PRO-FORMA

Commented [CV1]: Have you completed a PSAS financial disclosure checklist?

CONSOLIDATED FINANCIAL STATEMENTS

Province of Ontario
Consolidated Statement of Operations

($ Millions)	2017–18 Budget	**2017–18 Actual**	2016–17 Actual
Revenue ***(Schedules 1 and 2)***			
Personal Income Tax	35,032		30,671
Sales Tax	26,011		24,750
Corporations Tax	13,817		14,872
Employer Health Tax	6,117		5,908
Education Property Tax	6,002		5,868
Ontario Health Premium	3,789		3,575
Gasoline and Fuel Taxes	3,409		3,368
Other Taxes *(Note 11)*	5,920		5,334
Total Taxation	100,097		94,346
Transfers from Government of Canada	26,080		24,544
Fees, Donations and Other Revenues from Hospitals, School Boards and Colleges *(Schedule 10)*	7,975		7,957
Income from Investment in Government Business Enterprises *(Schedule 9 and Note 11)*	4,888		5,567
Cap and Trade			
Other	10,979		8,320
	150,019		140,734
Expense *(Schedules 3 and 4)*			
Health	57,968		56,025
Education[2]	27,013		26,204
Children's and Social Services	16,836		16,006
Environment, Resources and Economic Development	16,125		12,714
Interest on Debt	12,246		11,709
Postsecondary and Training	10,925		10,131
Justice	4,714		4,618
General Government and Other	3,592		4,318
	149,419		141,725
Reserve	600		-
Annual Surplus/(Deficit)	0		(991)

[1] Amounts reported as "Plan" in 2017 Budget, reclassified for changes in reporting revenues and expenses for hospitals, school boards and colleges.
[2] Teachers' Pension Plan expense is included in Education (Schedule 4).
See accompanying Notes and Schedules to the Consolidated Financial Statements.

Commented [VC(2]: We need to pull out the budget # for cap and trade – I think it was 1,788 – please confirm.

Commented [VC(3]: We're going to need a note on this – short and only related to the budget.

Province of Ontario
Consolidated Statement of Financial Position

As at March 31 **($ Millions)**	**2018**	2017
Liabilities		
Accounts Payable and Accrued Liabilities *(Schedule 5)*		20,248
Debt *(Note 2)*		333,102
Other Long-Term Financing *(Note 4)*		13,697
Deferred Revenue and Capital Contributions *(Note 5)*		11,538
Other Employee Future Benefits *(Note 6)*		10,478
Other Liabilities *(Note 7)*		6,367
		395,430
Financial Assets		
Cash and Cash Equivalents		16,401
Investments *(Note 8)*		17,983
Accounts Receivable *(Schedule 6)*		11,192
Loans Receivable *(Schedule 7)*		11,868
Net Pension Asset *(Note 6)*		11,033
Other Assets		3,036
Investment in Government Business Enterprises *(Schedule 9)*		22,269
		93,782
Net Debt		(301,648)
Non-Financial Assets		
Tangible Capital Assets *(Note 9)*		107,288
Prepaid Expenses and Other Non-Financial Assets		850
		108,138
Accumulated Deficit		(193,510)

Contingent Liabilities (Note 13) and Contractual Obligations (Note 14).
See accompanying Notes and Schedules to the Consolidated Financial Statements.

Commented [VC(4]: Assuming this is where IESO's rate regulated asset balance will sit in the FS – we need to draft a note to f/s re: the use of rate regulated accounting.

Province of Ontario
Consolidated Statement of Change in Net Debt

For the year ended March 31 ($ Millions)	2017–18 Budget	**2017–18** **Actual**	2016–17 Actual
Annual Surplus/(Deficit)			(991)
Acquisition of Tangible Capital Assets *(Note 9)*			(10,045)
Amortization of Tangible Capital Assets *(Note 9)*			5,215
Proceeds on Sale of Tangible Capital Assets			151
(Gain)/Loss on Sale of Tangible Capital Assets			(73)
(Increase)/Decrease in Prepaid Expenses and Other Non-Financial Assets			(43)
			(4,795)
Decrease in Accumulated Other Comprehensive Loss *(Schedule 9)*			114
Increase/(Decrease) in Fair Value of Ontario Nuclear Funds *(Note 10)*			1,094
Increase in Net Debt			(4,578)
Net Debt at Beginning of Year			(295,372)
IFRS Transitional Impact for Ontario Power Generation and Hydro One *(Note 16)*			(683)
Pension Adjustment *(Note 16)*			(617)
Accumulated Other Comprehensive Loss (*Note 16*)			(480)
Other *(Note 16)*			82
Restated Net Debt at Beginning of Year			(297,070)
Net Debt at End of Year			(301,648)

See accompanying Notes and Schedules to the Consolidated Financial Statements.

Commented [VC(5]: I don't think we need any of this – we should start with the restated number from last year's statements – generally, you only speak to the restatement in one year.

