



June 26, 2019

People, Organization & Culture
Attention: Steve Eger

RE: Casual Employees' Superannuation and Elected Officials' Money Purchase Pension Plan – 2018 Annual Report

Schedule A of Bylaw No. 8589, Section 15.7 of the City of Regina states that “in each Fiscal Year, submit to the Council a financial statement showing the business of the Plan for that year in such form as may be required.” In accordance with the Bylaw, attached is the 2018 Annual Report for the Casual Employees' Superannuation and Elected Officials Money Purchase Pension Plan for information to be submitted for the next meeting of the Finance and Administration Committee. Included in the Annual Report are the audited financial statements for the year ended December 31, 2018, which were approved by the Administrative Board for the Casual Employees' Superannuation and Elected Officials Money Purchase Pension Plan at its meeting of June 20, 2019.

Regards,

Colyn Lowenberger, President & CEO
Möbius Benefit Administrators Inc.



Casual Employees'
Superannuation
& Elected Officials'
Money Purchase
Pension Plan



ANNUAL REPORT 2018

Administered by

möbius
BENEFIT ADMINISTRATORS INC.

ANNUAL REPORT

CASUAL EMPLOYEES' SUPERANNUATION & ELECTED OFFICIALS MONEY PURCHASE PENSION PLAN

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Administered by:



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MESSAGE FROM THE CHAIRPERSON

On behalf of the Board it gives me great pleasure to share with you the Annual Report for the Casual Employees' Superannuation & Elected Officials' Money Purchase Pension Plan for the year 2018.

Contained within the report you will find important and useful information regarding:

- membership, enrolment and demographics;
- who is on the Administrative Board, governance of the plan and the role of the trustee;
- how the Board conducts its business and fulfils its responsibilities and commitment to the members of the Plan;
- investment of the fund assets and overall performance of the plan for 2018, as well as year by year comparators of Plan performance; and
- the annual financial statements for the Plan, audited by KPMG.

On behalf of the Board I would like to share our appreciation of Colyn Lowenberger, CEO of Möbius, and his valued team of professionals in providing excellent services in the administration of the Plan.

I would like to take this opportunity to thank the members of the Administrative Board for their contribution and valued work throughout the year. Together, we are committed to providing the leadership, integrity and stewardship to support members as they save for retirement.

Marco Dieana

CHAIRPERSON,
ADMINISTRATIVE BOARD



‘On behalf of the Board I would like to share our appreciation of Colyn Lowenberger, CEO of Möbius, and his valued team of professionals in providing excellent services in the administration of the Plan.’

