



July 13, 2020

People, Organization & Culture  
Attention: Marco Deiana

RE: Casual Employees' Superannuation and Elected Officials' Money Purchase Pension Plan – 2019 Annual Report

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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 for information is the 2019 Annual Report for the Casual Employees' Superannuation and Elected Officials Money Purchase Pension Plan to be submitted for an upcoming meeting of the Executive Committee & Regina City Council. Included in the Annual Report are the audited financial statements for the year ended December 31, 2019, which were approved by the Administrative Board for the Casual Employees' Superannuation and Elected Officials Money Purchase Pension Plan at its meeting of June 2, 2020.

Regards,

Colyn Lowenberger, President & CEO  
Möbius Benefit Administrators Inc.



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



# ANNUAL REPORT 2019

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 2019.

The Casual Employees' Superannuation & Elective Officials Money Purchase Pension Plan provides eligible employees, who may not have access to other retirement vehicles, with a cost effective method to save for retirement. From that perspective, 2019 was a very good year for the Plan and Members. We were fortunate enough to benefit from strong investment returns in a relatively calm world.

Our Annual Report is a reflection upon the last year. 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 2019, 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 the team of professionals at Möbius for exceptional service they provide us and take this opportunity to thank the members of the Administrative Board for their contribution and valued work throughout the year.

**Marco Deiana**

CHAIRPERSON,  
ADMINISTRATIVE BOARD



‘On behalf of the Board I would like to share our appreciation of the team of professionals at Möbius for the exceptional service they provide us’

# 2019 PLAN HIGHLIGHTS

## YEAR AT A GLANCE

Net Assets Available for Benefits

**\$14.1 Million**

New Enrollments

**51** *down from 71 in 2018*

Average Member Balance

**\$12,102**

Pension Refunds

**53** *up from 52 in 2018*

Total Membership

**1,181** *up from 1,147 in 2018*

Total Inactive Members

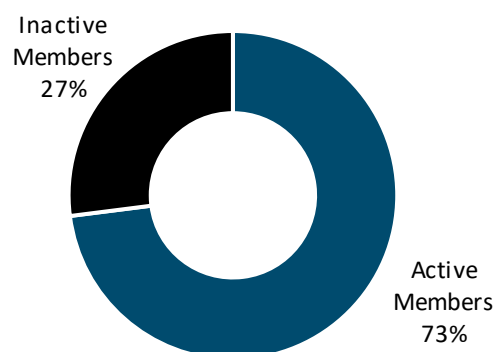
**319** *up from 310 in 2018*

### Summary of Financial Position

As at December 31, 2019

| (thousands)                       | 2019      | 2018      |
|-----------------------------------|-----------|-----------|
| Net Assets Available for Benefits | \$ 14,075 | \$ 12,112 |

