



# **FINANCE AND ADMINISTRATION COMMITTEE**

**Tuesday, May 7, 2013  
4:00 PM**

**Henry Baker Hall, Main Floor, City Hall**



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Office of the City Clerk

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**Public Agenda**  
**Finance and Administration Committee**  
**Tuesday, May 7, 2013**

**Approval of Public Agenda**

**Administration Reports**

FA13-9            Property Purchase – 1675 Winnipeg Street

**Recommendation**

1. That the proposed purchase of 1675 Winnipeg Street (Parcel C within the NW ¼ Section 20, Township 17, Range 19, W2M – ISC Parcel #111345500) (the “Property”) as outlined in the body of this report be approved;
2. That the Deputy City Manager of Community Planning and Development be authorized to resolve the final terms and conditions of the purchase agreements to purchase the Property as are outlined in this report;
3. That the City Clerk be authorized to execute the purchase agreement documents after review by the City Solicitor;
4. That the City of Regina provide \$1,050,000 plus GST for the purchase of the property as outlined in this report with \$892,500 from the Servicing Agreement Fees (SAF) Roads Fund and \$157,500 from the General Fund Reserve; and
5. That this report be forwarded to the May 21, 2013 meeting of City Council.

FA13-10            Community Investment Funding for Economic & Promotional Initiatives

**Recommendation**

That the Canadian Western Agribition application for community investment funding be approved for \$45,000 and funded from the Economic & Promotional Initiatives budget.

FA13-11            2012 Annual Report

**Recommendation**

1. That the 2012 Annual Report be approved.
2. That the Director of Financial Services be authorized to finalize the Annual Report, including the Financial Statements, with the auditor.
3. That an edited version of this report be forwarded to City Council.



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## Office of the City Clerk

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FA13-12      2012 Results - General Operating Fund

**Recommendation**

That an edited version of this report be forwarded to the May 21, 2013 meeting of City Council for information.

**Communications**

FA13-13      2013 Community Investment Funding - The Real Exhibition Association Limited (REAL)

**Recommendation**

That this communication be received and filed.

FA13-14      2013 Community Investment Funding: Regina Regional Opportunities Commission (RROC)

**Recommendation**

That this communication be received and filed.

**Adjournment**

May 7, 2013

To: Members,  
Finance and Administration Committee

Re: Property Purchase – 1675 Winnipeg Street

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RECOMMENDATION

1. That the proposed purchase of 1675 Winnipeg Street (Parcel C within the NW ¼ Section 20, Township 17, Range 19, W2M – ISC Parcel #111345500) (the “Property”) as outlined in the body of this report be approved;
2. That the Deputy City Manager of Community Planning and Development be authorized to resolve the final terms and conditions of the purchase agreements to purchase the Property as are outlined in this report;
3. That the City Clerk be authorized to execute the purchase agreement documents after review by the City Solicitor;
4. That the City of Regina provide \$1,050,000 plus GST for the purchase of the property as outlined in this report with \$892,500 from the Servicing Agreement Fees (SAF) Roads Fund and \$157,500 from the General Fund Reserve; and
5. That this report be forwarded to the May 21, 2013 meeting of City Council.

CONCLUSION

The Property is required for future reconstruction of Arcola Avenue from Winnipeg Street to Victoria Avenue and has become available for acquisition. All other lands required to accommodate the future reconstruction have been acquired with the exception of the Property.

The City Administration has been contacted by the Property owner’s representative and has an agreement by which the Property will be sold to the City for \$1,050,000 plus GST. Upon completion of the purchase of the Property, the City will own the land required to accommodate the future reconstruction of Arcola Avenue.

In accordance with the City’s Purchasing Policy (Regina Administration Bylaw #2003-69) and the City Purchasing Procedures Manual, the acquisition of the Property requires City Council approval as it was not previously approved through the capital budget process.

BACKGROUND

In the 1980’s, the City of Regina constructed Saskatchewan Drive from Lewvan Drive to Winnipeg Street. Saskatchewan Drive will be widened in the 10 year horizon from Broad Street to Winnipeg Street. At the same time, Arcola Avenue will be reconstructed along the old Canadian Pacific Railroad (CPR) right-of-way from Winnipeg Street to Victoria Avenue.



The City previously purchased all required property for the reconstruction of Arcola Avenue from Winnipeg Street to Victoria Avenue, except for the Property, as is illustrated in Attachment 1. Recently, the Property owner has contacted City Administration to ask if the City of Regina is interested in purchasing the Property for future widening of Saskatchewan Drive.

## DISCUSSION

The Regina Road Network Plan as approved by City Council on July 23, 2007 identifies the portion of Arcola Avenue from Winnipeg Street to Victoria Avenue as being reconstructed through the subject property. The reconstruction would provide improved geometry, additional travel and turning lanes, improved pedestrian and cycling accommodation, and landscaping. Preliminary analysis from the City's Transportation Master Plan also confirms the need for this reconstruction in the 10 year horizon.

The Property owner has contacted the City and has agreed to sell the City the Property for fair market value, which is \$1,050,000 plus GST.

Although the widening is anticipated to occur in the 10 year horizon, City Administration recommends proceeding with the property acquisition now for the following reasons:

- The owner is willing to sell the Property to the City of Regina at fair market value;
- The transaction is amicable and will not require a more adversarial process such as expropriation to acquire the Property;
- The value of the Property is likely to increase in the future.

## RECOMMENDATION IMPLICATIONS

### Financial Implications

Funding for the property purchase was not included in the 2013 General Capital Budget as the Administration was not aware of the opportunity at time of budget development. The Administration recommends that the City of Regina provide \$1,050,000 plus GST for the purchase of the property at 1675 Winnipeg Street. A funding split of \$892,500 from the Servicing Agreement Fees Road Fund (85%) and \$157,500 from the General Fund Reserve (15%) is as per the Administration of Servicing Agreements Fees and Development Levies policy approved by City Council last on August 22, 2011.

The balance of the General Fund Reserve is projected to be \$23.1 million after this commitment.

This project is not included in the Servicing Agreement Fees and Development Levy (SAF & DL) rate for 2013, but will be taken into account for the 2014 rate. It is expected to impact the rate by approximately \$630 per hectare.

### Environmental Implications

None with respect to this report.

### Policy and/or Strategic Implications

The property purchase is consistent with the strategic priorities of the City of Regina including:

- Managing growth and community development; and
- Strengthening City infrastructure and assets.

The property purchase is necessary to meet the demand for transportation infrastructure by providing room for the future reconstruction of Saskatchewan Drive/Arcola Avenue between Winnipeg Street and Victoria Avenue. The road widening is part of the planned growth of the City of Regina's transportation network and is part of the Regina Road Network Plan as approved by Council on July 23, 2007.

### Other Implications

None with respect to this report.

### Accessibility Implications

None with respect to this report.

### COMMUNICATIONS

No formal communication will be undertaken with respect to this report.

### DELEGATED AUTHORITY

The recommendations of this report require City Council approval.

Respectfully submitted,



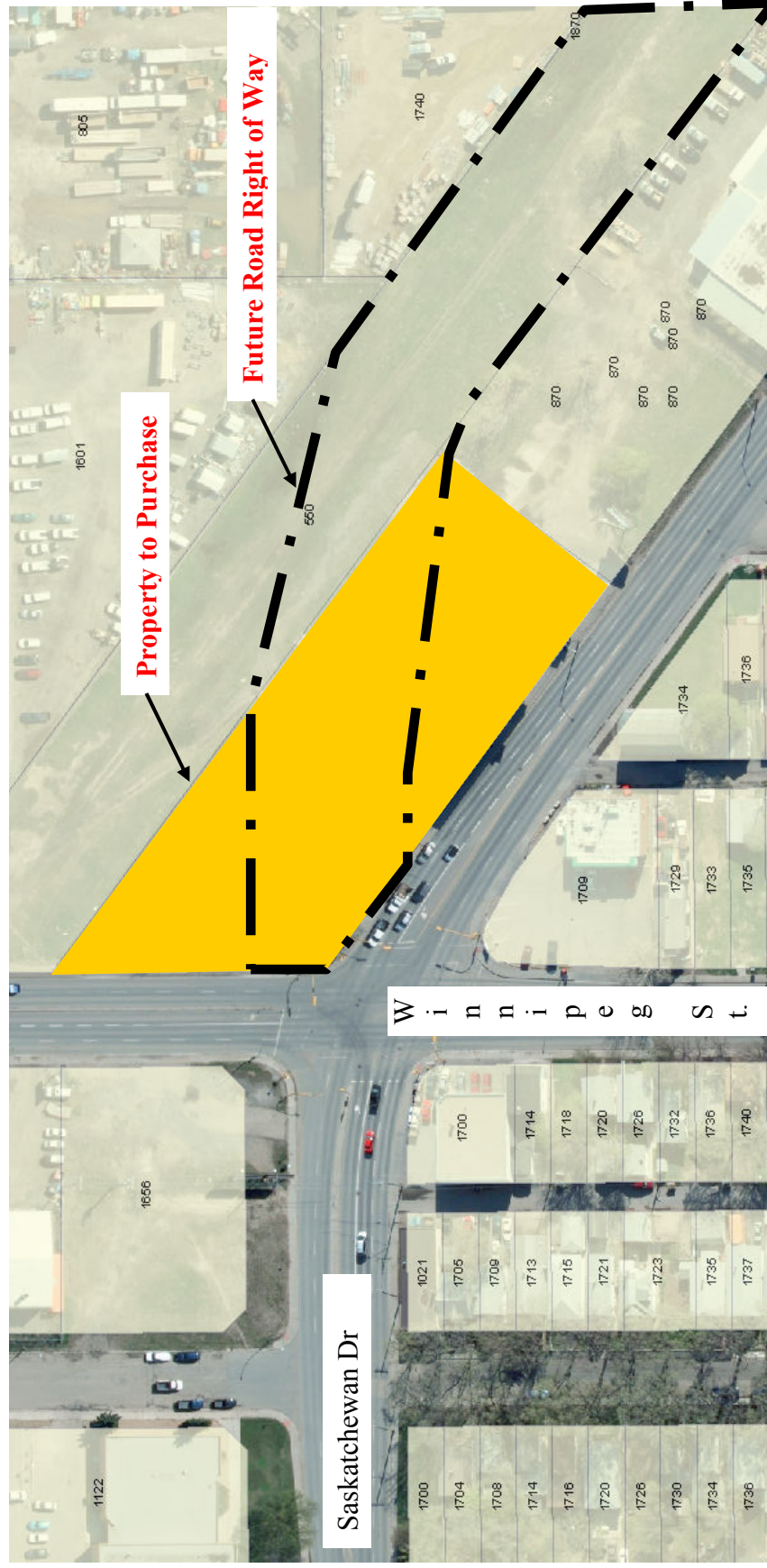
Kelly Wyatt, Director  
Construction & Compliance

Respectfully submitted,



Jason Carlston, Deputy City Manager  
Community Planning & Development

Report prepared by:  
SAT/bz/



May 7, 2013

To: Members,  
Finance and Administration Committee

Re: Community Investment Funding for Economic & Promotional Initiatives

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### RECOMMENDATION

That the Canadian Western Agribition application for community investment funding be approved for \$45,000 and funded from the Economic & Promotional Initiatives budget.

### CONCLUSION

The Finance and Administration Committee has the authority to allocate community investment funds for economic and promotional initiatives. The 2013 budget for this program is \$255,000. Historically, the funds in this program have been used to support events with a significant positive impact on the local economy, including Canadian Western Agribition.

The Administration has considered this request based on the expected economic impact and on alignment with the economic development priorities of the City of Regina. As a result of this analysis, the Administration is recommending approval of \$45,000 in funding for Canadian Western Agribition. This is the first request for funding from this program budget in 2013; \$210,000 will remain available for allocation through the remainder of the year.

### BACKGROUND

On February 19, 2013, City Council approved a community investment budget of \$255,000 under the authority of the Finance and Administration Committee for economic and promotional initiatives for 2013.

The purpose of this report is to recommend allocation of a portion of these funds to Canadian Western Agribition. The organization has requested \$45,000 which is consistent with the level of funding approved in recent years.

### DISCUSSION

Canadian Western Agribition is one of Saskatchewan's largest agri-business and tourist attractions, drawing thousands of people from around the world each year. Agribition has become an integral part of the agricultural industry in Canada and is known as the best beef show in North America. Visitors from more than 70 countries visit Regina to take part in this annual event. The event hosted 123,000 visitors in 2012. Organizers estimate the event contributes \$27 million annually to the province. A significant portion of this activity directly benefits the city through the hospitality industry, shopping and all related services.

This year's event is being held November 11 to 16, 2013. This organization has been supported historically through the economic and promotional initiatives fund at a level of \$45,000. If approved, the funding will be used to support the kick-off reception, international program, volunteer program, marketing campaign and facilities décor.

### RECOMMENDATION IMPLICATIONS

### Financial Implications

The proposed community investment allocation of \$45,000 in this report can be accommodated in the 2013 community investment allocation to the Finance and Administration Committee. If the funding recommendation is approved, \$210,000 will remain available for allocation.

### Environmental Implications

There are no environmental implications related to this report.

### Policy and/or Strategic Implications

The recommendation is consistent with the purpose of the budget, which is to allocate funds to activities that address economic and promotional priorities.

### Other Implications

There are no other implications related to this report.

### Accessibility Implications

There are no accessibility implications related to this report.

### COMMUNICATIONS

The City of Regina will receive public recognition to acknowledge its contribution. Canadian Western Agribition has provided a detailed benefits package to the City of Regina.

### DELEGATED AUTHORITY

The Finance and Administration Committee has delegated authority for allocating funds for economic and promotional initiatives.



For  
Chris Holden, Director  
Community Development, Recreation & Parks



For  
Jason Carlston, Deputy City Manager  
Community Planning and Development

Report prepared by:  
Rhonda Mailander, Community Investment Policy Analyst

May 7, 2013

To: Members,  
Finance and Administration Committee

Re: 2012 Annual Report

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RECOMMENDATION

1. That the 2012 Annual Report be approved.
2. That the Director of Financial Services be authorized to finalize the Annual Report, including the Financial Statements, with the auditor.
3. That an edited version of this report be forwarded to City Council.

CONCLUSION

The attached draft Annual Report is submitted for review by the Finance and Administration Committee and approval by City Council. The 2012 audit process highlights important issues and provides additional information about those issues to the Finance and Administration Committee. It also provides the opportunity to discuss those issues with the City's external auditors. The publication of the 2012 City of Regina Annual Report including the financial statements and auditor's report and the completion of the actions outlined in the Communication Plan fulfill the requirements of *The Cities Act*.

BACKGROUND

Attached is a copy of the draft Annual Report of the City of Regina for the year ended December 31, 2012. The Annual Report is submitted pursuant to Section 155 of *The Cities Act*. Generally accepted auditing standards require that the governing body of an organization approve the financial statements prior to finalization of the audit process.

DISCUSSION

The draft consolidated financial statements included in the Annual Report reflect the status of the City of Regina's consolidated financial position as at December 31, 2012, as well as providing an overview of the City's consolidated financial operations during the year. The consolidated financial statements include all entities that are accountable to and controlled or owned by the City. This includes:

- Regina Downtown Business Improvement District
- Regina's Warehouse Business Improvement District
- Regina Regional Opportunities Commission
- Regina Public Library
- Buffalo Pound Water Administration Board

As required by *The Cities Act*, the City of Regina follows the standards of the Public Sector Accounting Board (PSAB). These standards represent generally accepted accounting standards for local governments.

The financial statements for the General Trust Fund are also included in the Annual Report. Additional financial information and economic indicators that assist in understanding the City's financial operations are contained in the Financial Statement Discussion and Analysis Section of the report.

The 2012 financial statements show an increase in the City's accumulated surplus of about \$107.1 million from 2011 to 2012. This figure differs significantly from the 2012 General Operating Results, which reflect a surplus of \$8.1 million, because the consolidated statements include the City's utilities and capital funds, as well as the financial results for related entities noted above. Significant differences also arise because the General Operating Results are based on the General Operating Budget, which is prepared based on requirements outlined in *The Cities Act*, which are different from generally accepted accounting principles. The Budget requirements are primarily around raising sufficient cash to fund annual operating and capital requirements and debt repayments, as opposed to the accrual accounting methods which form the basis of generally accepted accounting principles and main purpose is to show the City's overall financial position and results of its operations.

A reconciliation of the 2012 General Operating Fund surplus with the increase in Accumulated Surplus is as follows:

2012 General Operating Surplus	8.1
Operating Results of Other Organizations	(1.2)
<i>Repayment of Debt Principal:</i>	
Repayment of City of Regina Debt	8.4
Increase in Tangible Capital Assets	86.3
<i>Change in Capital Carry Forward Balances:</i>	
Increase in Utility Capital Carry Forward	(6.0)
Increase in General Capital Carry Forward	8.0
<i>Change in Appropriated Service Agreement Fees:</i>	
Decrease in Water, Wastewater and Drainage	8.4
Decrease in Landfill Liability	(17.0)
Decrease in Capital Lease Obligations	0.1
Increase in Employee Benefit Obligations	(0.9)
Increase in Reserves	21.0
Amounts included in Operating Results and Transferred to Reserves	(8.1)
Increase in Accumulated Surplus	107.1

While the accumulated surplus is an important indicator, the most significant portion of the surplus results from investment in non-financial assets, such as tangible capital assets, which cannot be used to fund programs or services. For 2012, investment in tangible capital assets and capital carry forward total \$88.3 million. This component of the surplus is funds invested in infrastructure. An indicator that shows whether the City has resources on hand to finance future operations is its net financial assets. The City has a positive, but not substantial, net financial asset position of about \$80.4 million, an increase of about \$21.2 million from 2011. This increase in net financial assets is positive, in that it will assist in internally funding significant future projects such as the expansion of the wastewater treatment plant.

