan experience of pensions, other retirement benefits and termination pay differs from that expected, or when assumptions are revised, actuarial gains and losses arise. These gains and losses are amortized over the expected average remaining service life of plan members for each respective plan.

Liabilities (net assets) for selected employee future benefits (such as pensions, other retirement benefits and termination pay) represent the government's share of the actuarial present values of benefits attributed to services rendered by employees and former employees, less its share of the market-related value of plan assets. The market-related values are determined in a rational and systematic manner so as to recognize market value asset gains and losses over a period of up to five years. In addition, the liability includes the Province's share of the unamortized balance of actuarial gains or losses.

Assets

Assets are resources controlled by the government from which it has reasonable expectation of deriving future benefit. Assets are recognized in the year the transaction or event gives rise to the government's control of the benefit.

Financial Assets

Financial assets are resources that can be used to discharge existing liabilities or finance future operations. They include cash and cash equivalents, investments, accounts receivable, loans receivable, net pension assets, advances and investments in GBEs.

Cash and cash equivalents include cash or other short-term, liquid, low-risk instruments that are readily convertible to cash, typically within three months or less.

Investments include temporary investments and portfolio investments. Temporary investments are recorded at the lower of cost or market value. Portfolio investments are recorded at the lower of cost or their estimated net realizable value.

Accounts receivables are recorded at cost. A valuation allowance is recorded when collection of the receivable is considered doubtful.

Loans receivable are initially recorded at cost. A valuation allowance is recorded when collection of the loan receivable, or any part thereof, is considered doubtful.

Loans receivable include loans to GBEs and loans under the student loans program and advanced manufacturing investment program. Loans receivable with significant concessionary terms are considered in part to be grants and are recorded on the date of issuance at face value discounted by the amount of the grant portion. The grant portion is recognized as an expense at the date of issuance of the loan or when the concession is provided. The amount of the loan discount is amortized to revenue over the term of the loan.

Investment in GBEs represents the net assets of GBEs recorded on the modified equity basis as described under Principles of Consolidation.

Tangible Capital Assets and Non-Financial Assets

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes the costs directly related to the acquisition, design, construction, development, improvement or betterment of tangible capital assets. Cost includes overheads directly attributable to construction and development, as well as interest related to financing during construction. Tangible capital assets, except land, are amortized over the estimated useful lives of the assets on a straight-line basis.

Maintenance and repair costs are recognized as an expense when incurred. Betterments or improvements that significantly increase or prolong the service life or capacity of a tangible capital asset are capitalized.

Non-financial assets also include Prepaid Expenses and inventory of supplies.

2. Debt

The Province borrows in both domestic and international markets. Debt of \$333.1 billion, as at March 31, 2017 (2015–16, \$327.4 billion), is composed mainly of bonds and debentures issued in the short- and long-term domestic- and international-public capital markets and non-public debt held by certain federal and provincial public-sector pension funds. Debt presented in this note comprises Debt Issued for Provincial Purposes of \$312.7 billion (2015–16, \$303.1 billion) and Ontario Electricity Financial Corporation (OEFC) Debt of \$20.4 billion (2015–16, \$24.4 billion). The following table presents the maturity schedule of the Province's outstanding debt, by currency of repayment, expressed in Canadian dollars, and reflects the effects of related derivative contracts. See Note 4 for debt of BPS organizations that are controlled and consolidated on a line-by-line basis.

Debt As at March 31 (\$ Millions)					2017	2016
Currency	Canadian Dollar	U.S. Dollar	Euro	Other Currencies¹	Total	Total
Maturing in:						
2017	–	–	–	–	–	\$42,752
2018	28,393	10,462	385	–	\$39,240	17,795
2019	12,141	9,186	–	654	21,981	22,352
2020	16,058	6,149	4,764	532	27,503	24,401
2021	14,124	4,596	1,652	1,476	21,848	21,922
2022	14,452	5,971	–	–	20,423	–
1–5 years	85,168	36,364	6,801	2,662	130,995	129,222
6–10 years	70,997	3,742	5,009	900	80,648	82,338
11–15 years	15,947	–	–	–	15,947	14,598
16–20 years	17,911	–	–	–	17,911	17,732
21–25 years	37,192	–	80	–	37,272	27,879
26–50 ² years	50,329	–	–	–	50,329	55,644
Total^{3, 4}	277,544	40,106	11,890	3,562	\$333,102	\$327,413
Debt Issued for Provincial Purposes⁵	257,826	39,737	11,711	3,406	312,680	303,055
OEFC Debt	19,718	369	179	156	20,422	24,358
Total	277,544	40,106	11,890	3,562	\$333,102	\$327,413
Effective Interest Rates (Weighted Average)						
2017	3.79%	1.84%	3.48%	3.15%	3.54%	–
2016	3.92%	1.98%	3.37%	3.49%	–	3.62%

¹ Other currencies comprise the Australian dollar, Japanese yen and Swiss franc.

² The longest term to maturity is to June 2, 2062.

³ Total foreign currency-denominated debt as at March 31, 2017, was \$55.6 billion (2015–16, \$61.4 billion). Of that, \$54.8 billion or 98.6 per cent (2015–16, \$60.4 billion or 98.4 per cent) was fully hedged to Canadian dollars. The remaining 1.4 per cent (2015–16, 1.6 per cent) of foreign debt was unhedged as follows: \$238 million (2015–16, \$425 million) Japanese yen-denominated debt and \$531 million (2015–16, \$540 million) Swiss franc-denominated debt. Unhedged foreign currency debt as a percentage of total debt was 0.2 per cent (2015–16, 0.3 per cent).

⁴ Total debt includes issues totaling nil (2015–16, \$0.5 billion), which have embedded options exercisable by either the Province or the bondholder under specific conditions.

⁵ As at March 31, 2017, debt issued for provincial purposes purchased and held by the Province denominated in Canadian and U.S. dollars at its Canadian dollar equivalent includes long-term debt of \$5.7 billion (2015–16, \$4.3 billion) and nil (2015–16, \$1.3 billion), and short-term debt of \$3.1 billion (2015–16, \$2.0 billion) and nil (2015–16, nil).

Debt		
As at March 31		
(\$ Millions)	2017	2016
Debt Payable to/of:		
Public Investors	\$321,442	\$315,443
Canada Pension Plan Investment Board	10,233	10,233
Ontario Immigrant Investor Corporation	492	709
School Board Trust Debt	652	674
Canada Mortgage and Housing Corporation	283	354
Total	\$333,102	\$327,413

Fair value of debt outstanding approximates the amounts at which debt instruments could be exchanged in a current transaction between willing parties. In valuing the Province's debt, fair value is estimated using discounted cash flows and other valuation techniques and is compared to public market quotations where available. These estimates are affected by the assumptions made concerning discount rates and the amount and timing of future cash flows.

The estimated fair value of debt as at March 31, 2017, was \$373.3 billion (2015–16, \$375.6 billion). This is higher than the book value of \$333.1 billion (2015–16, \$327.4 billion) because current interest rates are generally lower than the interest rates at which some of the debt was issued. The fair value of debt does not reflect the effect of related derivative contracts.

School Board Trust Debt

A School Board Trust was created in June 2003 to permanently refinance debt incurred by 55 school boards. The Trust issued 30-year sinking fund debentures amounting to \$891 million, and provided \$882 million of the proceeds to the 55 school boards in exchange for the irrevocable right to receive future transfer payments from the Province related to this debt. An annual transfer payment is made by the Ministry of Education to the Trust's sinking fund under the School Board Operating Grant program to retire the debt over 30 years. This debt, recorded net of the sinking fund of \$239 million (2015–16, \$217 million), is reflected in the Province's debt.

3. Risk Management and Derivative Financial Instruments

The Province employs various risk management strategies and operates within strict risk exposure limits to ensure that exposure to financial risk is managed in a prudent and cost-effective manner. A variety of strategies are used, including the use of derivative financial instruments ("derivatives").

Derivatives are financial contracts, the value of which is derived from underlying instruments. The Province uses derivatives to hedge interest rate risk and currency risk.

Hedges are created primarily through swaps, which are legal contracts under which the Province agrees with another party to exchange cash flows based on one or more notional amounts using stipulated reference interest rates for a specified period. Swaps allow the Province to offset its existing obligations and thereby effectively convert them into obligations with more cost-effective characteristics. Other derivative instruments used by the Province include forward foreign exchange contracts, forward rate agreements, futures and options.

Foreign Currency Risk

Foreign exchange or currency risk is the risk that foreign currency debt principal and interest payments and foreign currency transactions will vary in Canadian dollar terms due to fluctuations in foreign exchange rates. To manage currency risk, the Province uses derivative contracts including forward foreign exchange contracts, futures, options and swaps to convert foreign currency cash flows into Canadian dollar cash flows. Most of the derivative contracts hedge the underlying debt by matching all the critical terms to achieve effectiveness. The term of forward foreign exchange contracts used for hedging is usually shorter than the term of the underlying debt, however hedge effectiveness is maintained by continuously rolling the forward foreign exchange contract over the remaining term of the underlying debt, or until replaced with a long-term derivative contract.

The current market risk policy allows the amount of unhedged foreign currency debt principal net of foreign currency holdings to reach a maximum of 5 per cent of Total Debt Issued for Provincial Purposes and OEFC. At March 31, 2017, the respective unhedged levels were 0.2 and nil per cent (2015–16, 0.3 and nil per cent). As of March 31, 2017, unhedged debt was limited to debt issued in Japanese yen and Swiss francs. A one-Japanese yen appreciation of the Japanese currency, relative to the Canadian dollar, would result in unhedged debt denominated in Japanese yen increasing by \$2.9 million (2015–16, \$5.0 million) and a corresponding increase in interest on debt of \$1.0 million (2015–16, \$1.3 million). A one-Swiss rappen appreciation of the Swiss currency, relative to the Canadian dollar, would result in unhedged debt denominated in Swiss francs increasing by \$7.1 million (2015–16, \$7.4 million) and a corresponding increase in interest on debt of \$2.5 million (2015–16, \$2.1 million). Total foreign exchange losses recognized in the Statement of Operations for 2016–17 were \$23.2 million (2015–16, losses of \$5.1 million).

Interest Rate Risk

Interest on debt expense may also vary as a result of changes in interest rates. In respect of Debt Issued for Provincial Purposes and OEFC debt, the risk is measured as interest rate resetting risk, which is the floating rate exposure plus fixed rate debt maturing within the next 12-month period net of liquid reserves as a percentage of Debt Issued for Provincial Purposes and OEFC debt, respectively.

The current market risk policy limits net interest rate resetting risk for Debt Issued for Provincial Purposes and OEFC debt to a maximum of 35 per cent. At March 31, 2017, the net interest rate resetting risk for Debt Issued for Provincial Purposes and OEFC debt was 11.2 per cent and -3.1 per cent, respectively (2015–16, 10.9 per cent and 7.6 per cent). Based on net floating rate exposure at March 31, 2017, plus planned refinancing of maturing fixed rate debt to March 31, 2018, a one per cent (100 basis point) increase in interest rates would result in an increase in interest on debt of approximately \$300 million (2015–16, \$350 million).

Liquidity Risk

Liquidity risk is the risk that the Province will not be able to meet its current short-term financial obligations. To reduce liquidity risk, the Province maintains liquid reserves: that is, cash and temporary investments (Note 8), adjusted for collateral (Note 13), at levels that are expected to meet future cash requirements and give the Province flexibility in the timing of issuing debt. Pledged assets are considered encumbered for liquidity purposes while collateral held that can be sold or repledged is a source of liquidity. In addition, the Province has short-term note programs as alternative sources of liquidity.

Credit Risk

The use of derivatives introduces credit risk, which is the risk of a counterparty defaulting on contractual derivative obligations in which the Province has an unrealized gain. The table below presents the credit risk associated with the derivative financial instrument portfolio, measured through the replacement value of derivative contracts, as at March 31, 2017.

Credit Risk Exposure		
As at March 31		
(\$ Millions)	2017	2016
Gross Credit Risk Exposure	\$7,248	\$9,774
Less: Netting	(4,981)	(7,252)
Net Credit Risk Exposure	2,267	2,522
Less: Collateral Received (Note 13)	(2,124)	(1,712)
Net Credit Risk Exposure (Net of Collateral)	\$143	\$810

The Province manages its credit risk exposure from derivatives by, among other things, dealing only with high-credit-quality counterparties and regularly monitoring compliance to credit limits. In addition, the Province enters into contractual agreements (“master agreements”) that provide for termination netting and, if applicable, payment netting with most of its counterparties. Gross Credit Risk Exposure represents the loss that the Province would incur if every counterparty to which the Province had credit risk exposure were to default at the same time, and the contracted netting provisions were not exercised or could not be enforced. Net Credit Risk Exposure is the loss including the mitigating impact of these netting provisions. Net Credit Risk Exposure (Net of Collateral) is the potential loss to the Province further mitigated by the collateral received from counterparties.

Derivative Portfolio Notional Value

The table below presents a maturity schedule of the Province's derivatives, by type, outstanding as at March 31, 2017, based on the notional amounts of the contracts. Notional amounts represent the volume of outstanding derivative contracts and are not indicative of credit risk, market risk or actual cash flows.

Derivative Portfolio Notional Value and Fair Value of Derivatives As at March 31								<i>Notional Value</i>		<i>Fair Value</i>	
(\$ Millions)								2017	2016	2017	2016
Maturity in Fiscal Year	2018	2019	2020	2021	2022	6-10 Years	Over 10 Years	Total	Total	Total	Total
Swaps:											
Interest Rate ¹	12,828	16,706	15,696	10,456	10,137	12,477	6,885	85,185	100,799	(2,334)	(2,589)
Cross Currency	4,577	4,543	12,138	8,166	655	10,612	80	40,771	47,625	3,686	6,366
Forward Foreign Exchange Contracts	30,644	—	—	—	—	—	—	30,644	31,027	107	(1,776)
Swaptions ²	—	—	—	—	—	—	—	—	500	—	—
Total	\$48,049	\$21,249	\$27,834	\$18,622	\$10,792	\$23,089	\$6,965	\$156,600	\$179,951	\$1,459	\$2,001

¹ Includes \$3.9 billion (2015–16, \$4.0 billion) of interest rate swaps related to loans receivable held by a consolidated entity and \$0.5 billion (2015–16, \$4.9 billion) related to short-term investments held by the Province.

