



Regina Civic
Employees'
Long Term
Disability Plan



ANNUAL REPORT 2017

Administered by

möbius
BENEFIT ADMINISTRATORS INC.

ANNUAL REPORT

REGINA CIVIC EMPLOYEES' LONG TERM DISABILITY PLAN

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MESSAGE FROM THE CHAIRPERSON

The Plan provides self insured coverage for eligible employees experiencing disability preventing them from continuing their active employment. It serves as a financial and rehabilitation bridge with claims adjudicated by a third party professional firm. The Board administers the Plan and its assets for the sponsors.

For a considerable number of years, the Plan has achieved strong financial results to ensure the capacity to meet all employee needs. That has supported a strategic investment approach to immunize the Plan against claims exposure and allocate surplus dollars to grow funds for future benefit. Active rehabilitation programming and consultation has ensured early return to own occupation or alternate employment.

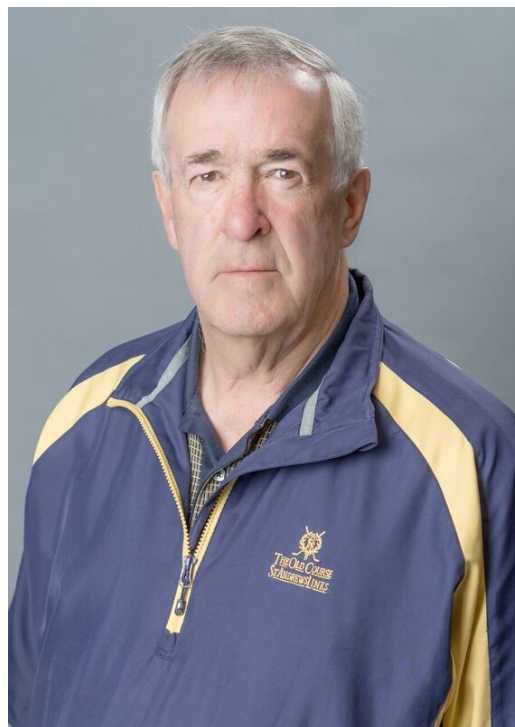
The Working Group of employee and employer representatives achieved as very successful negotiation to improve benefits and reduce contributions all for the increased benefit of, and support to, the members who may unfortunately require this plan in time of need. It is of considerable comfort to know this plan and its benefits exist and are fully supported by employers who recognize their interest in healthy, productive employees.

The Board and its administrative staff can take justifiable pride that through difficult and volatile times the Plan has thrived and increased benefits and reduced contributions. It is proof in the exemplary standing that persevered commitment, good governance and prudent, strategic investment and policies can produce the desired stable and enhanced results.

As I leave the Board this year after 31 years I reflect so very positively on the time served with caring, committed people of all backgrounds focused on being there when the need for support arises for fellow employees. My thanks and respect to all.

BOB LINNER

CHAIRPERSON,
ADMINISTRATIVE BOARD



“The Board and its administrative staff can take justifiable pride that through difficult and volatile times the Plan has thrived and increased benefits and reduced contributions. It is proof in the exemplary standing that persevered commitment, good governance and prudent, strategic investment and policies can produce the desired stable and enhanced results.”

2017 PLAN HIGHLIGHTS

YEAR AT A GLANCE

Net Assets Available for Benefits

\$51.8 Million

Disability Obligations (current and future disability benefits)

\$17.9 Million

Surplus

\$33.9 Million

Funding Status

290%

Target Funding Status of 136%

Total Membership

3,768

Contribution Rate

(a percentage of basic earnings)

Members

0.46%

Employers

0.46%

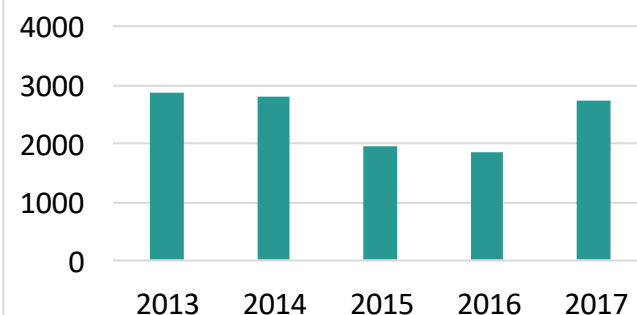
Summary of Financial Position

As at December 31, 2017

(thousands)	2017	2016
Net Assets Available for Benefits	\$ 51,807	\$ 50,193
Disability Obligations	17,867	14,353
Surplus	\$ 33,940	\$ 35,840

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Annual Benefit Payments



2017 Revenues and Expenses

Investment Returns

\$2.8 Million

Contributions

\$2.3 Million

Administration Expenses
\$0.8 Million

Disability Benefit Payments

\$2.7 Million

Active Claims

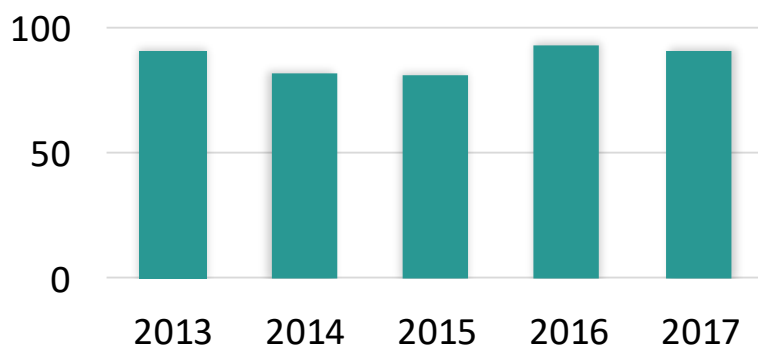
At December 31

91 Down from 93 at the end of 2016

\$3,352 Average Monthly benefit before offsets, up from \$2,426 in 2016

4.4 Average Duration of Disablement, up from 4.1 in 2016
Years

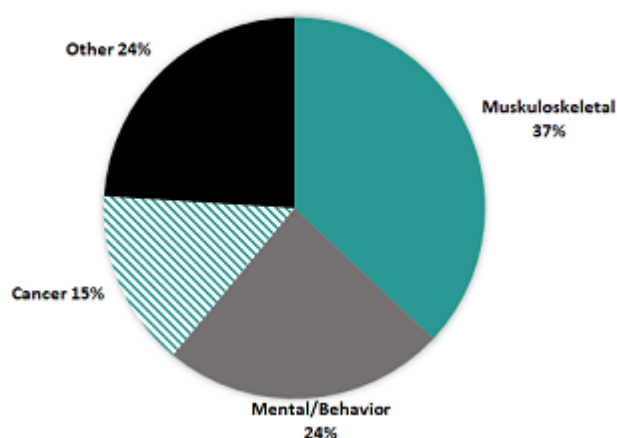
ACTIVE CLAIMANTS BY YEAR



New Claims

72 Up from 62 during 2016

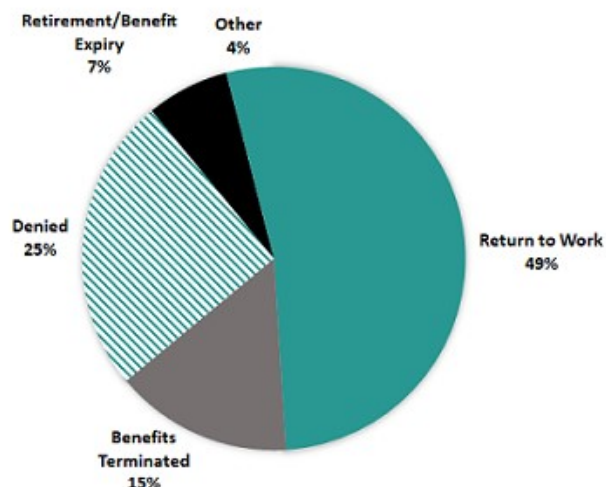
NEW DISABILITY CLAIM TYPE



Resolved Claims

61 Up from 55 in 2016

RESOLVED CLAIMS BY TYPE





ABOUT THE PLAN

INCOME PROTECTION

The Plan provides eligible members with protection against the potential loss of income in the event they become ill or accidentally injured. Benefits include:

MONTHLY DISABILITY BENEFITS

Equal to 75% of pre-disability salary

Coverage for Recurrent Disabilities

Early Access

To diagnostics and surgeries

REHABILITATION

- Access to therapy, conditioning and rehabilitation
- Access to return to work programs including cross-jurisdictional placement, split shifts and work from home programs.

COORDINATION WITH OTHER BENEFITS

The Plan is designed to :

- complement the members' sick leave plans; and
- to integrate with government disability programs.