2018 PLAN HIGHLIGHTS

YEAR AT A GLANCE

Net Assets Available for Benefits

\$12.1 Million

New Enrollments

71 *up from 51 in 2017*

Average Member Balance

\$10,560

Pension Refunds

52 *down from 85 in 2017*

Total Membership

1,147

Up from 1,135 in 2017

Total Inactive Members

310

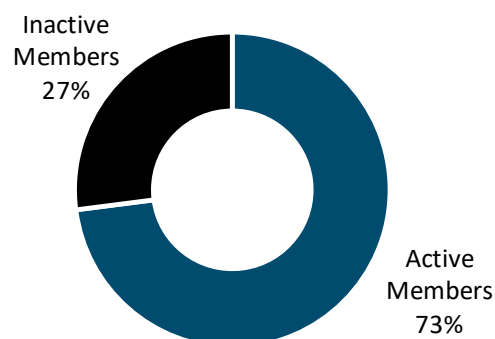
down from 314 in 2017

Summary of Financial Position

As at December 31, 2018

(thousands)	2018	2017
Net Assets Available for Benefits	\$ 12,112	\$ 12,206

Member Demographics



2018 Revenues and Expenses

Investment Returns

\$(195)
thousand

Contributions

\$686
thousand

Administration Expenses
\$21 thousand

Pension Refund
Payments

\$564
thousand

Active Members

829 Active CUPE Local 21 Members

8 Active Elected Official Members

837 Total Active Members—Up from 821 in 2017

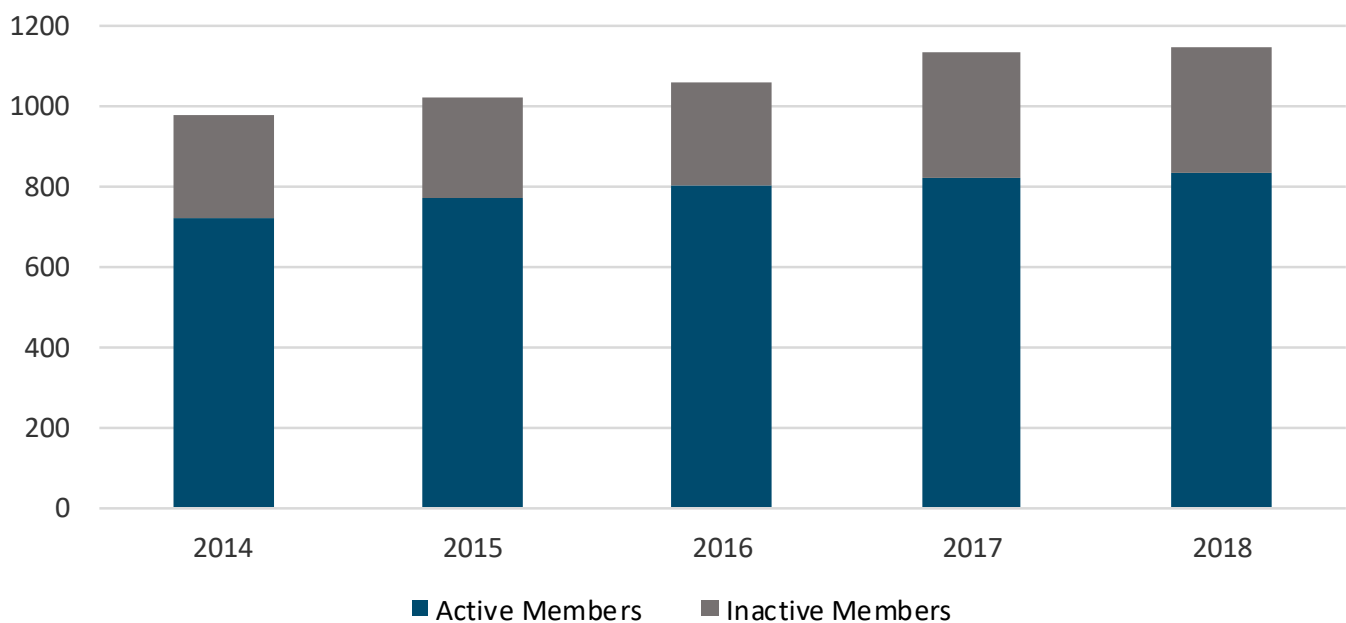
Non-active Members

307 Non-Active CUPE Local 21 Members

3 Non-Active Elected Official Members

310 Down from 314 in 2017

5 Year Member Demographics





ABOUT THE PLAN

DEFINED CONTRIBUTION PLAN

The Plan provides eligible members with retirement income based on the accumulated total of member and employer contributions, plus the earnings associated with those contributions

IMMEDIATE VESTING

Vesting means members are entitled to keep the employer's contributions plus earnings to date upon leaving the Plan.

IMMEDIATE LOCKING-IN

Locked in refers to the fact that both member contributions and the matching employer's contributions are immediately locked-in upon joining the Plan. Those funds cannot be taken as a cash withdrawal when a member leaves the Plan. They must be transferred to a locked-in account with no withdrawals until age 55.

PORTABILITY

Funds may be transferred to other registered retirement accounts or pension plans upon termination.

SURVIVOR BENEFITS

The member's account balance is payable to a designated beneficiary.

The Plan includes:

- Elected Officials of the City of Regina who elect to join the plan; and
- All employees who have acquired seniority (accumulated 2,069 hours of service) in accordance with the Collective Agreement between the City of Regina and the Canadian Union of Public Employees (CUPE) Local No. 21.

CUPE Local No. 21 employees contribute 3% of pensionable earnings to the Plan, and the City contributes an equal amount. City of Regina Elected Officials contribute 6.95% of pensionable earnings to the Plan, and the City contributes an equal amount.

The member's contributions and those paid by the City on behalf of the member are credited to an account established at the time the employee becomes a member of the Plan. These amounts, together with interest credited at regular intervals, comprise the member's individual account.

Upon termination a member may transfer the individual account balance to a locked-in retirement account, another registered pension plan, a registered retirement savings plan (RRSP), or an insurance company to purchase a deferred annuity.

PLAN GOVERNANCE

PLAN TEXT

The Plan was established December 25, 1985 under Schedule “A” and Schedule “B” of Bylaw No. 8589.

Plan governance is outlined in these documents, which are available online at www.mobiusbenefits.ca.

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

The Plan is governed by an Administrative Board made up of four voting members; three persons to be appointed by the City Manager, and one member of City Council appointed by the Finance and Administration Committee of the City of Regina.

A Pension Advisory Committee, as specified under *The Pension Benefits Act, 1992 (Saskatchewan)*, appointed by the Executive of the Canadian Union of Public Employees Local No. 21, is also invited to attend all regular and special meetings of the Board.

A pension plan represents the combined retirement assets of its membership. The value of the benefit earned is often the largest financial asset belonging to any given member and forms the basis of their livelihood in retirement. As a result, plan beneficiaries and the law demand that those charged with administering a pension plan conduct their affairs to the highest standards.

The Administrative Board is required to meet at least quarterly, and quorum is three members. The board met 4 times during 2018.