² See glossary for definition.

4. Other Long-Term Financing

Other long-term financing comprises the total debt of the BPS organizations and obligations under AFP arrangements.

Other Long-Term Financing of \$13.7 billion, as at March 31, 2017 (2015–16, \$14.1 billion) includes BPS debt of \$5.0 billion (2015–16, \$5.0 billion), BPS AFP obligations of \$5.6 billion (2015–16, \$5.4 billion) and direct provincial AFP obligations of \$3.1 billion (2015–16, \$3.7 billion).

5. Deferred Revenue and Capital Contributions

In 2010–11, the Province renewed its long-standing business partnership with Teranet Inc. by extending Teranet's exclusive licenses to provide electronic land registration and writs services in Ontario for an additional 50 years. The Province received approximately a \$1.0 billion upfront payment for the transaction, which is amortized into revenue over the life of the contract.

The Province provides a two-year vehicle license plate renewal option and multi-year driver license renewals (two years for seniors and five years for all others). Amounts received under these multi-year renewals are recognized as revenue over the periods covered by the licenses.

Deferred capital contributions represent the unamortized portion of tangible capital assets or liabilities to construct or acquire tangible capital assets from specific-purpose funding received from the Government of Canada, municipalities or third parties. Deferred capital contributions are recorded in revenue over the estimated useful life of the underlying tangible capital asset when the tangible capital asset is placed in service.

Deferred Revenue and Capital Contributions		
As at March 31		
(\$ Millions)	2017	2016
Deferred Revenue:		
Teranet	\$890	\$923
Vehicle and Driver Licenses	1,073	972
Other	2,321	1,973
Total Deferred Revenue	4,284	3,868
Deferred Capital Contributions	7,254	6,911
Total	\$11,538	\$10,779

6. Pensions and Other Employee Future Benefits

Pensions and Other Employee Future Benefits Liability (Asset)				
As at March 31				
(\$ Millions)	2017	2016	2017	2016
	Pensions	Pensions (Restated — See Note 16)	Other Employee Future Benefits	Other Employee Future Benefits
Obligation for benefits	\$124,700	\$118,448	\$10,915	\$10,999
Less: plan fund assets	(149,851)	(140,834)	(562)	(562)
(Excess)/Deficiency of assets over obligations ^{1,2}	(25,151)	(22,386)	10,353	10,437
Unamortized actuarial gains	14,104	13,074	125	314
Accrued liability (asset)	(11,047)	(9,312)	10,478	10,751
Valuation allowance ³	14	-	-	-
Total Liability (Net Asset)	(\$11,033)	(\$9,312)	\$10,478	\$10,751

¹ This amount comprises \$26,733 million pertaining to pension plans with excess assets over obligations and \$1,582 million pertaining to pension plans with excess obligations over assets (2015–16, \$23,940 million pertaining to pension plans with excess assets over obligations and \$1,554 million pertaining to pension plans with excess obligations over assets).

² All other employee future benefits have excess obligations over assets.

³ The valuation allowance is related to the net pension assets for the Colleges of Applied Arts and Technology Pension Plan (CAATPP) multi-employer defined benefit plan.

Pensions and Other Employee Future Benefits Expense

For the year ended March 31

(\$ Millions)	2017	2017	2017	2016
	Pensions	Other Employee Future Benefits	Total	Total — See Note 16)
Cost of benefits	\$3,555	\$784	\$4,339	\$4,220
Amortization of actuarial gains	(849)	(30)	(879)	(452)
Employee and other employers' contributions	(325)	-	(325)	(318)
Cost (Gain) on plan amendment or curtailment	51	(3)	48	(43)
Recognition of unamortized experience gains	(51)	-	(51)	(77)
Interest (income) expense	(1,317)	207	(1,110)	(731)
Valuation Allowance ²	14	-	14	-
Total¹	\$1,078	\$958	\$2,036	\$2,599

¹ Total Pensions and Other Employee Future Benefits Expense is reported in Schedule 3. The Teachers' Pension recovery of \$377 million (2015–16, expense of \$110 million) is included in the Education expense in the Consolidated Statement of Operations and is disclosed separately in Schedule 4. The pension expense of the Healthcare of Ontario Pension Plan of \$592 million (2015–16, \$747 million) is included in the Health expense in the Consolidated Statement of Operations. The pension expense of the Colleges of Applied Arts and Technology Pension Plan of \$208 million (2015–16, \$190 million) is included in the Training, Colleges and Universities expense in the Consolidated Statement of Operations. The Public Service and OPSEU Pension expense of \$701 million (2015–16, \$696 million) and Other Employee Future Benefits — Retirement Benefits expense of \$283 million (2015–16, \$393 million) are included in the General Government and Other expense in the Consolidated Statement of Operations, and is classified in Employee and Pensioner Benefits in Schedule 4. The remainder of Other Employee Future Benefits expense and Retirement Benefits from BPS organizations is included in the relevant ministries' expenses in Schedule 4.

² The valuation allowance is related to the net pension assets for the Colleges of Applied Arts and Technology Pension Plan (CAATPP) multi-employer defined benefit plan.

Pensions

The Province sponsors several pension plans. It is the sole sponsor of the Public Service Pension Plan (PSPP) and a joint sponsor of the Ontario Public Service Employees Union Pension Plan (OPSEUPP) and the Ontario Teachers' Pension Plan (OTPP). These three plans are contributory defined benefit plans that provide Ontario government employees and elementary and secondary school teachers and administrators with a guaranteed amount of retirement income. Benefits are based primarily on the best five-year average salary of members and their length of service, and are indexed to changes in the Consumer Price Index to provide protection against inflation. Plan members normally contribute 7 to 11 per cent of their salaries to these plans. The Province matches these contributions. The obligations for benefits and plan fund assets for OTTP and OPSEUPP excludes those employers not consolidated by the Province.

The Province changed its accounting for the net assets of jointly sponsored pension plans as described in Note 16.

The Province is also responsible for sponsoring the Public Service Supplementary Benefits Plan and the Ontario Teachers' Retirement Compensation Arrangement. Expenses and liabilities of these plans are included in the Pensions Expense and Pensions Liability reported in the above tables.

In addition to the Provincially sponsored plans, pension benefits for employees in the hospital and colleges sectors are provided by the Healthcare of Ontario Pension Plan (HOOPP) and the Colleges of Applied Arts and Technology Pension Plan (CAATPP) respectively, and are included in these financial statements.

HOOPP is a multi-employer pension plan covering employees of Ontario's health care community. CAATPP is a multi-employer pension plan covering employees of the Colleges of Applied Arts and Technology in Ontario, the Ontario College Application Services and the Ontario College Library Services. Both of these plans are accounted for as multi-employer defined benefit plans that provide eligible members with a retirement income based on a formula that takes into account a member's earnings history and length of service in the plan. The plans are financed by contributions from participating members and employers, and by investment earnings.

The obligation for benefits and plan fund assets of the above plans is based on actuarial accounting valuations that are performed annually. Funding of these plans is based on statutory actuarial funding valuations undertaken at least once every three years.

The Province records a percentage of the net obligation of HOOPP and net asset of CAATPP, based on the ratio of employer to employee contributions and excludes those employers not consolidated by the Province.

The Province does not have control or joint control over the decisions regarding contribution levels or benefit changes for either the HOOPP or CAATPP multi-employer plans, as the Province is not a member of the committees responsible for these decisions. Therefore, a valuation allowance will be recorded to write down the net asset position in these plans, if any, until the net pension assets are used to reduce future contributions.

Information on contributory defined benefit plans is as follows:

	OTPP	PSPP	OPSEU	HOOPP	CAATPP
Government's Best Estimates as of December 31, 2016					
Inflation rate	2.00%	2.00%	2.00%	2.00%	2.00%
Salary escalation rate	2.75%	2.75%	2.75%	4.00%	3.25%
Discount rate and expected rate of return on pension assets	6.00%	5.75%	5.90%	5.75%	5.75%
Actual return on pension assets	4.20%	8.10%	4.76%	10.35%	8.00%
Accounting Actuarial Valuation as of December 31, 2016					
Market value of pension fund assets ¹ (\$ millions)	85,245	24,381	4,276	33,294	4,691
Market-related value of assets ¹ (\$ millions)	81,582	23,675	8,781	31,339	4,474
Employer contributions ² (\$ millions)	1,643	406	237	962	210
Employee contributions ³ (\$ millions)	1,630	339	245	820	216
Benefit payments ¹ (including transfers to other plans) (\$ millions)	2,810	1,245	426	1,006	220
Number of active members (approximately)	182,000	42,000	44,000	206,000	28,000
Average age of active members	42.6	45.6	45.1	44.8	47.9
Expected remaining service life of the employees (years)	15.2	10.8	12.5	12.8	12.9
Number of pensioners including survivors (approximately)	136,000	38,000	36,000	95,000	15,000
Government's Best Estimates as of December 31, 2015					
Inflation rate	2.00%	2.00%	2.00%	2.00%	2.00%
Salary escalation rate	3.00%	3.00%	3.00%	4.25%	3.00%
Discount rate and expected rate of return on pension assets	6.25%	6.00%	6.25%	5.75%	6.00%
Actual return on pension assets	13.00%	6.14%	8.00%	5.12%	8.10%
Accounting Actuarial Valuation as of December 31, 2015					
Market value of pension fund assets (\$ millions)	83,229	23,075	8,717	30,498	4,301
Market-related value of assets (\$ millions)	77,597	21,886	8,690	28,628	4,033
Employer contributions ² (\$ millions)	1,600	400	232	930	202
Employee contributions ³ (\$ millions)	1,588	318	228	776	207
Benefit payments (including transfers to other plans) (\$ millions)	2,719	1,176	425	918	205

¹ Reflects the Province's share, which excludes those employers not consolidated by the Province.

² Employer contributions paid during the Province's fiscal year. Employer contributions excludes employers' contributions made by non-consolidated agencies participating in PSPP and OPSEU, and excludes employers' contributions to OTTP. PSPP employer contributions include special payments of \$99 million (2015–16, \$99 million).

³ Employee contributions paid during the calendar year; excludes contributions of employees employed by non-consolidated agencies.

Other Employee Future Benefits

Other Employee Future Benefits are non-pension retirement benefits, post-employment benefits, compensated absences and termination benefits.

Non-Pension Retirement Benefits

The Province provides dental, basic life insurance, supplementary health and hospital benefits to eligible retired employees through a group insured benefit plan. Certain Public Service Pension Plan members, and OPSEU Pension Plan members who had not accrued the minimum eligibility requirement, ten years of pension service before January 1, 2017, are now required to have 20 years of pension service and retire to an immediate unreduced pension to be eligible to receive the post-retirement insured benefits. Further, such eligible members who commenced receipt of a pension on or after January 1, 2017, have the option to either participate in the current legacy post-retirement insured benefits plan and pay 50 per cent of the premium costs, or to participate in the new retiree-focused post-retirement benefits plan, at no cost to the member.

Optional enrolment in the retiree focused plan, at full cost to retiree, is also available to employees hired before January 1, 2017, and who later retire to immediate unreduced pension based on a minimum ten years of pension service, and employees hired on and after January 1, 2017 who later retire to immediate unreduced pension based on a minimum 20 years of pension service.

The liability for non-pension retirement benefits of \$8.1 billion as at March 31, 2017 (2015–16, \$8.3 billion), is included in the Other Employee Future Benefits Liability. The expense for 2016–17 of \$279 million (2015–16, \$422 million) is included in the Other Employee Future Benefits Expense.

The discount rate used in the non-pension retirement benefits calculation for 2016–17 is 3.25 per cent (2015–16, 3.40 per cent). The discount rate used by BPS organizations in the non-pension retirement benefits calculation for 2016–17 ranges from 2.00 per cent to 6.00 per cent (2015–16, 2.35 per cent to 5.75 per cent).

Post-Employment Benefits, Compensated Absences and Termination Benefits

The Province provides, on a self-insured basis, workers' compensation benefits, long-term disability benefits and regular benefits to employees who are on long-term disability.

For all other employees subject to terms set out in collective agreements, and in the Management Board of Cabinet Compensation Directive as applicable, the Province provides termination pay equal to one week's salary for each year of service up to a maximum of 50 per cent of their annual salary. Employees who have completed one year of service but less than five years are also entitled to termination pay in the event of death, retirement or release from employment. All employees who resign are not eligible for any severance pay in respect to service after December 2011.

During the previous year, the Province eliminated termination pay entitlement upon retirement for the Ontario Public Service Employee Union (OPSEU) employees hired on or after January 1, 2013. For OPSEU employees who retired after December 31, 2016, service accrued was capped at December 31, 2016, and any termination payments on retirement after January 1, 2016, will be paid based on salary in effect on December 31, 2016. A plan-curtailment gain of \$128 million and recognition of net unamortized gains of \$22 million was included in the fiscal year 2015–16 Other Employee Future Benefits.

The total post-employment benefits liability of \$2.4 billion as at March 31, 2017 (2015–16, \$2.5 billion), is included in the Other Employee Future Benefits Liability. The total post-employment benefits expense of \$679 million in 2016–17 (2015–16, \$434 million post-employment benefit expense) is included in the Other Employee Future Benefits Expense.

The discount rate used in the post-employment benefits, compensated absences and termination benefits calculations for 2016–17 is 2.55 per cent (2015–16, 2.70 per cent). The discount rate used by BPS organizations for the post-employment benefits in 2016–17 ranges from 2.00 per cent to 6.50 per cent (2015–16, 2.35 per cent to 6.75 per cent).

7. Other Liabilities

Other Liabilities		
As at March 31		
(\$ Millions)	2017	2016
Power Purchase Contracts	\$178	\$307
Liabilities for Contaminated Sites	1,812	1,751
Other Funds and Liabilities	4,377	4,290
Total	\$6,367	\$6,348

Power Purchase Contracts

Power purchase contracts and related loan agreements were entered into by the former Ontario Hydro with non-utility generators (NUGs) located in Ontario. The contracts provided for the purchase of power at prices that were expected to be in excess of the future market price. Accordingly, the Ontario Electricity Financial Corporation (OEFC), as the legal continuation of Ontario Hydro, recorded a liability of \$4.3 billion on a discounted cash-flow basis when Ontario Hydro was continued as OEFC on April 1, 1999. OEFC began receiving actual contract prices for power from ratepayers effective January 1, 2005, and therefore OEFC is amortizing this liability to revenue over an annual basis. The decrease in the liability for power purchase contracts was \$129 million (2015–16, \$172 million), recorded to revenue, decreasing the outstanding power purchase contract liability as at March 31, 2017, to \$178 million (2015–16, \$307 million).