Province of Ontario
Consolidated Statement of Change in Accumulated Deficit

For the year ended March 31 ($ Millions)	**2018**	2017
Accumulated Deficit at Beginning of Year	**(193,510)**	(193,727)
Annual Deficit		(991)
Increase in Fair Value of Ontario Nuclear Funds *(Note 10)*		1,094
Decrease in Accumulated Other Comprehensive Loss from GBEs *(Schedule 9)*		114
Accumulated Deficit at End of Year		(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)	2018	2017
Operating Transactions		
Annual Surplus/(Deficit)		(991)
Non-Cash Items:		
Amortization of Tangible Capital Assets *(Note 9)*		5,215
(Gain)/Loss on Sale of Tangible Capital Assets		(73)
Gain on Sale of Brampton Distribution Holdco Inc. *(Note 12)*		(109)
Gain on Sale of Shares of Hydro One Limited *(Note 11)*		(538)
Income from Investment in Government Business Enterprises *(Schedule 9)*		(5,567)
Cash Items:		
(Increase) in Accounts Receivable *(Schedule 6)*		(133)
Increase in Loans Receivable *(Schedule 7)*		(323)
Increase/(Decrease) in Accounts Payable and Accrued Liabilities *(Schedule 5)*		887
Decrease in Liability for Other Employee Future Benefits *(Note 6)*		(273)
Increase in Net Pension Assets *(Note 6)*		(2,338)
Increase in Other Liabilities *(Note 7)*		19
Increase in Deferred Revenue and Capital Contributions *(Note 5)*		759
Remittances from Investment in Government Business Enterprises		5,105
(Increase)/Decrease in Prepaid Expenses and Other Non-Financial Assets		(43)
Increase in Other Assets		(329)
Cash Provided by/(Applied to) Operating Transactions		1,268
Capital Transactions		
Acquisition of Tangible Capital Assets *(Note 9)*		(10,045)
Proceeds from Sale of Tangible Capital Assets		151
Cash Applied to Capital Transactions		(9,894)
Investing Transactions		
Decrease/(Increase) in Investments *(Note 8)*		3,782
Net Proceeds from Sale of Brampton Distribution Holdco Inc. *(Note 12)*		545
Net Proceeds from Sale of Shares of Hydro One Limited *(Note 11)*		1,859
Cash Provided by/(Applied to) Investing Transactions		6,186
Financing Transactions		
Long-Term Debt Issued		26,591
Long-Term Debt Retired		(21,484)
Net Change in Short-Term Debt		582
(Decrease)/Increase in Other Long-Term Financing *(Note 4)*		(448)
Cash Provided by Financing Transactions		5,241
Net Increase/(Decrease) in Cash and Cash Equivalents		2,801
Cash and Cash Equivalents at Beginning of Year		13,600
Cash and Cash Equivalents at End of Year		16,401

See accompanying Notes and Schedules 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, 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 based on their results prepared in accordance with International Financial Reporting Standards (IFRS), including IFRS 14. . 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.

Government organizations, including hospitals, school boards and colleges (collectively known as BPS organizations)as well as other government agencies, 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.

Commented [VC(6]: Deleted this because orgs like the hospitals are actually GNFPOs, not OGOs.

(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 and other liabilities.

Net pension assets of $XX billion (2016–17, $11.0 billion) and other employee future benefits liability of $XX billion (2016–17, $10.5 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 $XX billion (2016–17, $107.3 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 $XX billion (2016–17, $30.7 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 $XX billion (2016–17, $14.9 billion), and Harmonized Sales Tax revenues of $XX billion (2016–17, $24.8 billion) are also subject to uncertainty for similar reasons.

The estimation of the Canada Health Transfer of $XX billion (2016–17, $13.9 billion) and Canada Social Transfer of $XX billion (2016–17, $5.1 billion), and Equalization Payments entitlements of $XX billion (2016–17, $2.3 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 $XX billion (2016–17, $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

Commented [VC(7]: Please confirm – if there are no changes marked, is the language the same as the prior year?

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 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").

Commented [VC(8]: Need a policy on cap and trade revenue – Jim Keates should have the accounting memo prepared last year.

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.

Commented [VC(9]: Why is this highlighted?

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.

(f) Future Changes in Accounting Standards

Commented [VC(10]: Where have we incorporated the policies re: the new accounting standards adopted in the current year – contingent assets, contractual rights, related parties,

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 will follow this guidance for any restructurings completed after April 1, 2018.

PSAB 1201 — Financial Statement Presentation

The new standard replaces PSAB 1200 — Financial Statement Presentation, and is effective in fiscal year 2019-20. It introduces a statement of remeasurement gains and losses. Requirements in PSAB 2601 — Foreign Currency Translation, and PSAB 3450 — Financial Instruments, can give rise to the presentation of gains and losses as remeasurement gains and losses. This is explained below.

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 or foreign currency (remeasurements) will be reported in the Statement of Remeasurement Gains and Losses. PSAB has agreed to further explore the views of stakeholders in the area of hedge accounting. These standards are effective in fiscal year 2019-20. Adoption of these standards require the adoption of revised PS 1201 — Financial Statement Presentation and PS 3041 — Portfolio Investments. The Province is currently assessing the impact of this standard on its Consolidated Financial Statements.

PSAB 3041 — Portfolio Investments

The new standard replaces PSAB 3040 — Portfolio Investments, with revised guidance on accounting for, and presentation and disclosure of, portfolio investments. This standard is effective in fiscal year 2019-20 with the adoption of PSAB 3450, PSAB 2601 and PSAB 1201. The Province is currently assessing the impact of this standard on its Consolidated Financial Statements.

2. Debt

The Province borrows in both domestic and international markets. Debt of $XX billion, as at March 31, 2018 (2016–17, $333.1 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 $XX billion (2016–17, $312.7 billion) and Ontario Electricity Financial Corporation (OEFC) Debt of $XX billion (2016–17, $20.4 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)					2018	2017
Currency	**Canadian Dollar**	**U.S. Dollar**	**Euro**	**Other Currencies[1]**	**Total**	Total
Maturing in:						
2017						–
2018						$39,240
2019						21,981
2020						27,503
2021						21,848
2022						20,423
1–5 years						130,995
6–10 years						80,648
11–15 years						15,947
16–20 years						17,911
21–25 years						37,272
26–50[2] years						50,329
Total[3,4]						$333,102
Debt Issued for Provincial Purposes[5]						312,680
OEFC Debt						20,422
Total						$333,102
Effective Interest Rates (Weighted Average)						
2018						
2017	3.79%	1.84%	3.48%	3.15%	–	3.54%

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, 2018, was $XX billion (2016–17, $55.6 billion). Of that, $XX billion or XX per cent (2016–17, $54.8 billion or 98.6 per cent) was fully hedged to Canadian dollars. The remaining XX per cent (2016–17, 1.4 per cent) of foreign debt was unhedged as follows: $XX million (2016–17, $238 million) Japanese yen-denominated debt and $XX million (2016–17, $531 million) Swiss franc-denominated debt. Unhedged foreign currency debt as a percentage of total debt was XX per cent (2016–17, 0.2 per cent).