Board meeting attendance for each Member was as follows:

Member	Number of Meetings Attended
Marco Deiana	4
Curtis Smith	4
Councillor Sharron Bryce	2
Brent Rostad	4
Advisory Committee	
Jason Banin	1
Hugh Bigler	4
Laird Williamson	1

ADMINISTRATIVE BOARD MEMBERS

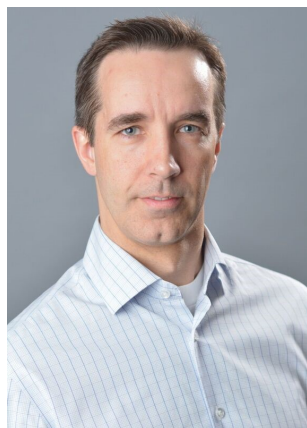
EMPLOYER REPRESENTATIVES



Marco Deiana

Chairperson

Mr. Deiana has been employed by the City of Regina since 1999 and was appointed to the Board by the City Manager in 2010. He currently holds the position of Manager, Workplace Health & Safety.



Curtis Smith

Vice-Chairperson

Mr. Smith was appointed by the City Manager in 2012. He has been employed by the City of Regina since 2008 and currently holds the position of Manager, Policy and Risk Management. Mr. Smith is a Chartered Professional Accountant (CPA-CA) and Certified Internal Auditor (CIA), and has a Bachelor degree in Business Administration from the University of Regina.



Councillor Sharron Bryce

Councillor Bryce was appointed by the Finance and Audit Committee in 2017. She is sitting for her fifth term as a member of Regina City Council, representing the residents of Ward 7 and is a Registered Nurse.



Brent Rostad

Mr. Rostad was appointed by the City Manager in 2012. He has worked for the City of Regina since 1998 and has had the opportunity to work in a number of areas including the Wastewater Plant, Sewage & Draining and Landfill. Mr. Rostad currently holds the position of Manager, Operational Services & Business Support.

Members of the Administrative Board are appointed as set out in Article 15.1 of Schedule A and of Schedule B of Bylaw 8589.

15.1 The City of Regina shall establish an Administrative Board comprised of:

- (a) Three persons to be appointed by the City Manager; and
- (b) A member of the City Council of the City of Regina appointed by the Finance and Administration Committee of the City of Regina.

15.1.1 The appointment of the members of the Administrative Board establishes pursuant to clause 15.1 shall be confirmed by resolution of City Council.

BOARD RESPONSIBILITIES

COMPLIANCE

STRATEGY

STEWARDSHIP

The Board's key duties include:

Compliance with Legislation	The Board ensures the Plan is administered in compliance with all appropriate legislation and benefits are paid appropriately to members. The Plan must comply with legislation under <i>The Pension Benefits Act, 1992 (Saskatchewan)</i> , <i>The Pension Benefits Regulations, 1993 (Saskatchewan)</i> , and the <i>Income Tax Act</i> .
Pension Administration	The Board has engaged Möbius Benefit Administrators Inc. to provide pension 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.
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, and the results are filed with the regulatory authorities. 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 Superintendent of Pensions and Canada Revenue Agency.
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 pension 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 Industrial Alliance Insurance and Financial Services.
Fund Management	The Board is responsible for making investments in accordance with the investment requirements contained in <i>The Pension Benefits Act, 1992 (Saskatchewan)</i> and other relevant legislation. 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.
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	To support the objectives of the Plan the Board has adopted the following policies: · Procedural Rules · Statement of Investment Policies & Procedures · Trustee Education Policy



EDUCATION AND TRAINING

The Administrative Board of the Casual Employees' Superannuation & Elected Officials Money Purchase Pension 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.

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 over a rolling 3 year period; and
- senior Trustees must attend a minimum of 60 hours of educational opportunities over a 2 year rolling period.