During the year ended March 31, 2017, OEFC's cost under power supply contracts totaled \$838 million (2015–16, \$875 million). These costs were recovered from electricity ratepayers (as shown in Schedules 1, 3 and 4).

Liabilities for Contaminated Sites

The Province reports environmental liabilities related to the management and remediation of contaminated sites where the Province is obligated or likely obligated to incur such costs. A contaminated sites liability of \$1,812 million (2015–16, \$1,751 million) has been recorded based on environmental assessments or estimations for those sites where an assessment has not been conducted.

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

Other Funds and Liabilities

Other funds and liabilities include pension and benefit funds related to the Provincial Judges' Pension Fund, the Public Service, the Justice of the Peace, the Deputy Ministers' and the Case Management Masters Supplementary Benefit Accounts, externally restricted funds and other long-term liabilities.

8. Investments

Investments		
As at March 31		
(\$ Millions)	2017	2016
Temporary Investments	\$12,307	\$16,112
Add: Assets Purchased under Resale Agreements	6,364	4,657
Less: Assets Sold under Repurchase Agreements	(2,753)	(1,008)
Total Temporary Investments	\$15,918	\$19,761
Other Investments	2,065	2,004
Total Investments	\$17,983	\$21,765

Temporary Investments

Temporary investments primarily consist of investments in government bonds. The fair value of temporary investments, including assets purchased and sold under resale and repurchase agreements at March 31, 2017, is \$15.9 billion (2015–16, \$19.8 billion). Fair value is determined using quoted market prices.

A resale agreement is an agreement between two parties where the Province purchases and subsequently resells a security at a specified price on a specified date. A repurchase agreement is an agreement between two parties where the Province sells and subsequently repurchases a security at a specified price on a specified date.

Other Investments

Other investments represent the investments held by BPS organizations. These investments primarily consist of fixed-income securities. The fair value of these investments approximates book value.

9. Tangible Capital Assets

Tangible Capital Assets As at March 31 (\$ Millions)

	Land	Buildings	Transportation Infrastructure	Machinery and Equipment	Information Technology	Other	2017	2016
Cost								
Opening Balance	14,651	76,914	32,769	12,164	6,097	6,747	149,342	141,056
Additions	701	3,038	3,659	695	860	1,092	10,045	10,922
Disposals	13	125	549	229	139	51	1,106	2,636
Closing Balance	15,339	79,827	35,879	12,630	6,818	7,788	158,281	149,342
Accumulated Amortization								
Opening Balance	-	23,484	8,907	9,171	3,392	1,852	46,806	43,991
Additions	-	2,304	1,321	711	638	241	5,215	4,913
Disposals	-	79	545	224	137	43	1,028	2,098
Closing Balance	-	25,709	9,683	9,658	3,893	2,050	50,993	46,806
Net Book Value								
2017	15,339	54,118	26,196	2,972	2,925	5,738	107,288	-
2016	14,651	53,430	23,862	2,993	2,705	4,895	-	102,536

Land includes land acquired for transportation infrastructure, parks, buildings and other program use, and land improvements that have an indefinite life and are not being amortized. Land excludes Crown lands acquired by right.

Buildings include administrative and service structures, and dams and engineering structures.

Transportation Infrastructure includes provincial highways, railways, bridges and related structures and facilities, but excludes land and buildings.

Machinery and Equipment consists mainly of hospital equipment.

Information Technology consists of computer hardware and software.

Other includes leased assets, vehicles, aircraft and other miscellaneous tangible capital assets owned by the government and its consolidated organizations.

Works of art and historical treasures are excluded from tangible capital assets.

Assets under construction have been included within the various asset categories presented above. The total value of assets under construction as at March 31, 2017, is \$12.2 billion (2015–16, \$11.8 billion). Capitalized interest for the fiscal year 2016–17, is \$158 million (2015–16, \$165 million).

All tangible capital assets, except assets under construction, land and land improvements with an indefinite life, are being amortized on a straight-line basis over their estimated useful lives. Amortization expense for the fiscal year 2016–17 totaled \$5.2 billion (2015–16, \$4.9 billion). The useful lives of the Province's tangible capital assets have been estimated as:

Buildings	20 to 40 years
Dams and Engineering Structures	20 to 80 years
Transportation Infrastructure	10 to 75 years
Machinery and Equipment	3 to 20 years
Information Technology	3 to 15 years
Other	3 to 30 years

10. Changes in the Fair Value of Ontario Nuclear Funds

The Ontario Nuclear Funds Agreement (ONFA) Funds were established by Ontario Power Generation Inc. (OPG) and the Province to ensure that sufficient funds will be available to pay for the costs of nuclear station decommissioning and nuclear used fuel waste management.

Since April 1, 2007, the fair value of ONFA Funds has been reflected in the Province's Consolidated Financial Statements. Unrealized gains and losses of ONFA Funds are included in Investment in Government Business Enterprises and recorded as an Increase (Decrease) in Fair Value of Ontario Nuclear Funds in the Consolidated Statement of Change in Net Debt and the Consolidated Statement of Change in Accumulated Deficit. Realized gains and losses of ONFA Funds are included in Income from Investment in Government Business Enterprises. Inter-organizational balances related to ONFA Funds are eliminated.

ONFA Funds incurred unrealized gain in 2016–17 of \$1,094 million (2015–16, unrealized losses of \$1,003 million) that resulted in an increase in Investment in Government Business Enterprises and a corresponding decrease in Net Debt and Accumulated Deficit.

11. Sale of Hydro One Common Shares (Secondary Offering)

In April 2016, the Province sold 14 per cent of Hydro One's common shares at a price of \$23.65 per common share, through a secondary offering generating gross proceeds of approximately \$2 billion. As of March 31, 2017, the Province owned approximately 70 per cent of Hydro One's common shares. An accounting gain of \$538 million was recognized in the 2016–17 financial results in connection with the sale of Hydro One common shares. (See note 18 – Subsequent Events for information on additional sale of shares in May 2017).

An additional gain of \$70 million was deferred in connection with a purchase by Ontario Power Generation (OPG) of 9 million common shares of Hydro One through the secondary offering. OPG purchased these shares to distribute to eligible OPG employees represented by the Power Workers' Union and The Society of Energy Professionals as part of future share-delivery obligations under the collective agreements. This deferred gain will be recognized as revenue as the Hydro One common shares are distributed to qualifying OPG employees for up to a 15-year period starting in 2018. There is no agreement between OPG and the Province with respect to Hydro One common shares or the voting of those shares.

A summary of key direct components of the secondary offering of Hydro One shares include:

Secondary offering of Hydro One shares (\$ Millions)	
Total proceeds from the sale of shares	\$1,970
Deferred gain on sale of shares to OPG	(70)
Transaction costs	(41)
Net Proceeds from sale of Hydro One shares (Net of transaction cost and gain on sale of shares to OPG)	1,859
Book value of shares sold (<i>Schedule 9</i>)	(1,321)
Gain on sale of shares recognized in 2016–17	\$538

In the 2015–16 fiscal year the Province sold approximately 16 per cent of Hydro One's common shares at a price of \$20.50 per common share, through a public offering and through related share sales. As of March 31, 2016, the Province owned approximately 84 per cent of Hydro One's common shares.

An accounting gain of \$783 million was recognized in the 2015–16 financial results in connection with the sale of Hydro One shares. An additional gain of \$48 million was deferred in connection with a sale of shares to electricity sector union trusts during the year and will be recognized as revenue as the loans provided to the trusts to purchase the shares are repaid (\$1.5 million of this deferred gain was recognized as revenue in 2016–17).

In conjunction with the disposition of Hydro One shares in fiscal 2015–16, Hydro One exited the Province’s payments in lieu of corporate income tax regime (corporate PILs regime) and became subject to federal and provincial corporate income taxes. Immediately before exiting the corporate PILs regime, Hydro One was deemed to have disposed of its assets for proceeds equal to the assets’ fair market value. As a result of this deemed disposition, before exiting the corporate PILs regime Hydro One had to make a payment under the *Electricity Act, 1998*, related to the income and capital gains arising from the difference between the assets’ fair value and tax value. This one-time payment to the Province, referred to as the “departure tax,” was \$2.6 billion. Hydro One also paid the Province \$191 million in additional corporate PILs in connection with leaving the corporate PILs regime. These one-time payments did not affect the Province’s annual deficit as the additional revenue recognized by the Province was offset by an equal reduction in Hydro One’s net income, which was consolidated in the Province’s financial statements.

The transition into the federal and provincial corporate income tax regime also resulted in Hydro One eliminating a deferred tax liability and recognizing a deferred tax asset in 2015–16, which reflects reduced cash taxes payable by Hydro One for some period in the future. The Province’s proportionate share of the deferred tax benefit increased the Province’s revenues by \$2.4 billion, and was reflected in Income from Government Business Enterprises.

A summary of key direct components of the Hydro One initial public offering transactions, reflected in the 2015–16 financial results, include:

Hydro One Initial Public Offering (\$ Millions)	
Total proceeds from the sale of shares	\$1,945
Deferred gain on sale of shares to electricity union trusts	(48)
Transaction costs	(43)
Net Proceeds from sale of Hydro One shares (Net of transaction cost and gain on sale of shares to electricity union trusts)	1,854
Book value of shares sold (<i>Schedule 9</i>)	(1,071)
Gain on sale of shares recognized in 2015–16	783
Electricity PILs Revenue (<i>Schedule 1</i>)	2,791
Hydro One departure tax expense and one-time PILs payment (offset to PILs Revenue) reflected in Income from GBEs	(2,791)
Portion of Hydro One deferred tax benefit recorded by the Province through HOL consolidation, reflected in Income from GBEs	2,392
Net impact on annual deficit in 2015-16	\$3,175

12. Sale of Hydro One Brampton Networks Inc.

In August 2015, Hydro One transferred all of the issued and outstanding shares of Hydro One Brampton to the Province as a dividend-in-kind. Hydro One also transferred to the Province all of the long-term intercompany debt plus accrued interest owed by Hydro One Brampton to Hydro One as a return of stated capital. The transfers were made to the newly formed Brampton Distribution Holdco Inc., creating a new government business enterprise for the Province. On February 28th, 2017, the Province, through Brampton Distribution Holdco Inc., sold its entire interest in Hydro One Brampton, through a sale of shares, to Alectra Utilities Corporation (Alectra). As a result the Province recognized an accounting gain of \$109 million in its Consolidated Financial Statements. A summary of key direct components of the sale of Hydro One Brampton Networks include:

Sale of Hydro One Brampton Networks (\$Millions)	
Total proceeds from the sale (excluding PILs)	\$545.2
Transaction costs	(0.2)
Net Proceeds sale of Hydro One Brampton Networks	545.0
Book value of Hydro One Brampton Networks	(436)
Gain on sale recognized in 2016-17	\$109

Subsequent to the sale of Hydro One Brampton Network, a Brampton Distribution Holdco Inc., is no longer Government Business Enterprise (GBE) and is classified as an Other Government Organization and consolidated on a line-by-line basis.

13. Contingent Liabilities

Obligations Guaranteed by the Province

The authorized limit for loans guaranteed by the Province as at March 31, 2017, was \$1.4 billion (2015–16, \$1.4 billion). The outstanding loans guaranteed and other contingencies amounted to \$0.9 billion as at March 31, 2017 (2015–16, \$1.0 billion). A provision of \$1.8 million (2015–16, \$3.4 million), based on an estimate of the likely loss arising from guarantees under the Student Support Programs, has been reflected in these financial statements.

Ontario Nuclear Funds Agreement

Under ONFA, the Province is liable to make payments should the cost estimate for nuclear used fuel waste management rise above specified thresholds, for a fixed volume of used fuel. The likelihood and amount by which the cost estimate could rise above these thresholds cannot be determined at this time. The cost estimate will be updated periodically to reflect new developments in the management of nuclear used fuel waste.

As well, under ONFA, the Province guarantees a return of 3.25 per cent over the Ontario Consumer Price Index for the portion of the nuclear used fuel waste management segregated fund related to the fixed volume of used fuel. If the earnings on assets in that fund related to the fixed volume exceed the guaranteed rate, the Province is entitled to the excess.

Two agreements are in place to satisfy the Canadian Nuclear Safety Commission (CNSC) licensing requirements for financial guarantees in respect of OPG's nuclear station decommissioning and nuclear waste management obligations. One agreement gives the CNSC access (in prescribed circumstances) to the segregated funds established under ONFA. The other agreement between the Province and the CNSC provides a direct provincial guarantee to the CNSC on behalf of OPG. This guarantee relates to the portion of the decommissioning and waste management obligations not funded by the estimated value of ONFA funds as at January 1, 2013. In return, the Province receives from OPG an annual fee equal to 0.5 per cent of the value of the guarantee. The provincial guarantee, for up to \$1,551 million, is in effect from January 1, 2013, through the end of 2017, when the next reference plan for the CNSC is planned to be approved. In each of January 2016 and 2017, OPG paid a guarantee fee of \$8 million to the Province based on the guarantee amount of \$1,551 million.

Social Housing — Loan Insurance Agreements

For all non-profit housing projects in the provincial portfolio, the Province is liable to indemnify and reimburse the Canada Mortgage and Housing Corporation (CMHC) for any net costs, including any environmental liabilities, incurred as a result of project defaults through the Ministry of Municipal Affairs and Housing or the Ontario Mortgage and Housing Corporation.

At March 31, 2017, there were \$4.2 billion (2015–16, \$5.0 billion) of mortgage loans outstanding. As operating subsidies provided by the Province are sufficient to ensure that all mortgage payments can be made when due, default is unlikely. To date, there have been no claims for defaults on insured mortgage loans.