4 Total debt includes issues totaling XX (2016–17, nil), which have embedded options exercisable by either the Province or the bondholder under specific conditions.

5 As at March 31, 2018, 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 $XX billion (2016–17, $5.7 billion) and XX (2016–17, nil), and short-term debt of $XX billion (2016–17, $3.1 billion) and XX (2016–17, nil).

Commented [CV11]: Why do we include the prior year for debt maturities – usually maturities are only presented for the most recent year.

Debt As at March 31	2018	2017

($ Millions)	
Debt Payable to/of:	
Public Investors	$321,442
Canada Pension Plan Investment Board	10,233
Ontario Immigrant Investor Corporation	492
School Board Trust Debt	652
Canada Mortgage and Housing Corporation	283
Total	$333,102

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, 2018, was $XX billion (2016–17, $373.3 billion). This is higher than the book value of $XX billion (2016–17, $333.1 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 $XX million (2016–17, $239 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, 2018, the respective unhedged levels were XX and XX per cent (2016–17, 0.2 and nil per cent). As of March 31, 2018, 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 $XX million (2016–17, $2.9 million) and a corresponding increase in interest on debt of $XX million (2016–17, $1.0 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 $XX million (2016–17, $7.1 million) and a corresponding increase in interest on debt of $XX million (2016–17, $2.5 million). Total foreign exchange losses recognized in the Statement of Operations for 2017–18 were $XX million (2016–17, losses of $23.2 million).

Commented [CV12]: Has OFA reviewed this policy to determine if any updates are needed – this threshold (5%) may have changed.

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, 2018, the net interest rate resetting risk for Debt Issued for Provincial Purposes and OEFC debt was XX per cent and XX per cent, respectively (2016–17, 11.2 per cent and -3.1 per cent). Based on net floating rate exposure at March 31, 2018, plus planned refinancing of maturing fixed rate debt to March 31, 2019, a one per cent (100 basis point) increase in interest rates would result in an increase in interest on debt of approximately $XX million (2016–17, $300 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, 2018.

Credit Risk Exposure **As at March 31** **($ Millions)**	**2018**	2017
Gross Credit Risk Exposure		$7,248
Less: Netting		(4,981)
Net Credit Risk Exposure		2,267
Less: Collateral Received *(Note 13)*		(2,124)
Net Credit Risk Exposure (Net of Collateral)		$143

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, 2018, 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

($ Millions)								*Notional Value* **2018**	*Notional Value* 2017	*Fair Value* **2018**	*Fair Value* 2017
Maturity in Fiscal Year	**2018**	**2019**	**2020**	**2021**	**2022**	**6–10 Years**	**Over 10 Years**	**Total**	Total	**Total**	Total
Swaps:											
Interest Rate[1]									85,185		(2,334)
Cross Currency									40,771		3,686
Forward Foreign Exchange Contracts									30,644		107
Swaptions[2]									–		–
Total									$156,600		$1,459

[1] Includes $XX billion (2016–17, $3.9 billion) of interest rate swaps related to loans receivable held by a consolidated entity and $XX billion (2016–17, $0.5 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.

The following table presents the maturity schedule of other long-term financing, by type of financing.

Other Long-Term Financing of $XX billion, as at March 31, 2018 (2016–17, $13.7 billion), includes BPS debt of $XX billion (2016–17, $5.0 billion), BPS AFP obligations of $XX billion (2016–17, $5.6 billion) and other government organizations AFP obligations of $XX billion (2016–17, $3.1 billion). The following table presents the maturity schedule of other long-term financing, by type of financing.

Other Long-Term Financing As at March 31, 2018 ($ Millions)				2018	2017
Type of Financing	BPS Debt	BPS AFP Obligations	Other AFP Obligations	Total	Total
Maturing in					
2018					Xx
2019					
2020					
2021					
2022					
2023					
1-5 years					
Year 6 and thereafter					
Total					

Commented [CV13]: See my comment on the provincial debt – I don't think we need comparative balances – let's discuss.

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 licences 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 licence plate renewal option and multi-year driver licence 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 licences.

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)	2018	2017
Deferred Revenue:		
Teranet		$890
Vehicle and Driver Licences		1,073
Other		2,321
Total Deferred Revenue		4,284
Deferred Capital Contributions		7,254
Total		$11,538

6. Pensions and Other Employee Future Benefits

Pensions and Other Employee Future Benefits Liability (Asset)

As at March 31 ($ Millions)	2018	2017	2018	2017
	Pensions	**Pensions**	**Other Employee Future Benefits**	Other Employee Future Benefits
Obligation for benefits		$124,700		$10,915
Less: plan fund assets		(149,851)		(562)
(Excess)/Deficiency of assets over obligations[1,2]		(25,151)		10,353
Unamortized actuarial gains		14,104		125
Accrued liability (asset)		(11,047)		10,478
Valuation allowance[3]		14		-
Total Liability (Net Asset)		**($11,033)**		$10,478

1 This amount comprises $XX million pertaining to pension plans with excess assets over obligations and $XX million pertaining to pension plans with excess obligations over assets (2016–17, $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).

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) and the Healthcare of Ontario Pension Plan (HOOPP), multi-employer defined benefit plans.

Pensions and Other Employee Future Benefits Expense

For the year ended March 31 ($ Millions)	2018 Pensions	2018 Other Employee Future Benefits	2018 Total	2017 Total
Cost of benefits				$4,339
Amortization of actuarial gains				(879)
Employee and other employers' contributions				(325)
Cost (Gain) on plan amendment or curtailment				48
Recognition of unamortized experience gains				(51)
Interest (income) expense				(1,110)
Valuation allowance[2]				14
Total[1]				$2,036

1 Total Pensions and Other Employee Future Benefits Expense is reported in Schedule 3. The Teachers' Pension recovery of $XX million (2016–17, expense of $377 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 $XX million (2016–17, $592 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 $XX million (2016–17, $208 million) is included in the Postsecondary and Training expense in the Consolidated Statement of Operations. The Public Service and OPSEU Pension expense of $XX million (2016–17, $701 million) and Other Employee Future Benefits — Retirement Benefits expense of $XX million (2016–17, $283 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 CAATPP and HOOPP, multi-employer defined benefit plans.