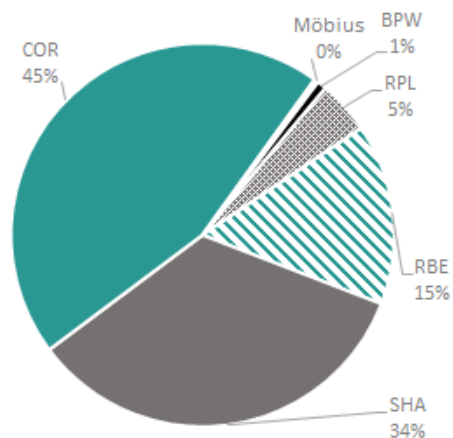
HIGH QUALITY CLAIMS ADMINISTRATION

Two Year Any Occupation

The Plan provides benefits to members from six employers:

- City of Regina;
- Saskatchewan Health Authority;
- Regina Board of Education (non-teaching staff);
- Regina Public Library;
- Buffalo Pound Water Administration Board; and
- Möbius Benefit Administrators Inc.

Members by Employer



PLAN GOVERNANCE

ADMINISTRATIVE BOARD



*Back Row Left to Right: Brian Seidlik, John Gangl, Rod Wiley, John McCormick, Colin Jensen, Bob Linner, Brian Smith
Front Row Left to Right: Deb Cooney, Lorna Glasser, Jo-ann Hincks, Kathy Lewis, Tanya Lestage, Barbara March-Burwell*

PLAN TEXT—SCHEDULE A—BYLAW NO. 9566

The Plan is sponsored by the City of Regina and the Civic Pension and Benefits Committee, which consists of representatives of each of the employee groups in the Plan.

Plan governance is outlined in the Plan Text which was established January 1, 1992 under Schedule A of Bylaw No. 9566. The Plan Text establishes the Administrative Board as the **Administrator** for the Plan. The Administrative Board consists of twelve voting members, six representing the employers and six representing the employee groups. Two of the employer representatives are appointed by the City Manager, and four others are appointed by City of Regina City Council, one of which must be from the Regina Qu'Appelle Regional Health Authority. The employee representatives are elected annually by the membership.

The Administrative Board has adopted a number of policy documents. These policy documents and the Plan text are available online at www.mobiusbenefits.ca.

These governing documents, together with Canada Pension Plan, Income Tax and other federal and provincial legislation, determine how the Plan operates and how members' benefits are calculated and paid.

The Administrative Board is required to meet at least quarterly, and quorum is eight members. Under the terms of the Plan, an affirmative vote of at least eight members is required for the passing of any motion relating to:

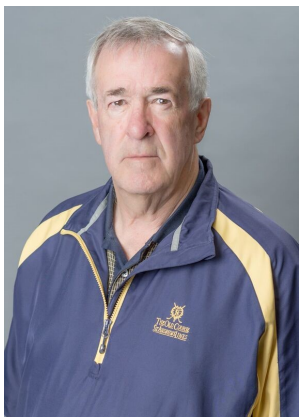
- Management of the fund;
- An amendment to an existing policy; and
- Adoption of a new policy relating to the fund.

The Board met 4 times during 2017. Board meeting attendance for each Member was as follows:

Member	Number of Meetings Attended
John Gangl	4
Lorna Glasser	2
Jo-ann Hincks	3
Colin Jensen—Vice-Chairperson	3
Tanya Lestage	4
Kathy Lewis	4
Bob Linner—Chairperson	4
Barbara March-Burwell	4
John McCormick	3
Brian Seidlik	2
Brian Smith	4
Rod Wiley	3
Deb Cooney (alternate)	2
Glenn Polivka (alternate)	3

ADMINISTRATIVE BOARD MEMBERS

EMPLOYEE AND EMPLOYER REPRESENTATIVES



Bob Linner-Chairperson

Employer Representative since 1987

Mr. Linner was appointed by City Council in 1987 while holding the position of City Manager for the City of Regina. Mr. Linner retired from the City in May of 2006 but continues in his role as Trustee. Mr. Linner holds a Bachelor of Arts Honors equivalent in Urban Geography and Economics from the University of Saskatchewan and is a frequently invited speaker on urban issues and leadership.



Colin Jensen—Vice-Chairperson

Employee Representative since 2011

Mr. Jensen has been employed with the Regina Public School Board since 1999 working in Information Technology Services, currently Senior Systems and Database Administrator. Previous he had a ten year career with Wascana Energy Inc. as a Financial Accountant. Mr Jensen holds Degrees of Bachelor of Administration (Accounting) and Bachelor of Science (Computer Science) from the University of Regina. Mr Jensen is also a member of the Civic Pension and Benefits Committee, serving since 2008.



John Gangl

Employee Representative since 2006

Mr. Gangl retired in 2012 after 33.5 years with the City of Regina overseeing the Sewer maintenance operations, supervising 30 employees in the last position he held, Supervisor of Sewage Collection. He was a member of the Civic Pension & Benefits Committee since the early 1990's until he retired. He was also very active in his union, CUPE Local 21, for over 25 years and the Secretary Treasurer for the last 17 years. He also represented Saskatchewan CUPE members on CUPE National's National Advisory Committee on Pension.



Lorna Glasser

Employee Representative since 2011

Ms. Glasser was elected by the plan members in 2006 to assume the seat designated for the Saskatchewan Health Authority. She was a member of the Civic Pension & Benefits Committee from 2003 up until her retirement. Ms. Glasser worked as a laboratory technologist for 29 years. During that time she assumed a variety of leadership roles in her professional association, her union, and her community. Ms. Glasser was a non-voting employee alternate until the resignation of another trustee late in 2015.



John McCormick

Employee Representative since 2007

Mr. McCormick retired from his position as Transit Operator with the City of Regina after 31 years of service and held the position of President of the Amalgamated Transit Union Local 588 for 18 years. Mr. McCormick was appointed to the Labour Relations Board in July of 2002 as member representing employees and continues in that role today. Also, he was formerly a ATU Canadian Council Executive Board Member for 9 years representing Western Canadian ATU Locals and was the Pension Committee Chair for 3 years.



Brian Seidlik

Employee Representative since 2012

Mr. Seidlik was elected by the plan members in 2012. Mr. Seidlik joined the City of Regina in 1983 and is currently a Captain with the Regina Fire Department.



Brian Smith

Employer Representative since 2011

Mr. Smith was appointed by the City Manager in 2009. Mr. Smith had been employed by the Government of Saskatchewan for 27 years and was serving in the role of Assistant Deputy Minister, Saskatchewan Finance, in the Public Employee Benefits Agency until his retirement. Mr. Smith is an Honorary Life Member of the Canadian Pension & Benefits Institute and a Fellow of the Life Management Institute.



Rod Wiley

Employer Representative since 2013

Mr. Wiley is currently an Associate with Praxis Management Consulting. Previous positions include: Chief Financial Officer with Saskatchewan Liquor and Gaming Authority; Executive Director Finance and Administration with Saskatchewan Ministry of Health; and Controller with Wascana Energy Inc. He is currently a member of the National Board of Directors of the Chartered Professional Accountants of Canada.



Jo-ann Hincks

Employee Representative since 2009

Ms. Hincks has been employed with the Regina Public School Board commencing September 3, 1974 and entered the Civic Pension Plan on that date. Ms. Hincks has been a payroll officer with the Public School Board since October 1976 and has also been an Employee Representative on the Civic Pension & Benefits Committee continuously since 1975.



Tanya Lestage

Employer Representative since 2015

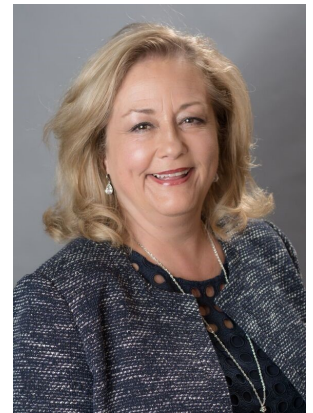
Ms. Lestage was appointed by City Council in 2015 as nominated by the Saskatchewan Health Authority. She has been employed for 17 years with the Saskatchewan Health Authority, currently in the position of Manager, Financial Support. She holds a degree from the University of Regina and is a professionally designated accountant. She also serves on the board of directors for the Financial Management Institute – Regina Chapter.



Kathy Lewis

Employer Representative since 2013

Ms. Lewis was appointed by City Council in 2013 as nominated by the Saskatchewan Health Authority. She has been employed for 16 years with the Saskatchewan Health Authority and has been in the position of Director of Payroll and Benefits for the past number of years. Ms. Lewis also serves on the 3SHealth Employee Benefits Committee in a fiduciary role as well as other oversight committees.



Barbara March-Burwell

Employee Representative since 2015

Ms. March-Burwell was appointed to represent the Regina Public Library in 2015. She has been a member of the Board of Directors of the Regina Public Library since 2014, and is the current Board Vice Chair, and the Chair of the Audit and Finance Committee. Ms. March-Burwell is a Certified Financial Planner and Investment and Wealth Advisor with RBC Dominion Securities. Her other current board position is Executive Committee Member and Audit and Finance Chair for the South Saskatchewan Community Association.

