

Schedule of Use of Green Bonds Proceeds

Responsibility for Financial Reporting

The accompanying Schedule of Use of Green Bonds Proceeds has been prepared on a cash basis. The Schedule has been properly prepared within reasonable limits of materiality and in light of information available up to November 22nd, 2018.

Management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded and that reliable financial information is available on a timely basis. The system includes formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities. An internal audit function independently evaluates the effectiveness of these internal controls on an ongoing basis and reports its findings to management.

The issuance of Green Bonds is part of the Province's Treasury Program managed by the OFA. The Treasury Program is audited on an annual basis by the Office of the Auditor General of Ontario and aspects of the Program are audited by the Ontario Internal Audit Division in accordance with their annual audit plan. Issues arising from the annual audit by the Office of the Auditor General are communicated to management and all recommendations to date have been implemented.

The Schedule of Use of Green Bonds Proceeds has been audited by the Auditor General of Ontario. The Auditor General's responsibility is to express an opinion on whether the Schedule is prepared in all material aspects in accordance with the basis of accounting described in Note 2 of the Schedule. The Auditor's Report, which appears on the following page, outlines the scope of the Auditor's examination and opinion.

On behalf of management:



Gadi Mayman

Chief Executive Officer and
Assistant Deputy Minister



Ken Kandeepan

Chief Financial and Risk Officer

Office of the Treasury, Ministry of Finance



Office of the Auditor General of Ontario
Bureau de la vérificatrice générale de l'Ontario

Independent Auditor's Report

To the Deputy Minister of Finance

I have audited the accompanying Schedule of Use of Green Bond Proceeds (the "Schedule") as at March 31, 2018. The Schedule has been prepared by management based on the financial reporting provisions defined in the basis of accounting section below.

Management's Responsibility for the Schedule

Management of the Ontario Financing Authority is responsible for the preparation of the Schedule in accordance with the basis of accounting defined in Note 2 to the Schedule and for such internal control as management determines is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the Schedule based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Schedule is free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the Schedule of Use of Green Bond Proceeds as at March 31, 2018 is prepared in all material respects, in accordance with the financial reporting provisions defined in the basis of accounting section below.

Basis of Accounting and Restriction on Use

Without modifying my opinion, I draw attention to Note 2 of the Schedule which describes the basis of accounting for green bonds. The Schedule was prepared to assist the Province in disclosing its use of green bond proceeds. The determination of the eligibility of the projects under the Ontario Green Bond Framework is the responsibility of the Province and accordingly, I do not express an opinion thereon.

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Toronto, Ontario
November 22, 2018

Bonnie Lysyk, MBA, FCPA, FCA, LPA
Auditor General

ONTARIO FINANCING AUTHORITY

Schedule of Use of Green Bond Proceeds

As at March 31, 2018

Balance as of March 31, 2017				\$590,331,268
Proceeds used for:	Regional Express Rail	MTO (Metrolinx)	(48,786,925)	
	Eglinton Crosstown LRT	MTO (Metrolinx)	(352,134,094)	
	ErinoakKids Centre for Treatment and Development	MCYS	(163,300,000)	
	St. Joseph's West 5 th Hospital	MOHLTC	(8,144,603)	
	St. Joseph's Parkwood Hospital	MOHLTC	(7,909,226)	
	Waypoint Centre for Mental Health	MOHLTC	(3,622,504)	
	Centre for Addiction and Mental Health	MOHLTC	(1,688,558)	
	Woodstock General Hospital	MOHLTC	(4,745,358)	(590,331,268)
			Sub-total	0
Proceeds from the Fourth Green Bond Issue				996,090,000
Proceeds used for:	Eglinton Crosstown LRT	MTO (Metrolinx)	(406,690,000)	
	VivaNext BRT	MTO (Metrolinx)	(80,000,000)	
	Hurontario LRT	MTO (Metrolinx)	(10,000,000)	
	Finch West LRT	MTO (Metrolinx)	(4,000,000)	(500,690,000)
			Sub-total	495,400,000
Balance as of March 31, 2018				\$ 495,400,000

Notes to the Schedule of Use of Green Bond Proceeds

1. Background

In October 2014, Ontario launched a Green Bond Program, with an inaugural global Canadian dollar bond of \$500 million, maturing on October 9, 2018. A second, third and fourth Canadian dollar bond of \$750 million, \$800 million and \$1 billion were subsequently issued in January 2016, February 2017 and February 2018 respectively. The second and third issuance will mature on January 27, 2023 and the fourth issuance will mature on February 5, 2025. The Green Bonds are being used to help finance transit and other environmentally friendly projects across Ontario. Ontario's Green Bond Framework sets out the types of projects that are eligible for proceeds from Green Bonds. Eligible projects are determined by the Province of Ontario.

2. Basis of Accounting

The Schedule was prepared to track on a cash basis the use of funds generated by the issuance of these Ontario Green Bonds for selected projects that were approved by the Province under the Ontario Green Bond Framework. The Schedule of Use of Green Bond proceeds shows the net proceeds of the Green Bond issue that is recorded in a designated account in the Province's financial records, which tracks the use of funds for eligible projects. As long as

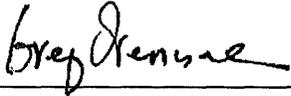
the account has a positive balance, amounts are deducted from the balance of the designated account as funds are used for eligible projects, approved as eligible by the Province.

3. Interest Earned on the Designated Account

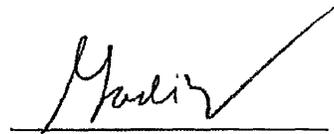
Interest earned on the proceeds in the designated account is not available to fund any eligible Green Bond projects. Interest earned is remitted to the consolidated revenue fund of the Province of Ontario.

4. Related Parties

The Ministry of Transportation (MTO), Metrolinx, Ministry of Children and Youth Services (MCYS; now known as Ministry of Children, Community and Social Services) and the Ministry of Health and Long Term Care (MOHLTC) are related parties to the Ontario Financing Authority, as all five entities are controlled by the Province of Ontario. As at March 31, 2018, an additional \$299,674,891 had been disbursed by Metrolinx which had not yet been paid out of Green Bond proceeds by the Ontario Financing Authority.



Greg Orenszak
Deputy Minister of Finance



Gadi Mayman
Chief Executive Officer