

## **2018 Audited Trust Funds Consolidated Financial Statements**

**Date:** June 12, 2019  
**To:** Audit Committee  
**From:** Controller  
**Wards:** All

### **SUMMARY**

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The City of Toronto (City), its' agencies, and corporations are the beneficiaries of assets from third parties intended to be used for specific purposes. These assets, held mostly in cash and investments, are administered through the City and two of its' related parties. Although these trust funds are assets to the City and its consolidated parties, they are not included in the City's Consolidated Financial Statements.

This report presents the City's Consolidated Trust Funds Financial Statements for the year ended December 31, 2018 and provides highlights of the Trust Funds' 2018 financial performance and financial condition as of December 31, 2018.

The Trust Fund Financial Statements are audited by PricewaterhouseCoopers (PwC). The City received an unqualified audit opinion and no internal control recommendations related to the 2018 Trust Fund Financial Statements.

### **RECOMMENDATIONS**

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The Controller recommends that:

1. City Council approve the 2018 Consolidated Financial Statements for the City of Toronto Trust Funds as attached in Appendix A of this report.

### **FINANCIAL IMPACT**

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There are no financial impacts resulting from this report.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

## **DECISION HISTORY**

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On an annual basis, the City presents the Consolidated Trust Funds Financial Statements. Following is the link to the 2017 Audited Trust Funds Consolidated Financial Statements and Council decision.

## **COMMENTS**

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A trust fund is a fund consisting of assets belonging to the trust, which are held by the trustee for the beneficiaries. The City is the trustee of a number of trust funds, provided for specific uses by the City or its agencies and corporations. The City administers most of the trust funds included in these financial statements, except for the following three trusts:

- i. Toronto Police Services Board, and Toronto Police Services Board Mounted Unit, Trust Funds, administered by the Toronto Police Services Board; and
- ii. V.C. Polley Trust Fund (included under "Other" in Appendix B), administered by the St. Lawrence Centre for the Arts (TOLive).

As part of its fiduciary responsibilities, the Trust Administrator ensures that funds received are to be used only for the purposes specified by each trust agreement.

Appendix A provides the Consolidated Financial Statements (Statements) for the City of Toronto Trust Funds at December, 31, 2018. The Statements include the Consolidated Statement of Financial Position, the Consolidated Statement of Operations and Changes in Fund Balances and a Consolidated Statement of Continuity of Fund Balances.

Appendix B provides a description of the Trust Funds and their purposes.

### **Consolidated Statement of Financial Position**

The Consolidated Statement of Financial Position highlights the trust fund assets, liabilities and fund balance, similar to private sector equity, as at December 31, 2018.

Trust fund assets are comprised of cash, investments, and amounts due from the City, or Administrators, where applicable. Total assets as at December 31, 2018 amounted to \$70.6 million (2017 - \$70.8 million) of which \$52.2 million (2017 - \$52.8 million) was in the form of investments.

Trust fund balances at December 31, 2018 amounted to \$70.4 million (2017 - \$70.6 million).

### **Consolidated Statement of Operations and Changes in Fund Balances**

The Consolidated Statement of Operations and Changes in Fund Balances reports the revenues and expenses of the fund, and the excess or deficit, which either increases or decreases the fund balance.

Revenues, consisting of investment earnings and contributions, have decreased by \$9.8 million in 2018 to \$5.9 million (2017 - \$15.7 million). Investment income decreased by \$5.1 million in 2018, mainly due to the increase in the unrealized loss related to foreign exchange and the market value of Toronto Atmospheric Fund investments.

Two significant contributions were received in 2017 which did not re-occur in 2018 – a \$1.8 million fund contribution for the Toronto Police Services Board Mounted Unit and a \$3 million fund contribution for TAF.

Trust fund expenditures decreased by \$5.6 million in 2018 compared with 2017, directly resulting from reduced distribution and investment withdrawal held in trust for TAF.

The Consolidated Statement of Continuity of Fund Balance details the balances of each individual trust fund that form the consolidated fund balance on the Statement of Financial Position of \$70.4 million. This statement also outlines the contributions, investment earnings and expenses, which represent withdrawals, for each individual fund.

### **Audit Results**

The Trust Fund financial statements are audited by PricewaterhouseCoopers (PwC), who is responsible for applying sufficient and adequate audit testing in order to provide an opinion on the fair presentation of the financial statements. In performing their work, PwC may recommend adjustments to the balances, or can recommend process or internal control improvement.

For the 2018 Trust Fund financial statements, no recommendations were made.

The PwC 2018 Year End report to the Audit Committee is presented with the financial statements.

## **CONTACT**

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## **SIGNATURE**

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Andrew Flynn  
Controller

## **ATTACHMENTS**

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- Appendix A: Consolidated Financial Statements City of Toronto Trust Funds  
December 31, 2018
- Appendix B: Trust Funds Account Descriptions of December 31, 2018
- Appendix C: City of Toronto Trust Fund Audit Results