## RECOMMENDATION IMPLICATIONS

### Financial Implications

The cost of producing the Annual Report along with the cost of the external audit is provided for in the approved General Operating Budget.

The financial statements provide information about a number of significant financial issues for the City, including tangible capital assets, pension costs, landfill closure costs, and debt.

### Environmental Implications

The City's website is the primary method of distributing the Annual Report, which results in a reduction in paper usage.

### Policy and/or Strategic Implications

The 2012 Annual Report provides information on the City's financial position as at December 31, 2012 and its financial results for the year. These measures are an important part of the annual assessment of the City's progress towards Strengthening City Assets, an objective that includes both financial and infrastructure assets. The 2012 financial results reflect actions by the City to build financial reserves to meet the significant demands for infrastructure over the next few years.

### Other Implications

None related to this report.

### Accessibility Implications

None related to this report.

## COMMUNICATIONS

As required by Section 157 (1) of *The Cities Act*, a copy of the Annual Report will be sent to the Minister of Government Relations along with a copy of the Public Accounts.

Section 155(3) of the Act requires that the City publicize its financial statements, or a summary of them, and the auditor's report in a manner that Council considers appropriate. The Annual Report will be published on the City's website before September 1, 2013. Printed copies of this Annual Report will also be available, as required.



DELEGATED AUTHORITY

This report must be forwarded to City Council.

Respectfully submitted,

A handwritten signature in cursive script that reads "Chuck McDonald".

Chuck McDonald, Director  
Finance

Respectfully submitted,

A handwritten signature in cursive script that reads "B Sjoberg".

Brent D. Sjoberg,  
Deputy City Manger & CFO

Report prepared by:  
Lorrie Schmalenberg, Manager

**City of Regina  
Saskatchewan, Canada**

# **2012 Annual Report**

**Year Ended December 31, 2012**

DRAFT



Government Finance Officers Association

## Canadian Award for Financial Reporting

Presented to  
**City of Regina  
Saskatchewan**

For its Annual  
Financial Report  
for the Year Ended

**December 31, 2011**

  
Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the Corporation of the City of Regina for its annual financial report for the fiscal year ending December 31, 2011. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and provide peer recognition and technical guidance for officials preparing these reports.

In order to receive the Canadian Award for Financial Reporting, a municipal government must publish an easily readable and efficiently organized annual financial report. The contents of the report must conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements, and we are submitting it to GFOA.

This is the 20<sup>th</sup> time the City of Regina has received an award for its Annual Financial Report.

*The 2012 Annual Financial Report for the City of Regina was prepared by the Finance Department, with contributions from all City Departments and related organizations.*

*City of Regina, Saskatchewan, Canada*

[Regina.ca](http://Regina.ca)

DRAFT

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# Introduction



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# Message from the City Manager

May 21, 2013

His Worship, the Mayor  
and Members of City Council

I am pleased to submit the City of Regina's 2012 Annual Report. The Annual Report is submitted pursuant to Section 155 of The Cities Act. The Annual Report includes consolidated financial statements for the City of Regina as required by the Public Sector Accounting Standards Board (PSAB). The Annual Report includes financial, statistical and other information about the City of Regina and related entities to provide an understanding of the City and the resources available to the City.



The Annual Report consists of the following sections:

## Introduction

The introduction familiarizes readers with the strategic focus of Council and its Administration, the political and organizational structure of the City, and the nature and scope of the services provided by the City. Highlights include key facts and successes which demonstrate responsible growth, safe communities, and quality of life that the City of Regina strives to achieve.

## Financial Statement Discussion and Analysis

This section provides explanations and trend analyses to provide a broader understanding of the financial statements.

## Financial Statements

Detailed financial statements of this section include the Consolidated Financial Statements and the General Trust Fund financial statements.

The preparation and presentation of the financial statements and related information contained in this annual report is the responsibility of the City's Administration. The statements have been prepared on a basis consistent with the recommendations of PSAB. Included in the consolidated financial statements are those entities that are accountable to and owned or controlled by the City of Regina. These entities include: Regina Public Library, Regina Regional Opportunities Commission, Buffalo Pound Water Administration Board, Regina Downtown Business Improvement District and Regina's Warehouse Business Improvement District.

City Council appointed the accounting firm of Deloitte, LLP to perform an independent audit of the City's 2012 financial statements. Their report is included in this document. The City's system of internal controls ensures the accuracy and reliability of the financial information. The Finance and Administration Committee reviews the external auditor's audit plan, and ensures corrective action is taken for weaknesses identified in the City's internal control system.

As noted, the consolidated financial statements include information on the City's financial position and operating results, along with those of several related entities. The City's operations are typically segmented (General Operating, General Capital, Utility Operating and Utility Capital) for budgeting and reporting purposes. In the financial statements, segment disclosure is also provided by divisional areas.

Based on the consolidated information, the following points are noted for 2012:

The City (consolidated entity) had net financial assets of \$80.4 million at the end of 2012, an increase of \$21.2 million from net financial assets of \$59.2 million at the end of 2011.

Total revenues in 2012 were \$528.6 million, an increase of \$33.4 million from 2011. Total expenses in 2012 were \$421.6 million, an increase of \$35.1 million from 2011.

The planning, development and monitoring of the annual operating and capital budgets is a fundamental component of the City's financial administration. For 2012, the City's General Operating Fund ended the year with an operating surplus of approximately \$8 million. The surplus is determined on a basis consistent with the presentation of the 2012 General Operating Budget before PSAS standards are consolidated and applied.

The City's achievements in providing accurate and articulate financial statements were recognized by the Government Finance Officers Association of the United States and Canada (GFOA) for the 20th consecutive year. GFOA awarded a Canadian Award for Financial Reporting to the City of Regina for its Annual Financial Report for the fiscal year ended December 31, 2011. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports. To be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily-readable and efficiently-organized annual financial report with content that conforms to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments and address user needs.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "G. Davies", is positioned above the printed name and title.

Glen B. Davies  
City Manager

# Message from the Mayor

Dear Regina citizens:

On behalf of my colleagues on City Council, I am very pleased to present the 2012 City of Regina Annual Report.

Regina is a growing and prosperous city and leads Canada for a number of economic performance measures, such as unemployment rate and GDP growth.

Regina is changing, and is a very different community in so many ways. We are now a much more confident, prosperous and bold city, and one which is just beginning to tap into its significant potential.

There are many exciting opportunities that lie before us. We are seizing those opportunities and preparing for growth. People from all over the world are choosing to move here. This is a wonderful and exciting time for our city.

This Report provides a snapshot of the numerous projects with which the City has been involved over the past year. Our vision is to create a vibrant, inclusive, attractive, sustainable community where people live in harmony and thrive in opportunity. All of our work is geared to achieving that vision. I want to say a special thank you to our many City of Regina employees who work tirelessly to help us move towards our vision, and make Regina the great place it is to live, work and raise a family.

I also want to applaud my Council colleagues for their dedication to this City. They are a dedicated team who work hard every day on behalf of residents. I can't think of a better group of colleagues with which to work.

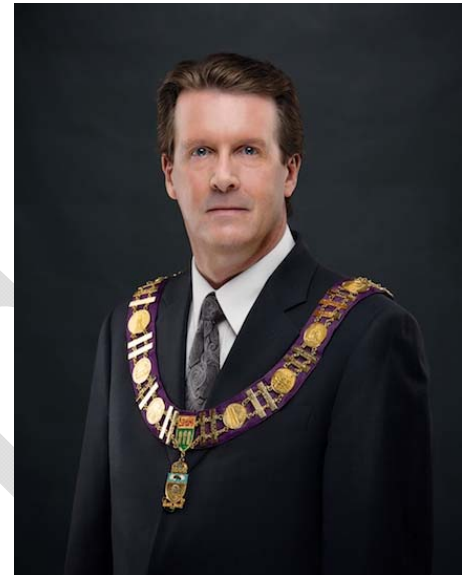
I look forward to another great year in 2013, as our City continues to evolve into the exciting and prosperous community it is becoming.

Join us on our journey. There are many ways to become involved in City of Regina programs and services – you can join a committee, volunteer for one of the numerous activities, participate at a forum or open house or follow us on Facebook and Twitter. I also encourage you to stay in touch with us by talking to your Councillor and by attending Council meetings.

These are exciting times in Regina. We'd love to have your feedback, help, and support as we work together in the transition to a bold and confident Regina.

Sincerely,

Michael Fougere  
Mayor of Regina



# Vision, Mission & Values

City Council and the administration are committed to providing a strategic focus for the future of our community. In 2008, the City of Regina rolled out its five-year corporate strategic plan, Accelerating Excellence 2008-2012, to determine the path for achieving its mission and vision.

## Our Vision

Canada's most vibrant, inclusive, attractive, sustainable community, where people live in harmony and thrive in opportunity.

- **Vibrant:** Young people and creative spirits are inspiring dynamic neighbourhoods and an exciting downtown, all of which feature first-rate facilities for health, wellness and artistic expression.
- **Inclusive:** Our community welcomes people. We live the values of respect and trust and celebrate the strength that comes from our diversity.
- **Attractive:** Residents and visitors choose Regina because it's clean, green, lively, friendly, affordable and fun!
- **Sustainable:** People forge a balance between the economic, social, environmental and cultural dimensions of their decisions by serving as stewards of the resources we share and by demonstrating leadership.
- **Harmony:** Empathy and understanding come from, and lead to, being safe in our homes and neighbourhoods; building strong social networks throughout the community creates synergy and sense of belonging.
- **Opportunity:** The entrepreneurial spirit powers Regina as a centre of success where research, innovation and excellence abound.

## Our Mission

We aspire to be the best run municipality in Canada providing services that enhance the quality of life. We serve our community, support the Vision of Council and live our Values.

## Our Values

- **Performance Driven & Accountable:** We all demonstrate leadership qualities. We instil a sense of mutual responsibility, open communication and teamwork while being accountable to each other, our community and Council. Our efforts are performance driven and outcome based.
- **Responsive & Respectful:** We cultivate a professional environment by being responsive and respectful in our conduct and interactions. We focus on safety, diversity and mutual respect.
- **Innovative & Creative:** We continuously improve by promoting innovative approaches to our work and how we serve our community and Council. We are creative, purposeful and take measured risks which results in new ways of doing business and being cost effective.
- **Focused on Excellence:** We are results oriented, providing excellent, responsive and accessible service.

# 2012 City Highlights

## Growing our city responsibly:

- The 2012 National Infrastructure Summit (NIS) took place in Regina in September with an attendance of approximately 320 people from across Canada. The goal of both the 2011 and 2012 NIS events was achieved: To bring all orders of government and private stakeholders together to demonstrate the need for a long-term, predictable, stable funding program and to commit to, discuss and incorporate the principles of innovation, citizen engagement and various financing and funding opportunities.
- The City continued moving forward with plans to implement a recycling service in July 2013 for all homes that receive City garbage collection. Loraas Disposal was awarded the contract for recycling collection. Emterra Environmental was awarded the contract for processing the recyclables and selling them on the open market, with the City receiving 25 per cent of the profits.
- The City of Regina supported the Saskatchewan Roughrider Football Club as it initiated the Mosaic Stadium Legacy Project. In preparation for the 2013 Grey Cup event, the City took on a management role, provided day-to-day project support and direction, and provided technical advice and engineering support.
- Regina Transit uses a smart card-based, electronic fare collection system, the “R-Card.” The R-Card pass changed from a calendar month pass to a 31-day pass, effective on the purchase date. Purchasing the pass at any time of the month maximizes value to customers, and as a result decreased the end-of month lines at the Transit Information Centre and businesses that sell the passes.
- Transit Live completed a pilot project in December 2012. The system provides customers with real time bus information and operational information for quality monitoring. The pilot was such a success that a full-time system was approved for 2013.
- Parking meters were upgraded to accept the new \$1 and \$2 coins, which avoided a potential loss in revenue of \$30,000 in 2012 and a forecasted \$200,000 for 2013 due to the increased percentage of new coins in circulation. The upgrade project has also resulted in a 33 per cent reduction of time needed to service the parking meters, allowing the branch to focus on other initiatives such as refurbishing deteriorated parking meters.
- Council endorsed 8 Community Priorities developed through Design Regina, the process to develop the Official Community Plan (OCP). These priorities were developed through an extensive public engagement process and will provide direction for the policies in the Plan. As well, research continued to improve the understanding of the current state of the community and identify trends to consider as the plan to guide future decisions is completed. The OCP is anticipated to be completed in 2013.
- Two new office buildings on 14th Avenue and Rose Street and 14th Avenue and Halifax Street were approved in accordance with the newly adopted Office Policy in the Official Community Plan.

- Two development applications for office buildings in the downtown were submitted and processed in accordance with the urban design standards of the newly adopted Downtown Zoning Bylaw. They are expected to proceed to City Council in 2013.
- The City funds affordability and sustainability initiatives through the Social Development Reserve. In 2012, approximately \$1.4 million of funding will be applied to not-for-profit and private developments that meet the affordability criteria.
- Contributions towards affordable housing saw an increase of approximately \$300,000 per year, and further, the City provided more than \$250,000 in land in 2011 and provided approximately \$150,000 worth of land to low income developers in 2012.
- The City provides more than \$500,000 per year in tax exemptions to promote housing development through the Neighbourhood Building Blocks and other housing incentive programs. In 2012, 59 properties qualified for exemptions, and in total, 374 housing units received exemptions to stimulate housing development.
- Administrative and procedural support was provided for City Council, 3 quasi-judicial boards and 16 committees.
- In 2012, Administrative support was provided for an average of 21 meetings per month resulting in a total of 213 meetings held throughout the year. In addition, the Office of the City Clerk created and delivered 255 agendas to elected officials and citizen members of committees.
- Access to information requests through the Office of the City Clerk are tracked as "formal" and "informal" requests. As of December 18, 2012, the office received and processed 42 formal requests, 103 requests for health department files, and 36 informal requests. The volume of requests received and processed through this area has continued to increase year after year, and more than doubled from 2011.
- The City's transportation network includes 54 bridges, 42 concrete bridges (of which 8 are rail overpasses) and 4 timber bridges. The Saskatchewan Ministry of Highways and Infrastructure turned over the bridges to the City in April of 2011 as part of the Urban Highway Connector Program. The City also has an inventory of 31 pedestrian bridges.
- The City of Regina maintains a total inventory of more than 60,000 street signs.
- The City has 177 signalized intersections, 9 pedestrian half signals, 69 pedestrian corridors, and approximately 900 expressway lights.
- The Regina Police Service partnered with the Open Door Society to create 60 videos for newcomers to Regina. These videos are a powerful tool as policing and trust can vary by country, and they provide useful information to Regina residents in their first language. The videos consist of 6 topics, ranging from how to report a crime, to how to talk to police, and are recorded in the top 10 languages of newcomers.

#### **Supporting safe communities:**

- The Public Education section of the Regina Fire Department partnered with "Kids First" to deliver fire and life safety education to young families. This program was recognized internationally as a model in fire prevention and education.



- The Regina Fire Department achieved the status of Accredited Agency from the Center of Public Safety Excellence in August 2012. This prestigious status was obtained through the pursuit of International Fire Service Accreditation, third party recognition of services, programs and governance that are measured against industry best practices. As part of the accreditation process, the department completed a comprehensive community risk assessment and developed the “Standards of Cover” that will serve as the basis for future service delivery decisions.
- The Regina Fire Department, in partnership with the Regina Senior Citizens Centre and the Regina Housing Authority, introduced a new fire and life safety education program designed to engage the growing senior citizen community. The program is titled, “Remembering When: a fire and fall prevention for older adults”.
- The Emergency Management Program of the Regina Fire Department continues to evolve with 159 staff and 33 partner agency staff trained to the Incident Command System (ICS) 200 level. To support this training, two major exercises were conducted at the University of Regina and Regina Airport Authority in 2012.
- On an annual basis, the Regina Fire Department successfully trains and certifies 260 personnel in Hazardous Materials, Emergency Medical Care, Incident Command System, Flashover Survival, Technical Rescue and other related disciplines.
- In September 2012, Regina Transit installed security cameras on 63 of its buses. This feature provides a more secure environment for both our customers and employees.
- A five-year funding sustainability and equipment modernization strategy continued to be implemented for Transit and Fire fleets. When completed in 2015, the replacement of Transit and Fire fleet vehicles will be fully funded by a dedicated reserve, and the average age of both fleets will be reduced to accepted industry guidelines.
- Each year, more than 28,000 bylaw related inspections are completed and more than 10,000 Requests for Service (RFS) are responded to. This is 21 per cent of the total service calls received by Service Regina.
- The Traffic Control & Parking Branch provided the following services in 2012:
  - design and installation of 674 traffic accommodations and detours;
  - coordinated traffic for 30 special events;
  - 310 over-dimensional moves coordinated through the city;
  - 976 temporary street use by contractors and the film industry; and
  - 20 new accessible parking zones at private residences.
- Regina Police Service was named one of Saskatchewan’s Top Employers in 2012 for the third consecutive year. Programs such as United Way, Tree of Warmth, and Pink Shirt Day, an anti-bullying initiative, make the Regina Police Service a vibrant and fun workplace.
- The Regina Police Service adopted a new crest in 2012. Following the trend of many police agencies across Canada, Regina Police now have a coat of arms as its crest. This progressive change meant a slow roll out of new vehicle wraps, and a new flag.
- Many of the initiatives identified in the Regina Police Service’s Strategic Plan make it more effective and efficient to address public safety in Regina. Examples include a review of traffic collisions at intersections to determine if the red light camera program should be



expanded, implementation of performance measures for Fleet to track maintenance and workload, and technological enhancements that will strengthen the capacity to do reactive and proactive investigations of technology related crime.