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 OTPP and OPSEUPP exclude those employers not consolidated by the Province.

Commented [CV14]: Have we confirmed that all plans are still in this range?

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.

Commented [CV15]: To consider whether we should include a paragraph on the changes to HOOPP.

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 asset/(obligation) of HOOPP and 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 is recorded to write down the net asset position in these plans, if any.

Information on contributory defined benefit plans is as follows:

Commented [CV16]: This line should be above the table

	OTPP	PSPP	OPSEU	HOOPP	CAATPP
Government's Best Estimates as of December 31, 2017					
Inflation rate					
Salary escalation rate					
Discount rate and expected rate of return on pension assets					
Actual return on pension assets					
Accounting Actuarial Valuation as of December 31, 2017					
Market value of pension fund assets[1] ($ millions)					
Market-related value of assets[1] ($ millions)					
Employer contributions[2] ($ millions)					
Employee contributions[3] ($ millions)					
Benefit payments[1] (including transfers to other plans) ($ millions)					
Number of active members (approximately)					
Average age of active members					
Expected remaining service life of the employees (years)					
Number of pensioners including survivors (approximately)					
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%	5.43%	10.35%	8.00%
Accounting Actuarial Valuation as of December 31, 2016					
Market value of pension fund assets ($ millions)	85,245	24,381	9,024	33,294	4,691
Market-related value of assets ($ 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 (including transfers to other plans) ($ millions)	2,810	1,245	426	1,006	220

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 OTPP. PSPP employer contributions includes special payments of $XX million (2016–17, $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 of 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 the retiree, is also available to employees hired before January 1, 2017, and who later retire to an 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 an immediate unreduced pension based on a minimum 20 years of pension service.

The liability for non-pension retirement benefits of $XX billion as at March 31, 2018 (2016–17, $8.1 billion), is included in the Other Employee Future Benefits Liability. The expense for 2017–18 of $XX million (2016–17, $279 million) is included in the Other Employee Future Benefits Expense.

The discount rate used in the non-pension retirement benefits calculation for 2017–18 is XX per cent (2016–17, 3.25 per cent). The discount rate used by BPS organizations in the non-pension retirement benefits calculation for 2017–18 ranges from XX per cent to XX per cent (2016–17, 2.00 per cent to 6.00 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 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.

Commented [CV17]: Are we proposing to delete this paragraph – this change was in 15-16 – correct?

The total post-employment benefits liability of $XX billion as at March 31, 2018 (2016–17, $2.4 billion), is included in the Other Employee Future Benefits Liability. The total post-employment benefits expense of $XX million in 2016–17 (2016–17, $679 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 2017–18 is XX per cent (2016–17, 2.55 per cent). The discount rate used by BPS organizations for the post-employment benefits in 2017–18 ranges from XX per cent to XX per cent (2016–17, 2.00 per cent to 6.50 per cent).

7. Other Liabilities

Other Liabilities **As at March 31** **($ Millions)**	**2018**	2017
Power Purchase Contracts		$178
Liabilities for Contaminated Sites		1,812
Other Funds and Liabilities		4,377
Total		$6,367

Commented [CV18]: Please confirm if there is anything significant enough that we should be splitting it out for the current year – anything in excess of $1 billion?

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 on annual basis. The decrease in the liability for power purchase contracts was $XX million (2016–17, $129 million), recorded to revenue, decreasing the outstanding power purchase contract liability as at March 31, 2018, to $XX million (2016–17, $178 million).

During the year ended March 31, 2018, OEFC's cost under power supply contracts totaled $XX million (2016–17, $838 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 $XX million (2016–17, $1,812 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.

Commented [CV19]: Any reason we wouldn't move the pension balances to the pension note?

Re the reclass the IOD re: the judges pension plan to pension expense – does that impact any other plan? Will that create an issue for MAG re: their appropriations or is pensions a stat?

8. Investments

Investments As at March 31 ($ Millions)	**2018**	2017
Temporary Investments		$12,307
Add: Assets Purchased under Resale Agreements		6,364
Less: Assets Sold under Repurchase Agreements		(2,753)
Total Temporary Investments		$15,918
Other Investments		2,065
Total Investments		$17,983

Temporary Investments

Temporary investments primarily consist of investments in government bonds, including $XX billion (2016–17, $8.8 billion) of bonds and treasury bills issued by the Province of Ontario. These bonds and treasury bills are included in total debt outstanding in the schedule in Note 2. The fair value of temporary investments, including assets purchased and sold under resale and repurchase agreements at March 31, 2018, is $XX billion (2016–17, $15.9 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.

Portfolio Investment (TBD)

Commented [CV20]: CV to review these two items once complete

OGO Long-Term Investment (TBD)

9. Tangible Capital Assets

Tangible Capital Assets
As at March 31
($ Millions)

	Land	Buildings	Transportation Infrastructure	Machinery and Equipment	Information Technology	Other	2018	2017
Cost								
Opening Balance								149,342
Additions								10,045
Disposals								1,106
Closing Balance								158,281
Accumulated Amortization								
Opening Balance								46,806
Additions								5,215
Disposals								1,028
Closing Balance								50,993
Net Book Value								
2018								
2017	15,339	54,118	26,196	2,972	2,925	5,738	-	107,288

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, 2018, is $XX billion (2016–17, $12.2 billion). Capitalized interest for the fiscal year 2017–18 is $XX million (2016–17, $158 million). The cost of tangible capital assets under capital leases is $XXX million (2016-17, $XXX million), and their accumulated amortization is XXX million (2016-17, $XXX 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 2017–18 totaled $XX billion (2016–17, $5.2 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 gains in 2017–18 of $XX million (2016–17, unrealized gains of $1,094 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

In May 2017, the Province sold 120 million common shares of Hydro One Limited at $23.25 per share through a secondary offering, generating approximately $2.8 billion in gross proceeds. Subsequent to this sale, the Province approximately owned 49.9 per cent of the outstanding common shares of Hydro One Limited. An accounting gain of $791 million was recognized in the 2017-18 financial results in connection with the sale of Hydro One common shares.