Claims Against the Crown

There are claims outstanding against the Crown, of which 66 (2015–16, 70) are for amounts over \$50 million. These claims arise from legal action, either in progress or threatened, in respect of Aboriginal land claims, breach of contract, damages to persons and property, and like items. The cost to the Province, if any, cannot be determined because the financial outcome of these actions is uncertain. For a detailed listing of claims against the ministries, refer to Volume 1, “Claims Against the Crown.”

On April 20, 2016, the Ontario Superior Court determined that Bill 115, the *Putting Students First Act, 2012*, was in contravention of the unions’ right to collective bargaining under the Charter of Rights and Freedoms. The Court did not impose a penalty on the Province, and directed that the parties attempt to negotiate a remedy. The impact on the 2015-16 consolidated financial statements of the related accrual was based on the Province’s best estimation of the remedy amount on information available, the extent of which was not disclosed given that agreements had not been reached with all applicant parties. At March 31, 2017, not all of the applicant parties have reached an agreement with the Crown. One of the applicant parties has subsequently returned to court to decide on the remedy amount.

Canadian Blood Services

The provincial and territorial governments of Canada have entered into a Canadian Blood Services Excess Insurance Captive Support Agreement (the “Captive Support Agreement”) with Canadian Blood Services (CBS) and Canadian Blood Services Captive Insurance Company Limited (CBSI), a wholly owned subsidiary of CBS. Under the Captive Support Agreement, each government indemnifies CBSI for its pro-rata share of any payments that CBSI becomes obliged to make under a comprehensive blood risks insurance policy it provides to CBS. The policy has an overall limit of \$750 million, which may cover settlements, judgments and defense costs. The policy is in excess of, and secondary to, a \$250 million comprehensive insurance policy underwritten by CBS Insurance Company Limited, a subsidiary of CBS. Given current populations, Ontario’s maximum potential liability under the Captive Support Agreement is approximately \$376 million. The Province is not aware of any proceedings that could lead to a claim against it under the Captive Support Agreement.

Legal Aid Ontario — Certificates

Legal Aid Ontario (LAO) issues certificates to individuals seeking legal aid assistance. Each certificate issued authorizes legal services to be performed within the tariff guidelines. At March 31, 2017, a potential \$58.3 million (2015–16, \$51.9 million) could still be incurred on certificates issued on or before March 31, 2017, over and above the billings received to date.

Contaminated Sites

The Province has identified contingent liabilities related to 126 sites (2015–16, 125 sites) that may have potential liabilities of \$364 million (2015–16, \$365 million). A liability has not been recorded for these sites at the financial reporting date because either the likelihood of the government becoming responsible for the site is not determinable, the amount of the liability cannot be estimated, or both.

General Real Estate Portfolio — Lease Obligation

Prior to the amalgamation of Stadium Corporation of Ontario Limited (STADCO) with Infrastructure Ontario and the Ontario Realty Corporation on June 6, 2011, all assets, liabilities and operations of STADCO were transferred to the General Real Estate Portfolio (GREP), including ground leases dated June 3, 1989, with Canada Lands Company (CLC) for the SkyDome Lands and the sublease to Rogers Stadium Limited Partnership (sub-tenant). Under the terms of the ground lease, GREP is responsible for base rent, realty taxes, utilities and certain operating costs, which are assumed by the sub-tenant under the terms of the sub-lease. In the event of a default by the sub-tenant, the potential financial impact to GREP is estimated to be the base rent, in the range of \$300 million to \$400 million annually, plus realty taxes, utilities and certain operating costs.

Collateral

The Province has entered into securities repurchase agreements and collateralized swap agreements with certain counterparties. Under the terms of those agreements, the Province may be required to pledge and/or receive assets relating to obligations to the counterparties. In the normal course of business, these pledged securities will be returned to the pledgor when there are no longer any outstanding obligations.

As at March 31, 2017, the Province pledged assets in the carrying amount of \$32 million (2015–16, \$33 million), which are included in Investments and/or Cash and Cash Equivalents.

14. Contractual Obligations

Contractual Obligations as at March 31 (\$ Millions)			Minimum Payments to be made in:					
	2017	2016	2018	2019	2020	2021	2022	2023 and thereafter
Transfer Payments	\$9,191	\$10,965	\$5,903	\$2,061	\$459	\$366	\$107	\$295
Alternative Financing Contracts	27,517	27,528	10,989	1,251	1,399	1,587	659	11,632
Ontario Power Generation	2,831	6,499	1,600	323	212	183	119	394
Leases	5,581	4,391	770	681	614	534	431	2,551
Construction Contracts	5,079	4,980	1,992	800	407	296	254	1,330
Other	13,127	8,987	6,809	1,116	897	765	758	2,782
Total Contractual Obligations	\$63,326	\$63,350	\$28,063	\$6,232	\$3,988	\$3,731	\$2,328	\$18,984

The Province has entered into a number of multiple-year alternative financing contracts for the construction of assets and delivery of services. The contractual obligations represent the unperformed capital and operating portion of the contracts and will become liabilities in the future when the terms of the contracts are met.

15. Trust Funds Under Administration

The following trust funds under administration are not included in the Consolidated Financial Statements of the Province.

The Workplace Safety and Insurance Board (WSIB) is responsible for administering the *Workplace Safety and Insurance Act, 1997*, which establishes a no-fault insurance scheme that provides benefits to workers who experience workplace injuries or illnesses.

The Public Guardian and Trustee for the Province of Ontario delivers a unique and diverse range of services that safeguard the legal, personal and financial interests of certain private individuals and estates. It also plays an important role in helping to protect charitable property in Ontario.

The Motor Vehicle Accident Claims Fund operates under the authority of the *Motor Vehicle Accident Claims Act*. The Act responds to claims that meet certain criteria. Currently, the fund provides two types of coverage: third-party bodily injury and property damage liability, and statutory accident benefits in accordance with legislated requirements.

The Pension Benefits Guarantee Fund (PBGF) provides protection, subject to specific maximums and specific exclusions, to Ontario members and beneficiaries of privately sponsored single-employer defined benefit pension plans in the event of plan sponsor insolvency. The PBGF is governed by the *Pension Benefits Act* and its Regulations, and is administered by the Superintendent of the Financial Services Commission of Ontario.

The Deposit Insurance Corporation of Ontario (DICO) was established under the *Credit Unions and Caisses Populaires Act, 1994*. DICO's role is to protect depositors of Ontario credit unions and caisses populaires from the loss of their deposits. Deposit insurance is part of a comprehensive depositor-protection program for all Ontario credit unions, which is backed by the *Credit Unions and Caisses Populaires Act, 1994*.

Summary financial information from the most recent financial statements of trust funds under administration is provided below. The financial statements of the WSIB, the Public Guardian and Trustee for the Province of Ontario and the Deposit Insurance Corporation of Ontario have been prepared in accordance with IFRS (see Volume 2 for additional detailed financial statements).

Workplace Safety and Insurance Board (WSIB)		
As at December 31		
(\$ Millions)	2016	2015
Assets	\$31,491	\$28,305
Liabilities	32,487	32,102
Deficiency of Assets	(996)	(3,797)
Unfunded liability attributable to WSIB stakeholders	(\$3,925)	(\$6,599)

Other Trust Funds				
As at March 31				
(\$ Millions)				
			2017	2016
	Assets	Liabilities	Fund Balance (Unfunded Liability)	Fund Balance (Unfunded Liability)
The Public Guardian and Trustee for the Province of Ontario	\$1,891	\$65	\$1,826	\$1,680
Motor Vehicle Accident Claims Fund	61	228	(167)	(166)
Pension Benefits Guarantee Fund	876	135	741	441
As at December 31	Assets	Liabilities	2016 Fund Balance	2015 Fund Balance
Deposit Insurance Corporation of Ontario	\$238	\$12	\$226	\$206

Unfunded liabilities of trusts under administration are not included in the Province's consolidated financial statements as it is intended that they will be discharged by external parties. The most recent financial statements of these trusts are reproduced in Volume 2.

16. Changes in Accounting Policy and **Reclassifications**

A. Pension Assets of Jointly Sponsored Pension Plans

The 2016–17 consolidated financial statements reflect a change in accounting for net pension assets of the Province's jointly sponsored pension plans, as compared to the 2015–16 consolidated financial statements. The change affects the Province's accounting for both the Ontario Teachers' Pension Plan (OTPP) and the Ontario Public Service Employees' Union Pension Plan (OPSEUPP).

As described in Public Sector Accounting Standards, a net pension asset arises when the government's total contributions to a plan, including income earned thereon, are greater than the cumulative retirement benefit expense recognized since the start of the plan. Contributions reflect the funding objectives of the plan. The benefit expense reflects the estimated cost of the pensions earned during the year that will be paid out to retirees in the future. Public Sector Accounting Standards requires the write-down of a net pension asset through recording a valuation allowance when the government is not entitled to fully benefit from the net pension asset.

Prior to 2015–16 the Province recorded pension assets to the extent that the government expected to benefit from the asset through future reductions in contributions to the plan.

In the 2015–16 consolidated financial statements, the Province legislated the accounting treatment for pension assets of OTPP and OPSEUPP in order to reflect the Auditor General of Ontario's view that a full valuation allowance was required based on the view that the government does not have a legally enforceable right to unilaterally access the assets of the jointly sponsored pension plans, or in absence of that right, an irrevocable agreement in place at year-end with the joint sponsors of the plans to reduce contributions. The legislation required that a full valuation allowance be recorded against the pension assets of OTPP and OPSEUPP, therefore writing down the value of the assets as at March 31, 2016 to nil.

After significant consultation, including consideration of the recommendations of the Pension Asset Expert Advisory Panel, the Province has confirmed that the accounting for its jointly sponsored pension plans prior to 2015–16 was appropriate and in accordance with Public Sector Accounting Standards. The 2016–17 consolidated financial statements reflect the confirmed accounting treatment and record pension assets on the same basis as used by the Province in preparing its consolidated financial statements prior to 2015–16.

For comparative purposes, the results for 2015–16 have been restated on a basis consistent with the 2016–17 financial statements. Therefore, the accounting for the OTPP and OPSEUPP is consistent for all periods presented, providing users of the financial statements comparable information for assessing the government's financial performance.

The effect of the accounting change on the 2015–16 comparative financial statements is a reduction of \$10.7 billion in the Province's reported net debt and accumulated deficit as of March 31, 2016, and a decrease in the reported 2015–16 annual deficit by \$1.5 billion.

B. Presentation of Revenues and Expenses for Hospitals, School Boards and Colleges

Effective April 1, 2016, the revenues and expenses of the hospitals, school boards and colleges are being consolidated in the Province's Consolidated Statement of Operations on a line-by-line basis.

With this change in presentation, third-party revenues of hospitals, school boards and colleges totaled \$8.2 billion (2015–16, \$7.8 billion) are no longer netted against the respective sector's expenses for reporting purposes. In addition, net interest on debt of \$591 million (2015–16, \$622 million) that was previously included in the respective sector's expenses is reported as interest on debt expense. This presentation change does not affect the Province's annual deficit or accumulated deficit. Comparative actual results for 2015–16 and the 2016–17 Budget have been restated or reclassified to reflect the revised line-by-line presentation on the Consolidated Statement of Operations in order to fully comply with PSAB standards.

C. Other Items

Other changes reflected in the 2016–17 consolidated financial statements include an accounting policy change for Independent Electricity System Operator (IESO), as well as reclassification of specified non-financial assets, including prepaid expenses and inventory supplies.

Net pension assets and employee future benefits are separately presented in 2016–17 Consolidated Statement of Financial Position. 2015–16 comparatives have been reclassified to conform with 2017 presentation.

In 2016, IESO changed its accounting policy regarding the recognition of market accounts assets and liabilities on its financial statements, and adopted rate-regulated accounting. The change was made to better reflect the assets and liabilities and amounts due to and from market participants held by IESO on behalf of IESO-administered markets at year-end. As this change was applied retroactively, IESO's 2015–16 comparative financial statements were also restated for comparative purposes. There is no impact on the accumulated deficit or revenue and expense as a result of recognizing the market accounts. The IESO's adoption of rate-regulated accounting resulted in a decrease of \$82 million in the 2016-17 opening accumulated deficit.

Prepaid expenses and inventory supplies classified as financial assets in prior years have been reclassified as non-financial assets.

Expenses are reclassified due to program transfers between ministries.

A summary of the restatements to the reported 2015-16 annual results is provided below.

Province of Ontario Consolidated Statement of Operations					
(\$ Millions)	2015-16 Reported	A	B	C	2015-16 Restated
Revenue					
Personal Income Tax	31,141	-	-	-	31,141
Sales Tax	23,455	-	-	-	23,455
Corporations Tax	11,428	-	-	-	11,428
Education Property Tax	5,839	-	-	-	5,839
Employer Health Tax	5,649	-	-	-	5,649
Ontario Health Premium	3,453	-	-	-	3,453
Gasoline and Fuel Taxes	3,210	-	-	-	3,210
Other Taxes	7,643	-	-	-	7,643
Total Taxation	91,818	-	-	-	91,818
Transfers from Government of Canada	22,857	-	284	-	23,141
Fees, Donations and Other Revenues from Hospitals, School Boards and Colleges	-	-	7,493	-	7,493
Income from Investment in Government Business Enterprises	4,909	-	-	-	4,909
Other	8,793	-	(6)	-	8,787
	128,377	-	7,771	-	136,148
Expense					
Health	51,067	-	3,934	-	55,001
Education	26,588	(1,480)	969	-	26,077
Children's and Social Services	15,555	-	-	(18)	15,537
Environment, Resources and Economic Development	12,612	-	-	(96)	12,516
Interest on Debt	10,967	-	622	-	11,589
Postsecondary and Training	7,634	-	2,246	22	9,902
Justice	4,549	-	-	(1)	4,548
General Government and Other	4,434	(34)	-	93	4,493
	133,406	(1,514)	7,771	-	139,663
Annual Deficit	(5,029)	1,514	-	-	(3,515)

Province of Ontario
Consolidated Statement of Financial Position

As at March 31 (\$ Millions)	2015–16 Reported	A	C	2015–16 Restated
Liabilities				
Accounts Payable and Accrued Liabilities	19,361	-	-	19,361
Debt	327,413	-	-	327,413
Other Long-Term Financing	14,145	-	-	14,145
Deferred Revenue and Capital Contributions	10,779	-	-	10,779
Pension and Other Employee Future Benefits	12,107	(10,668)	(1,439)	-
Other Employee Future Benefits	-	-	10,751	10,751
Other Liabilities	4,905	-	1,443	6,348
	388,710	(10,668)	10,755	388,797
Financial Assets				
Cash and Cash Equivalents	13,600	-	-	13,600
Investments	21,765	-	-	21,765
Accounts Receivable	11,059	-	-	11,059
Loans Receivable	11,545	-	-	11,545
Net Pension Asset	-	-	9,312	9,312
Other Assets	1,936	-	636	2,572
Investment in Government Business Enterprises	23,572	-	-	23,572
	83,477	-	9,948	93,425
Net Debt	(305,233)	10,668	(807)	(295,372)
Non-Financial Assets				
Tangible Capital Assets	102,536	-	-	102,536
Prepaid Expenses and Other Non-Financial Assets	-	-	807	807
	102,536	-	807	103,343
Accumulated Deficit	(202,697)	10,668	-	(192,029)

A summary of the reclassifications to the approved 2016–17 Budget for comparative purposes is provided below.