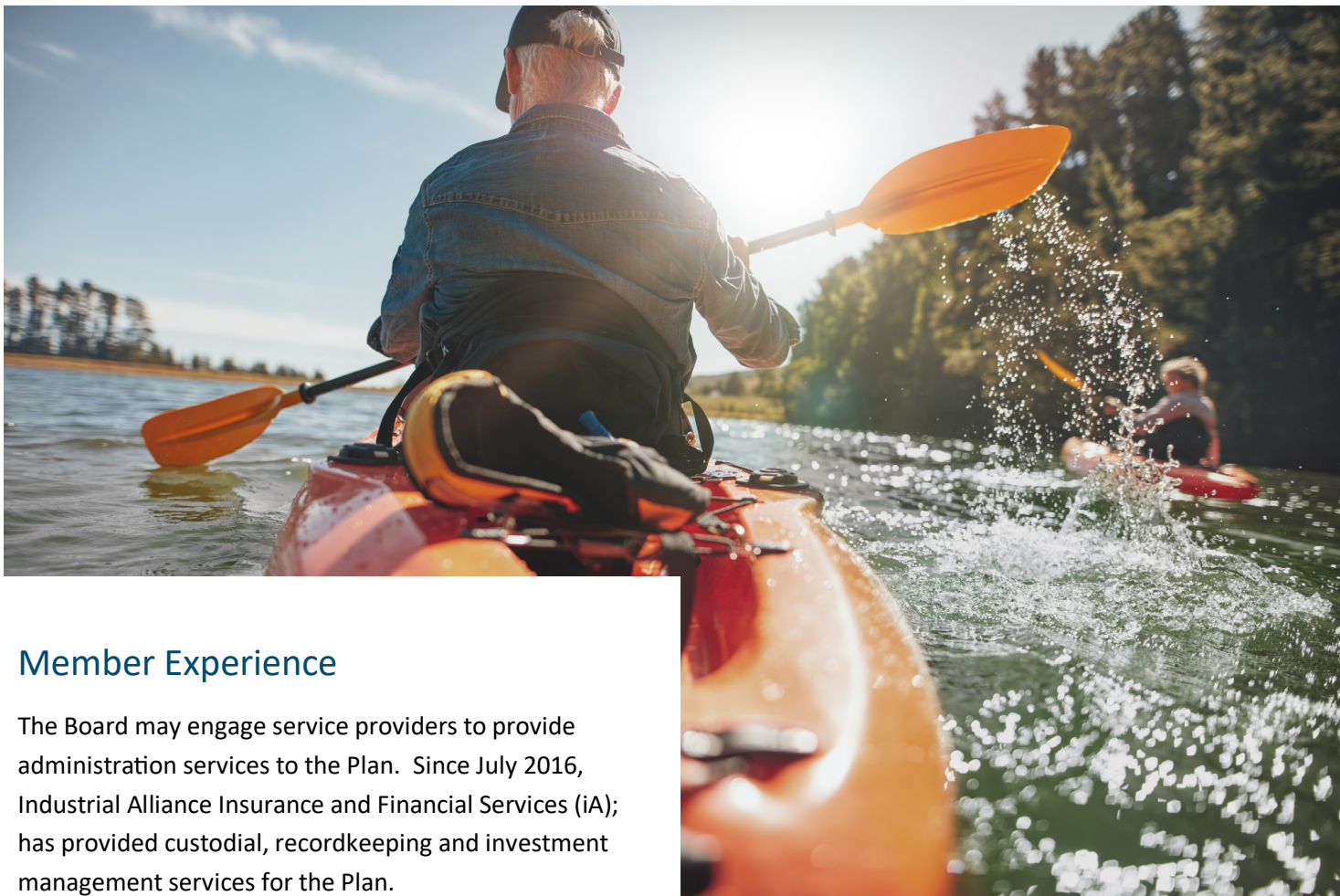
Total number of hours spent by Board Members in Education and Training during 2018—*excluding Board meetings*.

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 and Training for the Casual Employees' Superannuation and Elected Officials' Money Purchase Pension Plan was born by the City of Regina and totalled \$6,039.

Trustee	Conference or Seminar	Date	Location	Hours	Amount
Marco Deiana	IF Canadian Annual Conference	Nov 18 to 21	Las Vegas	25	
				25	\$ 4,492
Curtis Smith	CPBI Saskatchewan Regional Conference	Apr 17 to 19	Regina	22	
	Trustee Education Workshop	May 2	Regina	10	
				32	\$ 708
Sharron Bryce	Trustee Education Workshop	May 2	Regina	10	
				10	\$ 131
Brent Rostad	CPBI Saskatchewan Regional Conference	Apr 17 to 19	Regina	22	
	Trustee Education Workshop	May 2	Regina	10	
				32	\$ 708
2018 Total				99	\$ 6,039

RECORDKEEPING

FULL MEMBER SERVICE



Member Experience

The Board may engage service providers to provide administration services to the Plan. Since July 2016, Industrial Alliance Insurance and Financial Services (iA); has provided custodial, recordkeeping and investment management services for the Plan.

As a service provider, iA consistently aims for simplicity, efficiency and innovation. For our plan members, this means:

- Simple, easy-to-use tools and reports
- Proactive administration and record keeping
- Continuous improvement team to fuel the evolution of their service offering

Member engagement is a top priority and in order to accomplish this iA has simplified plan enrolment, developed user-friendly, decision making tools and designed simple investment solutions.

Member Services

iA provides a secure website (My Client Space) which allows members to monitor their account and manage it in real time.

My Client Space also features a Retirement Simulator to help members plan for retirement.

New tools introduced in 2018:

Retirement planning website

iA Retirement App (June 2018)

YouTube Videos

INVESTMENTS

BALANCING RISK AND RETURN



The Administrative Board of the Casual Employees' Superannuation & Elected Officials' Money Purchase Pension Plan oversees the investments of the Plan in accordance with the Statement of Investment Policies & Procedures.

The Statement of Investment Policies & Procedures addresses such issues as investment objectives, risk tolerance, asset allocation, permissible asset classes, investment diversification, liquidity requirements, expected rates of return and other issues relevant to the investment process, thereby establishing a framework within which all the investment managers must operate. The primary objective of the investment policy is to maximize the returns of the Plan members without incurring undue risk.

The Statement of Investment Policies & Procedures is reviewed annually and updated when necessary to ensure that it continues to meet legal standards and the investment requirements of the membership.

The Casual Employees' Superannuation & Elected Officials' Money Purchase Pension Plan measures investment performance against a custom benchmark consisting of the indices that best represent each asset class.