### Member Demographics



### 2019 Revenues and Expenses

Investment Returns  
**\$1,776**  
thousand

Administration Expenses  
**\$35**  
thousand

Contributions  
**\$728**  
thousand

Pension Refund Payments  
**\$506**  
thousand

## Active Members

**854** Active CUPE Local 21 Members

**8** Active Elected Official Members

**862** Total Active Members—up from 837 in 2018

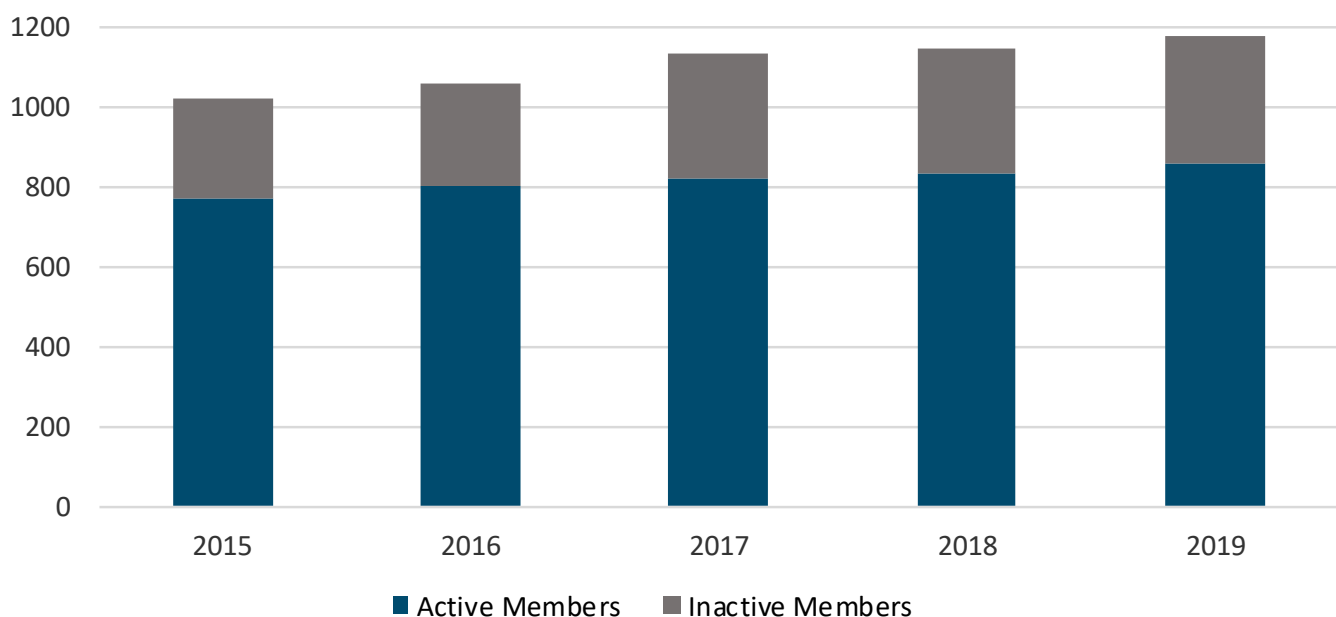
## Non-active Members

**316** Non-Active CUPE Local 21 Members

**3** Non-Active Elected Official Members

**319** Up from 310 in 2018

## 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

## ADMINISTRATIVE BOARD

### 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](http://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 2019.

Board meeting attendance for each Member was as follows:

| Member                   | Number of Meetings Attended |
|--------------------------|-----------------------------|
| Marco Deiana             | 4                           |
| Curtis Smith             | 4                           |
| Councillor Sharron Bryce | 4                           |
| Brent Rostad             | 4                           |
| Advisory Committee       |                             |
| Hugh Bigler              | 2                           |
| Tyler Hutchinson*        | 3                           |

\*Tyler Hutchinson was appointed to the Board in June of 2019



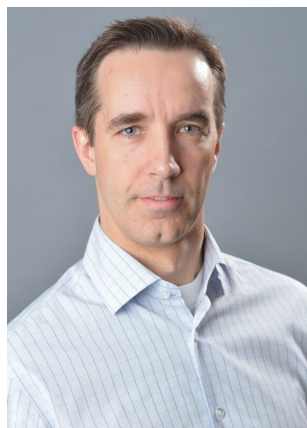
# ADMINISTRATIVE BOARD MEMBERS



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 established 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 Financial Group. |
| 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:<br>· 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.

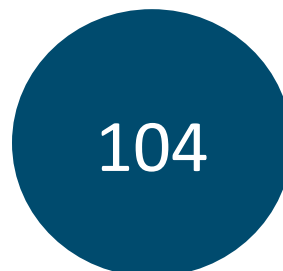
To that end, the Board has developed the Trustee Education Policy based on the following principles:

- 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 2019—*excluding Board meetings.*

The following table provides the details of Administrative Board Conferences and Seminars. The total cost of Board Member Travel, Education and Training for the Casual Employees' Superannuation and Elected Officials' Money Purchase Pension Plan was borne by the City of Regina and totalled \$11,255.

| Trustee              | Conference or Seminar                        | Date         | Location      | Hours      | Amount           |
|----------------------|--|--------------|---------------|------------|------------------|
| <b>Marco Deiana</b>  | Trustee Education Workshop                   | May 1        | Regina        | 8          |                  |
|                      |  |              |               | <b>8</b>   | <b>\$ 102</b>    |
| <b>Curtis Smith</b>  | Trustee Education Workshop                   | Dec 5        | Regina        | 7          |                  |
|                      |  |              |               | <b>7</b>   | <b>\$ 1,000</b>  |
| <b>Sharron Bryce</b> | Trustee Education Workshop                   | May 2        | Regina        | 10         |                  |
|                      | FTMS Challenge Exam                          | Oct 31       | Regina        | 5          |                  |
|                      | Advanced Trust Management Standards          | Nov 23 to 24 | San Francisco | 15         |                  |
|                      | Annual Canadian Employee Benefits Conference | Nov 24 to 27 | San Francisco | 22         |                  |
|                      |  |              |               | <b>52</b>  | <b>\$ 4,660</b>  |
| <b>Brent Rostad</b>  | Trustee Education Workshop                   | May 1        | Regina        | 8          |                  |
|                      | Annual Canadian Employee Benefits Conference | Nov 24 to 27 | San Francisco | 22         |                  |
|                      | Trustee Education Workshop                   | Dec 5        | Regina        | 7          |                  |
|                      |  |              |               | <b>37</b>  | <b>\$ 5,493</b>  |
| <b>2019 Total</b>    |  |              |               | <b>104</b> | <b>\$ 11,255</b> |