### **Enhancing quality of life:**

- The City of Regina launched the first Open Government program in Saskatchewan in February 2012. The program consists of three components: Open Data, Open Information and Open Dialogue.
  - The City received the Culliton Right to Know Award from the Information and Privacy Commissioner of Saskatchewan in September 2012 because this program demonstrated leadership in providing access to information and commitment to transparent and accountable government practices.
  - There are currently 28 data sets and 22 records, including Mayor and Councillor Expense Reports and Public Accounts, available on the Open Government website.
- In 2012, the City of Regina's use of online and interactive communications tools continued to grow:
  - The City of Regina website received more than 1.5 million visits (an increase of 100,000 visits) and, according to the annual citizen survey, it remains the first choice for residents when seeking information about City programs and services;
  - Access by mobile devices (tablets or smart phones) increased 400 per cent and represents 20 per cent of traffic on Regina.ca;
  - The CityApp mobile app has now been downloaded more than 12,000 times which is a 400 per cent increase from 2011;
  - The City Facebook page is approaching 22,000 users, and continues to be the largest Facebook page of all Canadian municipalities;
  - Transit launched its Facebook page and Twitter feed and became the first City department to have its own social channels;
  - City YouTube videos have now been viewed more than 100,000 times, representing an increase of more than 65,000 views when compared to 2011;
  - The City has about 11,000 Twitter followers, a significant increase from 5,000 in 2011.
- Communications staff were the recipients of a Gold Medal from the prestigious Government Technology Awards in the category of "Next Generation Leadership"
- The new ward boundaries were implemented for the 2012 Municipal/School Board Election. The Election resulted in a 32 per cent voter turn out, which was a 7.03 per cent from the 2009 turn out. As well, new to the election were increased advance voting opportunities along with a new drive thru voting option that saw approximately 300 vehicles go through.
- Election 2012 was our second social election and we once again used videos. There were twice as many candidates but the videos were viewed four times as much (in 2009 there were 39 videos and 10,000 views, and in 2012 there were 76 videos and 40,000 views.)
- The City Cemetery staff hosted a successful Western Canada Cemetery Conference in September 2012.
- Tornado Legacy Day was on June 30, producing A Downtown Walking Tour guide pamphlet, tours given, and a new plaque was installed to commemorate the 100th anniversary of the 1912 Tornado.

- The Sweeping & Alleys Branch swept approximately 3,100 km of streets and 1,300 km of sidewalks and boulevards. The Alley Program reconstructed approximately 33 paved alleys, refreshed approximately 130 gravel alleys, reconstructed 5 gravel alleys, and maintained 135 km of gravel alleys. In addition, this branch also maintained 30 km of high-grade roads, repaired various easement locations, and washed and maintained 54 bridge locations.
- The gas collection system at the Landfill destroys approximately 1,000 tonnes of methane gas each year, which reduces greenhouse gases.
- Each year approximately 70,000 people visit the Neil Balkwill Civic Arts Centre (NBCAC) for a variety of exhibitions, arts and culture programs/opportunities as well as hosting its own cultural events from the site. In honour of the Centre's 30th anniversary, the NBCAC hosted a Culture Days event called 'Beyond the Box' in September 2012. This event saw 825 people attend and participate in a variety of free arts activities. This helped to raise awareness of NBCAC's contributions to the community which include a variety of programming, courses and resources.
- The Community Development, Recreation & Parks Department manages 8 indoor arenas, 21 boarded outdoor ice sites, 42 pleasure skating sites (without boards), and an outdoor speed skating oval, providing winter recreational and competitive opportunities for residents.
- Approximately 25,000 participants each year are active at one of the 179 ball diamonds, 94 athletic fields (e.g. soccer, football, field hockey, lacrosse, rugby, lawn bowling greens) or Mosaic Stadium at Taylor Field. These facilities provide opportunities for recreational sports, personal fitness and amateur sporting competitions.
- The City of Regina operates 5 neighbourhood recreation centres and has partnership arrangements with 5 community-operated centres and 2 senior citizens centres. These facilities provide low cost and accessible recreational, social, and educational opportunities for residents of all ages and interests. Annual attendance at these centres is 450,000.
- The Civic Art Collection (CAC) includes 358 pieces, many of which are displayed throughout civic facilities and public spaces. Within the CAC, there are 28 pieces of public art located in various exterior locations throughout the organization. In addition, the department processed 87 film permit requests to date; and has developed an interactive cultural map.
- The City's Affordable Fun Program provided opportunities for approximately 2,000 low-income individuals to participate in a variety of City arts, culture, sport, and recreation and leisure programs.
- Regina won the right to host the 2014 North American Indigenous Games. Regina will welcome 10,000 athletes, coaches, family and supporters, and witness some of North America's outstanding young Aboriginal athletes competing in their field of play.
- Alternative transportation initiatives continued in 2012. The Commuter Challenge campaign was moderately successful on a community scale and a Commuter Cycling Workshop was hosted in partnership with Saskatchewan Cycling Association and Bike Regina.
- Through community investment funding of \$3.3 million, financial support is provided to approximately 150 community and partner organizations. These investments help enable

organizations to build community capacity to address neighbourhood and social issues, and to support programs, festivals, and special events helping to make Regina a vibrant and inclusive community.

- The Regina Police Service has added more ways to receive or provide information about things happening in our community:
  - Along with Facebook ([facebook.com/ReginaPoliceService](https://facebook.com/ReginaPoliceService)) and Twitter (@reginapolice), other social media platforms, such as Pinterest and YouTube have been added.
  - The use of online reporting through the Regina Police Service Online Citizen Reporting System has increased. Residents are now able to report certain types of property crime, and can initiate an original report or add information to a previously submitted report.

# City Council

City Council is responsible for the governance of the City of Regina, subject to Provincial legislation. Members of City Council are now elected every four years in a municipal election with the last election held on October 24, 2012. The Mayor is elected at large. The City of Regina uses a ward system for electing Councillors, with the city divided into ten wards and one Councillor elected in each ward. City Council's primary responsibility is to provide policy direction for the operation of the City. Council also sets the long-range service goals, and approves operating and capital budgets.

The Mayor presides at all meetings of City Council and is the ceremonial head of the municipal government. The Mayor and City Clerk are the municipality's symbolic and official signing officers, respectively. City Council members for the 2012-2016 term are shown below.



**Back Row I-r:** Councillor Jerry Flegel, Councillor Shawn Fraser, Councillor Bryon Burnett, Councillor Terry Hincks, Councillor Wade Murray

**Front row I-r:** Councillor Mike O'Donnell, Councillor Bob Hawkins, Councillor Barbara Young, Mayor Michael Fougere, Councillor John Findura, Councillor Sharron Bryce

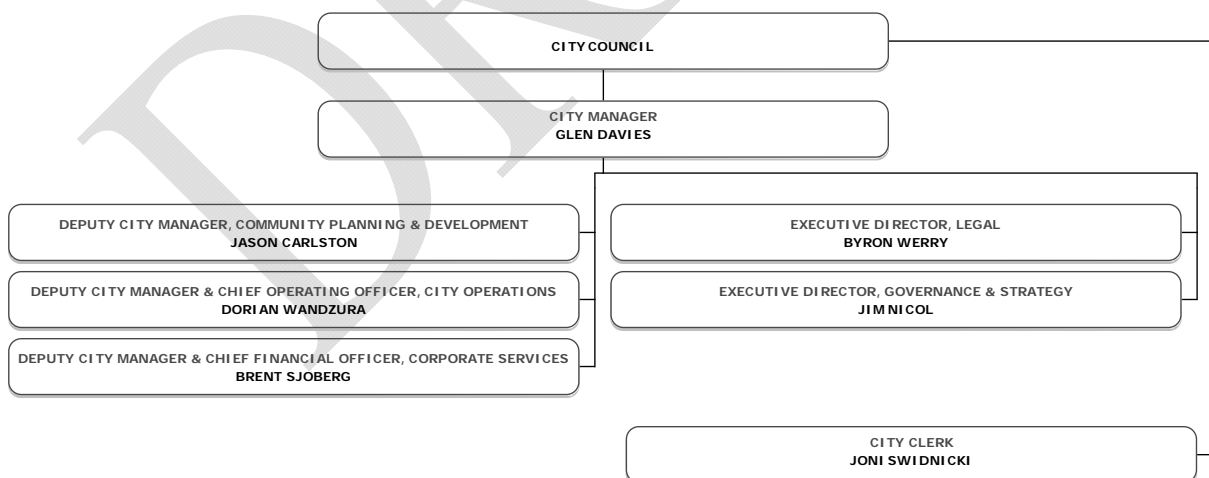
# City Administration

The City Manager is the Chief Administrative Officer of the City and is appointed by City Council. The City Manager's Bylaw 2003-70 outlines the responsibilities, accountabilities, and authority for the position. The City Manager advises Council on all matters related to the City's programs and services and is responsible and accountable for directing and organizing the administration to achieve the goals and objectives of City Council in the most economic, effective, and efficient manner.

The City of Regina, pursuant to The Police Act, 1990, is responsible for maintaining law and order within its boundaries. The City appoints a Board of Police Commissioners that is responsible for the delivery of policing services within the municipality, providing general direction, policy and priorities and developing long-term plans. The Board appoints a Chief of Police, who is responsible for the management, administration, and operation of the Police Service, the maintenance of law and order within the municipality, and discipline within the Police Service. The annual Police budget must be approved by City Council.

## Corporate Organizational Structure

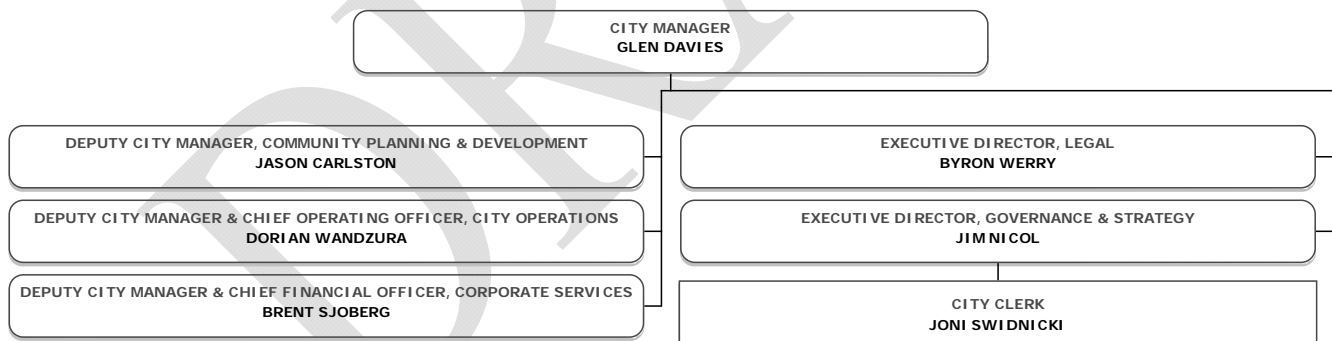
The City of Regina has three Divisions: City Operations, Community Planning & Development, and Corporate Services. Each Division is led by a Deputy City Manager; two Executive Directors are responsible for the offices of Legal and Governance & Strategy. These Divisions continue to evolve with a focus on continuous improvement.



## Office of the City Manager

The management of the Civic Administration of the City of Regina (excluding the Regina Police Service) is the responsibility of the City Manager. Appointed by City Council, the City Manager's authority is established by the City Manager's Bylaw 2003-70 and Regina Administration Bylaw 2003-69. The City Manager is responsible to City Council for the efficient and effective operation of the City in accordance with City Council policies, decisions and bylaws. The City Manager provides executive direction, strategic guidance and governance support on matters of municipal governance, strategy and protocol, and ensures the City operates according to legislative requirements. The City Manager is also responsible for the development of a Corporate Strategic Plan, annual business plan, and reporting to council on performance related to those plans, including the budget.

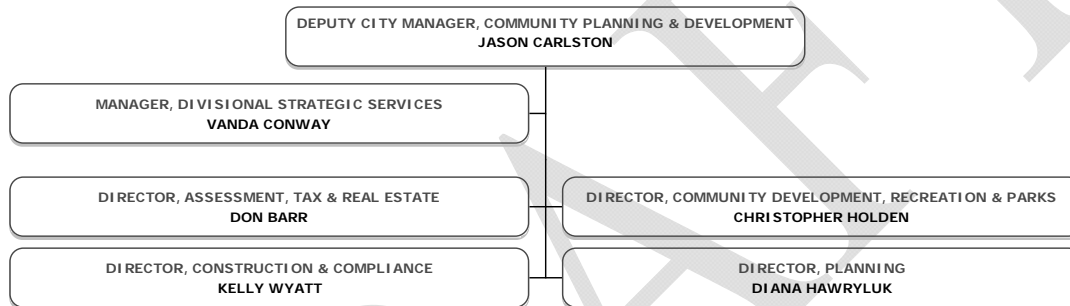
The Office of the City Manager includes the Office of the City Solicitor and the Office of Governance & Strategy. Corporate Services, Community Planning & Development, and City Operations Divisions also report to the City Manager. The Office of Governance & Strategy includes the following branches: Office of the City Clerk, Communications, Government Relations, and Strategy Management.



*\*denotes members of the Executive Leadership Team.*

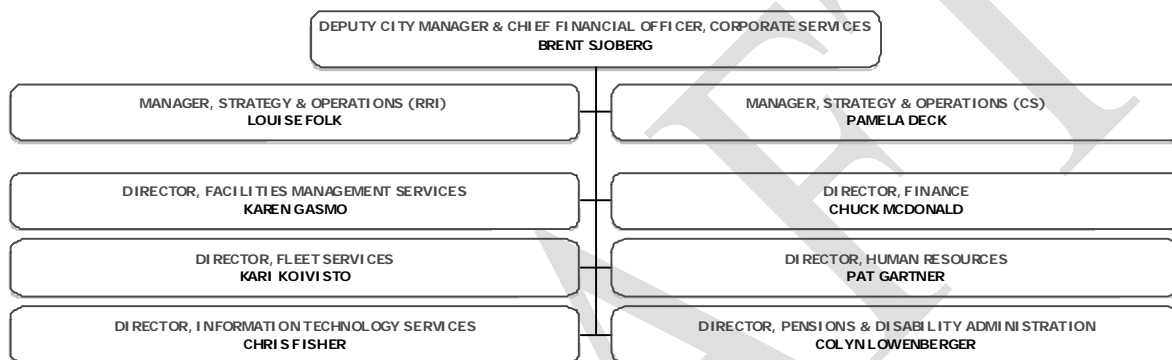
## Community Planning & Development Division

Community Planning & Development is dedicated to engaging and supporting the citizens of Regina. The Division contributes to building a healthy and caring community by providing community recreation and cultural programs and services. It also provides a long-term comprehensive approach to planning, engineering and development processes, ensuring the efficient use of land and community infrastructure to create a city that reflects Council's Vision and the goals of Regina residents. Neighbourhood, transportation, long-range capital planning, development review, property assessment, building permits and inspections, real estate and parking services are also its responsibility.



## Corporate Services Division

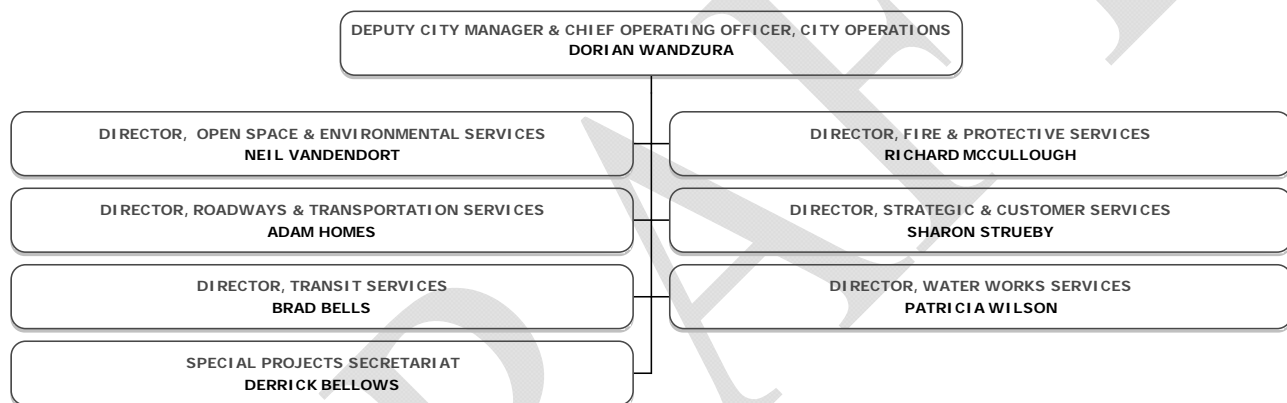
The Corporate Services Division provides services and support to both internal and external customers, enabling the City to maximize its effectiveness and potential. The Corporate Services team includes: Finance, Information Technology Services, Human Resources, Fleet Services and Facilities Management Services. The Director of Pension and Disability reports to the Pension Administration Board, and connect to the City administratively through Corporate Services.