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

2017-18 secondary offering of Hydro One shares ($ Millions)	
Total proceeds from the sale of shares	$2,790
Transaction costs	(57)
Net proceeds from sale of Hydro One shares (net of transaction cost)	**2,733**
Book value of shares sold (*Schedule 9*)	(1,942)
Gain on sale of shares recognized in 2017–18	**$791**

In December 2017, the First Nations in Ontario acquired 14.3 million common shares of Hydro One.

Subsequent to this transaction, the Province owns 47.4 per cent of the outstanding common shares of Hydro One Limited.

The First Nations purchased the shares at a price of $18 a share, or approximately $259 million, financed by a loan from the Ontario government. The closing price of the shares on the date prior to the sale was $22.44, resulting in a conferred benefitof approximately $64 million The gain of $XX million, resulting from the excess of the sale price of $18 per share over the book value of the shares was deferred and will be recognized as revenue as the loans provided to purchase the shares are repaid.

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.

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. Although the Province is the sole shareholder of OPG, it does not intend to influence OPG as it pertains to its voting rights of these shares.

In July 2017, Hydro One Limited announced an offer to acquire Avista, an electricity and gas utility based in Spokane, Washington, for $6.7 billion Canadian (USD $5.3 billion). Hydro One Limited also announced a $1.54 billion Canadian, bought deal of contingent convertible debentures, including an overallotment amount to support the equity component of financing the acquisition, as well as USD $2.6 billion in debt to buy Avista for $67 Canadian (USD $53) in cash per common share, a 24 per cent premium from the previous day's market close. The deal is expected to close in the second half of 2018, subject to Avista common shareholder approval and certain US state and federal regulatory and government approvals and clearances. The potential acquisition would dilute the Province's ownership by approximately 5 per cent.

Commented [CV21]: Please move this to below the table.

CV to review once language is updated.

Commented [DM(22]: Note to be updated

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

2016-17 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 (*Schedule 9*)	(1,321)
Gain on sale of shares recognized in 2016–17	**$538**

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 includes:

Sale of Hydro One Brampton Networks ($ Millions)	
Total proceeds from the sale (excluding PILs)	$545.2
Transaction costs	(0.2)
Net proceeds from sale of Hydro One Brampton Networks	**545.0**
Book value of Hydro One Brampton Networks (*Schedule 9*)	(436)
Gain on sale recognized in 2016–17	**$109**

Subsequent to the sale of Hydro One Brampton Network, Brampton Distribution Holdco Inc. is no longer a government business enterprise and is classified as an Other Government Organization and consolidated on a line-by-line basis.

In March 2018 (TBC), Brampton Distribution Holdco was dissolved and a final dividend of $xxx million was paid to the Province.

13. Contingent Liabilities

Obligations Guaranteed by the Province

Loan guarantees include guarantees or indemnifications provided by the Province or government organizations. The authorized limit for loans guaranteed by the Province as at March 31, 2018, was $XX billion (2016–17, $1.4 billion). The outstanding loans guaranteed amounted to $XX billion as at March 31, 2018 (2016–17, $0.9 billion). A provision of $XX million (2016–17, $1.8 million), based on an estimate of the likely loss arising from guarantees under the Student Support Programs, has been reflected in these financial statements.

Other contingencies for this year is $xx (2016–17, $xx)

Commented [CV23]: What are we planning to include here?

Loan Guarantees
For the year ended March 31

($ Millions)	2018		2017	
	Maximum Guarantee Authorized	**Net Outstanding**	Maximum Guarantee Authorized	Net Outstanding
Ministries				
Agriculture, Food and Rural Affairs			380.1	36.9
Finance			651.6	236.7
Training, Colleges and Universities			18.8	18.8
			1,050.5	292.4
Agencies				
Ontario Clean Water Agency			15.0	11.3
Ontario Power Generation Inc.			83.0	83.0
			98.0	94.3
Hospitals, school boards and colleges			297.2	290.8
Total			1,445.7	677.5

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.

Commented [CV24]: Needs to be updated.

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, 2018, there were $XX billion (2016–17, $4.2 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 XX (2016–17, 59) 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.

Commented [CV25]: Needs to be updated

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 defence 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.

Commented [CV26]: What do we do to update this note?

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, 2018, a potential $XX million (2016–17, $58.3 million) could still be incurred on certificates issued on or before March 31, 2018, over and above the billings received to date.

Contaminated Sites

The Province has identified contingent liabilities related to XX sites (2016–17, 125 sites) that may have potential liabilities of $XX million (2016–17, $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 $XX to $XX 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, 2018, the Province pledged assets in the carrying amount of $XX million (2016–17, $105 million), which are included in Investments and/or Cash and Cash Equivalents.

Ontario Fair Hydro Plan

The Province has entered into an agreement with Ontario Power Generation and the Trustee of the Ontario Power Generation Trust to provide a guarantee under specific circumstances for all obligatory future payments due as a result of debt issued by the Trust (see Note 17).