# RECORDKEEPING

## FULL MEMBER SERVICE



### Member Experience

The Board may engage service providers to provide administrative services to the Plan. Industrial Alliance Financial Group (iA) provides 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.

#### Available tools:

Retirement planning website

iA Retirement App

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.

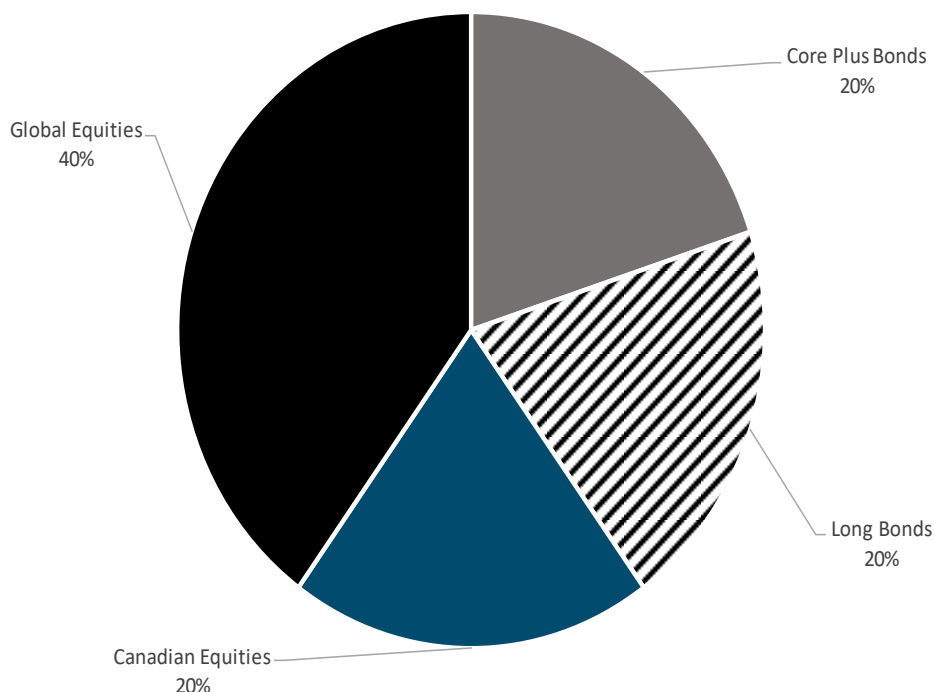
**\$14.1 Million**

Total Invested Assets  
of the Plan,  
December 31, 2019



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 % |
|---------------------|--|---------------------|-----------|------------|-----------|
| <b>Equities</b>     |  |                     |           |            |           |
| Canadian            | S&P/TSX 300 Index                            | 20                  | 15        | 20         | 25        |
| Global              | MSCI World GD                                | 40                  | 35        | 40         | 45        |
|                     |  | <b>60</b>           |           | <b>60</b>  |           |
| <b>Fixed Income</b> |  |                     |           |            |           |
| 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        |
|                     |  | <b>40</b>           |           | <b>40</b>  |           |
| <b>Total Fund</b>   |  | <b>100</b>          |           | <b>100</b> |           |

# 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 Statement of Investment Policies & Procedures.

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, 2019 is shown below:

| Asset Class     | Fund Manager           | Start Date | Amount*<br>(thousands) | % of<br>Holdings |
|-----------------|------------------------|------------|------------------------|------------------|
| Equities        |                        |            |                        |                  |
| Canadian        | QV                     | 2016       | 2,832                  | 20               |
| Global          | Mawer                  | 2016       | 2,812                  | 20               |
|                 | Hexavest               | 2016       | 2,815                  | 20               |
|                 |                        |            | <b>\$ 8,459</b>        | <b>60</b>        |
| Fixed Income    |                        |            |                        |                  |
| Long Bonds      | Industrial Alliance    | 2016       | 2,796                  | 20               |
| Core Plus Bonds | Phillips Hager & North | 2016       | 2,820                  | 20               |
|                 |                        |            | <b>\$ 5,616</b>        | <b>40</b>        |
| Total Fund      |                        |            | <b>\$14,075</b>        | <b>100</b>       |