Employee and Employer representatives are appointed as set out in Section 9.1 of Schedule A—Bylaw No. 9566

9.1 (ii) The Board shall consist of the following:

- (a) six (6) employer representatives consisting of:
 - (1) two persons to be appointed by the City Manager; and
 - (2) four (4) persons to be appointed by Council of whom one shall be a person nominated by the Regina Health District Board; and
- (b) six (6) employee representatives elected annually at a meeting of all Members of the Plan who shall hold office for a term of two years of whom one shall be an employee of the Regina Health District working at the Regina General Hospital.

EMPLOYEE ALTERNATES



Deb Cooney

Employee Representative since 2011

Ms. Cooney was elected by the plan members in 2011. She joined the City of Regina in 1999 as a Business Analyst and has worked in numerous areas. She has also served as an Employee Representative on the Civic Pension & Benefits Committee since 2006.



Glenn Polivka

Employee Representative since 2017

Mr. Polivka has been employed by the Transit Department of the City of Regina for the past 10 years. He has been an active member of his union and the Civic Pension and Benefits Committee during his tenure at the City.

BOARD RESPONSIBILITIES

COMPLIANCE

STRATEGY

STEWARDSHIP

The Board's key duties include:

Compliance with Plan Provisions	The Board ensures the Plan is administered in compliance with the Plan document and benefits are paid appropriately to members.
Disability Administration	The Board has engaged Möbius Benefit Administrators Inc. to provide disability administration services on behalf of the Plan. The Board reviews the performance of Möbius on an ongoing basis and ensures that reports provided to the Board are appropriate and adequate to meet their fiduciary duties. Möbius reports to the Board on all aspects of Plan administration. The Board has engaged Manulife to provide claims adjudication services on behalf of the Board.
Annual Financial Statements	The Board ensures that the annual financial statements for the Plan are prepared, an annual audit of the financial statements is conducted. The current auditors for the Plan are KPMG LLP and the statements audited by them are included in this report. In addition, Annual Returns must be filed with the Canada Revenue Agency.
Plan Funding and Valuations	The Board must ensure the Plan is able to meet the long term disability obligations as they occur and ensure the long-term solvency of the Plan. In order to accomplish this, the Plan Text requires that a valuation of the Plan be completed every three years. The purpose of the valuation is to provide an actuarial estimate of the present value of the Plan's liabilities and assets plus determine whether the assets are adequate to meet the obligations or a contribution increase is required. The Plan's current actuary is Aon.
Custody of Plan Assets	The Board must ensure all monies due to the Fund are kept separate and apart from other funds of the employers. This is accomplished by hiring a fund custodian to ensure the money is kept separate from the employer's funds and is only used for disability purposes. In addition to holding the Plan's securities, the custodian is required to verify that any transfer requested by those involved with the Plan complies with the Plan's rules and governing legislation. The current custodian is Northern Trust, Institutional and Investor Services.
Fund Management	The Board is responsible for establishing the investment strategy and ensures it is executed by establishing the Plan's Statement of Investment Policies & Procedures. The activities the Board performs to fulfil this responsibility include regular reviewing of investment activities, ensuring compliance with the Statement of Investment Policies & Procedures, monitoring investment results and meeting with the Plan's fund managers.
Risk Management	The Board defines risk and outlines appropriate risk management practices. The Board works with Möbius Benefit Administrators to identify the principal risks to the Plan and set an overall risk budget. The Board provides direction with regards to risk objectives and approach to risk management through its policies, and provides guiding principles for risk tolerance.
Performance Measurement	The Board ensures the various investment managers are managing the fund assets in an appropriate manner and in compliance with the Statement of Investment Policies & Procedures.
Policy Documents	<p>To support the objectives of the Plan the Board has adopted the following policies:</p> <ul style="list-style-type: none">· Administration Policy · Code of Conduct · Communication Plan · Disability Management Policy· Funding Policy · Privacy Policy · Procedural Rules · Purchasing Policy · Risk Management Framework · Statement of Investment Policies & Procedures · Statement of Investment Beliefs· Travel Policy · Trustee Education Policy



EDUCATION AND TRAINING

The Administrative Board of the Regina Civic Employees' Long Term Disability Plan recognizes the importance of education to the successful fulfillment of the fiduciary duty to the members of the Plan.

To that end, the Board has developed the Trustee Education Policy based on the following principles:

- Board members are required to make policy decisions to facilitate the administration of the Plan;
- Board members have an obligation to participate in Board meetings in a meaningful way; and
- a unique body of knowledge is required to carry out the roles and responsibilities of the Board.

The Administrative Board of the Regina Civic Employees' Long Term Disability Plan is comprised of the same members as the Regina Civic Employees' Superannuation and Benefit Plan. Educational opportunities attended by trustees are considered education credits for both plans.

Minimum Annual Training Requirements

The Trustee Education Policy requires that, in addition to basic education obtained within the first three years of becoming a Trustee:

- new Trustees must attend a minimum of 60 hours of educational opportunities on an triannual basis; and
- senior Trustees must attend a minimum of 60 hours of educational opportunities on an biannual basis.

406

Total number of hours spent by Board Members in Education and Training during 2017—*excluding Board meetings.*

The following table provides the details of Administrative Board Conferences and Seminars. Where board members serve on the board of more than one Plan, costs are shared with those other Plans. The total cost of Board Member Travel, Education, Membership Fees and Training for the Regina Civic Employees' Long Term Disability Plan for 2017 was \$3,250.

Trustee	Conference or Seminar	Date	Location	Hours	Amount
Bob Linner	Trustee Education Workshop	May 3	Regina	8	\$ 94
Colin Jensen	When Spousal Relationships Break Down	Mar 16	Regina	2	40
	CPBI Saskatchewan Regional Conference	Apr 24 to 27	Saskatoon	21	1,211
	Trustee Education Workshop	May 3	Regina	8	94
	IF Canadian Annual Conference	Aug 20 to 23	Montreal	23	2,597
	Illiquid Investments: Are they a free lunch	Nov 16	Regina	2	39
				56	\$ 3,981
John Gangl	Global Economic & Financial Outlook	Jan 18	Regina	2	40
	TDAM Sharing of Knowledge	Mar 30	Regina	2	-
	CPBI Saskatchewan Regional Conference	Apr 24 to 27	Saskatoon	21	1,194
	Trustee Education Workshop	May 3	Regina	8	94
				33	\$ 1,328
Lorna Glasser	Global Economic & Financial Outlook	Jan 19	Regina	2	40
	CPBI Saskatchewan Regional Conference	Apr 24 to 27	Saskatoon	21	932
	Trustee Education Workshop	May 3	Regina	4	94
				27	\$ 1,066
Jo-ann Hincks	When Spousal Relationships Breakdown	Mar16	Regina	2	40
	CPBI Saskatchewan Regional Conference	Apr 24 to 27	Saskatoon	21	950
	Trustee Education Workshop	May 3	Regina	8	94
	IF Canadian Annual Conference	Aug 20 to 23	Montreal	23	2,564
	Illiquid Investments: Are they a free lunch	Nov 16	Regina	2	39
				56	\$ 3,687
Kathy Lewis	Global Economic & Financial Outlook	Jan 19	Regina	2	40
	Benefits, Beyond the Basics	Mar 1 to 2	Regina	14	-
	When Spousal Relationships Break Down	Mar 16	Regina	2	40
	TDAM Sharing of Knowledge	Mar 30	Regina	2	-
	CPBI Saskatchewan Regional Conference	Apr 24 to 27	Saskatoon	21	-
	Trustee Education Workshop	May 3	Regina	8	94
	Key Trends for Canadian Institutional	Jun 1	Regina	2	-
				51	\$ 174

Trustee	Conference or Seminar	Date	Location	Hours	Amount
Tanya Lestage	Public Sector Performance Measurement	Feb 16	Regina	2	-
	Trustee Education Workshop	May 3	Regina	8	94
	Financial Management Institute—PSMW	May 29 to 30	Winnipeg	15	-
	MSL Catchball Planning Session	Oct 31	Regina	2	-
				27	\$ 94
Barb March-Burwell	CFA Society Dinner	Jan 24	Regina	4	-
	Board Evaluations	Mar 15	Regina	1	-
	Trustee Education Workshop	May 3	Regina	8	94
	Legal Decisions with Boards	Oct 18	Regina	1	-
	Measuring Management Actions	Nov 15	Regina	1	-
	The Post Truth Era-Issue for the Audit Committee	Nov 16	Regina	2	-
	Employee Benefits Plans	Nov 16	Regina	1	-
				18	\$ 94
John McCormick	CPBI Saskatchewan Regional Conference	Apr 24 to 27	Saskatoon	21	1,163
	Trustee Education Workshop	May 3	Regina	8	94
	ACPM National Conference	Sep 12 to 14	Banff	32	4,985
				61	\$ 6,242
Brian Smith	CFA Society Dinner	Jan 24	Regina	4	-
	TDAM Sharing of Knowledge	Mar 30	Regina	2	-
	Trustee Education Workshop	May 3	Regina	8	94
				14	\$ 94
Rod Wiley	Trustee Education Workshop	May 3	Regina	8	94
	CPA Board Skills Development	Dec 4	Regina	8	-
				16	\$ 94
Deb Cooney	CFA Society Dinner	Jan 24	Regina	4	-
	When Spousal Relationships Break Down	Mar 16	Regina	2	40
	CPBI Saskatchewan Regional Conference	Apr 24 to 27	Regina	21	1,225
	Trustee Education Workshop	May 3	Regina	8	94
	Key Trends for Canadian Institutional Investors	Jun 1	Regina	2	-
				37	\$ 1,359
Glenn Polivka	Key Trends for Canadian Institutional Investors	Jun 1	Regina	2	\$ -
2017 Total				406	\$ 18,307



CLAIMS MANAGEMENT

PROFESSIONAL ADJUDICATION AND ADMINISTRATIVE SERVICES

The Board engages the services of an external service provider to provide adjudication and administration services for the Plan.