14. a. Contractual Obligations

Contractual Obligations as at March 31 ($ Millions)	**2018**	2017	2019	2020	2021	2022	2023	2024 and thereafter
			Minimum Payments to be made in:					
Transfer Payments		$9,191						
Alternative Financing and Procurement Contracts		27,517						
Ontario Power Generation		2,831						
Leases		5,581						
Construction Contracts		5,079						
Other		13,127						
Total Contractual Obligations		$63,326						

The Province has entered into a number of multiple-year alternative financing and procurement 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.

b. Contractual Rights

Commented [CV27]: We need to describe what these are

Contractual Rights as at March 31 ($ Millions)	**2018**	2017	2019	2020	2021	2022	2023	2024 and thereafter
Total Contractual Rights								

c. Contingent Assets

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 DICO 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)**	**2017**	2016
Assets		$31,491
Liabilities		32,487
Deficiency of Assets		(996)
Unfunded liability attributable to WSIB stakeholders		($3,925)

Other Trust Funds As at March 31 ($ Millions)			2018	2017
	Assets	Liabilities	Fund Balance (Unfunded Liability)	Fund Balance (Unfunded Liability)
The Public Guardian and Trustee for the Province of Ontario				$1,826
Motor Vehicle Accident Claims Fund				(167)
Pension Benefits Guarantee Fund				741

As at December 31	Assets	Liabilities	2017 Fund Balance	2016 Fund Balance
Deposit Insurance Corporation of Ontario				$226

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. Related Party and Inter-entity Transactions

Commented [CV28]: CV to review once complete

Included in the consolidated financial statements are transactions with various provincial crown corporations, agencies, boards, and commissions. The Province of Ontario enters into transactions with these entities in the normal course if operations, which are recorded at the exchange value. Significant inter-entity transactions have been eliminated for purposes of consolidated reporting. Parties are deemed to be related to the Consolidated Revenue Fund due to common control or ownership by the Province of Ontario.

Commented [CV29]: What is the threshold being used

An entity may also be related party if a member of the Province's key management personnel holds an ownership interest that allows that individual to govern or share the power to determine the ongoing financial and operating decisions of that entity. Furthermore; an entity may be considered related to the Province if its key management personnel are closely related to the key management personnel of the Province; such as a spouse or dependent. Transactions with related parties are recorded at the exchange value.

The Province is aware of the following related parties as at the financial statement date: [… Name of OPS Key Management Personnel and Title, Name of Related Party Key Management Personnel and Title, nature of relationship, quantitative description of decision/agreements between parties].

17. Accounting for Regulated Entities

Accounting for 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.

Accounting for Ontario's Fair Hydro Plan

The Independent Electricity System Operator (IESO) is a consolidated government organization and reports its financial results in accordance with Public Sector Accounting Standards. The IESO is an entity regulated by the Ontario Energy Board. In 2017, the IESO adopted rate-regulated accounting to account for a shortfall resulting from the deferred collection of amounts from electricity ratepayers. Prior to March 31, 2018, the IESO, under the authority permitted under the *Fair Hydro Plan Act, 2017*, sold the rights to the future collection of the Global Adjustment from electricity ratepayers of $xxx million at book value to the Ontario Power Generation Trust, a wholly-owned subsidiary of Ontario Power Generation. At March 31, 2018, $xxx million of the shortfall which has not been sold or recovered by the IESO from electricity ratepayers is reported as a financial asset.

The Ontario Power Generation Trust funded the acquisition of the Global Adjustment with an investment of $xxx million by Ontario Power Generation to the Ontario Power Generation Trust, of which $xxx million was funded by the Province through an equity investments in Ontario Power Generation, and debt issued to the public market at an interest rate of x% (more details). As part of the debt issuance, the Province issued a limited guarantee to fund all future obligations associated with debt issued and outstanding at the time that the guarantee is invoked. These conditions are limited to the repealing or significant change to the *Ontario Fair Hydro Plan Act*, its regulations or other legislation, or any significant change to the structure of Ontario's electricity market which impacts Ontario's Fair Hydro Plan. As a wholly-owned subsidiary of Ontario Power Generation, the assets and liabilities of the Ontario Power Generation Trust are included with the amounts reported as part of Ontario Power Generation in these consolidated financial statements (see Schedule 9).

Commented [CV30]: Let's make sure this aligns with what is in OPG's financial statements – last year the audit date for their financial statements was March 10, so I expect the statements should be available next week.

18. Subsequent Events

Commented [CV31]: To review if there are any events to report

19. Comparative Figures

The comparative figures have been reclassified as necessary to conform to the 2018 presentation.

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Province of Ontario
Schedule 1: Revenue by Source

($ Millions)	2017–18 Budget	**2017–18 Actual**	2016–17 Actual
Taxation			
Personal Income Tax	35,032		30,671
Sales Tax	26,011		24,750
Corporations Tax	13,817		14,872
Employer Health Tax	6,117		5,908
Education Property Tax	6,002		5,868
Ontario Health Premium	3,789		3,575
Land Transfer Tax	3,139		2,728
Gasoline Tax	2,663		2,626
Tobacco Tax	1,291		1,230
Fuel Tax	746		742
Beer and Wine Tax	619		589
Electricity Payments-In-Lieu of Taxes *(Note 11)*	405		334
Other Taxes	466		453
	100,097		94,346
Transfers from Government of Canada			
Canada Health Transfer			13,910
Canada Social Transfer			5,146
Equalization Payments			2,304
Infrastructure Programs			732
Labour Market Development Agreement			678
Social Housing			441
Direct Transfers to Hospitals, School Boards and Colleges			285
Indian Welfare Services Agreement			277
Job Fund Agreement			211
Bilingualism Development			88
Labour Market Agreement for Persons with Disabilities			76
Legal Aid Criminal			59
Youth Criminal Justice			52
Other			285
			24,544

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

($ Millions)	2017–18 Budget	**2017–18 Actual**	2016–17 Actual
Fees, Donations and Other Revenues from Hospitals, School Boards and Colleges *(Schedule 10)*			7,957
Income from Investment in Government Business Enterprises *(Schedule 9)*			5,567
Other			
Sales and Rentals			1,999
Vehicle and Driver Registration Fees			1,727
Carbon Allowance Proceeds			
Power Supply Contract Recoveries *(Note 7)*			838
Other Fees and Licences			763
Electricity Debt Retirement Charge			621
Royalties			272
Independent Electricity System Operation Revenue			211
Local Services Realignment			135
Net Reduction of Power Purchase Contracts *(Note 7)*			129
Miscellaneous			1,625
			8,320
Total Revenue			140,734

[1] Amounts reported as "Plan" in 2017 Budget, reclassified for presentation changes.