## City Operations

City Operations provides customer-focused professional and reliable public services that enable and enhance the quality of life for our community. It ensures that the City's municipal infrastructure systems are effectively preserved, funded and operated. It preserves and operates municipal infrastructure involving roadways, traffic, water, drainage, waste water and solid waste to meet regulatory requirements and community needs. The Division also contributes to building a safe community by providing fire and protective services, and transit and paratransit services for our residents. Also part of City Operations is Service Regina, delivering day-to-day customer service for the Corporation on a broad range of City programs and services through in-person service on the main floor of City Hall and through its call centre.



## **Regina Police Service**

The City of Regina, pursuant to The Police Act, 1990, is responsible for maintaining law and order within its boundaries. The City appoints a Board of Police Commissioners that is responsible for the delivery of policing services within the municipality, providing general direction, policy and priorities and developing long-term plans. The Board appoints a Chief of Police, who is responsible for the management, administration and operation of the Service, the maintenance of law and order within the municipality, and discipline within the organization. The funding for the annual police budget must be approved by City Council.

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## Our Future

Regina's economic growth remained strong at an estimated 4.2 per cent in 2012, on the heels of two years with growth of above 5%, according to forecasting agency the Conference Board of Canada and its Metropolitan Outlook, Winter 2013 report.

Saskatchewan's retail sales hit a record \$1.5 billion in February 2013, an increase of 5 per cent over February 2012, and the second-highest percentage increase in Canada, according to data released by Statistics Canada. Gross Domestic Product (GDP) growth is forecast to ease, by recent Regina standards, to 3.5 per cent in 2013 and remain above 3 per cent in both 2014 and 2015.

Output growth from Regina's construction industry came in at an estimated 5.1 per cent in 2012, following a 6.2 per cent expansion in 2011. The pace of growth over the past two years has been well above the average annual increases over the past 20 years. This sector is expected to expand sharply in the next few years as work on a new \$278-million stadium and related urban development gets under way in late 2013.

More and more Canadians are choosing to call Regina home, with the City's population growing roughly 2 per cent annually for four straight years, including a record 2.3 per cent in 2012. While in-migration is expected to ease to below 3,000 people in both 2013 and 2014, population growth is forecast to stay near 2 per cent in both years. Such a healthy pace of population growth has boosted housing starts for three straight years, including an estimated 70 per cent surge to nearly 2,900 units in 2012.

The City of Regina issued building permits valued at \$763 million in 2012, up from \$548 million in 2011. Total housing units under construction in December 2012 was 2,700 units, up from 1,670 units the previous year.

Such strong economic growth has led to employment increases for seven consecutive years, including a 2.5 per cent rise in 2012. Nearly 17,000 jobs have been created over those seven years, a gain of 16%. Employment gains are forecast to accelerate to 3.5 per cent in 2013, keeping the unemployment rate near 4%. This low level of unemployment, combined with a labour force participation rate approaching a record high, suggests nearly full employment. This will foster continued healthy in-migration and strong population increases.

As the City continues to grow and diversify, it is challenged to maintain existing services and infrastructure while also making new investments to meet the demands of a growing population and economy. The focus has intensified on the sustainability of City programs and infrastructure in the face of increasing demands and uncertain funding. In response, strategic and business planning at the City of Regina has become more rigorous. We have become more thorough in our analysis and more focused in our choices, so we can ensure citizens continue to see their community moving towards the Vision while Regina remains an affordable place to live.

In 2013, the City of Regina will strive to narrow the gap between the service level expectations of customers, and the ability of the City to deliver on these expectations. As a result the City will be better prepared to act on the outcomes of both the Design Regina community consultations and priorities identified in the next strategic plan.

Guided by the City's Vision, but also respecting the need to minimize the burden on tax payers, the primary areas of investment in the 2013 budget were intended to work toward supporting these changing needs by:

1. Maintaining our commitment to service to the community.
2. Managing and servicing the unprecedented growth the City has seen in the last five years expansion of existing services to new areas of Regina.
3. Tackling the challenges of an aging infrastructure.

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**FINANCIAL STATEMENT  
DISCUSSION AND ANALYSIS**

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## FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2012

### INTRODUCTION

The City of Regina 2012 Annual Financial Report contains the audited Consolidated Financial Statements prepared in accordance with principles and standards established by the public sector accounting standards (PSAS) of the Canadian Institute of Chartered Accountants, as required by *The Cities Act*.

The following financial statement discussion and analysis was prepared by City of Regina Administration. It should be read in conjunction with the audited Consolidated Financial Statements and schedules.

### HIGHLIGHTS

- The 2012 Consolidated Financial Statements report net financial assets of \$80.4 million, an increase of \$21.2 million from \$59.2 million at the end of 2011. A net financial asset position indicates financial resources are on hand to finance future operations.
- The 2012 Consolidated Financial Statements also show an excess of revenues over expenses of \$107.0 million compared to \$108.8 million in 2011.
- The City's accumulated surplus increased from \$1.187 billion at the end of 2011 to \$1.294 billion at December 31, 2012. Virtually all of the accumulated surplus is tied up in non-financial assets, such as tangible capital assets. Our non-financial assets were \$1.213 billion at the end of 2012. Net financial assets are a better indicator of the financial resources on hand to finance future operations.
- Revenues increased by \$33.4 million and expenses increased \$35.1 million from 2011. The reason for the increase in revenue is primarily due to the rate increase in water utility and other fees and charges due to increase use of services by citizens and planned increases in fees.
- The City's reserves increased by \$21.0 million to \$163.2 million. The General Utility reserve increased by \$13.7 million due primarily to the operating utility surplus. The General Fund reserve decreased by \$8.9 million due to transfers to fund Mosaic Stadium replacement, purchase of CPR lands and site preparation and RRI communications which was partially offset by the operating surplus.

### Demographic and Economic Information

	2012	2011	2010	2009	2008
Population (Census Metropolitan area)	226,000	217,000	215,000	210,000	205,000
Building permits					
Number	3,342	2,790	2,539	2,307	2,387
Values (\$000)	773,273	547,700	426,800	458,400	342,800
Urban dwelling starts	3,093	1,694	1,347	867	1,138
Inflation rate for Regina (%)	1.8%	2.9%	1.5%	1.7%	3.2%
GDP Growth for Regina (%)	4.2%	6.1%	2.3%	0.1%	4.1%
Unemployment rate (%)					
Regina	3.6%	5.3%	4.8%	4.4%	3.9%
Saskatchewan	4.7%	5.0%	5.2%	5.8%	4.1%
Canada	7.2%	7.4%	8.0%	8.2%	6.1%
Average selling prices of homes (\$)	301,332	268,000	258,000	244,000	229,000



# FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2012

## ANALYSIS

### Revenues - Budget to Actual and Prior Year Comparison

	2012 Budget	2012 Actual	Budget Variance Favourable (Unfavourable)	2011 Actual	Year over Year Increase (Decrease)
Taxation	174,247	174,843	596	165,224	9,619
Fees and charges	138,413	148,092	9,679	132,470	15,622
Government transfers	63,344	72,452	9,108	70,733	1,719
Electrical distribution	28,500	30,075	1,575	30,061	14
Licenses, fines and levies	10,651	11,421	770	11,097	324
Gas distribution	6,800	5,620	(1,180)	6,645	(1,025)
Interest and penalties	1,450	1,379	(71)	1,366	13
Interest on portfolio investments	8,319	8,580	261	8,666	(86)
Realized gains on portfolio investments	-	3,006	3,006	7,070	(4,064)
Service agreement fees	13,999	14,696	697	18,875	(4,179)
Land sales	3,000	2,667	(333)	9,871	(7,204)
Other	5,530	4,061	(1,469)	3,483	578
Contribution of tangible capital assets	-	51,753	51,753	29,711	22,042
	454,253	528,645	74,392	495,272	33,373

The schedule above includes both operating and capital revenues.

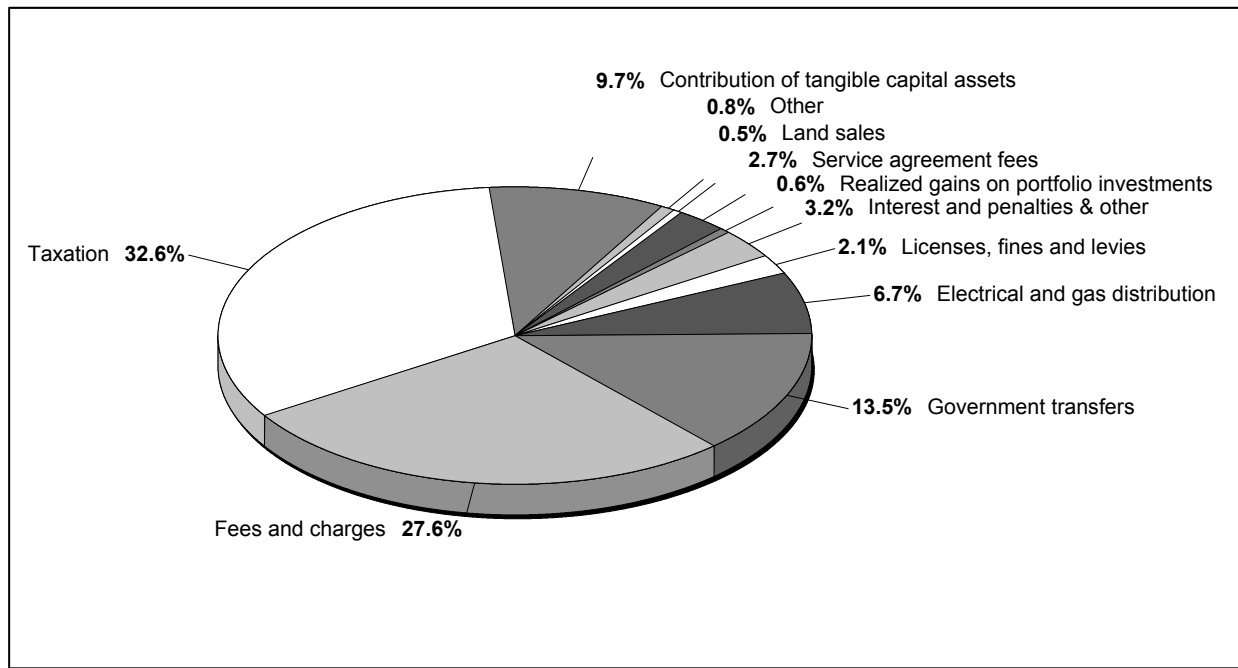
## FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2012

### ANALYSIS (cont'd)

#### 2012 Revenue

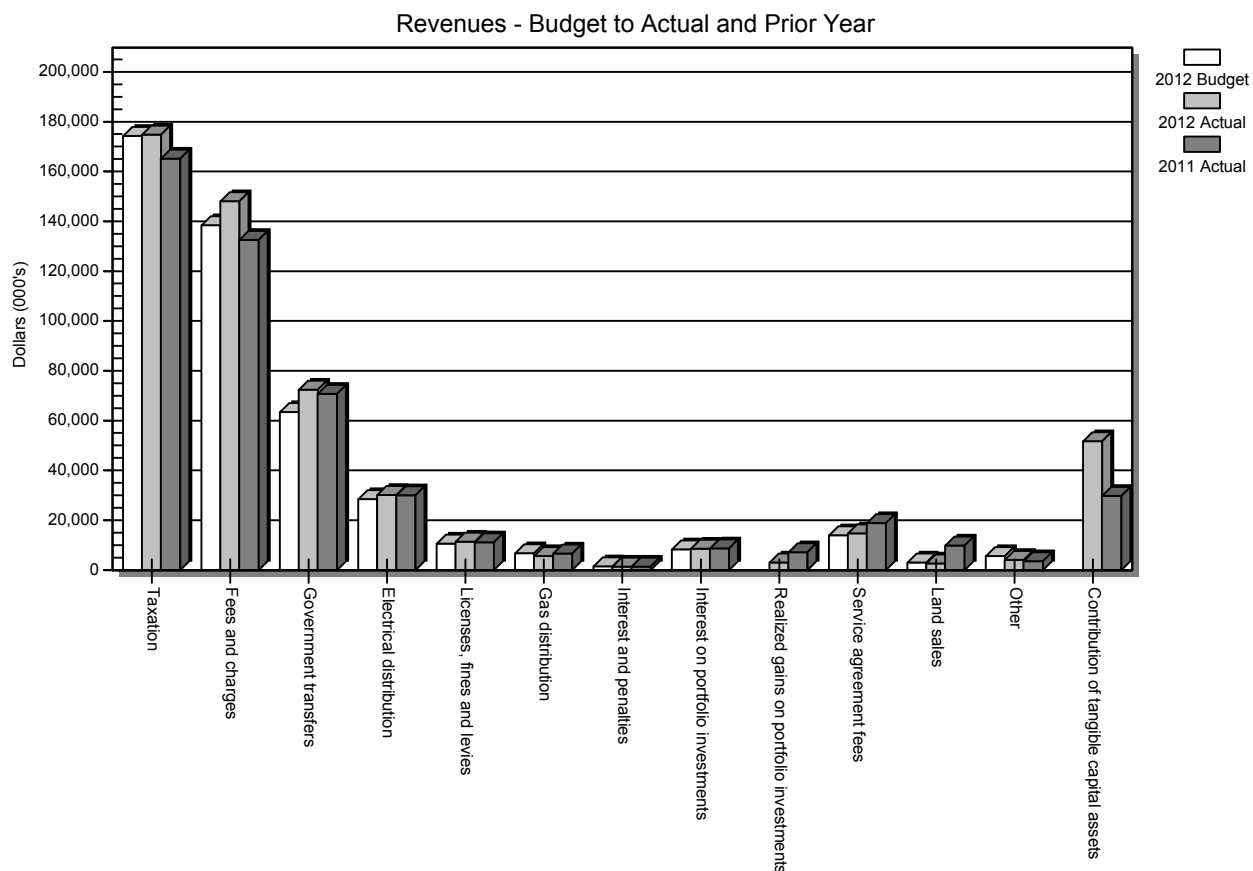


# FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2012

## ANALYSIS (cont'd)



**Taxation revenue** for 2012 was \$9.6 million higher compared to 2011 primarily due to an increase in the number of properties coming onto the assessment roll during the year and a 3.9% increase in the mill rate.

**Fees and charges** for 2012 were \$9.7 million or 7.0% above budget and \$15.6 million higher than 2011 primarily due to the rate increase in water utility and other fees and charges increased due to increased use of services by citizens and planned increases in fees.

**Government transfers** were \$9.1 million or 14.4% above budget primarily due to government transfers being budgeted on a cash basis while actuals are recorded when related expenses are incurred. The variability with budget is due mainly to capital grants, which vary from year to year. Government transfers in 2012 were \$1.7 million more than 2011 primarily due to Sask Housing Trust Funds which is partially offset by third party funding programs winding down.

## FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2012

### ANALYSIS (cont'd)

**Realized gains on portfolio investments** for 2012 was \$3.0 million above budget since this is a one-time item that is not budgeted for.

**Service agreement fees** for 2012 were \$4.2 million less than 2011. When a servicing agreement is entered into between the City and a developer, the fees collected are inflows of cash or accounts receivable to the City. However, under revenue recognition principles, the revenue is not recorded/recognized until it is allocated to eligible projects. Servicing agreement fees collected in a given year per agreements entered into are recorded as revenue or deferred revenue based on these principles. For 2012, the City entered into more agreements than in 2011, however, much of this revenue was deferred resulting in an increase of deferred revenue and a decrease in revenues reported.

**Contribution of tangible capital assets** for 2012 were \$51.8 million above budget since this item is not budgeted for. They were \$22.0 million higher than 2011 due to developers completing more projects during the year. This revenue includes tangible capital assets, such as land, roads, and underground networks that the City receives at no cost or below fair market value. However, the City will be expected to maintain and rehabilitate these assets from this point forward.

## FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2012

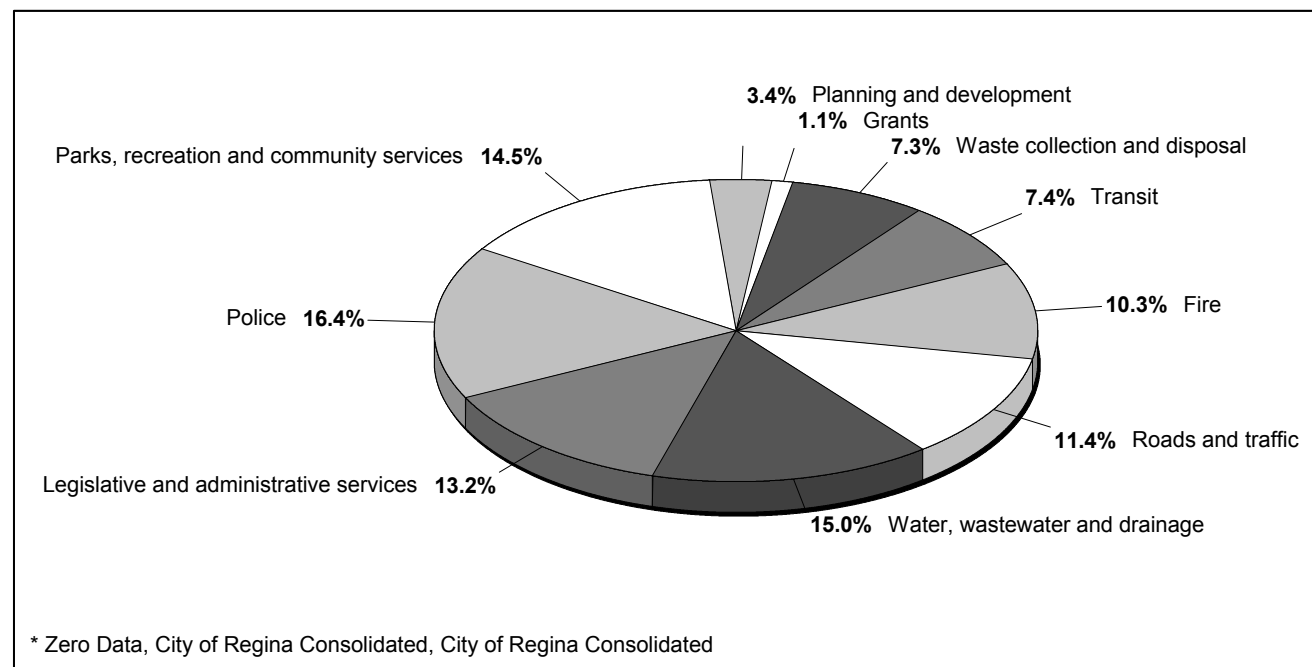
### ANALYSIS (cont'd)

#### Expenses - Budget to Actual and Prior Year Comparison

	2012 Budget	2012 Actual	Variance Favourable (Unfavourable)	2011 Actual	Increase (Decrease)
Parks, recreation and community services	62,974	61,196	1,778	61,593	(397)
Police	67,524	69,156	(1,632)	65,229	3,927
Legislative and administrative services	59,047	55,744	3,303	54,055	1,689
Water, wastewater and drainage	64,590	63,392	1,198	56,153	7,239
Roads and traffic	52,131	47,966	4,165	52,397	(4,431)
Fire	44,541	43,384	1,157	40,950	2,434
Transit	30,560	31,049	(489)	30,494	555
Waste collection and disposal	13,894	30,977	(17,083)	8,490	22,487
Grants	6,908	4,575	2,333	3,968	607
Planning and development	14,168	14,167	1	13,166	1,001
	416,337	421,606	(5,269)	386,495	35,111

The schedule above includes both operating and capital expenses.

#### 2012 Expenses

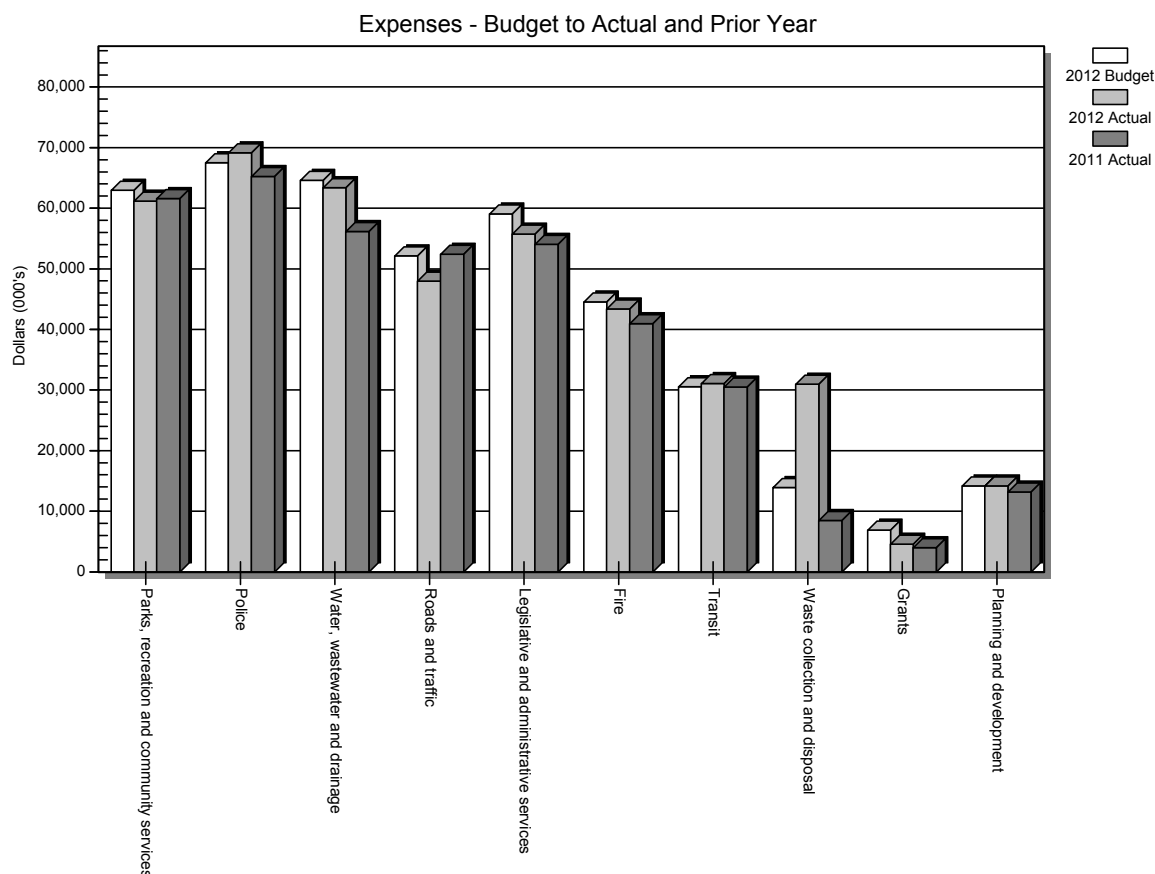


# FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2012

## ANALYSIS (cont'd)



**Water, wastewater and drainage** expenses were \$7.2 million higher than 2011 due to higher operational expenses due to increased water purchases.

**Waste collection and disposal** expenses were \$17.0 million above budget and \$22.5 million higher than 2011 primarily due to an increase of \$17.0 million in the landfill liability.

## FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2012

### ANALYSIS (cont'd)

For purposes of establishing and monitoring budgets, operating, capital and utility expenses are considered separately. Overall, the General Operating Fund expenses were over budget by \$10.8 million. The largest variances were:

- \$10.2 million of this relates to the Community Planning & Development (CP&D) for the transfer to the Social Development Reserve of \$7.5 million for the money received from Saskatchewan Housing for the sale of the South East Lands which is offset by the corresponding payment for the purchase. \$2.7 million for the increased transfer over budget due to higher revenues and lower expenses.
- \$2.2 million in external expenses with the majority from equipment rental and the Evraz Arenas operating payment.
- \$1.9 million in professional and external services.
- \$1.9 million combined between Community Investment expenses related to the unbudgeted reserve transfer and internal expenses.
- (\$4.8) million decrease from budget due to reduction in spending related to salaries and benefits.
- (\$1.5) million decrease from budget in debt servicing costs as the City did not issue debt as originally planned.

### General Capital Fund - Budget to Actual Comparison

	Budget 2012	Actual 2012	Actual 2011	Actual 2010	Actual 2009	Actual 2008
<b>Revenues</b>						
Government transfers						
Federal	11,000	15,906	14,244	31,581	26,696	16,903
Provincial	5,963	282	5,527	8,527	23,976	4,724
Service agreement fees	5,920	1,343	9,419	6,790	10,583	2,449
Miscellaneous revenues	2,300	590	20,594	17,606	8,213	2,064
	25,183	18,121	49,784	64,504	69,468	26,140
<b>Expenses</b>	65,579	53,239	54,414	53,841	83,282	64,126
<b>(Expenses over revenues)</b>						
<b>revenues over expenses</b>	(40,396)	(35,118)	(4,630)	10,663	(13,814)	(37,986)

Actual revenues only reflect the funding that is spent in the year referred to. Additional funding may be available for future years.

There is generally more variability in actuals to budget for capital projects. City Council approves budgets for each capital project based on the maximum forecast expenditure for the year to accommodate the planning and

## FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

*(in thousands of dollars)*

December 31, 2012

### **ANALYSIS** (cont'd)

scheduling requirements associated with capital projects. There is typically a portion of the year's budget carried forward to future years for projects not completed within the fiscal year. At the end of 2012, the carry-forward amount available in the General Capital and Utility Capital funds was \$135.1 million (2011 - \$133.1 million).

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## FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2012

### SIGNIFICANT TRENDS

#### Revenue Summary

	2012	2011	2010	2009	2008
Taxation	174,843	165,224	154,746	148,529	146,543
Fees and charges	148,092	132,470	117,503	118,735	106,167
Government transfers	72,452	70,733	93,723	119,601	70,526
Electrical distribution	30,075	30,061	28,633	27,110	25,429
Licenses, fines and levies	11,421	11,097	10,166	9,863	9,328
Gas distribution	5,620	6,645	6,875	8,532	9,316
Interest and penalties	1,379	1,366	2,018	8,990	7,257
Interest on portfolio investments	8,580	8,666	9,484	n/a	n/a
Realized gains on portfolio investments	3,006	7,070	3,963	n/a	n/a
Service agreement fees	14,696	18,875	12,537	20,187	3,899
Land sales	2,667	9,871	3,636	2,474	4,824
Other	4,061	3,483	2,221	693	1,725
Contribution of tangible capital assets	51,753	29,711	27,386	19,828	16,150
	528,645	495,272	472,891	484,542	401,164

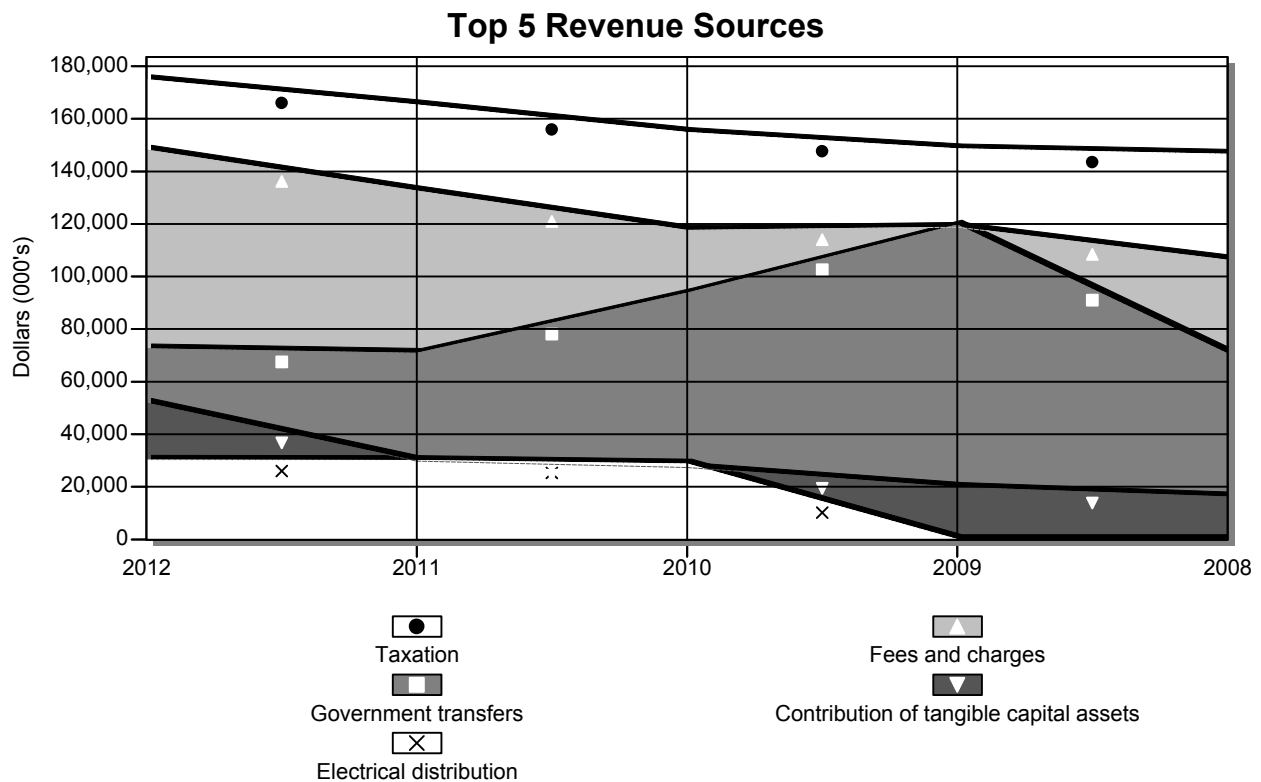
\*The City did not start separately tracking interest on portfolio investments, and realized gains on portfolio investments, until 2010. The 2007, 2008 and 2009 balances are included within interest and penalties.

# FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2012

## SIGNIFICANT TRENDS (cont'd)



## FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2012

### SIGNIFICANT TRENDS (cont'd)

**Taxation revenue** generally increases with growth and tax rate increases.

Taxation revenues result from municipal and library taxes levied on all properties in the City and business improvement levies assessed by the Business Improvement Districts on properties in the districts.

Property taxes are calculated by applying a mill rate and mill rate factor to each property assessment. The mill rate and mill rate factor together are known as the tax rate.

$$\begin{array}{|c|} \hline \text{Taxable} \\ \text{assessment} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Mill} \\ \text{rate} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Mill rate} \\ \text{factor} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Property} \\ \text{tax} \\ \hline \end{array}$$

Taxable Property Assessment	
(in thousands of dollars)	
Year	Total
2012	9,636,508
2011	9,470,294
2010	9,263,912
2009	9,082,727
2008	6,345,177

## FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2012

### SIGNIFICANT TRENDS (cont'd)

Mill Rates					Business Improvement Levies	
Year	Municipal	Schools	Library	Total	Regina Downtown	Regina's Warehouse Business Improvement District
2012	15.1059	n/a	1.6221	16.7280	0.8874	0.9785
2011	14.5389	n/a	1.5919	16.1308	0.8533	0.9785
2010	13.9797	n/a	1.5401	15.5198	0.8205	0.9785
2009*	13.4420	n/a	1.4967	14.9387	0.8205	0.8809
2008	18.9130	19.7393	2.1059	40.7582	1.3107	1.3107

\* 2009 was a reassessment year and the mill rates and business improvement levies were restated to revenue neutral rates. The revenue neutral rates for 2009 were as follows:

Municipal mill rate - 13.4420  
 Library mill rate - 1.4967  
 Regina Downtown levy - 0.6912  
 Regina's Warehouse Business Improvement District levy- 0.8809

For 2010-2012 the rates are inclusive of any approved mill rate or levy increase.

- The Provincial Government announced changes to the way education costs are funded by the province and to the way that education property taxes are calculated beginning in 2009:

- The province now sets province wide mill rates to calculate the education tax for properties.
- The education tax credit program has been discontinued and education tax credits no longer apply.
- The province has changed the level of direct funding for school boards.
- The Province wide mill rates for 2010 are: Agricultural at 7.08, Residential (including Condominiums and Multi-family) at 10.08, Commercial & Industrial (tiered rates) – Assessment up to \$499,999 at 12.25, Assessment of \$500,000 to \$5,999,999 at 15.75 and Assessment of over \$6,000,000 at 18.55.

Property Class/Subclass	Municipal Mill Rate Factors				
	2012	2011	2010	2009	2008
Residential	0.90059	0.90059	0.90059	0.89783	0.85494
Condominiums	0.90059	0.90059	0.90059	0.89783	0.85494
Multi family residential	0.90059	0.90059	0.90059	0.93390	1.03147
Commercial and Industrial	1.22945	1.22945	1.22945	1.22945	1.34557
Golf courses	0.92187	0.92187	0.92187	0.92187	0.94826
Agriculture	1.22945	1.22945	1.22945	1.22945	1.34557

## FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2012

### SIGNIFICANT TRENDS (cont'd)

Tax Levies and Collection					
	2012	2011	2010	2009	2008
Municipal tax levy	158,121	149,201	139,614	133,919	131,870
School boards tax levy	115,480	112,162	114,690	113,548	120,126
Library tax levy	16,722	16,023	15,132	14,610	14,673
Total tax levy	290,323	277,386	269,436	262,077	266,669
Tax levy per capita - Municipal*	700	687	650	637	643
Tax levy per capita - School boards*	511	517	533	541	586
Tax levy per capita - Library*	74	74	70	70	72
Total tax levy per capita* (\$)	1,285	1,278	1,253	1,248	1,301
Tax levy per household - Municipal**	1,844	1,754	1,643	1,575	1,551
Tax levy per household - School boards**	1,347	1,320	1,349	1,336	1,413
Tax levy per household - Library**	195	189	178	172	173
Total tax levy per household** (\$)	3,386	3,263	3,170	3,083	3,137
Tax arrears, end of year (prior to allowance for doubtful accounts)	4,740	5,004	5,258	5,471	5,049
Arrears as a % of total tax levy	1.63%	1.80%	1.95%	2.09%	1.89%

\* Population figure is for the Regina Census Metropolitan Area as obtained from Statistics Canada, Annual Demographic Estimates, Sub-provincial Areas, February 2013.

\*\* Household figure from Stats Canada 2011 census (85,730) is for the Census Metropolitan Area. The 2008 to 2011 figures were based off the 2006 census (84,998).

## FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2012

### SIGNIFICANT TRENDS (cont'd)

#### Major Property Taxpayers in Regina in 2012

Registered Owner	Total Taxable Assessment	% of Total Taxable Assessment
1. Consumers' Co-operative Refineries Limited	139,805	1.45%
2. HDL Investments Inc.	82,457	0.86%
3. Cornwall Centre Inc.	75,453	0.78%
4. Harvard Developments Inc.	79,339	0.82%
5. Gordon Road Property Holdings Inc.	66,089	0.69%
6. Boardwalk REIT Properties Holdings Ltd.	84,902	0.88%
7. 1532652 Ontario Limited	45,179	0.47%
8. First Willow Developments Ltd.	41,328	0.43%
9. SGC Holdings Inc.	35,022	0.36%
10. Fortis Properties Corporation	31,122	0.32%
11. First Roughriders Developments Limited	31,397	0.33%
12. 101143561 Saskatchewan Ltd.	32,689	0.34%
13. Artis Victoria Square Ltd.	29,368	0.30%
14. Loblaw Properties West Inc.	29,685	0.31%
15. Dundee Canada West (GP) Inc.	26,269	0.27%
Total	830,104	8.61%
Total 2012 taxable assessment	9,636,508	-

The list of major taxpayers does not include properties where grant or payments in lieu of property tax are paid.

**Fees and charges** revenue has generally increased due to rate increases, with some increase over the past few years due to higher building activity. The largest portion of the increase is attributable to increased water and sewer utility rates required to fund infrastructure improvement to meet water and sewer treatment quality standards.

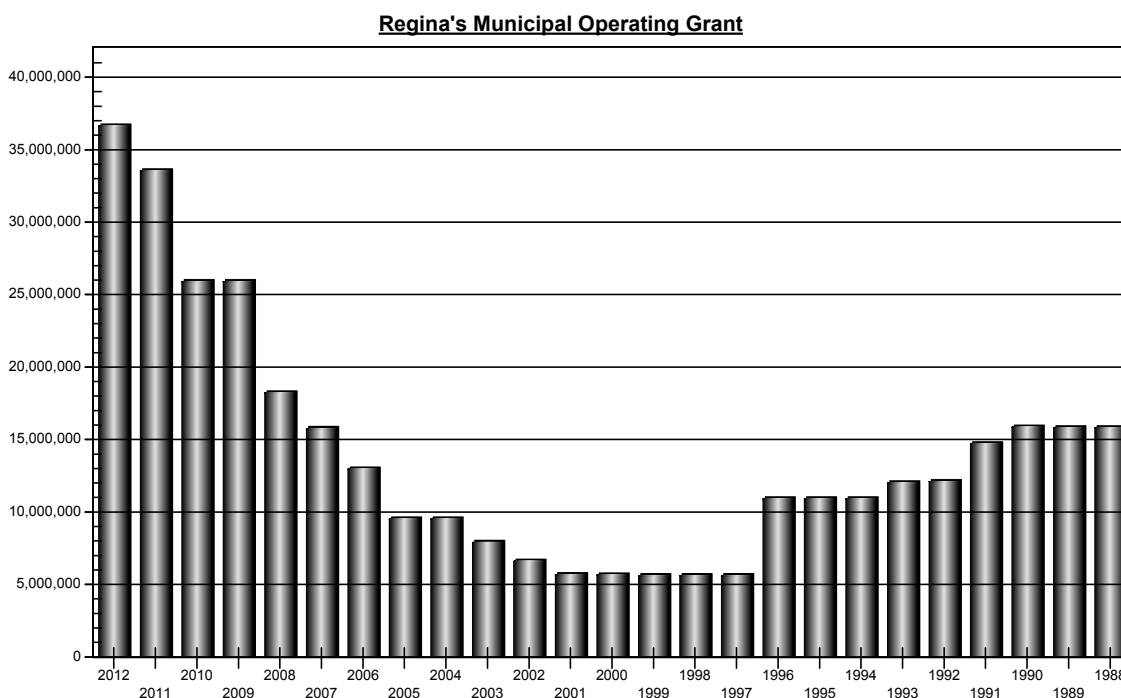
**Government transfers** includes both operating and capital transfers and reflects the variability in various Federal and Provincial capital grant programs. The Provincial municipal operating grant (previously known as revenue sharing grant) is the largest single grant program available to the City of Regina. The following graph shows the Provincial municipal operating grants received by Regina since 1988.

# FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2012

## SIGNIFICANT TRENDS (cont'd)



**Electrical and gas distribution revenues** reflect a trend of increasing rates for electricity and volatile rates for natural gas. Electrical consumption has been relative steady over the past ten years. Natural gas consumption increased by 4.7% in 2008, increased by 10.8% in 2009, decreased by 10.1% in 2010, increased by 1.1% in 2011 and decreased by 6.5% in 2012.

**Contribution of tangible capital assets** reflect a trend of increased development in the City.

# FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

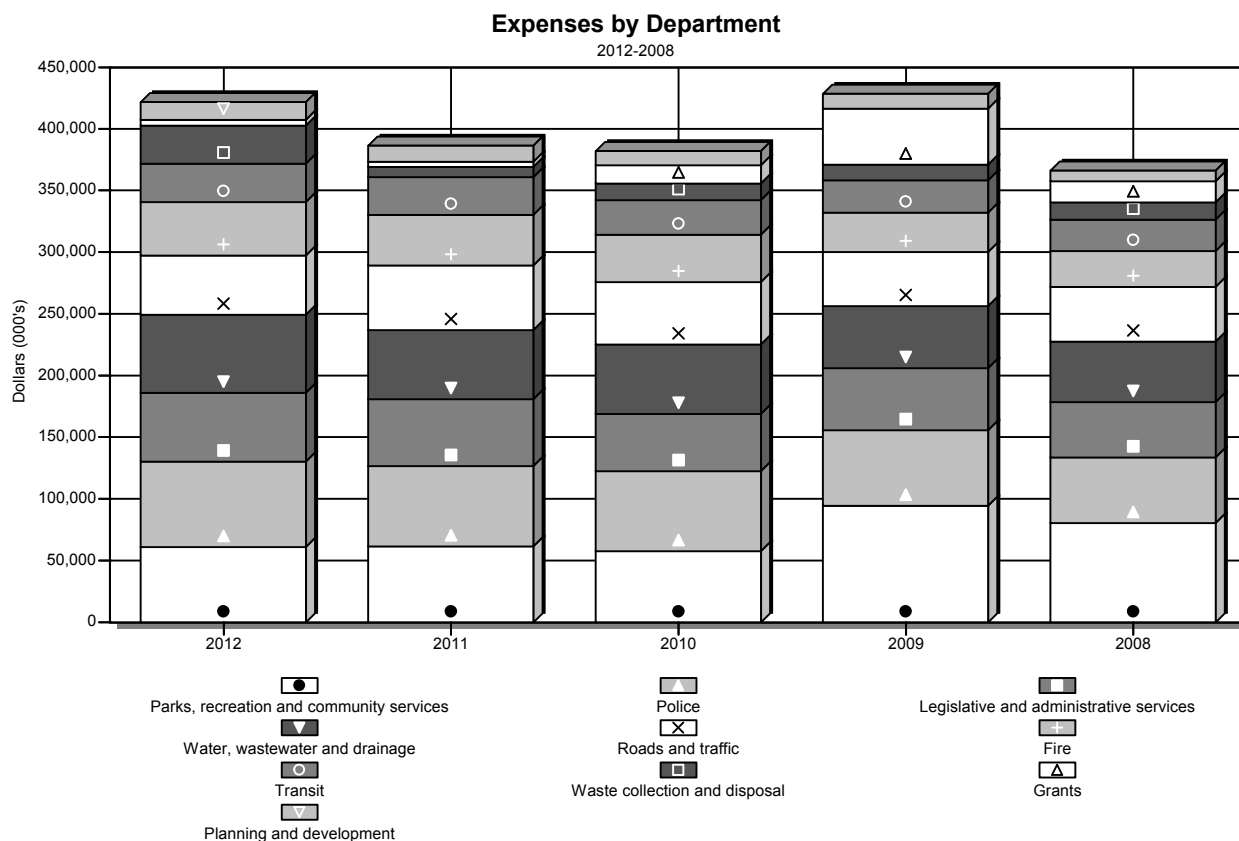
(in thousands of dollars)

December 31, 2012

## SIGNIFICANT TRENDS (cont'd)

### Expense Summary

	2012	2011	2010	2009	2008
Parks, recreation and community services	61,196	61,593	57,843	94,582	80,673
Police	69,156	65,229	64,856	61,261	53,001
Legislative and administrative services	55,744	54,055	46,244	50,193	44,826
Water, wastewater and drainage	63,392	56,153	56,409	50,510	49,234
Roads and traffic	47,966	52,397	50,550	43,814	44,194
Fire	43,384	40,950	38,283	31,736	29,182
Transit	31,049	30,494	28,085	26,400	25,353
Waste collection and disposal	30,977	8,490	13,467	12,695	14,082
Grants	4,575	3,968	14,932	45,168	17,016
Planning and development	14,167	13,166	11,378	12,039	8,658
<b>Total</b>	<b>421,606</b>	<b>386,495</b>	<b>382,047</b>	<b>428,398</b>	<b>366,219</b>





# FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

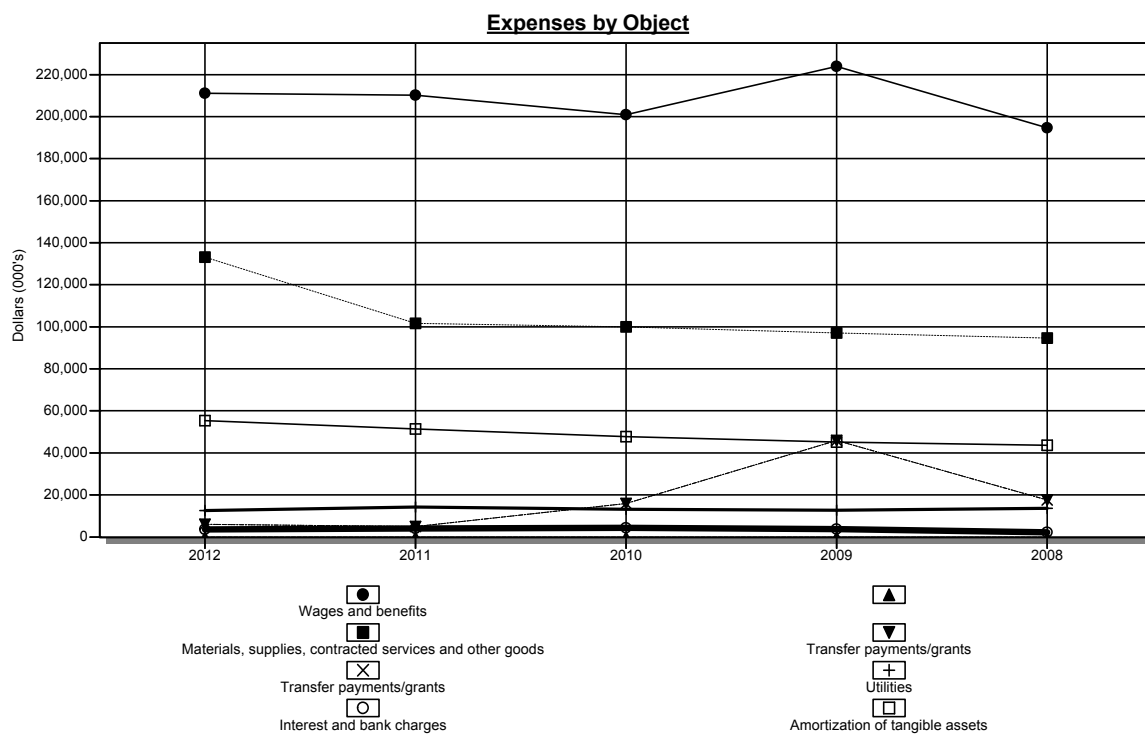
December 31, 2012

## SIGNIFICANT TRENDS (cont'd)

### Expense by Object

	2012	2011	2010	2009	2008
Wages and benefits	211,107	210,247	200,941	223,904	194,637
Materials, supplies, contracted services and other goods	133,170	101,619	99,973	97,075	94,665
Transfer payments/grants	5,942	4,969	15,839	45,873	17,606
Utilities	12,557	14,255	13,163	12,685	13,583
Interest and bank charges	3,547	4,010	4,330	3,662	2,137
Amortization of tangible assets	55,283	51,395	47,801	45,199	43,591
<b>Total</b>	<b>421,606</b>	<b>386,495</b>	<b>382,047</b>	<b>428,398</b>	<b>366,219</b>

The following graph displays the proportion of total expenses by object:

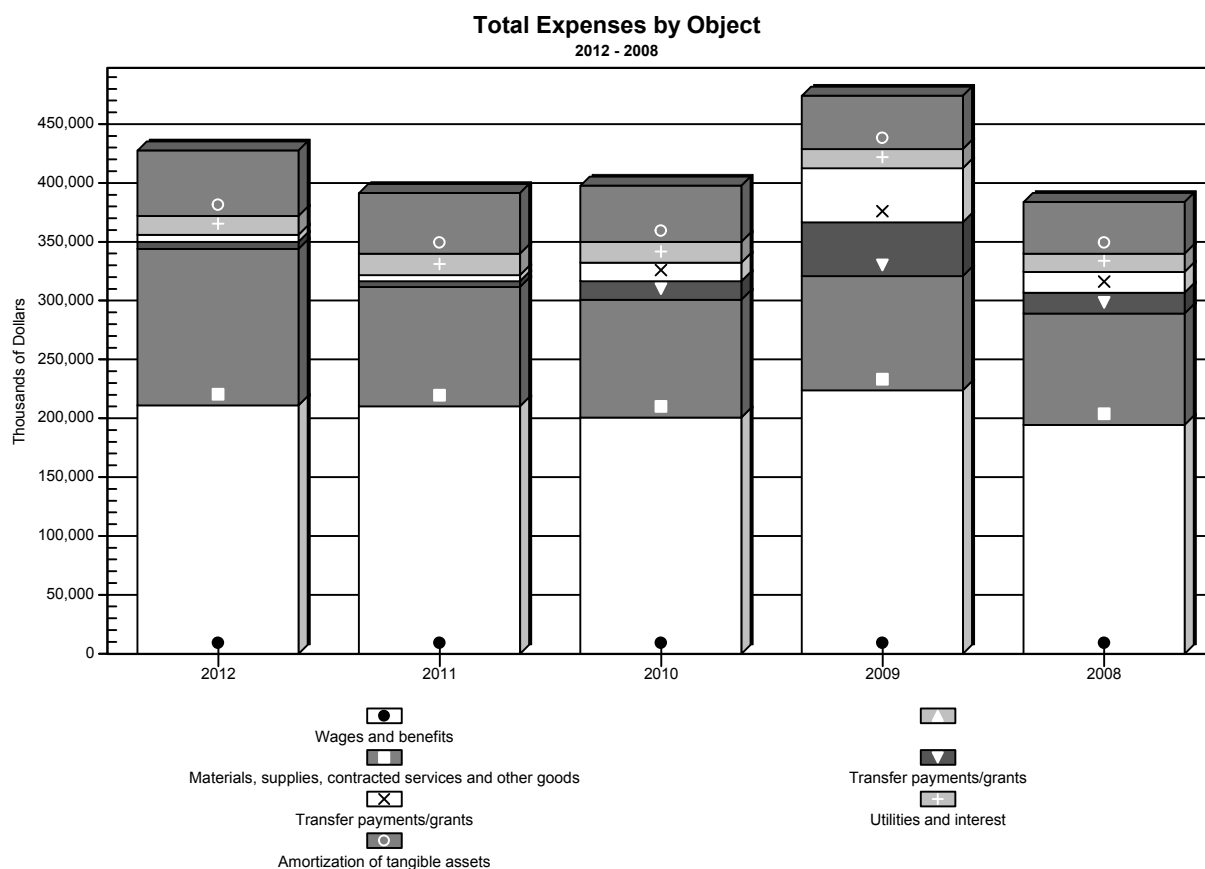


## FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2012

### SIGNIFICANT TRENDS (cont'd)



**Wages and benefits** have generally increased over the past five years due to wage increases and an increase in employees. The number of people employed by the City in the last five years including casual staff is as follows:

2012 - 3,579  
 2011 - 3,500  
 2010 - 3,390  
 2009 - 3,358  
 2008 - 3,321

The provincial government and its Crown Corporations are the City's largest employer. Crown Corporations include:

- SGI - Saskatchewan Government Insurance

## FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2012

### SIGNIFICANT TRENDS (cont'd)

- SaskTel
- SaskPower
- SaskEnergy
- STC - transportation (bus) services
- ISC - formerly land titles
- SaskGaming - Casino Regina

There are over 4,700 private-sector businesses in Regina, providing financial services, manufacturing and processing, telecommunications, retail and wholesale services, and agricultural support, to a trading area with over 500,000 people. Regina's major private-sector employers are:

- Evraz (western Canada's largest steel manufacturer)
- Co-op heavy Oil Upgraders
- Kalium Chemicals (potash mining)
- AgrEvo Inc. (agricultural chemicals)
- Degelman Industries (agricultural implement manufacturing)
- Brandt Industries (industrial equipment manufacturing)
- Sweeprite Manufacturing (street sweepers)
- Viterra (world's largest grain-handling cooperative)
- Crown Life Insurance (relocated from Toronto in 1993)
- Sears Canada (Western Canada Call Centre)
- Royal Bank of Canada (Western Canada Payroll Centre)

## FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2012

### SIGNIFICANT TRENDS (cont'd)

#### Statement of Financial Position

	2012	2011	2010	2009	2008
<b>Financial assets</b>					
Cash	30,234	38,066	26,385	15,456	11,524
Short term investments	670	12,608	5,604	32,324	71,414
Accounts receivable	61,278	51,829	52,720	36,786	41,307
Taxes receivable	2,854	2,871	3,284	3,771	3,497
Long-term investments	249,288	192,811	195,145	216,755	79,045
	344,324	298,185	283,138	305,092	206,787
<b>Financial liabilities</b>					
Accounts payable and accrued liabilities	50,030	46,501	53,571	55,233	59,728
Taxes payable to school boards	5,919	5,053	4,894	5,026	4,967
Deferred revenue	28,928	17,853	16,424	44,313	22,987
Capital lease obligations	1,323	1,395	1,742	1,639	1,986
Long-term debt	81,550	89,900	98,250	106,600	35,754
Employee benefit obligations	52,009	51,110	48,926	43,683	37,109
Landfill closure and post-closure	44,160	27,186	31,658	29,732	27,667
	263,919	238,998	255,465	286,226	190,198
<b>Net financial assets (liabilities)</b>	80,405	59,187	27,673	18,866	16,589
<b>Non-financial assets</b>					
Tangible capital assets	1,207,572	1,121,240	1,044,820	962,886	908,486
Property held for resale	42	73	276	396	396
Materials and supplies	5,807	6,287	5,241	5,018	5,551
<b>ACCUMULATED SURPLUS (DEFICIT)</b>	1,293,826	1,186,787	1,078,010	987,166	931,022
<b>ANNUAL SURPLUS</b>	107,039	108,777	90,844	56,144	34,945

#### Investments

Fluctuations in short and long-term investments reflect the timing of debt issues (the last debt issued was \$84.6 million in 2009), Provincial and Federal government transfers, the timing of expenditures of the funding allocated to various capital projects, and management of investments to maximize interest revenue.