The services have been provided by Standard Life since 2012. In 2015, Standard Life was acquired by Manulife Financial. As a result of this acquisition, these services are now provided by Manulife with the transition being completed in April 2016.

The operational activities of the Plan are performed by Möbius Benefit Administrators Inc. Staff of Möbius provide assistance to members regarding their individual benefit entitlements.

The following table illustrates the flow through of claims managed during 2017:

Active Claims as of December 31, 2016	93
New Claim Applications	72
Claims withdrawn prior to Adjudication	(13)
Claims Resolved and Denied	(61)
Active Claims as of December 31, 2017	91

CLAIMS ADJUDICATION

Benefits are payable subject to the provision of medical evidence supporting disability, and the approval of the Plan adjudicator.

A member may not receive disability benefits while in receipt of sick leave benefits or ongoing vacation leave payments.

Disability benefits are reduced by payments received from the Workers' Compensation Board, the Canada Pension Plan for Disability Benefits, the Canada Employment and Immigration Commission, the Saskatchewan Government Insurance Personal Injury Protection Plan, Veterans Affairs Canada and salary or wage loss awarded as a result of action against any third party for the same disability except for benefits received from a member's private disability plan.

Definition of a Disability

Under the terms of the Plan, the Definition of a Disability varies depending upon the length of time from the date of disability.

Within Two Years:

Disability benefits are payable to a member who suffers any physical or mental condition which, based on medical evidence, is **so severe that he/she is prevented from performing the duties of their own occupation** during the 120 calendar day qualifying period and the first twenty four (24) months immediately following the qualifying period.

After Two Years:

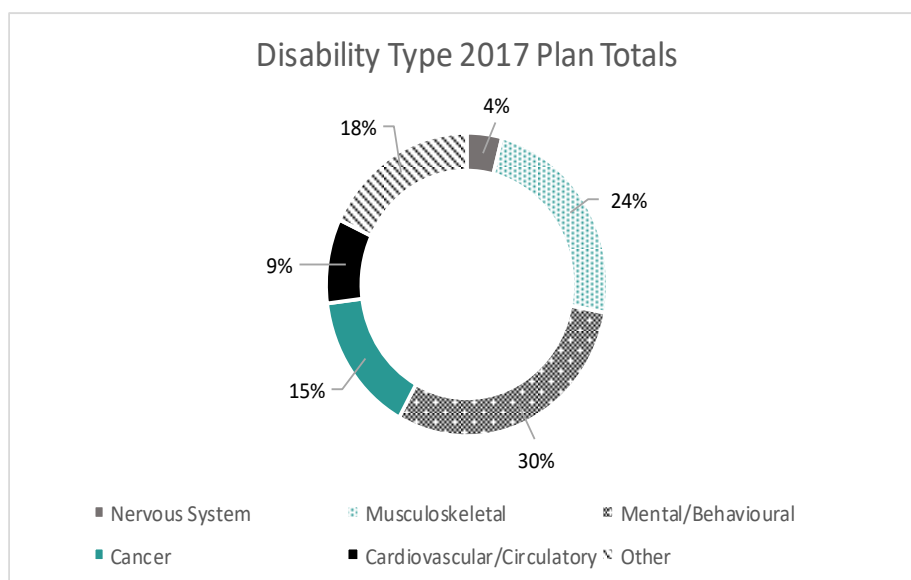
Thereafter, benefits may continue, if the condition continues to limit the member from engaging in **any gainful occupation or employment for remuneration or profit, for which he/she is reasonably well qualified by education, training or experience.**

Determination of Benefit Amount

The total disability payment is based on 75% (65% prior to July 1, 2017) of the current salary rate at the date of disability or the date the disability payments become effective, whichever is greater. After having received total disability benefits for a period of **twenty four (24) months**, partial disability payments may be payable if the medical evidence indicates that the member is not totally disabled from employment but a permanent medical impairment does exist.

Disability Type

The chart below shows the five most prevalent types of disability at year end within the Plan. The most significant change in 2017 was a slight increase in Mental/Behavioural illnesses up from 26% in 2016.



**Other includes: Gastrointestinal, Endocrine Illness and Chronic Pain.*

ACTUARIAL VALUATIONS

MEASURING AND PLANNING TO FUND BENEFITS



ONE OF THE MOST IMPORTANT FUNCTIONS OF THE BOARD IS TO ENSURE THAT ACTUARIAL VALUATIONS ARE CARRIED OUT.

The Board must ensure the Plan is able to meet the disability obligations as they occur and ensure the long term solvency of the Plan.

There is no legislative requirement for a long term disability plan to carry out actuarial valuations. However, in order to ensure the Plan remains solvent, the Board has adopted a policy which requires valuations to be performed every two years.

The Plan's actuary is chosen through a competitive process as outlined in the Board's Purchasing Policy. Aon was selected for a five year term beginning with the 2014 valuation.

SURPLUS

The purpose of an actuarial valuation is to provide an actuarial estimate of the present value of the Plan's liabilities and assets—and then determine whether the assets are adequate to meet the obligations.

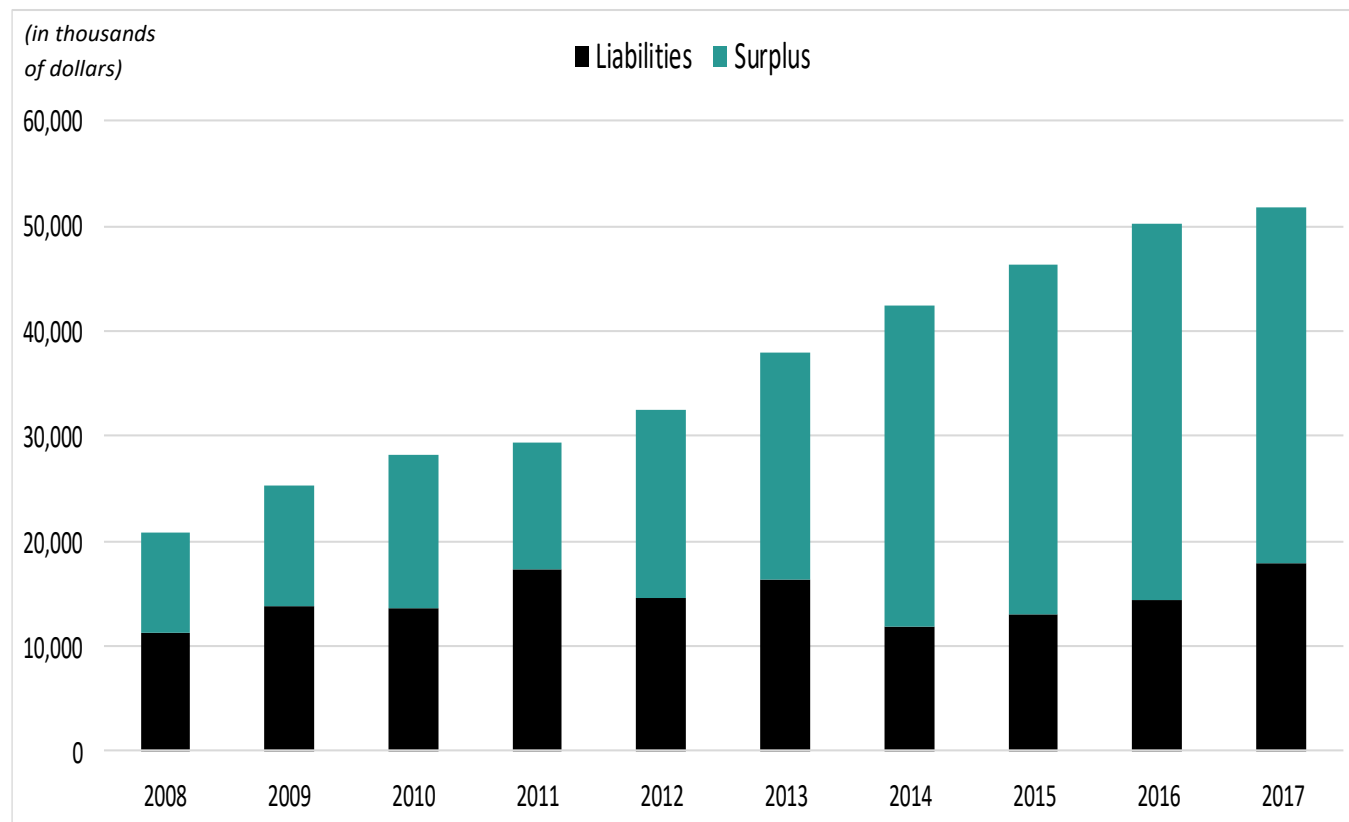
When liabilities exceed assets, the Plan has an unfunded liability, which indicates a contribution increase or change in benefits is required.