Province of Ontario
Schedule 2: Revenue by Sector

Sectors	Health[1]		Education[2]		Children's and Social Services[3]		Environment, Resources and Economic Development[4]	
For the year ended March 31 ($ Millions)	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Revenue								
Taxation *(Schedule 1)*		–		–		–		2
Transfers from Government of Canada *(Schedule 1)*		264		95		400		1,124
Fees, Donations and Other Revenues from Hospitals, School Boards and Colleges (Schedule 10)		4,071		1,389		–		–
Income from Investment in Government Business Enterprises *(Schedule 9)*		–		–		–		860
Other *(Schedule 1)*		203		38		56		4,628
Total		4,538		1,522		456		6,614

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]		Justice[6]		General Government and Other[7]		Total	
2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	–		–		94,344		94,346
	1,186		103		21,372		24,544
	2,497		–		–		7,957
	–		–		4,707		5,567
	60		791		2,544		8,320
	3,743		894		122,967		140,734

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 Sector[1]

Sectors	Health[2]		Education[3]		Children's and Social Services[4]		Environment, Resources and Economic Development[5]	
For the year ended March 31 ($ Millions)	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Expense								
Transfer Payments[10,11]		25,724		1,643		15,182		6,243
Salaries and Wages		15,072		17,316		442		1,826
Interest on Debt		–		–		–		–
Services		4,414		1,589		200		1,397
Supplies and Equipment		4,967		2,122		8		203
Employee Benefits		2,612		2,497		70		342
Amortization of Tangible Capital Assets		1,672		1,132		36		2,011
Pensions and Employee Future Benefits *(Note 6)*		1,036		(257)		7		24
Power Supply Contract Costs		–		–		–		–
Transportation and Communication		197		14		20		111
Interest on Debt of Hospitals, School Boards and Colleges		–		–		–		–
Other		331		148		41		557
Total[12]		56,025		26,204		16,006		12,714

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	
2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	5,787		439		810		–		55,828
	2,205		2,330		954		–		40,145
	–		–		–		11,370		11,370
	747		967		375		–		9,689
	274		166		39		–		7,779
	260		318		145		–		6,244
	281		16		67		–		5,215
	196		26		1,004		–		2,036
	–		–		838		–		838
	68		121		39		–		570
	–		–		–		339		339
	313		235		47		–		1,672
	10,131		4,618		4,318		11,709		141,725

[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.

.

[11] Children's and Social Services includes transfers of $XX million (2016–17, $1,609 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)	2017–18 Budget	**2017–18 Actual**	2016–17 Actual
Aboriginal Affairs			128
Agriculture, Food and Rural Affairs			1,031
Attorney General			1,937
Board of Internal Economy			219
Children and Youth Services			4,379
Citizenship, Immigration and International Trade			176
Community and Social Services			11,627
Community Safety and Correctional Services			2,681
Economic Development, Employment and Infrastructure/Research and Innovation			1,234
Education			26,581
Teachers' Pension *(Note 6)*			(377)
Energy			920
Environment and Climate Change			523
Executive Offices			47
Finance			841
Interest on Debt			11,709
Municipal Partnership Fund			526
Power Supply Contract Costs			838
Government and Consumer Services			600
Health and Long-Term Care			56,025
Labour			308
Municipal Affairs and Housing			1,544
Natural Resources and Forestry			859
Northern Development and Mines			814
Office of Francophone Affairs			5
Tourism, Culture and Sport			1,540
Training, Colleges and Universities			10,131
Transportation			3,637
Treasury Board Secretariat			240
Contingency Fund[2]			–
Employee and Pensioner Benefits			1,002
Year-End Savings[3]			–
Total Expense			141,725

[1] Amounts reported as "Plan" in 2017 Budget, reclassified for presentation changes.
[2] See glossary for definition.
[3] For Budget purposes, the item was not allocated to individual ministries.

Commented [ZS(32]: Reporting error in 16-17 PA, correction required in 17-18 PA. Supporting docs can be found in the supporting documents folder under Pro-forma.

Commented [CV33]: What is the amount of the difference?

Province of Ontario
Schedule 5: Accounts Payable and Accrued Liabilities

As at March 31 ($ Millions)	**2018**	2017
Transfer Payments		5,299
Interest on Debt		3,424
Salaries, Wages and Benefits		3,024
Other		8,501
Total Accounts Payable and Accrued Liabilities		20,248

Commented [CV34]: Anything in the current year balance over $1 billion that we should consider disclosing separately?

Province of Ontario
Schedule 6: Accounts Receivable

As at March 31 ($ Millions)	**2018**	2017
Taxes		5,881
Transfer Payments[1]		605
Other Accounts Receivable[2]		5,018
		11,504
Less: Allowance for Doubtful Accounts[3]		(1,209)
		10,295
Government of Canada		897
Total Accounts Receivable		11,192

1 The Transfer Payment receivable consists primarily of recoverables of $XX million (2016–17, $577 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 $XX million (2016–17, $494 million) for the Ontario Disability Support Program — Financial Assistance.

Commented [ZS(35]: Reporting error in 16-17 PA, correction required in 17-18 PA. Supporting docs can be found in the supporting documents folder under Pro-forma.