ASSET CLASS TARGET MIX

The Statement of Investment Policies & Procedures includes the following asset class target mix:

Asset Class	Long Term Target Mix
Canadian Equities	20%
Global Equities	40%
Fixed Income	40%
Total	100%

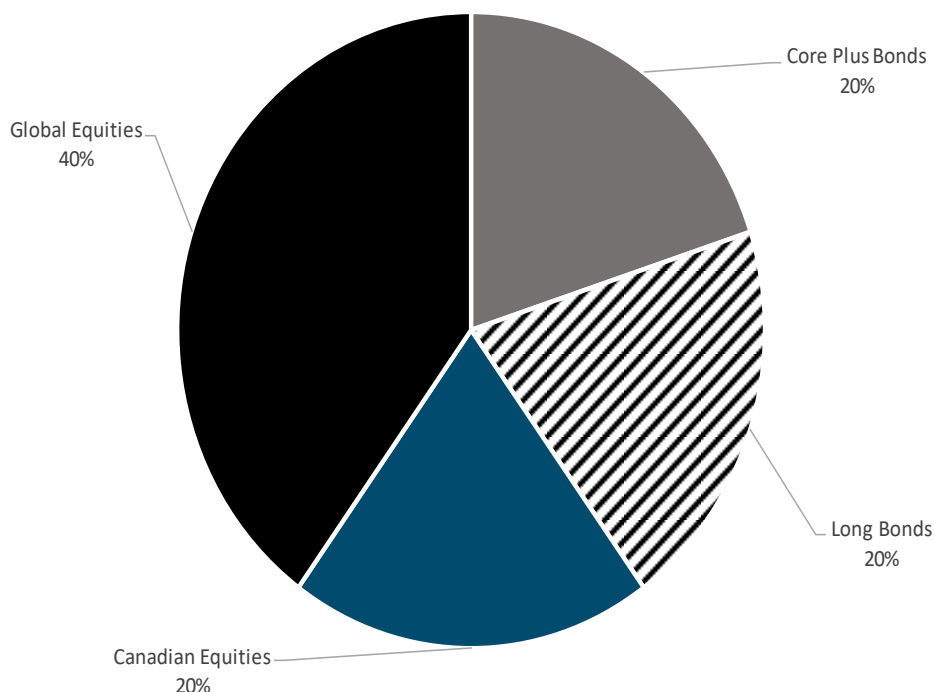
The Plan does not manage currency within the portfolios, preferring to take a longer term approach that currencies will fluctuate in the short term, but will achieve some equilibrium over time.

\$12.1 Million

Total Invested Assets
of the Plan,
December 31, 2018

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	Total Fund Benchmark	Actual % Allocation	Minimum %	Target %	Maximum %
Equities					
Canadian	S&P/TSX 300 Index	20	15	20	25
Global	MSCI World GD	40	35	40	45
		60		60	
Fixed Income					
Long Bonds	FTSE TMX Canada Long Term Overall Bond Index	20	15	20	25
Core Plus	FTSE TMX Canada Universe Bond Index	20	15	20	25
		40		40	
Total Fund		100		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.

Industrial Alliance Financial Group offers over 80 funds from 25 unique investment managers. The Board elected to invest in the funds available on the Industrial Alliance platform outlined below based on the plan's current investment policy.

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 Casual Employees' Superannuation and Elected Officials' Money Purchase Pension Plan as at December 31, 2018 is shown below:

Asset Class	Fund Manager	Start Date	Amount* (thousands)	% of Holdings
Equities				
Canadian	QV	2016	2,432	20
Global	Mawer	2016	2,435	20
	Hexavest	2016	2,434	20
			\$ 7,301	60
Fixed Income				
Long Bonds	Industrial Alliance	2016	2,402	20
Core Plus Bonds	Phillips Hager & North	2016	2,409	20
			\$ 4,811	40
Total Fund			\$12,112	100