#### Accounts Receivable

Increase in accounts receivable is due to an increase in servicing agreement fees accounts receivable due to more agreements being signed. Under certain circumstances developers are allowed to stage

## FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2012

### SIGNIFICANT TRENDS (cont'd)

payments to the City resulting in an accounts receivable from the developer.

#### **Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities increased by \$3.5 million in 2012. The main reasons for the increase in accounts payable and accrued liabilities are an increase in contingency for assessment appeals and overall increase in expenditures.

#### **Deferred Revenue**

Deferred Revenues increased by \$11.1 million which is primarily due to three significant changes from 2011. Roadways service agreement fees increased by \$13.0 million and that is due to significantly more servicing agreements being written as compared to funds that were allocated to projects. Similarly parks servicing agreement fees increased about \$1.0 million for the same reasons as roadways. There was a significant decrease in provincial/territorial deferred revenue due to projects being completed or near completion.

#### **Landfill Liability**

The increase in the landfill liability is due to a decrease in the discount rate as well as an increase in the estimates of closure and post-closure costs and a significant change in methodology for how the total capacity of the landfill is calculated. This is based on significant internal review and better information.

#### **City of Regina Long-Term Debt (Non-Consolidated)**

	2012	2011	2010	2009	2008
Total debt outstanding, beginning of year	89,900	98,250	106,600	28,000	35,300
Debt issued during year	-	-	-	84,600	-
Debt repayments during year	(8,350)	(8,350)	(8,350)	(6,000)	(7,300)
Total debt outstanding, December 31	81,550	89,900	98,250	106,600	28,000
General municipal debt outstanding, end of year	23,968	26,812	29,656	32,500	8,400
Water & Sewer Utility debt outstanding, end of year	57,582	63,088	68,594	74,100	19,600
Total debt outstanding	81,550	89,900	98,250	106,600	28,000
Authorized debt limit, December 31	350,000	200,000	200,000	200,000	200,000
Debt per capita (\$)*	361	414	457	508	136
Debt per household (\$)**	951	1,058	1,156	1,254	329
Debt per community assessed value	0.85%	0.95%	1.06%	1.17%	0.44%
Debt as a multiple of revenue	15.4%	18.2%	20.8%	22.0%	7.0%

\* Population figure is for the Regina Census Metropolitan Area as obtained from Statistics Canada, Annual Demographic Estimates, Sub-provincial Areas, February 2013.

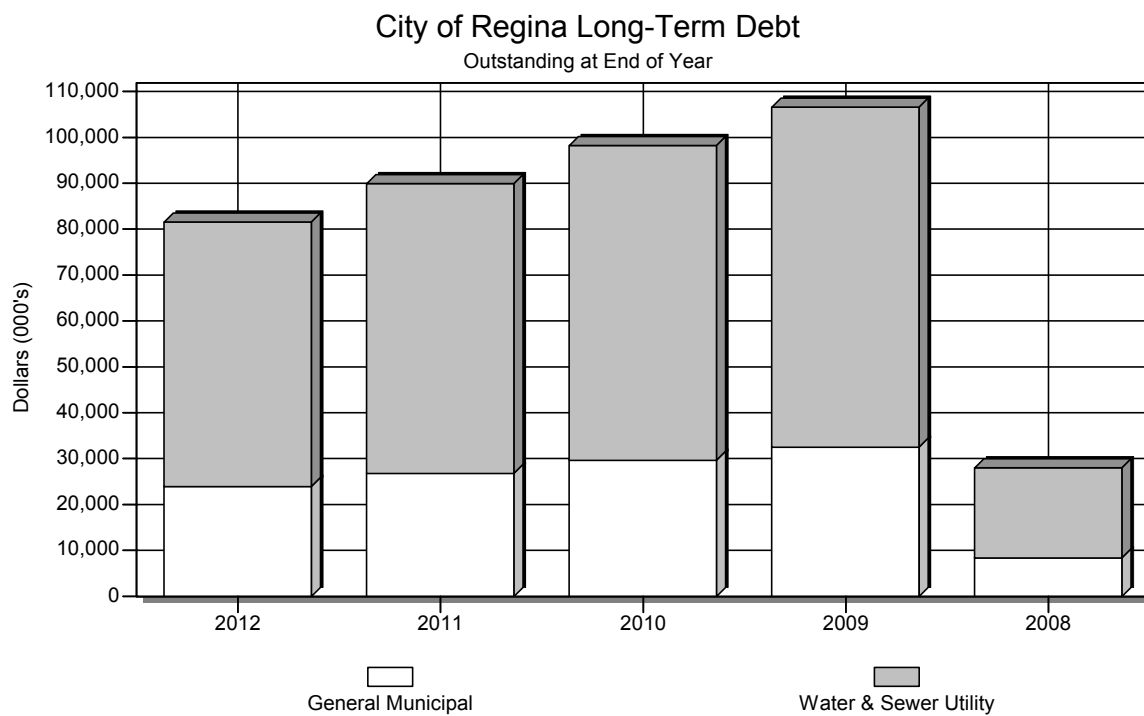
\*\* Household figure from Stats Canada 2011 census (85,730) is for the Census Metropolitan Area. The 2008 to 2011 figures were based off the 2006 census (84,998).

## FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2012

### SIGNIFICANT TRENDS (cont'd)



## FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2012

### SIGNIFICANT TRENDS (cont'd)

In 2011, Standard & Poor's affirmed its 'AA+' credit rating for the City based on the City's ongoing commitment to sound fiscal management, healthy operating and after-capital expenditure surpluses, low debt and net creditor position, and good economic performance. The City has received an AA+ rating since its first credit rating in 1989. Standard & Poors has increased its financial outlook for the City of Regina from a rating of 'negative' in 2011 to 'stable' in 2012. Strengths are sustained healthy economic performance, strong operations and after-capital expenditure budgetary surpluses, very moderate debt levels, and excellent liquidity. Weaknesses are significant unfunded multi employer pension plan liabilities and, like many Canadian Cities, considerable capital asset replacement, rehabilitation and maintenance needs.

The City's tax-supported debt was \$24.0 million at the end of 2012, while debt incurred to fund the Water and Sewer Utility was \$57.6 million. The City did not issue new debt in 2012 but it is expected that borrowing in the range of over \$300.0 million will be required over the period 2012-2016 due to the Regina Revitalization Initiative and the Waste Water Treatment Plant.

The City's authorized debt limit is \$350.0 million (2011 - \$200.0 million). The debt limit is approved by the Saskatchewan Municipal Board pursuant to the provisions of *The Cities Act*. When service agreement fee credits are included, the City is \$246.5 million below its debt limit.

#### City of Regina Debt Service Costs

	2012	2011	2010	2009	2008
General municipal debt					
Principal	2,844	2,844	2,844	1,400	1,400
Interest	1,164	1,260	1,334	881	424
	4,008	4,104	4,178	2,281	1,824
Water and Sewer Utility					
Principal	5,506	5,506	5,506	4,600	5,900
Interest	2,383	2,649	2,868	2,043	1,267
	7,889	8,155	8,374	6,643	7,167
Total	11,897	12,259	12,552	8,924	8,991
Debt service costs as a % of total expenses	2.8%	3.2%	3.4%	2.1%	2.5%

## FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2012

### SIGNIFICANT TRENDS (cont'd)

#### ***Employee Benefit Obligations***

Employee benefit obligations include liabilities for pensions, sick and severance, vacation, and overtime. The increase in employee benefit obligations from 2008 to 2012 primarily reflects the impact of general wage increases and employees reaching the age of retirement. As a larger proportion of the City's work force reaches retirement age over the next five to ten years, the cash outlays relating to this obligation will continue to be significant.

Employee benefit obligations also include the liability for the Regina Police Pension. The Regina Civic Superannuation and Benefits Plan includes a larger group of employees, but since it is a multi-employer plan, it is not possible to determine the City's portion of the deficit and thus no amount is included in the statement of financial position for this plan. As disclosed in note 8 d) of the consolidated financial statements, an actuarial extrapolation completed of the plan for accounting purposes indicates a deficit of plan assets over the benefit obligation of \$251.5 million at December 31, 2012 (2011 - \$293.0 million deficit). In October 2010 an actuarial valuation was conducted as at December 31, 2009 showing a going-concern deficit of plan assets over the benefit obligation of \$237.8 million.

	2012	2011	2010	2009	2008
City of Regina employer contributions	13,279	13,003	12,245	11,954	9,952

#### ***Tangible Capital Assets***

The City implemented an accounting change in 2008 resulting in tangible capital assets being shown on the Statement of Financial Position. This change was required to comply with public sector accounting standards. Tangible capital assets are capitalized on the Statement of Financial Position at cost and amortized over their estimated useful lives on the Statement of Operations. In 2007 and prior years, tangible capital asset additions were expensed in the year of acquisition or construction. The City's tangible capital assets include land, buildings, vehicles and equipment, roads and bridges, and underground and other networks.

	2012	2011	2010	2009	2008
Tangible Capital Assets - Net Book Value	1,207,572	1,124,240	1,044,820	962,886	908,486



## FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

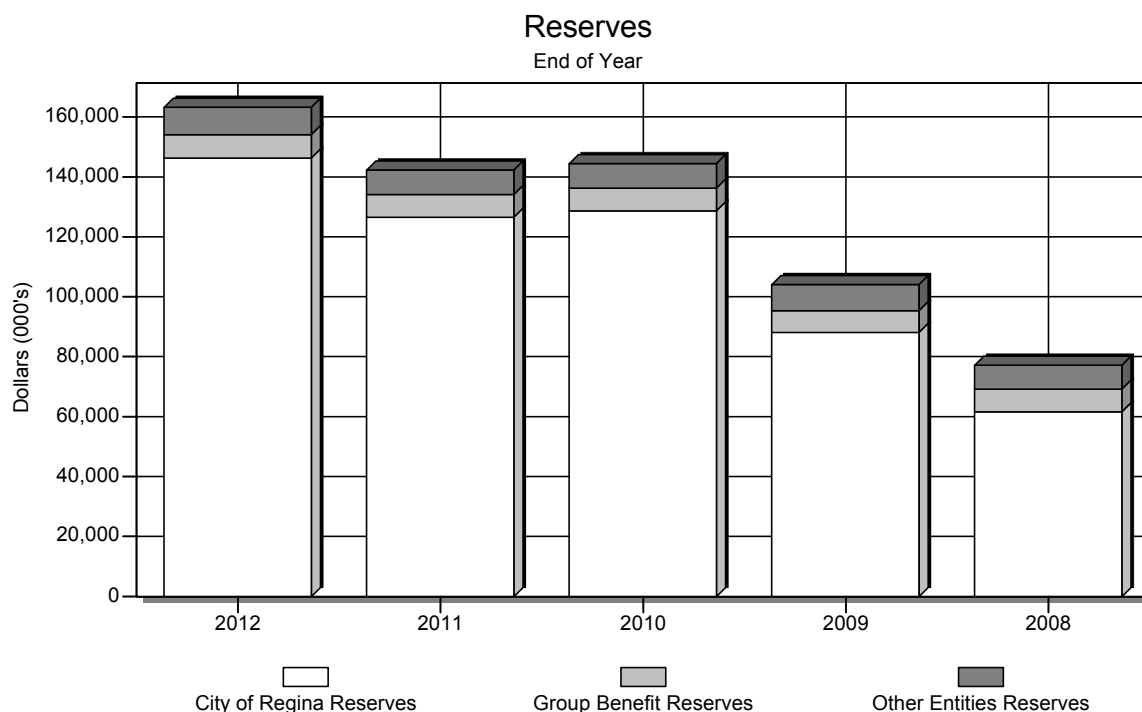
(in thousands of dollars)

December 31, 2012

### SIGNIFICANT TRENDS (cont'd)

#### Reserves and Accumulated Surplus

	2012	2011	2010	2009	2008
<b>Reserves</b>					
City of Regina Reserves	146,321	126,623	128,749	88,123	61,683
Group Benefits Reserves	7,801	7,621	7,559	7,342	7,553
Other Entities Reserves	9,127	8,033	8,166	8,636	7,948
	163,249	142,277	144,474	104,101	77,184



Reserve balances totaled \$163.2 million at the end of 2012 (2011 - \$142.3 million).

The City allocates funds to reserves to meet specific future operating and capital expense requirements. The largest reserves are the General Utility Reserve and General Fund Reserve, which are intended to provide funding in the event of an operating deficit, as well as for one-time initiatives. The General Fund Reserve balance increased by about \$1.4 million from 2008 to 2012 primarily because of the General Operating Fund surplus and a significant increase in land sales. The reserves represent amounts that Council has funded through annual operating revenues for future requirements.

The General Utility Reserve increased \$35.4 million from 2008 to 2012 primarily due to Water and Sewer Utility Fund surpluses and return of funds from projects.

## FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

*(in thousands of dollars)*

December 31, 2012

### **SIGNIFICANT TRENDS** (cont'd)

The financial statements include a number of liabilities which will be funded from future revenues. These amounts are reflected in Note 13 to the financial statements as Obligations to be Funded from Future Revenues, and include amounts related to employee benefit obligations, long-term debt and landfill closure and post-closure costs.

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## FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2012

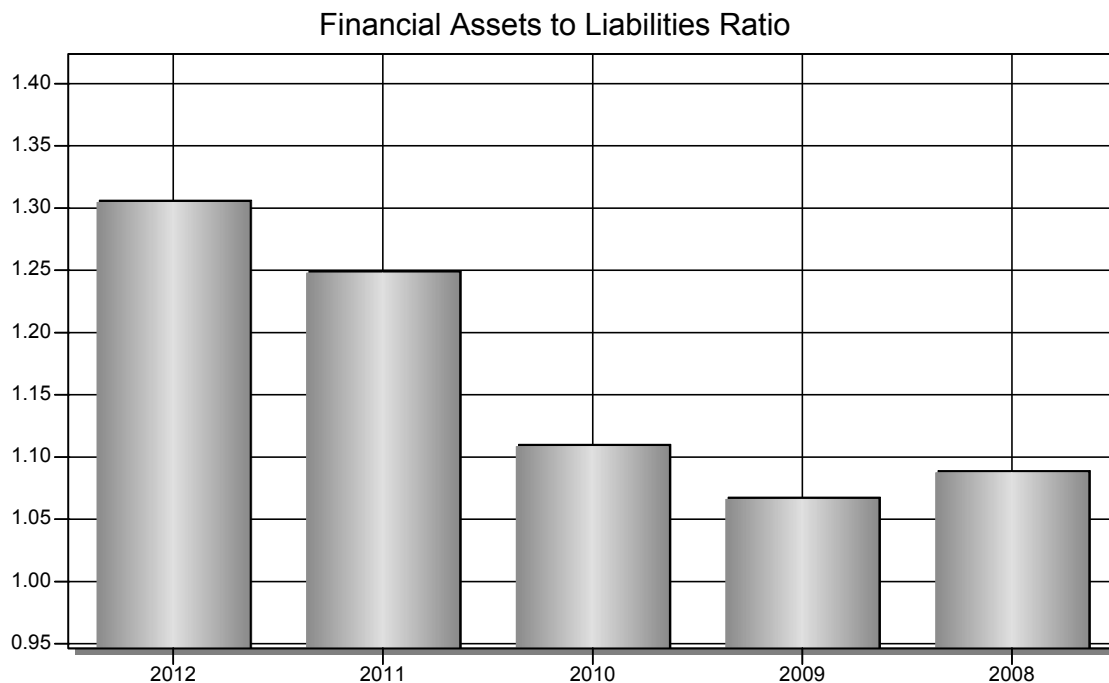
### ASSESSMENT OF FINANCIAL CONDITION

#### ***Sustainability***

Sustainability is the degree to which a government can maintain its existing financial obligations without increasing its debt or tax burden.