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

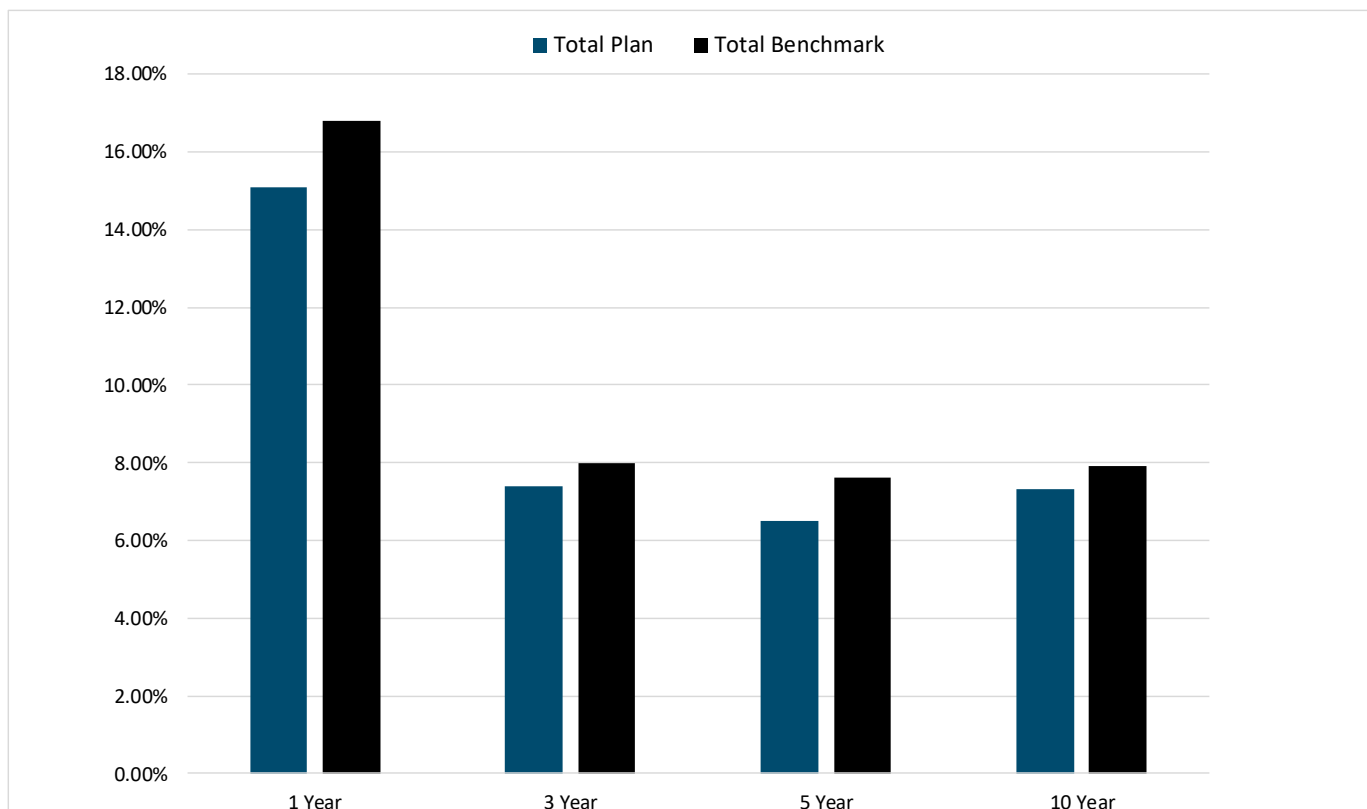
# INVESTMENT RESULTS

## ACTUAL VERSUS TARGET

**Overall fund  
return 15.1%**

On a total fund basis the 2019 return of the Casual Employees' Superannuation & Elected Officials' Money Purchase Pension Plan was 15.1%, falling short of the custom benchmark by 1.7%. 2019 returns were a result of a strong markets world wide including double digit returns from both global and domestic equity markets as well as long bonds.