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

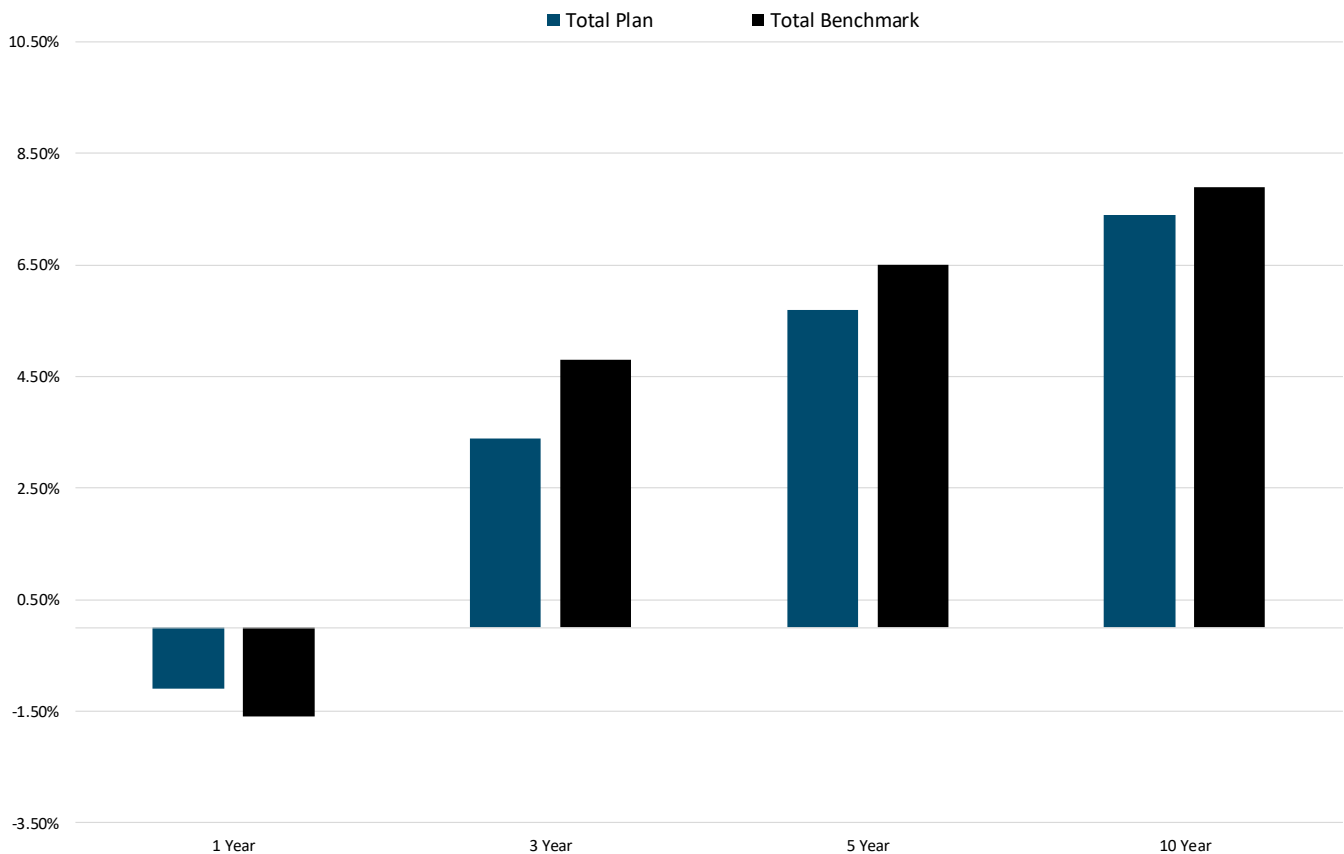
INVESTMENT RESULTS

ACTUAL VERSUS TARGET

**Overall fund
return **-1.1%****

On a total fund basis the 2018 return of the Casual Employees' Superannuation & Elected Officials' Money Purchase Pension Plan was -1.1%, exceeding the custom benchmark by 0.5%. 2018 returns were a result of a negative double digit Canadian equity return which was partially offset by positive global equity and core plus bond portfolio performance.

OBJECTIVE	1 Year	3 Year	5 Year	10 Year
Earn a rate of return that exceeds the benchmark portfolio				
Total Plan Return	-1.1	3.4	5.7	7.4
Total Plan Benchmark Return	-1.6	4.8	6.5	7.9
Excess Return	0.5	-1.4	-0.8	-0.5