Province of Ontario
Schedule 7: Loans Receivable

As at March 31 ($ Millions)	**2018**	2017
Government Business Enterprises[1]		3,479
Municipalities[2]		5,749
Students[3]		2,820
Industrial and Commercial[4]		510
Pension Benefit Guarantee Fund[5]		187
Universities[6]		8
Other[7]		286
		13,039
Unamortized Concession Discounts[8]		(224)
Allowance for Doubtful Accounts[9]		(947)
Total Loans Receivable		11,868

1 Loans to government business enterprises bear interest at rates of XX per cent to XX per cent (2016–17, 2.32 per cent to 6.33 per cent).
2 Loans to municipalities bear interest at rates of up to XX per cent (2016–17, 10.00 per cent).
3 Loans to students bear interest at rates of XX per cent to XX per cent (2016–17, 2.70 per cent to 3.70 per cent).
4 Loans to industrial and commercial enterprises bear interest at rates of up to XX per cent (2016–17, 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 XX per cent to XX per cent (2016–17, 2.77 per cent to 7.00 per cent).
7 Loans to other include loan for MaRS Phase 2 of $XX million (2016–17, $90 million) and loans to electricity sector union trusts of $XX million (2016–17, $108 million).
8 Unamortized concession discounts related to loans made to municipalities of $XX million (2016–17, $55 million), loans to the Pension Benefit Guarantee Fund of $XX million (2016–17, $92 million) and loans to industrial and commercial enterprises and other of $XX million (2016–17, $77 million).
9 Allowance for doubtful accounts related to loans made to students of $XX million (2016–17, $632 million), municipalities XX (2016–17, nil), industrial and commercial enterprises and other of $XX million (2016–17, $220 million) and the Pension Benefit Guarantee Fund of $XX million (2016–17, $95 million).

Repayment Terms As at March 31
($ Millions)

	Principal Repayment	
Years to Maturity	**2018**	2017
1 year		2,321
2 years		966
3 years		1,217
4 years		1,060
5 years		785
1–5 years		6,349
6–10 years		2,977
11–15 years		1,086
16–20 years		642
21–25 years		381
Over 25 years		1,370
Subtotal		12,805
No fixed maturity		234
Total		13,039

Province of Ontario
Schedule 8: Government Organizations[1]

Government Business Enterprises[2]	Responsible Ministry
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
Brampton Distribution Holdco Inc.	Energy
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 Organizations[1]

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
Ornge	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

Public Hospitals — Ministry of Health and Long-Term Care

Alexandra Hospital Ingersoll
Alexandra Marine & General Hospital
Almonte General Hospital
Anson General Hospital
Arnprior Regional Health
Atikokan General Hospital
Baycrest Centre for Geriatric Care
Bingham Memorial Hospital
Bluewater Health
Brant Community Healthcare System
Brockville General Hospital
Bruyère Continuing Care Inc.
Cambridge Memorial Hospital
Campbellford Memorial Hospital
Carleton Place and District Memorial Hospital
Casey House Hospice
Chatham-Kent Health Alliance
Children's Hospital of Eastern Ontario
Clinton Public Hospital
Collingwood General and Marine Hospital
Cornwall Community Hospital
Deep River and District Hospital Corporation
Dryden Regional Health Centre
Englehart and District Hospital Inc.
Espanola General Hospital
Four Counties Health Services
Georgian Bay General Hospital
Geraldton District Hospital
Grand River Hospital
Grey Bruce Health Services
Groves Memorial Community Hospital
Guelph General Hospital
Haldimand War Memorial Hospital
Haliburton Highlands Health Services Corporation
Halton Healthcare Services Corporation
Hamilton Health Sciences Corporation
Hanover & District Hospital
Headwaters Health Care Centre
Health Sciences North
Holland Bloorview Kids Rehabilitation Hospital
Hôpital Général de Hawkesbury and District General Hospital Inc.
Hôpital Glengarry Memorial Hospital
Hôpital Montfort
Hôpital Notre Dame Hospital (Hearst)
Hornepayne Community Hospital
Hospital for Sick Children
Hôtel-Dieu Grace Healthcare
Hôtel-Dieu Hospital, Cornwall
Humber River Regional Hospital
Joseph Brant Hospital
Kemptville District Hospital
Kingston General Hospital
Kirkland and District Hospital
Lady Dunn Health Centre
Lady Minto Hospital at Cochrane
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.

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

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

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

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

Province of Ontario
Schedule 8: Government Organizations[1]

School Boards — Ministry of Education

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

Province of Ontario
Schedule 8: Government Organizations[1]

Colleges — Ministry of Training Colleges and Universities

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

Province of Ontario
Schedule 9: Government Business Enterprises[1]

Summary financial information of Government Business Enterprises is provided below.

Commented [CV36]: What is the logic to the order of the GBEs?

For the year ended March 31, 2017 ($ Millions)	Hydro One Limited[2]	The Cannabis Corporation	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	7,165		480	1,239	13,385	22,269
Revenue	4,570		5,967	7,484	5,343	23,917
Expenses	4,070		3,618	5,126	5,001	18,350
Net Income	**500**		**2,349**	**2,358**	**342**	**5,567**

Province of Ontario
Schedule 9: Government Business Enterprises[1] (cont'd)
Summary financial information of Government Business Enterprises is provided below.

For the year ended March 31, 2017 ($ Millions)	Hydro One Limited[2]	The Cannabis Corporation	Liquor Control Board of Ontario	Ontario Lottery and Gaming Corporation	Ontario Power Generation Inc.	Total
Net Income	500		2,349	2,358	342	5,567
Net Assets at Beginning of Year	8,347		437	1,312	13,005	23,572
IFRS Transitional Impact	87		–	–	(770)	(683)
Book Value of Brampton Networks Sold *(Note 12)*	–		–	–	–	(436)
Book Value of Brampton Holdco Inc. Transferred	–		–	–	–	(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 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 Enterprises[1] (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)	2018	2017
Financial Assets		567
Debts		3,445
Other Liabilities		212

Repayment schedule for long-term debts contracted with third parties

As at March 31 ($ Millions)	2017	2016	Payments to be made in: 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 Inc.	**2,021**	2,224	3	3	3	228	3	1,781
Total	**12,692**	12,895	605	984	506	1,381	606	8,610

Ontario Cannabis Retail Corporation

Commented [CV37]: CV to review once updated.

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)	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Fees		1,621		259		1,935		3,815
Ancillary Services		466		547		299		1,312
Grants and Donations for Research and Other Purposes		819		18		51		888
Sales and Rentals		365		107		64		536
Recognition of Deferred Capital Contributions		404		6		43		453
Miscellaneous		396		452		105		953
Total		4,071		1,389		2,497		7,957

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 licences; 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.