| OBJECTIVE  | 1 Year | 3 Year | 5 Year | 10 Year |
|--|--------|--------|--------|---------|
| Earn a rate of return that exceeds the benchmark portfolio |        |        |        |         |
| Total Plan Return  | 15.1   | 7.4    | 6.5    | 7.3     |
| Total Plan Benchmark Return                                | 16.8   | 8.0    | 7.6    | 7.9     |
| Excess Return  | -1.7   | -0.6   | -1.1   | -0.6    |



# INVESTMENT RESULTS

## ACTUAL VERSUS TARGET—Continued

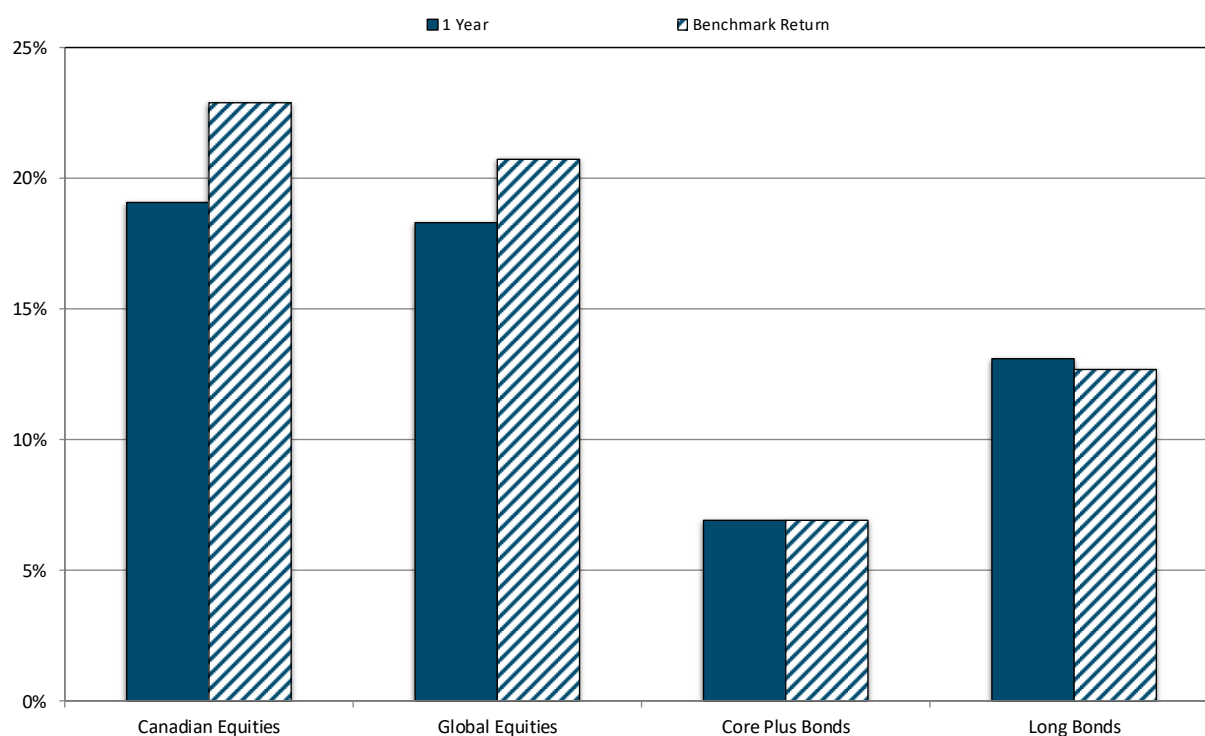
### OBJECTIVE

1 Year

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

|                        |             |
|------------------------|-------------|
| <b>Canadian Equity</b> | 19.1        |
| Excess Return (>22.9%) | <b>-3.8</b> |
| <b>Global Equity</b>   | 18.3        |
| Excess Return (>20.7%) | <b>-2.4</b> |
| <b>Core Plus Bonds</b> | 6.9         |
| Excess Return (>6.9%)  | <b>0.0</b>  |
| <b>Long Bonds</b>      | 13.1        |
| Excess Return (>12.7%) | <b>0.4</b>  |

2019 Asset Class Returns





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Hill Centre Tower II  
1881 Scarth Street, 20th Floor Regina Saskatchewan S4P 4K9  
Canada  
Telephone (306) 791-1200  
Fax (306) 757-4703