INVESTMENT RESULTS

ACTUAL VERSUS TARGET—Continued

OBJECTIVE

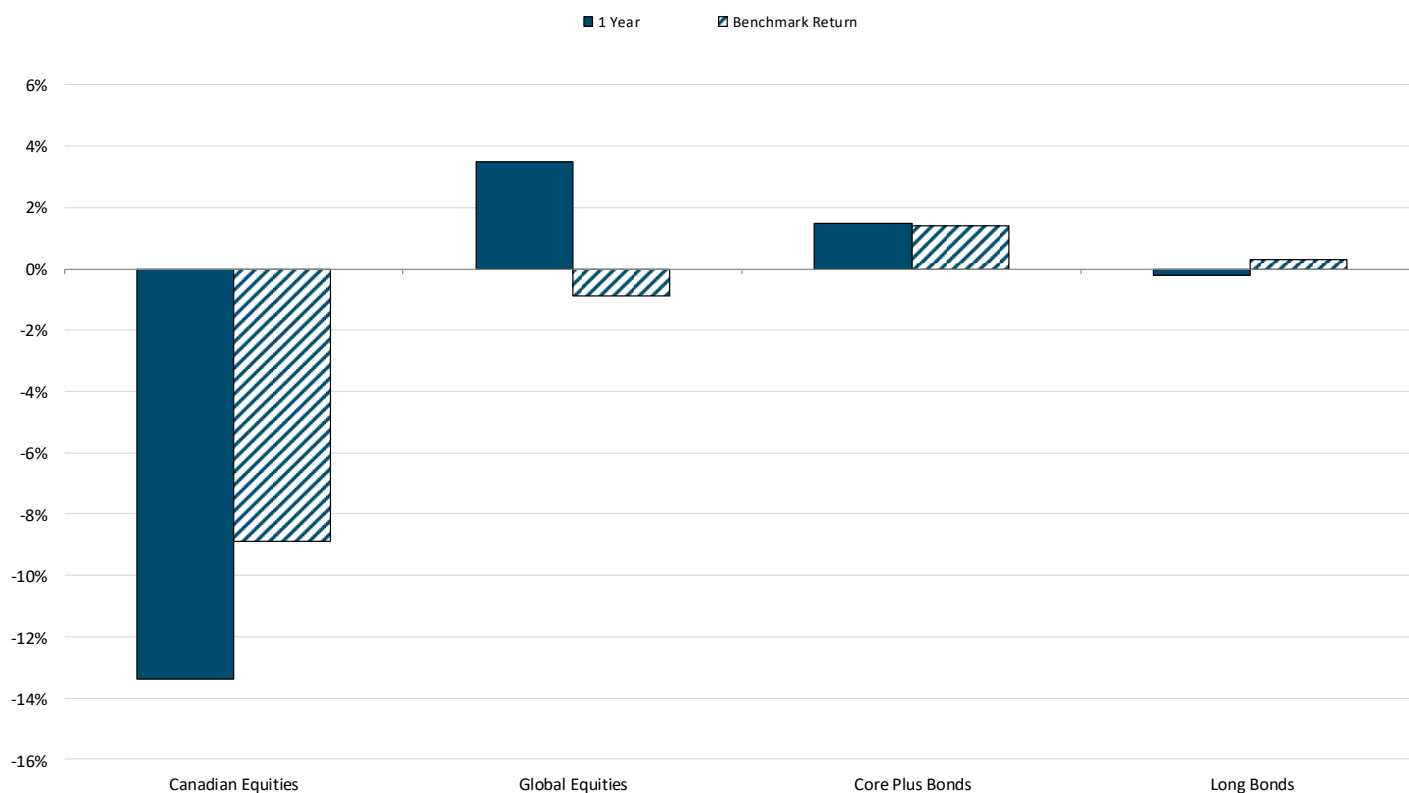
1 Year

Earn a rate of return that exceeds a comparable benchmark return for each asset class

Canadian Equity	-13.4
Excess Return (>-8.9%)	-4.5
Global Equity	3.5
Excess Return (>-0.9%)	2.6
Core Plus Bonds	1.5
Excess Return (>1.4%)	0.1
Long Bonds	-0.2
Excess Return (>0.3%)	-0.5

* 3, 5 and 10 Year results are not available for these funds since the mandate changed in 2016

2018 Asset Class Returns





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INDEPENDENT AUDITORS' REPORT

To the Administrative Board of the Casual Employees' Superannuation and Elected Officials' Money Purchase Pension Plan

Opinion

We have audited the financial statements of Casual Employees' Superannuation and Elected Officials' Money Purchase Pension Plan (the Plan), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of changes in net assets available for benefits for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Casual Employees' Superannuation and Elected Officials' Money Purchase Pension Plan as at December 31, 2018, and its changes in net assets available for benefits for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Information

Management is responsible for the other information. Other information comprises:

- 2018 Annual Report

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statement or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the 2018 Annual Report document as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Plan's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Plan's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Plan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

June 20, 2019

Regina, Canada

AUDITED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION


(in thousands of dollars)

As at December 31


	2018	2017
ASSETS		
Investments—Note 4	\$ 12,112	\$ 12,188
Contributions Receivable		
Members	-	9
Employers	-	9
Net Assets Available for Benefits	\$ 12,112	\$ 12,206

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

	2018	2017
INCREASE IN NET ASSETS		
Increase in Fair Value of Investments		
Realized Gains	101	69
Unrealized Gains	-	858
Contributions		
Members	343	333
Employer	343	333
	787	1,593
DECREASE IN NET ASSETS		
Decrease in Fair Value of Investments		
Unrealized Losses	296	-
Pension Refunds	564	901
Administration Expenses—Note 8	21	21
	881	922
Net (Decrease)/Increase for the Year	(94)	671
Net Assets Available for Benefits, Beginning of Year	12,206	11,535
Net Assets Available for Benefits, End of Year	\$ 12,112	\$ 12,206

See accompanying notes.

AUDITED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2018

1. Description of Plan

The Casual Employees' Superannuation & Elected Officials' Money Purchase Pension Plan (the "Plan") is a defined contribution plan. All casual employees who acquire and maintain seniority under the provisions of the Collective Agreement between the City of Regina and the Canadian Union of Public Employees, Local No. 21, are required to join the Plan as contributing members. Elected Officials of the City of Regina may also join the Plan.

a) Contributions

Casual Employee Members contribute of 3% of salary. Elected Officials contribute 6.95% of salary. The employer matches the members' contributions to the Plan.

b) Benefits

Benefits are received upon retirement, termination, or death by lump sum transfers to an individual's locked in retirement account with another financial institution. Cash payments may be made for non-vested or small benefit amounts.

2. Basis of Preparation

a) Statement of Compliance

The financial statements for the year ended December 31, 2018, 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 June 20th, 2019.

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.