(\$ Millions)	Original 2016-17 Budget	B	C	Reclassified 2016-17 Budget
Revenue				
Personal Income Tax	32,167	-	-	32,167
Sales Tax	23,976	-	-	23,976
Corporations Tax	12,050	-	-	12,050
Employer Health Tax	6,007	-	-	6,007
Education Property Tax	5,834	-	-	5,834
Ontario Health Premium	3,604	-	-	3,604
Gasoline and Fuel Taxes	3,312	-	-	3,312
Other Taxes	4,869	-	-	4,869
Total Taxation	91,819	-	-	91,819
Transfers from Government of Canada	24,644	494	-	25,138
Fees, Donations and Other Revenues from Hospitals, School Boards and Colleges	-	7,404	-	7,404
Income from Investment in Government Business Enterprises	5,027	-	-	5,027
Other	9,099	(5)	-	9,094
	130,589	7,893	-	138,482
Expense				
Health	51,785	4,007	(6)	55,786
Education	25,184	909	-	26,093
Children's and Social Services	15,814	-	2	15,816
Environment, Resources and Economic Development	12,104	-	(2)	12,102
Interest on Debt	11,756	656	-	12,412
Postsecondary and Training	7,877	2,321	-	10,198
Justice	4,517	-	(1)	4,516
General Government and Other	4,858	-	7	4,865
	133,895	7,893	-	141,788
Reserve	1,000	-	-	1,000
Annual Deficit	(4,306)	-	-	(4,306)

D. Consolidation of OPG and Hydro One

Commencing April 1, 2016, the Province is accounting for the results for Hydro One Limited and Ontario Power Generation using the modified equity basis and IFRS (including IFRS 14). Previously, the Province had used Generally Accepted Accounting Principles in the United States (US GAAP), the accounting standards used by these entities in preparing their stand-alone financial statements, in applying the modified equity basis. Historically, the difference between IFRS and US GAAP with respect to the annual deficit of the Province was not material.

This change has resulted in an adjustment to the opening accumulated deficit and net debt of \$1,163 million (IFRS transitional impact \$683 million and Accumulated Other Comprehensive Loss \$480 million). The transitional adjustment is predominantly related to the difference in accounting for Asset Retirement Obligation and pension and other post-employment benefits.

17. Future Changes in Accounting Standards

(a) Recently Developed Standards

PSAB 3450 — Financial Instruments and PSAB 2601 — Foreign Currency Translation

PSAB has introduced new sections on Financial Instruments and Foreign Currency Translation that categorize items to be accounted for at either fair value, cost or amortized cost. Fair value measurement applies to derivatives and portfolio investments in equity instruments that are quoted in an active market. Other financial assets and financial liabilities will generally be measured at cost or amortized cost. Until an item is derecognized (for example, through disposition), any gains and losses arising due to changes in fair value (remeasurements) will be reported in the Statement of Remeasurement Gains and Losses. PSAB has agreed to further explore the views of stakeholders in the areas of hedge accounting. PSAB has extended the effective date of these standards until fiscal year 2019–20.

PSAB 2200 — Related Party Disclosures

PSAB has issued a new standard on Related Party Disclosures. This standard requires disclosure of related party transactions if they have a material financial effect on the Consolidated Financial Statements and only if those transactions occur at a value different from what would have been arrived at if the parties were unrelated. Transactions involving key management personnel and their close family members may be required to be disclosed if they meet certain criteria. The standard will be effective in the 2017–18 fiscal year. The Province is currently assessing the impact of this standard on its Consolidated Financial Statements.

PSAB 3420 — Inter-Entity Transactions

PSAB has issued a new standard on Inter-Entity Transactions. It establishes standards on how to account for and report transactions between public-sector entities that comprise a government's reporting entity from both a provider and recipient perspective. This standard covers recognition and measurement and references disclosure of information about Inter-Entity Transactions, in accordance with the Related Party Disclosure, Section PSAB 2200. The standard will be effective for the 2017–18 fiscal year. The Province is currently assessing the impact of this standard on its Consolidated Financial Statements.

PSAB 3210— Assets, PSAB 3320 — Contingent Assets and PSAB 3380 Contractual Rights

PSAB has issued three new standards: Assets — PSAB 3210, Contingent Assets — PSAB 3320 and Contractual Rights — PSAB 3380. They address the application of the definition and essential characteristics of assets and provide guidance on reporting contingent assets and contractual rights. These standards are effective in the 2017–18 fiscal year. The Province is currently assessing the impact of this standard on its Consolidated Financial Statements.

PSAB 3430 — Restructuring Transactions

PSAB has issued a new standard on restructuring transactions. It provides guidance on accounting for and reporting assets and liabilities transferred in restructuring transactions by both transferors and recipients. This standard is effective in fiscal year 2018–19 or earlier. The Province is currently assessing the impact of this standard on its Consolidated Financial Statements.

(b) Standards under Development

Concepts Underlying Financial Performance

PSAB is currently in the process of revisiting its conceptual framework, which establishes principles for the development of standards used for financial reporting by the public-sector entities in Canada. The conceptual framework is important to ensure that public sector standards appropriately reflect the economic substance of government transactions and to support transparency and accountability in public sector reporting. PSAB continues with stakeholder communication activities and is currently deliberating on comments received on its latest consultation paper. It is also developing a statement of principles focusing on measuring the financial performance of public sector entities, which will be approved in the fourth quarter of 2017.

Asset Retirement Obligations

On March 9, 2017, PSAB issued an Exposure Draft that proposes a new standard on asset retirement obligations. The Province is currently assessing the impact this proposed standard would have on its Consolidated Financial Statements.

Revenue

On May 1, 2017, PSAB issued an Exposure Draft that proposes a framework describing two categories of revenue: exchange and unilateral. The Province is currently assessing the impact this proposed standard would have on its Consolidated Financial Statements.

Public–Private Partnerships

PSAB is currently working on a project that addresses public–private partnerships, or alternative financing arrangements. A statement of principles is to be approved by PSAB in the third quarter of 2017.

Employment Benefits: Deferral Provisions in Sections PSAB 3250 and PSAB 3255

PSAB is developing a new, comprehensive section for the employment benefits handbook, which will replace existing sections PSAB 3250 and PSAB 3255. PSAB has issued the first of a series of invitations to comment.

18. Subsequent Events

Sale of Hydro One Shares

Subsequent to the Province's fiscal year end, on May 17, 2017, the Province sold 120,000,000 common shares of Hydro One Limited at \$23.25 per share through a final Hydro One public share offering, generating approximately \$2.8 billion in gross proceeds.

Subsequent to this sale, the Province owns 49.9 per cent of the outstanding common shares of Hydro One Limited.

Sale of 700 University Avenue

In April 2017, Ontario Power Generation sold its head office premises and associated parking facility located at 700 University Avenue and 40 Murray Street in Toronto, Ontario, resulting in an estimated after tax gain of \$280 million.

Hydro One Ltd., to acquire Avista Corporation (Avista)

On July 19 2017, Hydro One Ltd., announced an offer to acquire Avista, an electricity and gas utility based in Spokane, Washington for \$6.7 billion Canadian (USD \$5.3 billion).

Under terms of the deal announced, Hydro One Ltd., will issue common equity worth \$1.4 billion Canadian (USD \$1.12 billion), as well as USD \$2.6 billion in debt, to buy Avista for USD \$67 (USD \$53) in cash per common share, a 24 percent premium from the previous day's market close (Tuesday July 18, 2017). The deal is expected to close in the second half of 2018, subject to Avista common shareholder approval and certain regulatory and government approvals and clearances. The potential acquisition would dilute the Province's ownership by approximately 5 per cent.

19. Comparative Figures

The comparative figures have been reclassified as necessary to conform to the 2017 presentation.

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Schedule 1	Revenue by Source	[94]
Schedule 2	Revenue by Sector	[96]
Schedule 3	Expense by Sector	[98]
Schedule 4	Expense by Ministry	[100]
Schedule 5	Accounts Payable and Accrued Liabilities	[101]
Schedule 6	Accounts Receivable	[101]
Schedule 7	Loans Receivable	[102]
Schedule 8	Government Organizations	[104]
Schedule 9	Government Business Enterprises	[109]
Schedule 10	Broader Public Sector Organizations	[113]

Province of Ontario
Schedule 1: Revenue by Source

(\$ Millions)	2016-17 Budget ¹ (See Note 16)	2016-17 Actual	2015-16 Restated Actual (See Note 16)
Taxation			
Personal Income Tax	32,167	30,671	31,141
Sales Tax	23,976	24,750	23,455
Corporations Tax	12,050	14,872	11,428
Employer Health Tax	6,007	5,908	5,649
Education Property Tax	5,834	5,868	5,839
Ontario Health Premium	3,604	3,575	3,453
Land Transfer Tax	2,051	2,728	2,118
Gasoline Tax	2,522	2,626	2,459
Tobacco Tax	1,221	1,231	1,226
Fuel Tax	790	742	751
Beer and Wine Tax	611	590	582
Electricity Payments-In-Lieu of Taxes (Note 11)	515	334	3,247
Other Taxes	471	453	470
	91,819	94,348	91,818
Transfers from Government of Canada			
Canada Health Transfer	13,858	13,910	13,089
Canada Social Transfer	5,128	5,146	4,984
Equalization Payments	2,304	2,304	2,363
Infrastructure Programs	1,017	732	146
Labour Market Development Agreement	636	678	632
Social Housing	434	441	455
Direct Transfers to Hospitals, School Boards and Colleges	494	285	284
Indian Welfare Services Agreement	246	277	259
Job Fund Agreement	192	211	205
Bilingualism Development	83	88	85
Labour Market Agreement for Persons with Disabilities	76	76	76
Legal Aid Criminal	51	59	51
Youth Criminal Justice	52	52	52
Other	567	284	460
	25,138	24,543	23,141

Province of Ontario
Schedule 1: Revenue by Source (cont'd)

(\$ Millions)	2016-17 Budget ¹ (See Note 16)	2016-17 Actual	2015-16 Restated Actual (See Note 16)
Fees, Donations and Other Revenues from Hospitals, School Boards and Colleges (<i>Schedule 10</i>)	7,404	7,957	7,493
Income from Investment in Government Business Enterprises (<i>Schedule 9</i>)	5,027	5,567	4,909
Other			
Sales and Rentals	2,421	1,999	2,102
Vehicle and Driver Registration Fees	1,751	1,727	1,565
Power Supply Contract Recoveries (<i>Note 7</i>)	643	838	875
Other Fees and Licenses	768	763	743
Electricity Debt Retirement Charge	625	621	859
Royalties	287	272	274
Independent Electricity System Operation Revenue	219	211	221
Local Services Realignment	117	135	125
Net Reduction of Power Purchase Contracts (<i>Note 7</i>)	129	129	172
Miscellaneous	2,134	1,625	1,851
	9,094	8,320	8,787
Total Revenue	138,482	140,735	136,148

¹ Amounts reported as "Plan" in 2016 Budget, reclassified for presentation changes.

Province of Ontario
Schedule 2: Revenue by Sector

Sectors	Health ¹ (Restated — See Note 16)		Education ² (Restated — See Note 16)		Children's and Social Services ³		Environment, Resources and Economic Development ⁴	
	2017	2016	2017	2016	2017	2016	2017	2016
For the year ended March 31 (\$ Millions)								
Revenue								
Taxation (<i>Schedule 1</i>)	—	—	—	—	—	—	2	1
Transfers from Government of Canada (<i>Schedule 1</i>)	264	291	95	93	400	360	1,124	883
Fees, Donations and Other Revenues from Hospitals, School Boards and Colleges (<i>Schedule 10</i>)	4,071	3,914	1,389	1,341	—	—	—	—
Income from Investment in Government Business Enterprises (<i>Schedule 9</i>)	—	—	—	—	—	—	860	719
Other (<i>Schedule 1</i>)	203	232	38	32	56	88	4,628	4,020
Total	4,538	4,437	1,522	1,466	456	448	6,614	5,623

¹ Includes the activities of the Ministry of Health and Long-Term Care.

² Includes the activities of the Ministry of Education.

³ Includes the activities of the Ministries of Children and Youth Services, and Community and Social Services.

⁴ Includes the activities of the Ministries of Aboriginal Affairs; Agriculture, Food and Rural Affairs; Citizenship, Immigration and International Trade; Economic Development, Employment and Infrastructure/Research and Innovation; Energy; Environment and Climate Change; Labour; Municipal Affairs and Housing; Natural Resources and Forestry; Northern Development and Mines; Tourism, Culture and Sport; and Transportation.

Postsecondary and Training ⁵ (Restated — See Note 16)		Justice ⁶		General Government and Other ⁷		Total	
2017	2016	2017	2016	2017	2016	2017	2016
—	—	—	—	94,346	91,817	94,348	91,818
1,186	937	103	103	21,371	20,474	24,543	23,141
2,497	2,238	—	—	—	—	7,957	7,493
—	—	—	—	4,707	4,190	5,567	4,909
60	49	791	735	2,544	3,631	8,320	8,787
3,743	3,224	894	838	122,968	120,112	140,735	136,148

⁵ Includes the activities of the Ministry of Training, Colleges and Universities.