## 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, 2019
- 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, 2019, 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 the 2019 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 2019 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 2, 2020  
Regina, Canada



# AUDITED FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

(in thousands of dollars)

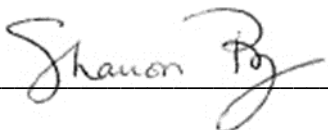
As at December 31

|  | 2019             | 2018             |
|--|------------------|------------------|
| <b>ASSETS</b>                            |                  |                  |
| Investments—Note 4                       | \$ 14,075        | \$ 12,112        |
| Subsequent Events—Note 9                 |                  |                  |
| <b>Net Assets Available for Benefits</b> | <b>\$ 14,075</b> | <b>\$ 12,112</b> |

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

|   | 2019             | 2018             |
|---|------------------|------------------|
| <b>INCREASE IN NET ASSETS</b>                               |                  |                  |
| Increase in Fair Value of Investments                       |                  |                  |
| Unrealized Gains  | \$ 1,611         | \$ -             |
| Net Realized Gains  | 165              | 101              |
| Contributions   |                  |                  |
| Members   | 364              | 343              |
| Employer  | 364              | 343              |
|   | <b>2,504</b>     | <b>787</b>       |
| <b>DECREASE IN NET ASSETS</b>                               |                  |                  |
| Decrease in Fair Value of Investments                       |                  |                  |
| Unrealized Losses   | -                | 296              |
| Pension Refunds   | 506              | 564              |
| Administration Expenses—Note 8                              | 35               | 21               |
|   | <b>541</b>       | <b>881</b>       |
| <b>Net Increase (Decrease) for the Year</b>                 | <b>1,963</b>     | <b>(94)</b>      |
| <b>Net Assets Available for Benefits, Beginning of Year</b> | <b>12,112</b>    | <b>12,206</b>    |
| <b>Net Assets Available for Benefits, End of Year</b>       | <b>\$ 14,075</b> | <b>\$ 12,112</b> |

See accompanying notes.

# AUDITED FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2019

### 1. Description of Plan

The Casual Employees' Superannuation & Elected Officials' Money Purchase Pension Plan (the "Plan") is a defined contribution plan. Casual employees of the City of Regina 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. The following description is a summary only. For more complete information, reference should be made to the respective Plan texts.

#### a) Contributions

Casual employee members contribute 3% of salary. Elected Officials members contribute 6.95% of salary. The City of Regina matches members' contributions to the Plan.

#### b) Benefits

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

Deferred and survivor benefits are also available under the Plan. Where a deferred pensioner becomes a contributing member of the Regina Civic Employees' Superannuation and Benefit Plan (RCESP), the Plan permits a transfer of up to the accumulated total of the member and employer contributions to the RCESP.

#### c) Retirement

The normal retirement age is 65. A Casual employee member may retire on the first day of any month prior to their normal retirement date if the member has attained the age of 55 or has completed 35 years of pensionable service. An Elected Official member may retire on the first day of any month prior to their normal retirement date if the member has attained the age of 55.

#### d) Income Taxes

The Plan is a registered pension plan as defined in the *Income Tax Act* and is not subject to income taxes.

### 2. Basis of Preparation

#### a) Statement of Compliance

The financial statements 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 (the Board) on June 2, 2020.

# AUDITED FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2019

### 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.

These financial statements 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.

#### 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) 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 per unit determined by the investment manager with reference to the underlying investments' year-end prices.

#### b) Investment Income and Transaction Costs

Investment income consists of distributions earned from investments in pooled funds and is recorded when a distribution is declared, realized gains and losses on investments when the investment has been sold and unrealized gains and losses based on the change in market value of the investments held. Transaction costs are recognized in the statement of net assets available for benefits in the period incurred.

#### c) 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.

#### d) Contributions

Contributions from members and the employer are accounted for on the accrual basis.

The employer of members is responsible for the accuracy and completeness of members' contributions remitted and employee payroll information. Contributions are made by both the employee and employer in accordance with the Plan text.

# AUDITED FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2019

### 3. Summary of Significant Accounting Policies (continued)

#### e) Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for pension plans requires management to make estimates and use assumptions that affect the reported amounts of asset 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 (note 4). Actual results could differ from those estimates.