A plan is considered **solvent** when the present value of the assets exceed the actuarial estimate of the Plan's liabilities.

The Regina Civic Employees' Long Term Disability Plan has been in a surplus position for several years. Following the completion of the 2014 Actuarial Valuation, which indicated the Plan had a surplus exceeding \$30 million dollars, the Board established a Working Group consisting of representatives of the Plan sponsors, with support from Möbius Benefit Administrators Inc. staff, to carry out a review of the Plan.

ACTUARIAL SURPLUS

POSITIVE TREND



The chart above illustrates the 10 year trend, with the actuarial liability for disability obligations steady or declining slightly while assets continue to grow. The measurement of disability obligations is based on actuarial valuations as they are carried out, with extrapolations prepared for financial statement purposes for years between the full actuarial valuations.

$$\begin{array}{|c|} \hline \text{Plan} \\ \text{Assets} \\ \hline \end{array} - \begin{array}{|c|} \hline \text{Actuarial} \\ \text{Liability} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Surplus} \\ \hline \end{array}$$



PLAN CHANGE

WORKING GROUP

The Working Group met several times over the course of 2016 and 2017 refamiliarizing themselves with the current structure and benefits of the Plan including the evolution of the Surplus.

During this time the group focused on developing an understanding of some of the administrative challenges that have developed over the years. The group also outlined a path to amend the governance structure as a final step.

Upon gaining a better understanding of the Plan, the group along with Aon who provided consulting services developed the following changes to address the growing surplus. These changes were presented to the Administrative Board on May 24, 2017.

On June 26, 2017 the amendments to Bylaw No. 9566 were approved by City Council and authorization was received to negotiate changes to the Plan governance.

PLAN CHANGES EFFECTIVE JULY 1, 2017

Pre-existing conditions diagnosed or treated in the twelve month period prior to coverage will no longer be covered
Benefits received from Veterans Affairs Canada will be offset by the Plan
Offset for Employment Income (EI) has been removed
"Own occupation" period has been extended from twelve months to twenty-four months
Cost of living adjustments, over and above the existing 50% of the CPI provision, will be permitted on an ad-hoc basis and be granted on January 1 for ease of administration
The core benefit has been increased to 75% from 65% of pre-disability salary
The contribution rate has been lowered by 50% to 0.46% of salary, effective January 1, 2017

INVESTMENTS

BALANCING RISK AND RETURN



The Administrative Board oversees the investments of the Long Term Disability Plan in accordance with the Statement of Investment Policies & Procedures (SIP&P) which is reviewed annually, and whenever a change is required.

The SIP&P provides general policy guidelines for the management and investment of the assets of the Plan and sets out the Board's investment beliefs and risk philosophy, the asset mix and diversification policy, and permitted investments.

The primary investment objectives are:

1. Earn a minimum inflation-adjusted return of 1.8%;
2. Earn a rate of return that exceeds a benchmark portfolio;
3. Earn rates of return that exceed the returns earned on the relevant market index over rolling 4-year periods (active mandates) or rates of return within 15 basis points of the returns earned on the relevant market index over rolling 4-year periods (passive mandates).

ASSET CLASS TARGET MIX

The assets of the Plan are separated into two portfolios: The Return Seeking Portfolio and the Liability Matching Portfolio.

Assets held in the Return Seeking Portfolio are intended to earn a market return as outlined in the Statement of Investment Policies & Procedures.

Assets held in the Liability Matching Portfolio are meant to fluctuate in correlation with the value of the liabilities of the plan.

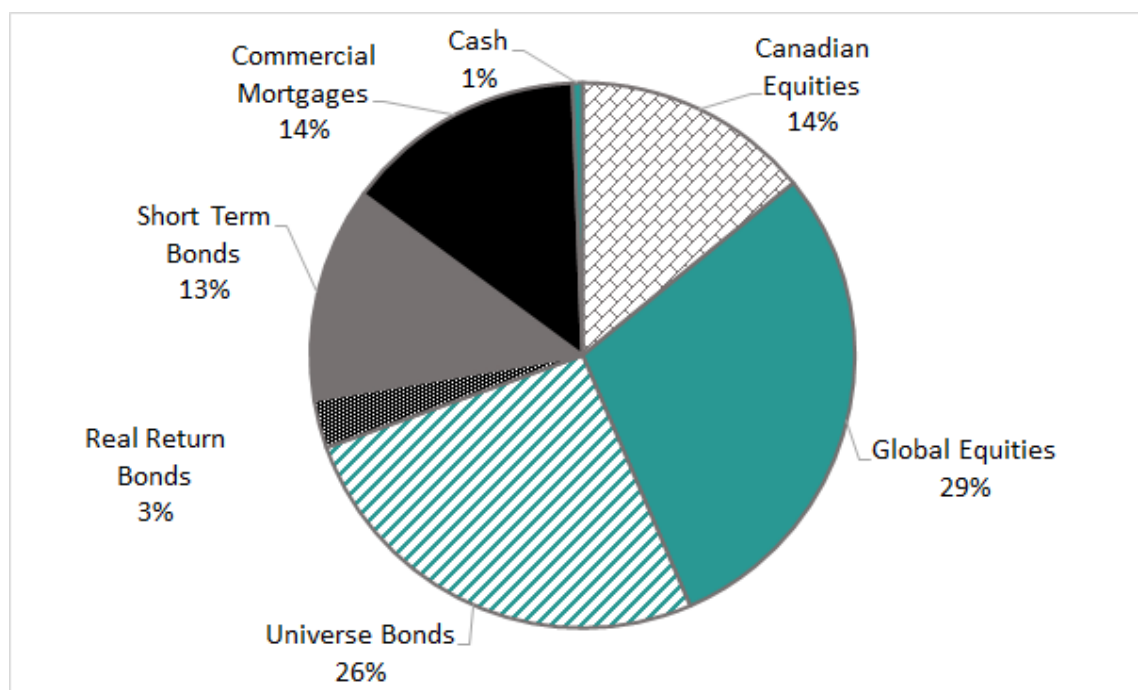
The Plan does not manage currency within the portfolios, preferring to take a longer term approach that currencies will fluctuate in the short term, but will achieve some equilibrium over time.

\$51.9 Million

Total Invested Assets
of the Plan,
December 31, 2017

The Plan's assets are invested across several asset classes and with multiple investment managers to reduce the overall risk to the Plan. By spreading the investments out among different types of assets, different geographical areas and different investment styles, the overall risk to the Plan is reduced and the returns of the Plan become less volatile.

Asset Allocation



Asset Class		Actual % Allocation	Minimum %	Target %	Maximum %
Return Seeking Portfolio					
Equities					
Canadian	S&P/TSX 300 Index	20.1	15	20	25
Global	MSCI World GD	39.1	35	40	45
		59.2		60	
Fixed Income					
Universe Bonds	FTSE TMX Canada Universe Bond Index	39.5	30	40	50
Cash	n/a	1.3		-	
Total Return Seeking Portfolio		100.00		100	
Liability Matching Portfolio					
Fixed Income					
Real Return Bonds	FTSE TMX Canada Real Return Bond Index	9.3	8	12	16
Short Term Bonds	FTSE TMX Canada Short Term Overall Bond Mix	42.3	38	43	48
Commercial Mortgages	FTSE TMX Canada Universe Bond Index +2%	48.4	40	45	50
Total Liability Matching Portfolio		100.00		100	

MANAGEMENT OF INVESTMENTS

MANAGER SELECTION, MONITORING AND REBALANCING

Professional investment management services are obtained through competitive procurement processes. The Board performs regular performance reviews on all managers, ensuring they are meeting objective targets as set out in the SIP&P.