⁶ Includes the activities of the Ministries of Attorney General, and Community Safety and Correctional Services.

⁷ Includes the activities of the Ministries of Government and Consumer Services, Finance, the Board of Internal Economy, Executive Offices, the Office of Francophone Affairs and Treasury Board Secretariat.

Province of Ontario
Schedule 3: Expense by Sector¹

Sectors	Health ²		Education ³		Children's and Social Services ⁴		Environment, Resources and Economic Development ⁵	
For the year ended March 31 (\$ Millions)	2017	2016 (Restated — See Note 16)	2017	2016 (Restated — See Note 16)	2017	2016	2017	2016
Expense								
Transfer Payments ^{10,11}	25,724	25,215	1,643	1,404	15,182	14,674	6,243	5,949
Salaries and Wages	15,072	14,864	17,316	16,760	442	444	1,826	1,820
Interest on Debt	—	—	—	—	—	—	—	—
Services	4,415	4,169	1,589	1,536	200	230	1,397	1,499
Supplies and Equipment	4,967	4,862	2,122	2,068	8	9	203	228
Employee Benefits	2,612	2,574	2,497	2,411	70	69	342	346
Amortization of Tangible Capital Assets	1,672	1,594	1,132	1,063	36	36	2,011	1,868
Pensions and Employee Future Benefits (Note 6)	1,036	1,161	(257)	201	7	6	24	9
Power Supply Contract Costs	—	—	—	—	—	—	—	—
Transportation and Communication	197	198	14	14	20	19	111	130
Interest on Debt of Hospitals, School Boards and Colleges	—	—	—	—	—	—	—	—
Other	331	364	147	620	41	50	558	667
Total¹²	56,026	55,001	26,203	26,077	16,006	15,537	12,715	12,516

¹ The information in the sectors' columns represents activities of ministries and consolidated agencies after adjustments to eliminate transactions between sectors.

² Includes the activities of the Ministry of Health and Long-Term Care.

³ Includes the activities of the Ministry of Education.

⁴ Includes the activities of the Ministries of Children and Youth Services, and Community and Social Services.

⁵ Includes the activities of the Ministries of Aboriginal Affairs; Agriculture, Food and Rural Affairs; Citizenship, Immigration and International Trade; Economic Development, Employment and Infrastructure/Research and Innovation; Energy; Environment and Climate Change; Labour; Municipal Affairs and Housing; Natural Resources and Forestry; Northern Development and Mines; Tourism, Culture and Sport; and Transportation.

Postsecondary and Training ⁶		Justice ⁷		General Government and Other ⁸		Interest on Debt ⁹		Total	
2017	2016	2017	2016	2017	2016 (Restated — See Note 16)	2017	2016	2017	2016 (Restated — See Note 16)
5,787	5,747	439	446	810	813	—	—	55,828	54,248
2,204	2,128	2,330	2,321	954	948	—	—	40,144	39,285
—	—	—	—	—	—	11,370	11,217	11,370	11,217
747	678	967	977	375	380	—	—	9,690	9,469
274	253	166	165	39	38	—	—	7,779	7,623
260	256	318	306	145	122	—	—	6,244	6,084
281	277	16	15	67	61	—	—	5,215	4,914
196	190	26	20	1,004	1,012	—	—	2,036	2,599
—	—	—	—	838	875	—	—	838	875
68	65	121	96	39	43	—	—	570	565
						339	372	339	372
313	308	235	202	48	201	—	—	1,673	2,412
10,130	9,902	4,618	4,548	4,319	4,493	11,709	11,589	141,726	139,663

⁶ Includes the activities of the Ministry of Training, Colleges and Universities.

⁷ Includes the activities of the Ministries of Attorney General, and Community Safety and Correctional Services.

⁸ Includes the activities of the Ministries of Government Services and Consumer Services, Finance, the Board of Internal Economy, Executive Offices, the Office of Francophone Affairs and Treasury Board Secretariat.

⁹ Includes activities related to the management of the debt of the Province.

¹⁰ Health includes transfers of \$2,735 million (2015–16, \$2,587 million) to Community Care Access Centres.

¹¹ Children's and Social Services includes transfers of \$1,609 million (2015–16, \$1,504 million) to Children's Aid Societies.

¹² The comparative figures have been reclassified to conform to the 2016–2017 presentation.

Province of Ontario
Schedule 4: Expense by Ministry

(\$ Millions)	2016–17 Budget ¹ (See Note 16)	2016–17 Actual	2015–16 Restated Actual (See Note 16)
Aboriginal Affairs	77	129	79
Agriculture, Food and Rural Affairs	916	1,032	930
Attorney General	1,868	1,937	1,859
Board of Internal Economy	220	220	205
Children and Youth Services	4,346	4,379	4,242
Citizenship, Immigration and International Trade	221	176	169
Community and Social Services	11,470	11,627	11,295
Community Safety and Correctional Services	2,648	2,681	2,689
Economic Development, Employment and Infrastructure/Research and Innovation	1,796	1,235	1,134
Education	26,545	26,580	25,967
Teachers' Pension (Note 6)	(452)	(377)	110
Energy	393	920	1,232
Environment and Climate Change	531	523	503
Executive Offices	44	48	37
Finance	966	861	1,044
Interest on Debt	12,412	11,709	11,589
Municipal Partnership Fund	505	505	513
Power Supply Contract Costs	643	838	875
Government and Consumer Services	607	600	608
Health and Long-Term Care	55,786	56,026	55,001
Labour	309	308	304
Municipal Affairs and Housing	1,060	1,544	1,088
Natural Resources and Forestry	819	858	819
Northern Development and Mines	791	814	701
Francophone Affairs, Office of	6	5	8
Tourism, Culture and Sport	1,339	1,539	2,270
Training, Colleges and Universities	10,198	10,130	9,902
Transportation	3,850	3,637	3,287
Treasury Board Secretariat	322	240	216
Contingency Fund ²	1,200	–	–
Employee and Pensioner Benefits	1,152	1,002	987
Program Review Savings Target ³	–	–	–
Year-End Savings ³	(800)	–	–
Total Expense	141,788	141,726	139,663

¹ Amounts reported as "Plan" in 2016 Budget, reclassified for presentation changes.

² See glossary for definition.

³ For Budget purposes, these items were not allocated to individual ministries.

Province of Ontario
Schedule 5: Accounts Payable and Accrued Liabilities

As at March 31 (\$ Millions)	2017	2016
Transfer Payments	5,299	4,825
Interest on Debt	3,424	3,610
Salaries, Wages and Benefits	3,024	2,917
Other	8,501	8,009
Total Accounts Payable and Accrued Liabilities	20,248	19,361

Province of Ontario
Schedule 6: Accounts Receivable

As at March 31 (\$ Millions)	2017	2016
Taxes	5,881	6,579
Transfer Payments ¹	605	597
Other Accounts Receivable ²	5,018	4,337
	11,504	11,513
Less: Allowance for Doubtful Accounts ³	(1,209)	(1,226)
	10,295	10,287
Government of Canada	897	772
Total Accounts Receivable	11,192	11,059

¹ The Transfer Payment receivable consists primarily of recoverables of \$587 million (2015–16, \$573 million) for the Ontario Disability Support Program — Financial Assistance.

² Other Accounts Receivable includes trade receivables.

³ The Allowance for Doubtful Accounts includes a provision of \$494 million (2015–16, \$493 million) for the Ontario Disability Support Program — Financial Assistance.

Province of Ontario
Schedule 7: Loans Receivable

As at March 31 (\$ Millions)	2017	2016
Government Business Enterprises ¹	3,479	3,499
Municipalities ²	5,749	5,407
Students ³	2,820	2,655
Industrial and Commercial ⁴	510	554
Pension Benefit Guarantee Fund ⁵	187	198
Universities ⁶	8	14
Other ⁷	286	508
	13,039	12,835
Unamortized Concession Discounts ⁸	(224)	(262)
Allowance for Doubtful Accounts ⁹	(947)	(1,028)
Total Loans Receivable	11,868	11,545

¹ Loans to government business enterprises bear interest at rates of 2.32 per cent to 6.33 per cent (2015–16, 2.32 per cent to 6.33 per cent).

² Loans to municipalities bear interest at rates of up to 10 per cent (2015–16, 10.00 per cent).

³ Loans to students bear interest at rates of 2.70 per cent to 3.70 per cent (2015–16, 0.99 per cent to 3.85 per cent).

⁴ Loans to industrial and commercial enterprises bear interest at rates of up to 6.30 per cent (2015–16, 6.30 per cent).

⁵ The loan to the Pension Benefit Guarantee Fund is interest-free.

⁶ Loans to universities are mortgages bearing interest at rates of 2.77 per cent to 7.00 per cent (2015–16, 2.77 per cent to 7.00 per cent).

⁷ Loans to other include loan for MaRS Phase 2 of \$90 million (2015–16, \$290 million) and loans to electricity sector union trusts of \$108 million (2015–16, \$111 million).

⁸ Unamortized concession discounts related to loans made to municipalities of \$55 million (2015–16, \$75 million), loans to the Pension Benefit Guarantee Fund of \$92 million (2015–16, \$97 million) and loans to industrial and commercial enterprises and other of \$78 million (2015–16, \$90 million).

⁹ Allowance for doubtful accounts related to loans made to students of \$632 million (2015–16, \$616 million), municipalities nil (2015–16, \$69 million), industrial and commercial enterprises and other of \$219 million (2015–16, \$242 million) and the Pension Benefit Guarantee Fund of \$95 million (2015–16, \$101 million).

Repayment Terms As at March 31 (\$ Millions)	Principal Repayment	
	2017	2016
Years to Maturity		
1 year	2,321	1,511
2 years	966	1,639
3 years	1,217	820
4 years	1,060	1,211
5 years	785	915
1–5 years	6,349	6,096
6–10 years	2,977	2,542
11–15 years	1,086	1,512
16–20 years	642	585
21–25 years	381	352
Over 25 years	1,370	1,591
Subtotal	12,805	12,678
No fixed maturity	234	157
Total	13,039	12,835

Province of Ontario

Schedule 8: Government Organizations¹

Government Business Enterprises ²	Responsible Ministry
Brampton Distribution Holdco Inc.	Energy
Hydro One Limited	Energy
Liquor Control Board of Ontario	Finance
Ontario Lottery and Gaming Corporation	Finance
Ontario Power Generation Inc.	Energy
Other Government Organizations ²	Responsible Ministry
Agricorp	Agriculture, Food and Rural Affairs
Agricultural Research Institute of Ontario	Agriculture, Food and Rural Affairs
Algonquin Forestry Authority	Natural Resources and Forestry
Cancer Care Ontario	Health and Long-Term Care
Education Quality and Accountability Office	Education
eHealth Ontario	Health and Long-Term Care
Forest Renewal Trust	Natural Resources and Forestry
General Real Estate Portfolio	Economic Development, Employment and Infrastructure/Research and Innovation
Independent Electricity System Operator	Energy
Legal Aid Ontario	Attorney General
Local Health Integration Networks	
Central East Local Health Integration Network	Health and Long-Term Care
Central Local Health Integration Network	Health and Long-Term Care
Central West Local Health Integration Network	Health and Long-Term Care
Champlain Local Health Integration Network	Health and Long-Term Care
Erie St. Clair Local Health Integration Network	Health and Long-Term Care
Hamilton Niagara Haldimand Brant Local Health Integration Network	Health and Long-Term Care
Mississauga Halton Local Health Integration Network	Health and Long-Term Care
North East Local Health Integration Network	Health and Long-Term Care
North Simcoe Muskoka Local Health Integration Network	Health and Long-Term Care
North West Local Health Integration Network	Health and Long-Term Care
South East Local Health Integration Network	Health and Long-Term Care
South West Local Health Integration Network	Health and Long-Term Care
Toronto Central Local Health Integration Network	Health and Long-Term Care
Waterloo Wellington Local Health Integration Network	Health and Long-Term Care
Metrolinx	Transportation
Metropolitan Toronto Convention Centre Corporation	Tourism, Culture and Sport
Niagara Parks Commission	Tourism, Culture and Sport
Northern Ontario Heritage Fund Corporation	Northern Development and Mines
Ontario Agency for Health Protection and Promotion (Public Health Ontario)	Health and Long-Term Care
Ontario Capital Growth Corporation	Economic Development, Employment and Infrastructure/Research and Innovation
Ontario Clean Water Agency	Environment and Climate Change
Ontario Educational Communications Authority (TVO)	Education
Ontario Electricity Financial Corporation	Finance
Ontario Energy Board	Energy
Ontario Financing Authority	Finance
Ontario French-Language Educational Communications Authority (TFO)	Education
Ontario Immigrant Investor Corporation	Economic Development, Employment and Infrastructure/Research and Innovation

¹ The schedule of government organizations is updated on an annual basis to reflect any amalgamations or dissolutions of consolidated organizations in the year. This listing represents all consolidated organizations included in the Province's financial statements as at March 31, 2017. Other controlled organizations that do not meet the consolidation threshold of materiality and cost-benefit (per PSAB standards), such as Children's Aid Societies and Community Care Access Centres, are instead reflected as government transfer payment expense in these financial statements through the accounts of the ministries responsible for them.

² The most recent audited financial statements of these organizations are included in the Annual Report, Volume 2.