### 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              | 2019             | 2018             |
|--------------------------|------------------|------------------|
| Pooled Funds:            |                  |                  |
| Fixed Income             | \$ 5,616         | \$ 4,811         |
| Canadian Equities        | 2,832            | 2,432            |
| Global Equities          | 5,627            | 4,869            |
| <b>Total Investments</b> | <b>\$ 14,075</b> | <b>\$ 12,112</b> |

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 target asset mix which includes equity for returns and a well-diversified portfolio of assets.

|              |                 | 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         |
| <b>Total</b> |                 | <b>100</b> |                  |            |

# AUDITED FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2019

### 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's Statement of Investment Policies and Procedures (SIP&P) permits investments 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.

The Plan may invest in bonds, notes and other debt instruments of Canadian and foreign issuers whether denominated and payable in Canadian dollars or a foreign currency, including mortgage-backed securities guaranteed under *The National Housing Act (Canada)*, term deposits and guaranteed investment certificates. The SIP&P also permits investment in private placements of bonds that are rated by a recognized rating agency. Additionally, the SIP&P 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.

#### Pooled Funds

The Plan owns units in Canadian fixed income, as well as Canadian and global pooled equity 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, 2019

### 4. Investments (continued)

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

| 2019                      |             |                  |             |                  |
|---------------------------|-------------|------------------|-------------|------------------|
| Asset Class               | Level 1     | Level 2          | Level 3     | Total            |
| Equity Pooled Funds       | \$ -        | \$ 8,459         | \$ -        | \$ 8,459         |
| Fixed Income Pooled Funds | -           | 5,616            | -           | 5,616            |
| <b>Total Investments</b>  | <b>\$ -</b> | <b>\$ 14,075</b> | <b>\$ -</b> | <b>\$ 14,075</b> |

| 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            |
| <b>Total Investments</b>  | <b>\$ -</b> | <b>\$ 12,112</b> | <b>\$ -</b> | <b>\$ 12,112</b> |

There were no investments transferred between levels during 2019 or 2018.

### 5. Capital Management

The Plan defines its capital as consisting of net assets available for benefits, which consists primarily of investments. The objective of managing the Plan's capital is to ensure future obligations to members are met.

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 SIP&P.

# AUDITED FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2019

### 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 market risk, credit risk, interest rate risk, and foreign currency risk. They may also be subject to liquidity risk. The Plan maintains a SIP&P that establishes 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 Board reviews and approves the SIP&P 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 SIP&P. The target asset mix is described in Note 4. The Plan also uses investment managers employing differing investment styles to address Plan risk.

#### Credit Risk

Credit risk refers to the potential for counterparties to default on their contractual obligations to the Plan. Credit risk is mitigated by entering into contracts with 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 is limited to the carrying value of fixed income investments totalling \$5,616 (2018 - \$4,811).

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

At December 31, 2019 a 1% increase/decrease in interest rates would result in a \$667 (2018 - \$539) 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. Fluctuations in the relative value of the Canadian Dollar against these foreign currencies can result in a positive or negative effect on the fair value of the investments. The Plan manages foreign currency risk by limiting investment in foreign securities. The Board has adopted a non-hedge policy benchmark.

# AUDITED FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2019

### 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. These transactions are in the normal course of operations and are recorded at the exchange amount, which is the amount of the consideration established and agreed to by the related parties.

During the year, \$130 (2018 - \$173) of other administration expenses, including \$59 (2018 - \$113) to Möbius Benefit Administrators Inc., were borne by the City of Regina on behalf of the Plan. These expenses are not recorded in the financial statements of the Plan.

The City of Regina is a related party being the employer and given its ability to appoint individuals to the Board. Möbius Benefit Administrators Inc. is a related party as the Plan is a shareholder of the corporation.

### 8. Administration Expenses

All other administration expenses, including 75% of total administrative services, are paid by the City of Regina on behalf of the Plan.

|  | 2019  | 2018  |
|--|-------|-------|
| Administrative services paid by the Plan | \$ 35 | \$ 21 |
| Total                                    | \$ 35 | \$ 21 |

### 9. Subsequent Events

Subsequent to December 31, 2019 the COVID-19 outbreak was declared a pandemic by the World Health Organization. The pandemic has negatively impacted financial markets and, in turn, the value of investments held by the Plan. The duration and impact of the COVID-19 pandemic is unknown at this time, as is the effectiveness of government interventions. Consequently, it is difficult to measure the impact this uncertainty may have on future financial results of the Plan.