As the performance of individual managers and markets move the assets in the Fund away from the normal strategic positions, the assets are rebalanced to bring the Fund back within the parameters of the current strategic asset allocation policy set by the Administrative Board. Such rebalancing is achieved through directed cash flow or by actively transferring funds among managers when specified trigger points are reached. The actual management and asset allocation structure of the Regina Civic Employees' Long Term Disability Plan as at December 31, 2017 is shown below:

Asset Class	Manager	Start Date	Amount* (thousands)	% of Holdings
Return Seeking Portfolio				
Equities				
Canadian	QV Investors Inc.	2014	7,354	14.2
Global	Franklin Templeton Investments Corp.	1998	14,320	27.6
			\$21,674	41.8
Fixed Income				
Universe Bonds	TD Asset Management	2004	14,475	27.9
Cash		n/a	513	1.0
Total Return Seeking Portfolio			\$36,662	70.7
Liability Matching Portfolio				
Fixed Income				
Real Return Bonds	Internal	n/a	1,412	2.7
Short Term Bonds	TD Asset Management	2010	6,436	12.4
Commercial Mortgages	Addenda Capital Inc.	2010	7,365	14.2
Total Liability Matching Portfolio			\$15,213	29.3
Total Fund			\$51,875	100.00

*Amount includes small cash balances held by each manager within their investment portfolio.

INVESTMENT RESULTS

ACTUAL VERSUS TARGET

**Overall fund
return 5.7%**

On a total fund basis the 2017 return of the Regina Civic Employees' Long Term Disability Plan was 5.7%, in line with the custom benchmark. 2017 returns were driven by strong equity markets worldwide while fixed income also contributed positively. The Plan outperformed the real return expectation goal by 2.5%.

OBJECTIVE

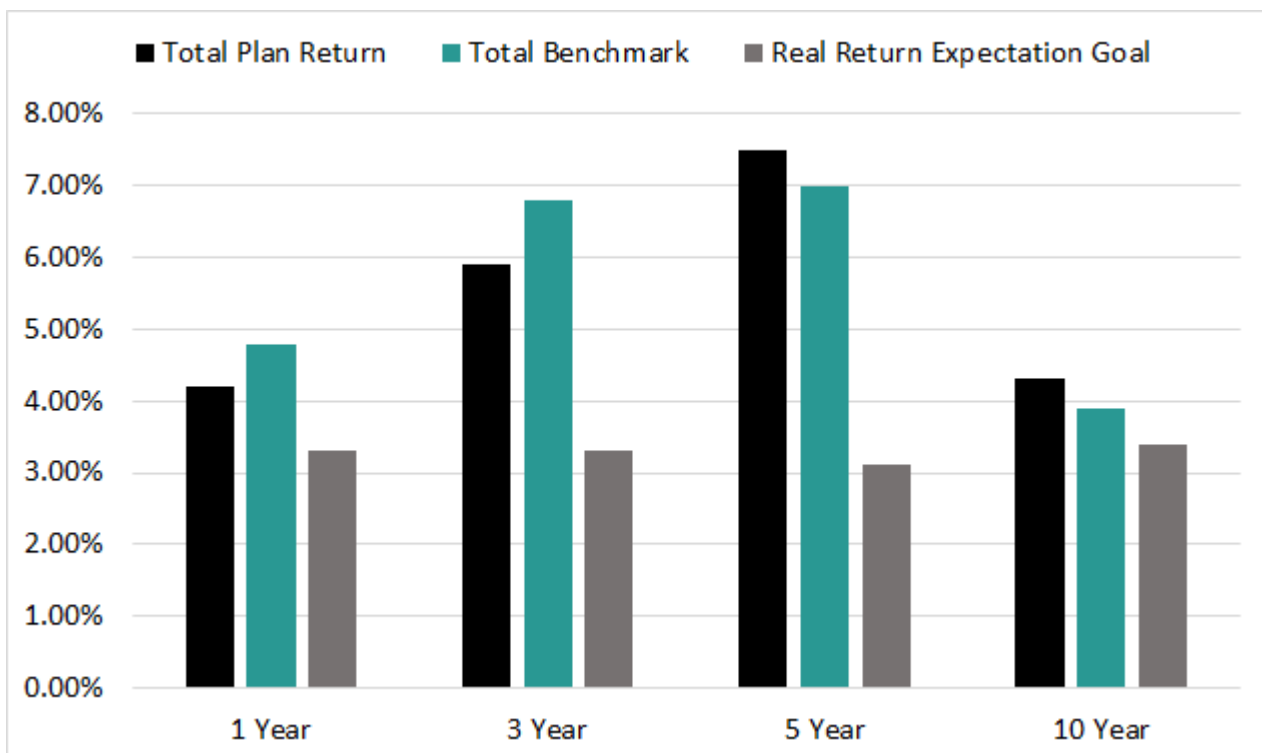
1 Year 3 Year 5 Year 10 Year

Earn a minimum inflation-adjusted investment return of 1.6%

Total Plan Return	5.7	5.2	7.2	4.5
Real Return Expectation Goal (CPI+1.6%)	3.5	3.3	3.1	3.2
Excess Return	2.2	1.9	4.1	1.3

Earn a rate of return that exceeds the benchmark portfolio

Total Plan Return	5.7	5.2	7.2	4.5
Total Plan Benchmark Return	5.8	5.5	6.9	4.4
Excess Return	-0.1	-0.3	0.3	0.1



INVESTMENT RESULTS

ACTUAL VERSUS TARGET—Continued

OBJECTIVE: Earn rate of return that exceeds the returns earned on the relevant market index over rolling 4-year periods (Actively managed investments) for the years ended December 31

	2017	2016	2015	2014	2013	2012
Canadian Equity	7.7	11.1	8.0	5.1	6.4	8.2
Benchmark	7.6	8.5	5.3	5.2	6.8	11.7
Excess Return	0.1	2.6	2.7	-0.1	-0.4	-3.5
Global Equity	10.2	17.9	23.0	15.4	13.5	6.9
Benchmark	13.4	18.3	21.0	15.1	12.8	6.9
Excess Return	-3.1	-0.4	2.0	0.3	0.7	0.0
Mortgages	3.7	4.0	4.3	4.9	-	-
Benchmark	6.1	5.1	5.6	7.1	-	-
Excess Return	-2.4	-1.1	-1.3	-2.2	-	-
Short Term Bonds	1.0	1.1	1.1	1.2	-	-
Benchmark	1.7	2.1	2.4	2.9	-	-
Excess Return	-0.7	-1.0	-1.3	-1.7	-	-

OBJECTIVE: Earn rates of return within 0.15% of the returns earned on the relevant market index over rolling 4-year periods (Passively Managed Investments) for the years ended December 31

Universe Bonds	4.06	3.07	3.56	4.88	4.33	6.02
Benchmark	4.09	3.13	3.62	5.13	4.63	6.33
Excess Return	-0.03	-0.06	-0.06	-0.25	-0.30	-0.31
Real Return Bonds	3.94	0.85	1.24	4.64	4.59	11.00
Benchmark	4.78	0.99	0.99	4.61	4.12	11.55
Excess Return	-0.84	-0.14	0.25	0.03	0.47	-0.55

DISABILITY PLAN EXPENSES

DETAIL BY VENDOR AND EXPENSE TYPE

Description	Amount* (thousands)
Actuarial Services	
Aon Hewitt	24
Audit Services	
KPMG LLP	10
Custodial and Performance Management Fees	
Northern Trust Corporation	37
Investment Management Fees	
QV Investors Inc.	23
Franklin Templeton Investments Corp.	108
TD Asset Management	5
Addenda Capital Inc.	37
	173
Legal Services	
McDougall Gauley	69
Lawson Lundell	5
	74
Other Administrative Expenses	
Möbius Benefit Administrators Inc.	331
Manulife	40
Medical and Rehabilitation Services	66
SaskCentral	20
Conferences, Seminars & Travel	3
Software Licensing and Maintenance	3
Office Supplies	2
Other	2
	467
Total	\$ 785



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INDEPENDENT AUDITORS' REPORT

To the Administrative Board of The Regina Civic Employees' Long Term Disability Plan

We have audited the accompanying financial statements of Regina Civic Employees' Long Term Disability Plan, which comprise the statement of financial position as at December 31, 2017, the statements of changes in net assets available for benefits and changes in disability obligations for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Regina Civic Employees' Long Term Disability Plan as at December 31, 2017, and the changes in its net assets available for benefits and changes in disability obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

KPMG LLP

Chartered Professional Accountants
May 23, 2018
Regina, Canada

AUDITED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

(in thousands of dollars)

As at December 31

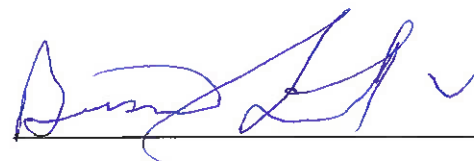
	2017	2016
ASSETS		
Investments—Note 4	\$ 51,875	\$ 50,167
Accounts Receivable	105	150
Contributions Receivable		
Members	-	57
Employers	-	57
Accrued Investment Income Receivable	3	3
	51,983	50,434
LIABILITIES		
Accounts Payable	176	241
Net Assets Available for Benefits	51,807	50,193
Disability Obligations—Note 5	17,867	14,353
Surplus	\$ 33,940	\$ 35,840

See accompanying notes.