Province of Ontario

Schedule 8: Government Organizations¹

Other Government Organizations ² (cont'd)	Responsible Ministry (cont'd)
Ontario Infrastructure and Lands Corporation (Infrastructure Ontario)	Economic Development, Employment and Infrastructure/Research and Innovation
Ontario Mortgage and Housing Corporation	Municipal Affairs and Housing
Ontario Northland Transportation Commission	Northern Development and Mines
Ontario Place Corporation	Tourism, Culture and Sport
Ontario Securities Commission	Finance
Ontario Tourism Marketing Partnership Corporation	Tourism, Culture and Sport
Ontario Trillium Foundation	Tourism, Culture and Sport
Omge	Health and Long-Term Care
Ottawa Convention Centre Corporation	Tourism, Culture and Sport
Province of Ontario Council for the Arts (Ontario Arts Council)	Tourism, Culture and Sport
The Centennial Centre of Science and Technology (Ontario Science Centre)	Tourism, Culture and Sport
The Royal Ontario Museum	Tourism, Culture and Sport
Toronto Organizing Committee for the 2015 Pan American and Parapan American Games (Toronto 2015)	Tourism, Culture and Sport
Toronto Waterfront Revitalization Corporation (Waterfront Toronto) ³	Economic Development, Employment and Infrastructure/Research and Innovation
Transmission Corridor Program	Economic Development, Employment and Infrastructure/Research and Innovation
Broader Public Sector Organizations	
<i>Public Hospitals — Ministry of Health and Long-Term Care</i>	
Alexandra Hospital Ingersoll	Grand River Hospital
Alexandra Marine & General Hospital	Grey Bruce Health Services
Almonte General Hospital	Groves Memorial Community Hospital
Anson General Hospital	Guelph General Hospital
Amprior Regional Health	Haldimand War Memorial Hospital
Atikokan General Hospital	Haliburton Highlands Health Services Corporation
Baycrest Centre for Geriatric Care	Halton Healthcare Services Corporation
Bingham Memorial Hospital	Hamilton Health Sciences Corporation
Bluewater Health	Hanover & District Hospital
Brant Community Healthcare System	Headwaters Health Care Centre
Brockville General Hospital	Health Sciences North
Bruyère Continuing Care Inc.	Holland Bloorview Kids Rehabilitation Hospital
Cambridge Memorial Hospital	Hôpital Général de Hawkesbury and District General Hospital Inc.
Campbellford Memorial Hospital	Hôpital Glengarry Memorial Hospital
Carleton Place and District Memorial Hospital	Hôpital Montfort
Casey House Hospice	Hôpital Notre Dame Hospital (Hearst)
Chatham-Kent Health Alliance	Hornepayne Community Hospital
Children's Hospital of Eastern Ontario	Hospital for Sick Children
Clinton Public Hospital	Hôtel-Dieu Grace Healthcare
Collingwood General and Marine Hospital	Hôtel-Dieu Hospital, Cornwall
Cornwall Community Hospital	Humber River Regional Hospital
Deep River and District Hospital Corporation	Joseph Brant Hospital
Dryden Regional Health Centre	Kemptville District Hospital
Englehart and District Hospital Inc.	Kingston General Hospital
Espanola General Hospital	Kirkland and District Hospital
Four Counties Health Services	Lady Dunn Health Centre
Georgian Bay General Hospital	Lady Minto Hospital at Cochrane
Geraldton District Hospital	Lake of the Woods District Hospital
	Lakeridge Health

³ Toronto Waterfront Revitalization Corporation (Waterfront Toronto) is a government partnership with the Province having one-third interest.

Province of Ontario

Schedule 8: Government Organizations¹

Public Hospitals — Ministry of Health and Long-Term Care (cont'd)

Leamington District Memorial Hospital	Sinai Health System
Lennox and Addington County General Hospital	Sioux Lookout Meno-Ya-Win Health Centre
Listowel Memorial Hospital	Smooth Rock Falls Hospital
London Health Sciences Centre	South Bruce Grey Health Centre
Mackenzie Health	South Huron Hospital Association
Manitoulin Health Centre	Southlake Regional Health Centre
Manitouwadge General Hospital	St. Francis Memorial Hospital
Markham Stouffville Hospital	St. Joseph's Care Group
Mattawa General Hospital	St. Joseph's Continuing Care Centre of Sudbury
Muskoka Algonquin Healthcare	St. Joseph's General Hospital, Elliot Lake
Niagara Health System	St. Joseph's Health Care, London
Nipigon District Memorial Hospital	St. Joseph's Health Centre (Guelph)
Norfolk General Hospital	St. Joseph's Health Centre (Toronto)
North Bay Regional Health Centre	St. Joseph's Healthcare Hamilton
North Shore Health Network	St. Mary's General Hospital
North of Superior Healthcare Group	St. Mary's Memorial Hospital
North Wellington Health Care Corporation	St. Michael's Hospital
North York General Hospital	St. Thomas - Elgin General Hospital
Northumberland Hills Hospital	Stevenson Memorial Hospital
Orillia Soldiers' Memorial Hospital	Stratford General Hospital
Ottawa Hospital	Strathroy Middlesex General Hospital
Pembroke Regional Hospital Inc.	Sunnybrook Health Sciences Centre
Perth and Smiths Falls District Hospital	Temiskaming Hospital
Peterborough Regional Health Centre	Thunder Bay Regional Health Sciences Centre
Providence Care Centre (Kingston)	Tillsonburg District Memorial Hospital
Providence Healthcare	Timmins and District Hospital
Queensway-Carleton Hospital	Toronto East Health Network
Quinte Healthcare Corporation	Trillium Health Partners
Red Lake Margaret Cochenour Memorial Hospital Corporation	University Health Network
Religious Hospitaliers of St. Joseph of the Hôtel Dieu of Kingston	University of Ottawa Heart Institute
Religious Hospitaliers of St. Joseph of the Hôtel Dieu of St. Catharines	Weeneebayko Area Health Authority
Renfrew Victoria Hospital	West Haldimand General Hospital
Riverside Health Care Facilities Inc.	West Nipissing General Hospital
Ross Memorial Hospital	West Park Healthcare Centre
Rouge Valley Health System	West Parry Sound Health Centre
Royal Victoria Regional Health Centre	William Osler Health System
Runnymede Healthcare Centre	Winchester District Memorial Hospital
Salvation Army Toronto Grace Health Centre	Windsor Regional Hospital
Sault Area Hospital	Wingham and District Hospital
Scarborough Hospital	Women's College Hospital
Seaforth Community Hospital	Woodstock General Hospital Trust
Sensenbrenner Hospital	
Services de santé de Chapleau Health Services	

Specialty Psychiatric Hospitals — Ministry of Health and Long-Term Care

Centre for Addiction and Mental Health	Royal Ottawa Health Care Group
Ontario Shores Centre for Mental Health Sciences	Waypoint Centre for Mental Health Care

Province of Ontario

Schedule 8: Government Organizations¹

School Boards — Ministry of Education

Algoma District School Board	Lambton Kent District School Board
Algonquin and Lakeshore Catholic District School Board	Limestone District School Board
Avon Maitland District School Board	London District Catholic School Board
Bloorview MacMillan School Authority	Moose Factory Island District School Area Board
Bluewater District School Board	Moosonee District School Area Board
Brant Haldimand Norfolk Catholic District School Board	Near North District School Board
Bruce-Grey Catholic District School Board	Niagara Catholic District School Board
Campbell Children's School Authority	Niagara Peninsula Children's Centre School Authority
Catholic District School Board of Eastern Ontario	Nipissing-Parry Sound Catholic District School Board
Conseil des écoles publiques de l'Est de l'Ontario	Northeastern Catholic District School Board
Conseil scolaire catholique Providence	Northwest Catholic District School Board
Conseil scolaire de district catholique Centre-Sud	Ottawa Catholic District School Board
Conseil scolaire de district catholique de l'Est ontarien	Ottawa Children's Treatment Centre School Authority
Conseil scolaire de district catholique des Aurores boréales	Ottawa-Carleton District School Board
Conseil scolaire de district catholique des Grandes Rivières	Peel District School Board
Conseil scolaire de district catholique du Centre-Est de l'Ontario	Penetanguishene Protestant Separate School Board
Conseil scolaire de district catholique du Nouvel-Ontario	Peterborough Victoria Northumberland and Clarington Catholic District School Board
Conseil scolaire de district catholique Franco-Nord	Rainbow District School Board
Conseil scolaire de district du Grand Nord de l'Ontario	Rainy River District School Board
Conseil scolaire de district du Nord-Est de l'Ontario	Renfrew County Catholic District School Board
Conseil scolaire Viamonde	Renfrew County District School Board
District School Board of Niagara	Simcoe County District School Board
District School Board Ontario North East	Simcoe Muskoka Catholic District School Board
Dufferin-Peel Catholic District School Board	St. Clair Catholic District School Board
Durham Catholic District School Board	Sudbury Catholic District School Board
Durham District School Board	Superior North Catholic District School Board
Grand Erie District School Board	Superior-Greenstone District School Board
Greater Essex County District School Board	Thames Valley District School Board
Halton Catholic District School Board	Thunder Bay Catholic District School Board
Halton District School Board	Toronto Catholic District School Board
Hamilton-Wentworth Catholic District School Board	Toronto District School Board
Hamilton-Wentworth District School Board	Trillium Lakelands District School Board
Hastings and Prince Edward District School Board	Upper Canada District School Board
Huron-Perth Catholic District School Board	Upper Grand District School Board
Huron-Superior Catholic District School Board	Waterloo Catholic District School Board
James Bay Lowlands Secondary School Board	Waterloo Region District School Board
John McGivney Children's Centre School Authority	Wellington Catholic District School Board
Kawartha Pine Ridge District School Board	Windsor-Essex Catholic District School Board
Keewatin-Patricia District School Board	York Catholic District School Board
Kenora Catholic District School Board	York Region District School Board
KidsAbility School Authority	
Lakehead District School Board	

Province of Ontario
Schedule 8: Government Organizations¹

Colleges — Ministry of Training Colleges and Universities

Algonquin College of Applied Arts and Technology	Humber College Institute of Technology and Advanced Learning
Cambrian College of Applied Arts and Technology	Lambton College of Applied Arts and Technology
Canadore College of Applied Arts and Technology	Loyalist College of Applied Arts and Technology
Centennial College of Applied Arts and Technology	Mohawk College of Applied Arts and Technology
Collège Boréal d'arts appliqués et de technologie	Niagara College of Applied Arts and Technology
Collège d'arts appliqués et de technologie La Cité collégiale	Northern College of Applied Arts and Technology
Conestoga College Institute of Technology and Advanced Learning	Sault College of Applied Arts and Technology
Confederation College of Applied Arts and Technology	Seneca College of Applied Arts and Technology
Durham College of Applied Arts and Technology	Sheridan College Institute of Technology and Advanced Learning
Fanshawe College of Applied Arts and Technology	Sir Sandford Fleming College of Applied Arts and Technology
George Brown College of Applied Arts and Technology	St. Clair College of Applied Arts and Technology
Georgian College of Applied Arts and Technology	St. Lawrence College of Applied Arts and Technology

Province of Ontario
Schedule 9: Government Business Enterprises¹

Summary financial information of Government Business Enterprises is provided below.

For the year ended March 31, 2017 (\$ Millions)	Hydro One Limited ²	Brampton Distribution Holdco Inc.	Liquor Control Board of Ontario	Ontario Lottery and Gaming Corporation	Ontario Power Generation Inc.	Total
Assets						
Cash and Temporary Investments	23	–	325	475	220	1,043
Accounts Receivable	943	–	76	151	802	1,972
Inventories	–	–	477	30	731	1,238
Prepaid Expenses	–	–	28	48	–	76
Long-term Investments	–	–	–	112	–	112
Fixed Assets	18,820	–	397	1,103	19,807	40,127
Other Assets	5,943	–	–	2	21,203	27,148
Total Assets	25,729	–	1,303	1,921	42,763	71,716
Liabilities						
Accounts Payable	1,092	–	715	335	1,223	3,365
Notes Payable	451	–	–	–	–	451
Deferred Revenue	–	–	–	11	323	334
Long-Term Debt	10,682	–	108	61	5,805	16,656
Other Liabilities	3,363	–	–	275	21,884	25,522
Total Liabilities	15,588	–	823	682	29,235	46,328
Net Assets before Non-Controlling Interest	10,141	–	480	1,239	13,528	25,388
Non-controlling Interest	(2,976)	–	–	–	(143)	(3,119)
Net Assets after Non-Controlling Interest (NCI)	7,165	–	480	1,239	13,385	22,269
Revenue	4,570	553	5,967	7,484	5,343	23,917
Expenses	4,070	535	3,618	5,126	5,001	18,350
Net Income	500	18	2,349	2,358	342	5,567

Province of Ontario
Schedule 9: Government Business Enterprises¹ (cont'd)

Summary financial information of Government Business Enterprises is provided below.

For the year ended March 31, 2017 (\$ Millions)	Hydro One Limited ²	Brampton Distribution Holdco Inc.	Liquor Control Board of Ontario	Ontario Lottery and Gaming Corporation	Ontario Power Generation Inc.	Total
Net Assets at Beginning of Year	8,347	471	437	1,312	13,005	23,572
IFRS Transitional impact	87	–	–	–	(770)	(683)
Book value of Brampton Holdco Inc. Sold (Note 12)	–	(436)	–	–	–	(436)
Book value of Brampton Holdco Inc. Transfer (Note 12)	–	(53)	–	–	–	(53)
Increase in Fair Value of Ontario Nuclear Funds (Note 10)	–	–	–	–	1,094	1,094
Book Value of Hydro One Shares Sold (Note 11)	(1,321)	–	–	–	–	(1,321)
Remittances from (to) Consolidated Revenue Fund	(368)	–	(2,306)	(2,431)	–	(5,105)
Net Assets Before Accumulated Other Comprehensive Loss (AOCI)	7,245	–	480	1,239	13,671	22,635
AOCI at Beginning of Year	(89)	–	–	–	(391)	(480)
Other Comprehensive Income (Loss)	9	–	–	–	105	114
AOCI at Year End	(80)	–	–	–	(286)	(366)
Net Assets	7,165	–	480	1,239	13,385	22,269

¹ Amounts reported using IFRS.

² As at March 31, 2017, the Province owned approximately 70 per cent of Hydro One Limited.

Province of Ontario**Schedule 9: Government Business Enterprises¹ (cont'd)**

Material balances with entities included in the Government's reporting entity reported in the Consolidated Statement of Financial Position

As at March 31		
(\$ Millions)	2017	2016
Financial Assets	567	712
Debts	3,445	3,465
Other Liabilities	212	239

Repayment schedule for long-term debts contracted with third parties

As at March 31	Payments to be made in:							
	2017	2016	2018	2019	2020	2021	2022	2023 and thereafter
Hydro One Limited	10,671	10,671	602	981	503	1,153	603	6,829
Ontario Power Generation	2,021	2,224	3	3	3	228	3	1,781
Total	12,692	12,895	605	984	506	1,381	606	8,610

Brampton Distribution Holdco Inc.