AUDITED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2018

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 Sponsor 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.

b) Investments

Investments in pooled funds are recorded at fair value on a trade date basis. Fair value is determined based on the net asset value provided by the pooled fund administrator using closing bid prices of the underlying investments.

c) Investment Income and Transaction Costs

Investment income consists of distributions earned from investments in pooled funds and is recorded on the accrual basis. Realized and unrealized gains and losses are recorded in the change in fair value of investments. Transaction costs are recognized in the statement of net assets available for benefits in the period incurred.

d) Financial Instruments

Contributions receivable are classified and measured at amortized cost. As they are short-term in nature, their carrying value approximates fair value.

e) Foreign Exchange

All year end balances for investments denominated in foreign currency are converted into Canadian dollars at the exchange rate prevailing at year end. Gains and losses due to translation are included in the change in fair value of investments for the period. Revenue and expenses are translated at the exchange rate on the date of the transaction.

f) Use of Estimates

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. Actual results could differ from these estimates and changes in estimates are recorded in the accounting period in which they are determined.

AUDITED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2018

3. Summary of Significant Accounting Policies (continued)

g) Accounting Policy Changes

Effective January 1, 2018, the Plan adopted a new standard IFRS 9.

IFRS 9, Financial Instruments, has replaced IAS 39 Financial Instruments: Recognition and Measurement, and includes guidance on the classification and measurement of financial instruments, impairment of financial assets, and a new general hedge accounting model.

The adoption of this new standard did not result in any financial impact or change in the financial statement presentation.

4. Investments

The investment objectives of the Plan are to earn a rate of return that exceeds the rate of return earned on a benchmark portfolio. Due to the long-term horizon of the Plan's benefits, the Plan takes a long-term investment perspective. The Plan has the following investments:

INVESTMENTS	2018	2017
Pooled Funds:		
Fixed Income	4,811	4,875
Canadian Equities	2,432	2,438
Global Equities	4,869	4,875
Total Investments	\$ 12,112	\$ 12,188

Investment concentration in any one investee or related group of investees within a pooled fund 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.

To achieve its long term investment goal, the Board has adopted the following asset mix:

		Min Weight	Benchmark Weight	Max Weight
Asset Class		(%)	(%)	(%)
Equities	Canadian	15	20	25
	Global	35	40	45
Fixed Income	Long Bonds	15	20	25
	Core Plus Bonds	15	20	25
Total		100		

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For the Year Ended December 31, 2018

4. Investments (continued)

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 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.

The Plan may invest in bonds, notes and other debt instruments of Canadian and foreign issuers, mortgage-backed securities guaranteed under the National Housing Act, term deposits and guaranteed investment certificates, and private placements of bonds that are rated by a recognized rating agency.

The Plan may 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.

Pooled Funds

The Plan owns units in Canadian and Global pooled equity funds as well as Canadian fixed income pooled 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

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(in thousands of dollars)

For the Year Ended December 31, 2018

4. Investments (continued)

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

2018				
Asset Class	Level 1	Level 2	Level 3	Total
Equity Pooled Funds	\$ -	\$ 7,301	\$ -	\$ 7,301
Fixed Income Pooled Funds	-	4,811	-	4,811
Total Investments	\$ -	\$ 12,112	\$ -	\$ 12,112

2017				
Asset Class	Level 1	Level 2	Level 3	Total
Equity Pooled Funds	\$ -	\$ 7,313	\$ -	\$ 7,313
Fixed Income Pooled Funds	-	4,875	-	4,875
Total Investments	\$ -	\$ 12,188	\$ -	\$ 12,188

There were no investments transferred between levels during 2018 or 2017.

5. 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 obligations to its members.

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

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(in thousands of dollars)

For the Year Ended December 31, 2018

6. Investment Risk Management

Investment risk management relates to the understanding and active management of risks associated with invested assets. Investments are primarily exposed to interest rate volatility, market risk 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.

Credit Risk

Credit risk refers to the potential for counterparties to default on their contractual obligation to the Plan. Credit risk is mitigated by entering into contracts with the counterparties 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, 2018 is limited to the carrying value of the financial assets summarized as follows:

Asset Class	2018	2017
Contributions Receivable	\$ -	\$ 18
Total	\$ -	\$ 18

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. Asset values are affected by equity markets and short-term changes in interest rates. The Plan's investment policy has guidelines on duration and distribution which are designed to mitigate the risk of interest rate volatility.

At December 31, 2018 a 1% increase/decrease in interest rates would result in a \$539 (2017 – \$539) change in the value of the Plan's fixed income portfolio.

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NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2018

6. 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.

7. Related Party Transactions

The Plan had the following transactions with related parties. All related party transactions are within the normal course of business and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Related Party Transactions	2018	2017
Contributions Receivable includes the following amounts:		
City of Regina	\$ -	\$ 18
	\$ -	\$ 18

8. Administration Expenses

Administration Expenses	2018	2017
Administration Expenses Paid by the Plan:		
Administrative Services	\$ 21	\$ 21
Total	\$ 21	\$ 21

All Other Administrative Expenses as well as 75% of the Administrative Services are paid by the City of Regina on behalf of the Plan.

9. Comparative Information

Certain comparative information have been reclassified to conform with the current year's presentation.