APPROVED BY:



Board Member



Board Member

AUDITED FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

(in thousands of dollars)

For the Year Ended December 31

	2017	2016
INCREASE IN NET ASSETS		
Investment Income—Note 6	\$ 3,280	\$ 1,913
Increase in Fair Value of Investments		
Realized Gain	691	101
Unrealized Gain	-	8
Contributions		
Member	1,167	2,246
Employers	1,157	2,246
	6,295	6,514
DECREASE IN NET ASSETS		
Disability Payments	2,747	1,846
Administration Expenses—Note 10	785	902
Decrease in Fair Value of Investments		
Realized Loss	-	-
Unrealized Loss	1,149	-
	4,681	2,748
Net Increase for the Year	1,614	3,766
Net Assets Available for Benefits, Beginning of Year	50,193	46,427
Net Assets Available for Benefits, End of Year	\$ 51,807	\$ 50,193

See accompanying notes.

AUDITED FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN DISABILITY OBLIGATIONS

(in thousands of dollars)

For the Year Ended December 31

	2017	2016
INCREASE IN DISABILITY OBLIGATIONS		
Accrual of Disability Benefits	\$ 3,547	\$ 5,618
Change in Assumptions—Note 5	377	-
Interest Accrued on Benefits	330	307
Change in Benefit Design	2,811	-
	7,065	5,925
DECREASE IN DISABILITY OBLIGATIONS		
Disability Payments	2,830	1,901
Experience Gain	721	2,677
	3,551	4,578
Net Increase/Decrease for the Year	3,514	1,347
Disability Obligations, Beginning of Year	14,353	13,006
Disability Obligations, End of Year	\$ 17,867	\$ 14,353

See accompanying notes.

AUDITED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2017

1. Description of Plan

The Regina Civic Employees' Long Term Disability Plan (the "Plan") is a multi-employer disability plan covering eligible employees of the City of Regina and the following participating employers: Saskatchewan Health Authority, Regina Public Library Board, Board of Education of the Regina School Division No. 4 of Saskatchewan (non-teaching staff), Buffalo Pound Water Administration Board and Möbius Benefit Administrators Inc. The following description is a summary only. For more complete information, reference should be made to the Plan text.

Following the completion of the 2014 actuarial valuation it was revealed that the Plan had a surplus of approximately \$30 million dollars which continued to grow. Therefore the Board authorized establishing a working group comprised of representatives of Möbius and Sponsors for the purpose of reviewing the Plan. The working group, along with Aon, developed changes to the Plan which were implemented July 1, 2017.

a) Contributions

Prior to July 1, 2017, members contributed 0.92% of salary. On July 1, 2017, this contribution rate was lowered to 0.46% and, due to the surplus in the plan, no contributions were collected from July 1, 2017 to December 31, 2017. The employer matches the members' contributions to the Plan.

b) Benefits

Effective July 1, 2017 disability benefits are based on 75% of the member's salary (65% prior to July 1, 2017). Benefits will be paid either throughout the duration of the disability, until the member elects voluntary early retirement, reaches age 65 or upon death, whichever occurs first.

c) Income Taxes

The Plan is a self insured disability income plan and as such is not subject to income taxes under *The Income Tax Act*. Disability benefits paid from the Plan are subject to deductions that are withheld and remitted to the Canada Revenue Agency.

2. Basis of Preparation

a) Statement of Compliance

The financial statements for the year ended December 31, 2017, have been prepared in accordance with Canadian accounting standards for pension plans as outlined in Part IV of the CPA Canada Handbook Section 4600, Pension Plans. For matters not addressed in section 4600, International Financial Reporting Standards (IFRS) guidance has been implemented. The financial statements were authorized and issued by the Plan's Administrative Board on May 23, 2018.

AUDITED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2017

2. Basis of Preparation (continued)

b) Basis of Measurement

The financial statements have been prepared using the historical cost basis except for financial instruments which have been measured at fair value.

c) Functional and Presentation Currency

These financial statements are presented in Canadian dollars, which is the Plan's functional currency and are rounded to the nearest thousand unless otherwise noted.

3. Summary of Significant Accounting Policies

The following policies are considered to be significant:

a) Basis of Presentation of Financial Statements

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the Plan sponsors and Plan members. They are prepared to assist Plan members and others in reviewing the activities of the Plan for the fiscal period, but they do not portray the funding requirements of the Plan or the benefit security of individual Plan members.

Employers of members are responsible for the accuracy and completeness of members' contributions remitted and of employee payroll information on which benefit payments are determined. Accordingly, these financial statements presume the accuracy and completeness of the members' contributions and payroll information received from employers of the members.

b) Investments

All investments are recorded at fair value. The fair value of bonds is based on model pricing techniques that effectively discount prospective cash flows to present value taking into account duration, credit quality and liquidity.

Pooled funds are recorded at fair value based on the net asset value per unit determined by the investment manager with reference to the underlying investments' year-end market prices.

Short-term investments are recorded at cost, which together with accrued interest income, approximates fair value.

AUDITED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2017

3. Summary of Significant Accounting Policies (continued)

c) Investment Income and Transaction Costs

Investment income includes interest and dividends. Interest income is recorded on the accrual basis. Distributions from pooled funds are recognized as entitlement arises. Changes in fair value of investments includes both realized and unrealized gains and losses. Realized gains and losses from the sale of investments are calculated using a weighted average cost basis and are reflected in earnings as incurred. Investment transactions are accounted for on the trade date. Transaction costs are recognized in the statement of changes in net assets available for benefits in the period incurred.

d) Foreign Exchange

Foreign investment purchases, sales and income are recorded in Canadian dollars at exchange rates in effect at the transaction date. Foreign denominated investments and accrued income are translated at year end exchange rates. The unrealized gains and losses arising from the transaction are included in the Statement of Changes in Net Assets Available for Benefits as part of the change in fair value of investments.

e) Contributions

Contributions are accounted for on the accrual basis.

f) Use of Estimates and Judgements

The preparation of the financial statements in accordance with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the valuation of investments and disability obligations. Actual results could differ from these estimates and changes in estimates are recorded in the accounting period in which they are determined.

g) Future Accounting Policy Changes

The relevant new guidance issued by the International Accounting Standards Board not yet adopted by the Plan includes:

- IFRS 9, Financial Instruments. The new standard will replace IAS 39, Financial Instruments: Recognition and Measurement, and includes guidance and derecognition of financial assets and financial liabilities, impairment and hedge accounting. The new standard will come into effect January 1, 2018.

Management does not expect any significant impact to the Plan's financial statements upon adopting the new standard.

AUDITED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2017

4. Investments

The investment objectives of the Plan are to ensure the Plan has sufficient assets to optimize the risk/return relationship of the Plan and to generate sufficient cash flows to meet disability benefits payments. The Plan has the following investments:

INVESTMENTS	2017	2016
Canadian Bonds	\$ 1,412	\$ 1,444
Cash	513	295
Pooled Funds:		
Short Term	6,436	6,371
Fixed Income	21,840	20,216
Canadian Equities	7,354	7,074
Global Equities	14,320	14,767
Total Investments	\$ 51,875	\$ 50,167

Investment concentration in any one investee or related group of investees is limited to no more than 10% of the total book value of the Plan's assets or no more than 30% of the votes that may be cast to elect the directors of the investee.

The Plan's assets may be invested through in-house investment activities or through external investment managers including without limitation, mutual funds, pooled funds, segregated funds, unit trusts, limited partnerships, and similar vehicles.

The Statement of Investment Policies and Procedures permits investment in all bonds, debentures, notes, non-convertible preferred stock, real return bonds and other debt instruments of Canadian issuers whether denominated and payable in Canadian dollars or a foreign currency including mortgage-backed securities, guaranteed under *The National Housing Act (Canada)*, asset backed securities, term deposits and guaranteed investment certificates. It also permits investment in private placement of bonds that are rated by a recognized rating agency. The Plan's investment policy states that a minimum of 80% of fixed income must be invested in investment grade as rated by a recognized credit rating service.

The Plan may invest in equity securities, and equity substitutes that are convertible into equity securities, which are listed and traded on recognized exchanges, and unlisted equity securities, such as private placement equity, where the investment manager determines the security will become eligible for trading on a recognized exchange within a reasonable and defined timeframe, not to exceed six months, and the issuing company is publicly listed on a recognized exchange.