The principal business of Brampton Distribution Holdco Inc. was the ownership, operation and management of electricity distribution systems and facilities.

On February 28th, 2017, the Province, through Brampton Distribution Holdco Inc., sold its entire interest in Hydro One Brampton, through a sale of shares, to a merged entity, Alectra Utilities Corporation "(Alectra)". Subsequent to the sale of Hydro One Brampton Network, Brampton Distribution Holdco Inc., is no longer a Government Business Enterprise (GBE) and is classified as an Other Government Organization and consolidated on a line-by-line basis.

Hydro One Limited

The principal business of Hydro One Limited is the transmission and distribution of electricity to customers within Ontario. It is regulated by the Ontario Energy Board.

Liquor Control Board of Ontario

The Liquor Control Board of Ontario regulates the purchase, sale and distribution of liquor for home consumption and liquor sales to licensed establishments through Liquor Control Board stores, Brewers Retail stores and winery retail stores throughout Ontario. The Board buys wine and liquor products for resale to the public, tests all products sold and establishes prices for beer, wine and spirits.

Ontario Lottery and Gaming Corporation

The Corporation conducts lottery games and operates commercial casinos, charity casinos and slot machines at Ontario racetracks.

Ontario Power Generation Inc.

The principal business of Ontario Power Generation Inc. is the generation and sale of electricity in the Ontario wholesale market and in the interconnected markets of Quebec, Manitoba and the northeast and midwest United States.

Province of Ontario
Schedule 10: Fees, Donations and Other Revenues from Hospitals, School Boards and Colleges

Sectors	Hospitals		School Boards		Colleges		Total	
For the year ended March 31 (\$ Millions)	2017	2016	2017	2016	2017	2016	2017	2016
Fees	1,621	1,390	259	230	1,935	1,715	3,815	3,335
Ancillary Services	466	440	547	556	299	294	1,312	1,290
Grants and Donations for Research and Other Purposes	819	1,002	18	21	51	16	888	1,039
Sales and Rentals	365	327	107	118	64	43	536	488
Recognition of Deferred Capital Contributions	404	383	6	5	43	44	453	432
Miscellaneous	395	372	452	411	106	126	953	909
Total	4,070	3,914	1,389	1,341	2,498	2,238	7,957	7,493

GLOSSARY

Note: The descriptions of the terms in the glossary are provided for the purpose of assisting readers of the 2016–17 Annual Report. The descriptions do not affect or alter the meaning of any term under law. The glossary does not form part of the audited consolidated financial statements.

Accumulated Amortization: the total amortization that has been recorded over the life of an asset to date. The asset's total cost less the accumulated amortization gives the asset's net book value.

Accumulated Deficit: the difference between liabilities and assets. It represents the total of all past annual deficits minus all past annual surpluses, including prior-period adjustments.

Amortization: expensing a portion of an asset's cost in an accounting period by allocating its cost over its estimated useful life. This is applicable to tangible capital assets and items such as expenses relating to a debt issue.

Appropriation: an authority of the Legislative Assembly to pay money out of the Consolidated Revenue Fund or to incur a non-cash expense.

Annual Report: the Consolidated Financial Statements of the Province along with supporting statements and schedules.

Broader Public Sector (BPS): public hospitals, specialty psychiatric hospitals, school boards and colleges. For financial statement purposes, universities and other organizations such as municipalities are excluded because they do not meet the criteria of government organizations as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Canada Health Transfer (CHT): a federal transfer provided to each province and territory in support of health care.

Canada Social Transfer (CST): a federal transfer provided to each province and territory in support of post-secondary education, social assistance and social services, including early childhood development, early learning and child care.

Capital Gain: the profit arising from the sale or transfer of capital assets or investments. For accounting purposes, it is the proceeds or market value received less the net book value of the capital asset or investment.

Capital Lease: a lease that, from the point of view of the lessee, transfers substantially all the benefits and risks incident to ownership of property to the lessee.

Consolidated Revenue Fund (CRF): the aggregate of all public monies on deposit to the credit of the Minister of Finance or in the name of any agency of the Crown approved by the Lieutenant Governor in Council. Payments made from the CRF must be appropriated by a statute. See Appropriation.

Consolidation: the inclusion of the financial results of government-controlled organizations in the Province's consolidated financial statements.

Consumer Price Index (CPI): a broad measure of the cost of living. Through the monthly CPI, Statistics Canada tracks the retail price of a representative shopping basket of goods and services from an average household's expenditure: food, housing, transportation, furniture, clothing, and recreation. The percentage of the total basket that any item occupies is termed the "weight" and reflects typical consumer spending patterns. Since people tend to spend more on food than clothing, changes in the price of food have a bigger impact on the index than, for example, changes in the price of clothing and footwear.

Contingency Fund: an amount of expense that is approved by the Legislative Assembly at the beginning of the year to cover higher spending due to unforeseen events. This approved spending limit is allocated during the year to ministries for their programs and activities. The actual costs incurred are charged to the respective programs and activities and not to the contingency fund. Therefore, the contingency fund as at the end of the Province's fiscal year is nil. See Reserve.

Contingent Liabilities: possible obligations that may result in the future sacrifice of economic benefits arising from existing conditions or situations involving uncertainty, which will ultimately be resolved when one or more future events not wholly within the government's control occur or fail to occur. Resolution of the uncertainty will confirm the incurrence or non-incurrence of a liability.

Contractual Obligations: obligations of a government to others that will become liabilities when the terms of any contract or agreement, which the government had entered into, are met.

Debenture: a debt instrument where the issuer promises to pay interest and repay the principal by the maturity date. It is unsecured, meaning there is no lien on any specific asset.

Debt: an obligation resulting from the borrowing of money.

Deferred Capital Contribution: the unamortized portion of tangible capital assets or liabilities to construct or acquire tangible capital assets from specific funding received from other levels of government or third parties. Deferred capital contribution is recorded in revenue over the estimated useful life of the underlying tangible capital assets once constructed or acquired by the Province.

Deferred Revenue: unspent externally restricted grants from other levels of government and third parties for operating activities. Deferred revenues are recorded into revenue in the period in which the amount received is used for the purposes specified.

Deficit: the amount by which government expenses exceed revenues in any given year. On a forecast basis, a reserve may be included.

Derivatives: financial contracts that derive their value from other underlying instruments. The Province uses derivatives including swaps, forward foreign exchange contracts, forward rate agreements, futures and options to hedge and minimize interest costs.

Expected Average Remaining Service Life: total number of years of future services expected to be rendered by that group of employees divided by the number of employees in the group.

Fair Value: the price that would be agreed upon in an arm's-length transaction and in an open market between knowledgeable, willing parties who are under no compulsion to act. It is not the effect of a forced or liquidation sale.

Financial Assets: assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets include cash; an asset that is convertible to cash; a contractual right to receive cash or another financial asset from another party; a temporary or portfolio investment; a financial claim on an outside organization or individual; and inventory.

Financial Instrument: liquid asset, equity security in an entity, or a contract that gives rise to a financial asset of one contracting party and a financial liability or equity instrument of the other contracting party.

Fiscal Plan: an outline of the government's consolidated revenue and expense plan for the upcoming fiscal year and the medium term, including information on the projected surplus/deficit. The plan is formally presented in the Budget, which the government presents in the spring of each year and is updated, as required, during the year. The fiscal plan numbers can be different from the expenditures outlined in the Printed Estimates.

Fiscal Year: the Province of Ontario's fiscal year runs from April 1 of a year to March 31 of the following year.

Floating Rate Notes (FRNs): debt instruments that bear a variable rate of interest.

Forgivable Loan: advances where the terms and conditions of the loan agreement allow for the non-repayment of the principal or accrued interest when certain conditions are met.

Forward Contract: a contract that obligates one party to buy, and another party to sell, a specified amount of a particular asset at a specified price, on a given date in the future.

Forward Rate Agreement: a forward contract that specifies the rate of interest, usually short term, to be paid or received on an obligation beginning at a future start date.

Fund: fiscal and accounting entity segregated for the purpose of carrying on specific activities, or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Futures: an exchange-traded contract that confers an obligation to buy or sell a physical or financial commodity at a specified price and amount on a future date.

Gross Domestic Product (GDP): the total unduplicated value of the goods and services produced in the economy of a country or region during a given period, such as a quarter or a year. Gross domestic product can be measured three ways: as total income earned in current production, as total final expenditures or as total net value added in current production.

Hedging: a strategy to minimize the risk of loss on an asset (or a liability) from market fluctuations such as interest rate or foreign exchange rate changes. This is accomplished by entering into offsetting commitments with the expectation that a future change in the value of the hedging instrument will offset the change in the value of the asset (or the liability).

Indemnity: an agreement whereby one party agrees to compensate another party for any loss suffered by that party. The Province can either seek or provide indemnification.

Infrastructure: the facilities, systems and equipment required to provide public services and support private-sector economic activity including network infrastructure (e.g., roads, bridges, water and wastewater systems, large information technology systems), buildings (e.g., hospitals, schools, courts), and machinery and equipment (e.g., medical equipment, research equipment).

Liquid Reserve: comprises cash and short-term investments managed before consolidation with other government entities. It includes cash in the Province's bank accounts, money market securities and long-term bonds which have not been lent out through a sale and re-purchase agreement, adjusted for net pledged collateral.

Loan Guarantee: an agreement to pay all or part of the amount due on a debt obligation in the event of default by the borrower.

Net Book Value of Tangible Capital Assets: historical cost of tangible capital assets less both the accumulated amortization and the amount of any write-downs.

Net Debt: the difference between the Province's total liabilities and financial assets. It represents the Province's future revenue requirements to pay for past transactions and events.

Nominal: an amount expressed in dollar terms without adjusting for changes in prices due to inflation or deflation. It is not a good basis for comparing values of GDP in different years, for which a "real" value expressed in constant dollars (i.e., adjusted for price changes) is needed. See Real GDP.

Non-Financial Assets: assets that normally do not generate cash capable of being used to repay existing debts. The non-financial assets of the Province are tangible capital assets, prepaid expenses and inventories of supplies.

Non-Tax Revenue: revenue received by the government from external sources. This also includes revenues from the sale of goods and services, fines and penalties associated with the enforcement of government regulations and laws; fees and license; royalties; profits from a self-sustaining Crown agency; and asset sales.

Ontario Disability Support Program (ODSP): a program designed to meet the unique needs of people with disabilities who are in financial need, or who want and are able to work and need support. Ontarians aged 65 years or older who are ineligible for Old Age Security may also qualify for ODSP supports if they are in financial need.

Option: a contract that confers the right, but not the obligation, to buy or sell a specific amount of a commodity, currency or security at a specific price, on a certain future date.

Pension Actuarial Accounting Valuation: a valuation performed by an actuary to measure the pension benefit obligations at the end of the period or a point in time. The valuation attributes the cost of the pension benefit obligations to the period the related services are rendered by the members.

Pension Statutory Actuarial Funding Valuation: a valuation performed by an actuary to determine whether a pension plan has sufficient money to pay for its obligations when they become due. The valuation determines the contributions required to meet the pension benefit obligations.

Present Value: the current worth of one or more future cash payments, determined by discounting the payments using a given rate of interest.

Program Expense: total expense excluding interest on debt.

Public Accounts: the Consolidated Financial Statements of the Province along with supporting statements and schedules as required by the *Financial Administration Act*.

Real GDP: gross domestic product measured to exclude the impact of changing prices.

Recognition: the process of including an item in the financial statements of an entity.

Reserve: an amount included in the fiscal plan to protect the plan against unforeseen adverse changes in the economic outlook, or in the Provincial revenue and expense. Actual costs incurred by the ministry, which pertain to the reserve, are recorded as expenses of that ministry. See Contingency Fund.

Segment: a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to help users of the financial statements identify the resources allocated to support the major activities of the government.

Sinking Fund Debenture: a debenture that is secured by periodic payments into a fund established to retire long-term debt.

Straight-Line Basis of Amortization: a method whereby the annual amortization expense is computed by dividing i) the historical cost of the asset by ii) the number of years the asset is expected to be used.

Surplus: the amount by which revenues exceed government expenses in any given year. On a forecast basis, a reserve may be included.

Swaption: an option granting its owner the right but not the obligation to enter into an underlying swap. Although options can be traded on a variety of swaps, the term swaption typically refers to options on interest rate swaps.

Tangible Capital Assets: physical assets including land, buildings, transportation infrastructure, vehicles, leased assets, machinery, furniture, equipment and information technology infrastructure and systems, and construction in progress.

Temporary Investments: investments that are transitional or current in nature and generally capable of reasonably prompt liquidation.

Total Debt: the Province's total borrowings outstanding.

Total Expense: sum of program expense and interest on debt expense.

Transfer Payments: grants to individuals, organizations or other levels of government for which the government making the transfer does not:

- receive any goods or services directly in return, as would occur in a purchase or sale transaction;
- expect to be repaid, as would be expected in a loan; or
- expect a financial return, as would be expected in an investment.

Treasury Bills: short-term debt instrument issued by governments on a discount basis.

Unrealized Gain or Loss: an increase or decrease in the fair value of an asset accruing to the holder. Once the asset is disposed of or written off, the gain or loss is realized.

SOURCES OF ADDITIONAL INFORMATION

The Ontario Budget

The Ontario government presents a Budget each year, usually in the early spring. This document outlines expected expense and revenue for the upcoming fiscal year. For an electronic copy of the Ontario Budget, visit the Ministry of Finance website at www.fin.gov.on.ca.

The Estimates of the Province of Ontario

The government's spending Estimates for the fiscal year commencing April 1 are presented to members of the Legislative Assembly following the presentation of the Ontario Budget by the Minister of Finance. The Estimates outline the spending plans of each ministry and are submitted for approval to the Legislative Assembly according to the *Supply Act*. For electronic access, go to: www.fin.gov.on.ca.

Ontario Finances

This is a quarterly report on the performance of the government's Budget for the fiscal year. It covers developments during a quarter and provides a revised outlook for the remainder of the year. For electronic access, go to: www.fin.gov.on.ca.

Ontario Economic Accounts

This quarterly report contains data on Ontario's economic activity. For electronic access, go to: www.fin.gov.on.ca.