AUDITED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2017

4. Investments (continued)

The Plan may also invest in cash and short term investments which consist of cash on hand, Canadian and US money market securities, such as treasury bills issued by the federal and provincial governments and their agencies, obligations of trust companies and Canadian and foreign banks chartered to operate in Canada, including bankers' acceptances, commercial paper, term deposits and contracts with life insurance companies.

Canadian Bonds

The Plan holds Government of Canada bonds with a term to maturity greater than five years with a carrying value of \$1,412 (2016 - \$1,444). The effective average interest rate on the bonds is 1.83% (2016 – 1.76%).

Pooled Funds

The Plan owns units in Canadian and Global pooled equity funds as well as Canadian bonds and unit trust mortgage funds. These pooled funds have no fixed distribution rate. Fund returns are based on the success of the fund managers.

Fair Value of Investments

Fair value is best evidenced by an independent quoted market price for the same instrument in an active market. An active market is one where quoted prices are readily available, representing regularly occurring transactions. The determination of fair value requires judgement and is based on market information where available and appropriate. Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of the inputs used in the valuation.

Level 1 – where quoted prices are readily available from an active market.

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the investment, either directly (for example, as prices) or indirectly (for example, derived from prices).

Level 3 – inputs for the investment that are not based on observable market data.

AUDITED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2017

4. Investments (continued)

The following table illustrates the classification of the Plan's investments within the fair value hierarchy as at December 31.

2017				
Asset Class	Level 1	Level 2	Level 3	Total
Equity Pooled Funds	\$ -	\$ 21,674	\$ -	\$ 21,674
Canadian Bonds	1,412	-	-	1,412
Fixed Income Pooled Funds	-	21,840	-	21,840
Short Term Investments	-	6,436	-	6,436
Cash	513	-	-	513
Total Investments	\$ 1,925	\$ 49,950	\$ -	\$ 51,875

2016				
Asset Class	Level 1	Level 2	Level 3	Total
Equity Pooled Funds	\$ -	\$ 21,841	\$ -	\$ 21,841
Canadian Bonds	1,444	-	-	1,444
Fixed Income Pooled Funds	-	20,216	-	20,216
Short Term Investments	-	6,371	-	6,371
Cash	295	-	-	295
Total Investments	\$ 1,739	\$ 48,428	\$ -	\$ 50,167

There were no investments transferred between levels during 2017.

AUDITED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2017

5. Disability Obligations

There is no external legislative requirement for actuarial valuations to be performed for disability plans. Schedule A of Bylaw 9566 requires that actuarial valuations for the Plan are carried at a minimum every three years to determine the funding requirements. On an annual basis, the Board reviews the Plan's activities to determine whether a valuation is required. The last valuation was carried out as of December 31, 2016.

Aon is the appointed actuary of the Plan. The actuarial value of disability obligations as of December 31, 2017 has been determined by extrapolating the figures from December 31, 2016, the date of the last actuarial valuation.

The assumptions used in the valuation were developed by reference to expected long term market conditions. Significant long term assumptions used in the valuation were:

Assumption	2017 Rate (%)	2016 Rate (%)
Inflation Rate	2.2	2.2
Discount Rate	1.8	2.55
Retirement Age	65	65
Rehabilitation Earnings Increase	2.2	2.2
Continuing in Year Claims Expense	3.0	3.0
Termination Rates	Adjusted. 2004-2008 LTD termination study conducted by CIA	Adjusted. 2004-2008 LTD termination study conducted by CIA

During 2017 the disability obligation increased by \$721 (2016 – \$2,677) as a result of the Plan's experience. The disability obligation is sensitive to changes in the inflation rate and the discount rate, which impacts future claims benefits and the assumed real rate of return on Plan assets. The 2017 extrapolation also accounts for changes made to the Plan and increases the overall liability by \$2,811.

A change in the following assumptions (with no other change in other assumptions) would have the following approximate effects on the disability obligations:

50 Basis Point Decrease/Increase	Approximate Effect on Disability Obligations	
	\$	%
Discount Rate	+553/-520	+3.1/-2.9
Inflation	-270/+277	-1.5/+1.6

AUDITED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2017

6. Investment Income

	2017	2016
Cash and Short Term Investments	\$ 103	\$ 96
Bond Interest	707	796
Pooled Fund Distributions	2,470	1,021
Total	\$ 3,280	\$ 1,913

7. Capital Management

The Plan defines its capital as consisting of net assets available for benefits, which consists primarily of investments. Investments are managed to fund future disability obligations. The extent that net assets available for benefits are greater than disability obligations is reflected as a surplus or deficit. The objective of managing the Plan's capital is to ensure that the Plan is fully funded to pay the Plan's benefits over time.

The Plan receives new capital from member and employer contributions. The Plan also benefits from investment income and market value increases on its invested capital. The Plan's capital is invested in a number of asset classes including short-term investments, bonds, and pooled funds. The Board has delegated the operational investment decisions to a number of different investment management firms through a number of different investment mandates as defined in the Plan's Statement of Investment Policy and Procedures.

8. Investment Risk Management

Investment risk management relates to the understanding and active management of risks associated with invested assets. Investments are primarily exposed to foreign currency, interest rate volatility, market and credit risk. They may also be subject to liquidity risk. The Plan has set formal policies and procedures that establish an asset mix among equity and fixed income investments; requires diversification of investments within categories; and sets limits on the size of exposure to individual investments. The Administrative Board approves the Statement of Investment Policies and Procedures which is reviewed annually.

Market Risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market. The Plan's policy is to invest in a diversified portfolio of investments, based on criteria established in the Statement of Investment Policies and Procedures.

The impact on the net assets of the Plan due to a 10% change in the respective benchmark stock index using a three year historical measure of the sensitivity of the returns relative to the returns of The benchmark stock index, as of December 31, 2017 would result in an increase/decrease of 9.1% (2016 – 9.5%) in the value of the portfolio.

AUDITED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2017

8. Investment Risk Management (continued)

Credit Risk

Credit risk is the risk that one party does not pay funds owed to another party. The Plan's credit risk arises primarily from certain investments. Credit risk is mitigated by entering into contracts with the parties that are considered high quality. Quality is determined via the following credit rating agencies: DBRS, Standard and Poor's and Moody's Investor Service. The maximum credit risk to which it is exposed at December 31, 2017 is limited to the carrying value of the financial assets summarized as follows:

Asset Class	2017	2016
Canadian Bonds	\$ 1,412	\$ 1,444
Contributions Receivable	-	114
Accounts Receivable	105	150
Accrued Investment Income Receivable	3	3
Cash	513	295
Total	\$ 2,033	\$ 2,006

The Plan's Canadian Bonds consist of Government of Canada Bonds rated AAA.

Interest Rate Risk

Interest rate risk refers to the effect on the market value of the Plan's investments due to fluctuation of interest rates. The risk arises from the potential variation in the timing and amount of cash flows related to the Plan's assets and liabilities. Disability obligations are relatively short term. Asset values are affected by equity markets and short-term changes in interest rates. The fixed income portfolio has guidelines on duration and distribution which are designed to mitigate the risk of interest rate volatility.

At December 31, 2017 a 1% increase/decrease in interest rates would result in a \$1,435 (2016 – \$1,340) change in the value of the Plan's fixed income portfolio.

Foreign Currency Risk

Foreign currency exposure arises from the Plan holding investments denominated in currencies other than the Canadian Dollar. During the year, the Plan held only investments denominated in Canadian Dollars.

AUDITED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2017

8. Investment Risk Management (continued)

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Plan maintains an adequate amount of liquid assets with varying maturities in order to ensure that the Plan can meet all of its financial obligations as they fall due. Liquidity risk is managed by limiting the Plan's exposure to illiquid assets and through positive net cash inflows from contributions.

9. Related Party Transactions

These transactions are in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The following transactions with related parties are included in the financial statements:

Related Party Transactions	2017	2016
Accounts Receivable includes the following amounts due from:		
Möbius Benefit Administrators Inc.	\$ 88	\$ 107
Accounts Payable include the following amounts due to:		
City of Regina	\$ -	\$ 1
Regina Civic Employees' Superannuation and Benefit Plan	20	34
Möbius Benefit Administrators Inc.	88	60
	\$ 108	\$ 95

Administration expenses include \$331 (2016 — \$304) paid to Möbius Benefit Administrators Inc. and \$- (2016 — \$63) paid to the City of Regina.

10. Administration Expenses

Administration Expenses	2017	2016
Möbius Benefit Administrators Inc.	\$ 331	\$ 304
Investment Manager Fees	173	159
Legal Services	74	62
Medical & Rehabilitation Services	66	64
Adjudication Services	40	104
Custodial and Portfolio Measurement Fees	37	35
Other Administrative Expenses	30	146
Actuarial Services	24	18
Audit Services	10	10
Total	\$ 785	\$ 902