One measure of sustainability is financial assets to liabilities. This indicator reports the ratio of a government's financial assets to its liabilities. A result lower than one indicates liabilities exceed financial assets and future revenues will be required to pay for past transactions and events. A result higher than one indicates financial assets exceed liabilities and financial resources are on hand that can finance future operations. A trend showing decreases in this indicator may not be sustainable. An example of an event that could decrease this ratio is continued reliance on debt to finance operations.

The City's financial assets to liabilities ratio has increased from 1.09 to 1.31 from 2008 to 2012. The City's financial assets remain higher than its liabilities at December 31, 2012 and its sustainability has shown improvement in the past five years.



## FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

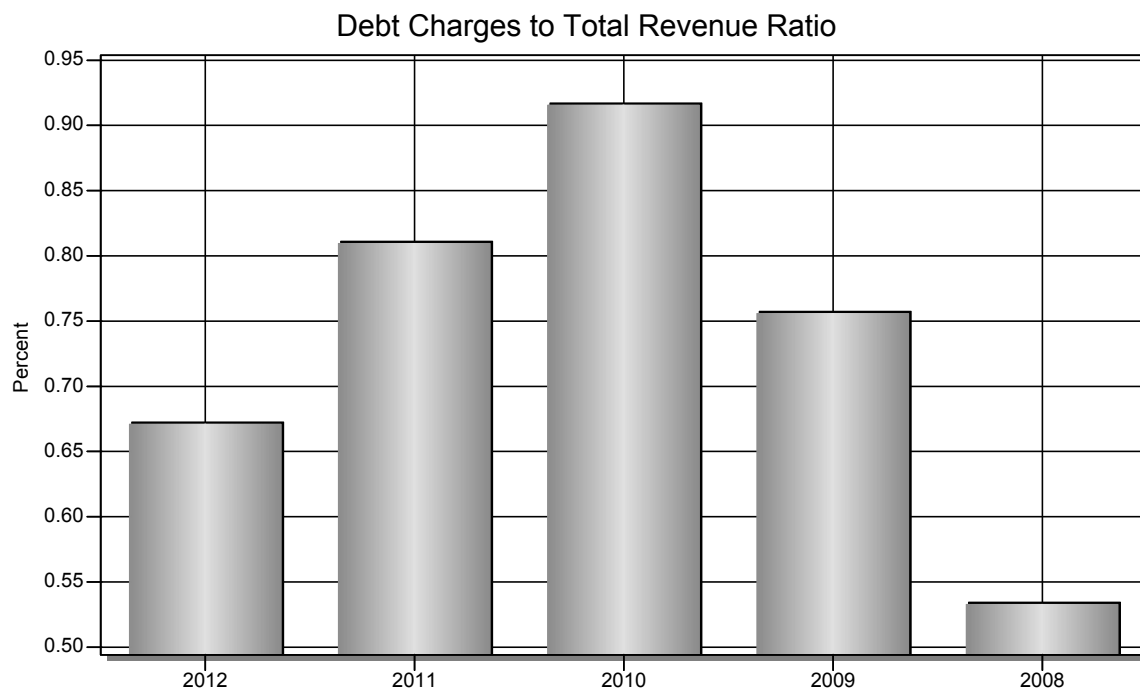
December 31, 2012

### Flexibility

Flexibility is the degree to which a government can change its debt or tax burden and still meet its existing financial obligations.

One measure of flexibility is debt charges to total revenue. This ratio, often referred to as the interest bite, indicates the proportion of total revenue that is required to pay interest charges on debt and therefore, is not available to pay for program costs. It illustrates the extent to which past borrowing decisions present a constraint on a government's ability to meet its financial and service commitments in the current period. Specifically, the more government uses revenues to meet the interest costs on past borrowing, the less will be available for program spending. This indicator is important because, when this indicator increases for an extended period of time and assuming relatively stable interest rates, it means that the government has consistently chosen borrowing over increases in taxation or user fees to meet its financial and service commitments. This will eventually have an effect on its flexibility because once a government borrows, its first commitment must be to service its debt. Failing to do so would impair its future ability to borrow or to roll over its existing debt.

For the City this ratio decreased from 0.81% in 2011 to 0.67% in 2012 and therefore has shown increased flexibility since 2010.



## FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

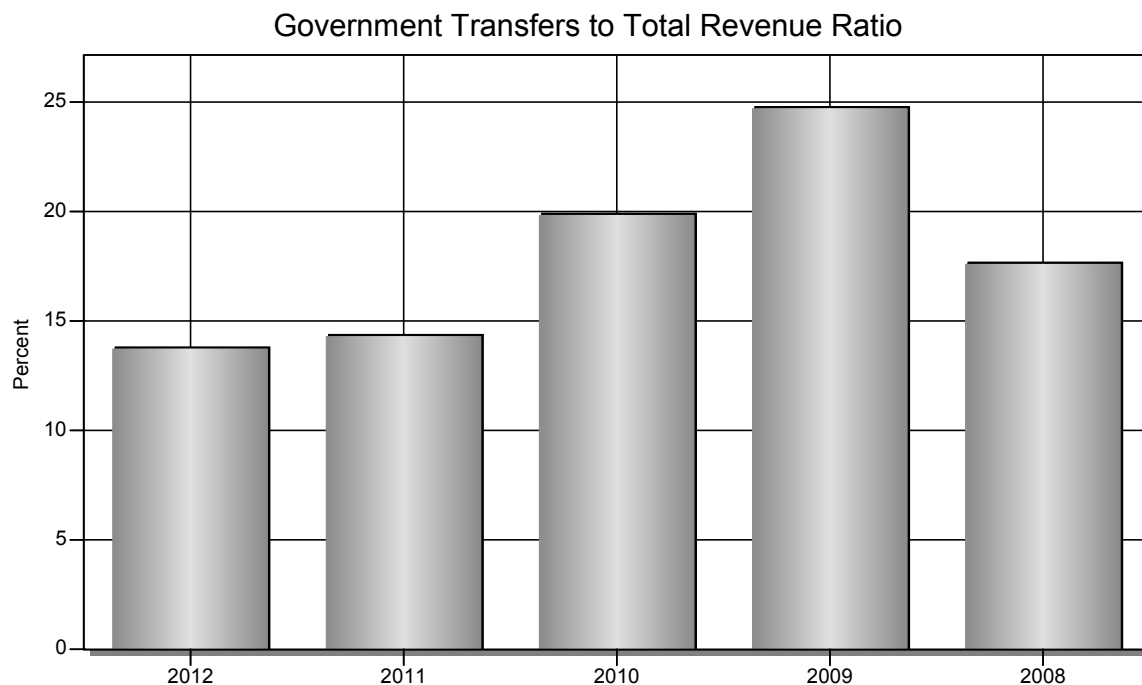
December 31, 2012

### **Vulnerability**

Vulnerability is the degree to which a government is dependent on sources of funding outside of its control or is exposed to risks that could impair its ability to meet its existing financial obligations.

One measure of vulnerability is Federal and Provincial government transfers to total revenues. This indicator offers a perspective on the degree of vulnerability the City faces as a result of its dependence on other levels of government for revenues. An increasing dependence on other levels of government for revenues means that the City is increasingly vulnerable to the fiscal decisions of another. Reduced dependence on government transfers may reduce vulnerability but it could also impair sustainability if a government's own tax base has to replace the revenues lost from a reduction in transfer payments. A government that reduces its dependence on government transfers and correspondingly reduces its spending may avoid impairing its sustainability, but it could produce dissatisfaction among constituents.

The City has decreased its reliance on government transfers from 17.6% of total revenues in 2008 to 13.7% in 2012. This indicates decreasing vulnerability and that the City is more able to fund essential programs and services from own-source revenues.



## FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

*(in thousands of dollars)*

December 31, 2012

### LOOKING FORWARD

Regina is entering an exciting phase of growth and development. Building permits continue to hit record levels and the population is growing. Regina is receiving wide recognition as an attractive, vibrant, inclusive and thriving city – a great place to work, raise a family or start a business.

The City itself faces challenges with funding the infrastructure needed to support this growth as well as the existing infrastructure gap. Revenue growth from new development is expected to be higher in the future, however this revenue growth alone is not sufficient to keep pace with the increased operating expenses or capital requirements of a growing City.

The City's 2013 budget demonstrates a continued commitment to the health and prosperity of families with strategic investments in safety, infrastructure, and responsible growth, while maintaining a high level of service. It was built on the framework and priorities established by the City's corporate strategic plan, Accelerating Excellence, with an aim to realizing City Council's vision for Regina 2020: Canada's most vibrant, inclusive, attractive, sustainable community, where people live in harmony and thrive in opportunity.

The City of Regina's approved budget for 2013 is focused on the long-term health of the City. Like other municipalities across the country, Regina is facing enormous infrastructure challenges. The 2012 proposed budget is a step toward addressing these challenges. To continue to deliver programs and services through this growth period, while making progress on its vision, the City approved a 4.45% increase in the mill rate in 2013.

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# **CONSOLIDATED FINANCIAL STATEMENTS**

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DRAFT

Street  
Postal code  
City  
Country

To the Shareholders  
City of Regina Consolidated

*PLACEHOLDER FOR MANAGEMENT'S REPORT*

**City of Regina**

Location

DRAFT

## **Independant Auditor's Report**

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To the Shareholders  
City of Regina Consolidated

*PLACEHOLDER FOR AUDITOR'S REPORT - PAGE 1.*

DRAFT

**Independant Auditor's Report**

*PLACEHOLDER FOR AUDITOR'S REPORT - PAGE 2.*

**City of Regina**

DRAFT

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2012

(in thousands of dollars)

	2012	2011
<b>FINANCIAL ASSETS</b>		
Cash	30,234	38,066
Short term investments (Note 4)	670	12,608
Accounts receivable	61,278	51,829
Taxes receivable	2,854	2,871
Long-term investments (Note 5)	249,288	192,811
	<b>344,324</b>	<b>298,185</b>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 3)	50,030	46,501
Taxes payable to school boards	5,919	5,053
Deferred revenue (Note 18)	28,928	17,853
Capital lease obligations (Note 6)	1,323	1,395
Long-term debt (Note 7)	81,550	89,900
Employee benefit obligations (Note 8)	52,009	51,110
Landfill closure and post-closure (Note 10)	44,160	27,186
	<b>263,919</b>	<b>238,998</b>
<b>NET FINANCIAL ASSETS</b>	<b>80,405</b>	<b>59,187</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 9)	1,207,572	1,121,240
Materials and supplies	5,807	6,287
Property held for resale (Note 12)	42	73
<b>ACCUMULATED SURPLUS (Note 13)</b>	<b>1,293,826</b>	<b>1,186,787</b>

See accompanying notes to consolidated financial statements.

# CONSOLIDATED STATEMENT OF OPERATIONS

For the Year Ended December 31, 2012

(in thousands of dollars)

	Budget (Unaudited) 2012	Actual 2012	Actual 2011
<b>REVENUE</b>			
Taxation (Note 15)	174,247	<b>174,843</b>	165,224
Fees and charges	138,413	<b>148,092</b>	132,470
Government transfers (Note 16)	63,344	<b>72,452</b>	70,733
Electrical distribution	28,500	<b>30,075</b>	30,061
Licenses, fines and levies	10,651	<b>11,421</b>	11,097
Gas distribution	6,800	<b>5,620</b>	6,645
Interest and penalties	1,450	<b>1,379</b>	1,366
Interest on portfolio investments	8,319	<b>8,580</b>	8,666
Realized gains on portfolio investments	-	<b>3,006</b>	7,070
Service agreement fees	13,999	<b>14,696</b>	18,875
Land sales	3,000	<b>2,667</b>	9,871
Other	5,530	<b>4,061</b>	3,483
Contribution of tangible capital assets	-	<b>51,753</b>	29,711
	<b>454,253</b>	<b>528,645</b>	495,272
<b>EXPENSES</b>			
Parks, recreation and community services	62,974	<b>61,196</b>	61,593
Police	67,524	<b>69,156</b>	65,229
Legislative and administrative services	59,047	<b>55,744</b>	54,055
Water, wastewater and drainage	64,590	<b>63,392</b>	56,153
Roads and traffic	52,131	<b>47,966</b>	52,397
Fire	44,541	<b>43,384</b>	40,950
Transit	30,560	<b>31,049</b>	30,494
Waste collection and disposal	13,894	<b>30,977</b>	8,490
Grants	6,908	<b>4,575</b>	3,968
Planning and development	14,168	<b>14,167</b>	13,166
	<b>416,337</b>	<b>421,606</b>	386,495
Excess of revenues over expenses	37,916	<b>107,039</b>	108,777
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>1,186,787</b>	<b>1,186,787</b>	1,078,010
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>1,224,703</b>	<b>1,293,826</b>	1,186,787

See accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the Year Ended December 31, 2012

(in thousands of dollars)

	Budget (Unaudited) 2012	Actual 2012	Actual 2011
Excess of revenues over expenses	37,916	107,039	108,777
Acquisition of tangible capital assets	(131,403)	(145,537)	(131,157)
Amortization of tangible capital assets	55,317	55,283	51,395
Proceeds on disposal of tangible capital assets	-	631	730
Loss on disposal of tangible capital assets	-	3,291	2,612
Deficit of capital expenses over expenditures	(76,086)	(86,332)	(76,420)
Net change in materials and supplies	-	480	(1,046)
Change in property held for sale	-	31	203
Deficit of other non-financial expenses over expenditures	-	511	(843)
Increase (decrease) in net financials assets	(38,170)	21,218	31,514
NET FINANCIAL ASSETS, BEGINNING OF YEAR	59,187	59,187	27,673
NET FINANCIAL ASSETS, END OF YEAR	21,017	80,405	59,187

See accompanying notes to consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2012

(in thousands of dollars)

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Excess of revenue over expenses	107,039	108,777
<b>Non-cash items</b>		
Amortization of tangible capital assets	55,283	51,395
Loss on disposal of tangible capital assets	3,291	2,612
Contribution of tangible capital assets	(51,753)	(29,711)
<b>Net change in non-cash working capital balances</b>		
(Increase) decrease in accounts receivable	(9,449)	891
Decrease in taxes receivable	17	413
Decrease (increase) in accounts payable and accrued liabilities	3,529	(7,070)
Increase in taxes payable to school boards	866	159
Increase in deferred revenue	11,075	1,429
(Decrease) in capital lease obligations	(72)	(347)
Increase in employee benefit obligations	899	2,184
Increase (decrease) in landfill closure and post-closure liability	16,974	(4,472)
Decrease in property held for resale	31	203
Decrease (increase) in materials and supplies	480	(1,046)
	138,210	125,417
<b>CASH FLOWS FROM CAPITAL ACTIVITIES:</b>		
Acquisition of tangible capital assets	(93,784)	(101,446)
Proceeds on disposal of tangible capital assets	631	730
	(93,153)	(100,716)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Sales (purchases) of short-term investments	11,938	(7,004)
Purchases (sales) of long-term investments	(56,477)	2,334
	(44,539)	(4,670)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Long-term debt retired	(8,350)	(8,350)
	(8,350)	(8,350)
<b>(DECREASE) INCREASE IN CASH POSITION</b>	<b>(7,832)</b>	<b>11,681</b>
<b>CASH POSITION, BEGINNING OF YEAR</b>	<b>38,066</b>	<b>26,385</b>
<b>CASH POSITION, END OF YEAR</b>	<b>30,234</b>	<b>38,066</b>

See accompanying notes to consolidated financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

(in thousands of dollars)

## 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the City of Regina (the City) are prepared by management in accordance with Canadian public sector accounting standards (PSAS) as recommended by the Canadian Institute of Chartered Accountants (CICA). Significant aspects of the accounting policies adopted by the City are as follows:

### a. Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses, changes in accumulated surplus, changes in net financial assets and cash flows of the reporting entity. The reporting entity is comprised of all organizations and enterprises which are controlled by the City, namely:

- General operating and capital funds
- Water and sewer utility operating and capital funds
- Regina Public Library (RPL)
- Regina Regional Opportunities Commission (RROC)
- Regina Downtown Business Improvement District (RDBID)
- Regina's Warehouse Business Improvement District (RWBID)

Inter departmental and inter organizational transactions and balances have been eliminated.

The City has a 73.85% (2011 - 73.76%) interest in the Buffalo Pound Water Administration Board (BPWAB), a government partnership, that is proportionately consolidated.

The Regina Public Library has a 21.95% (2011 - 22.75%) interest in the Saskatchewan Information and Library Services Consortium Inc. (SILS), which has been proportionately consolidated.

### b. Revenue recognition

Revenues are recorded using the accrual basis of accounting whereby revenues are recognized as they are earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified. Expenses are accounted for in the period the goods and services are acquired and a liability is incurred or transfers are due.

Property tax revenue is based on assessments determined in accordance with provincial legislation and the formulas, principles and rules in the Saskatchewan Assessment Manual. Tax mill rates are established annually. Taxation revenues are recorded net of a provision for potential losses on outstanding assessment appeals and uncollected taxes. By their nature, these provisions are subject to measurement uncertainty and the impact on the financial statements of future periods could be material (Note 15). Penalties on overdue taxes are recorded in the period levied.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

(in thousands of dollars)

## 1. Significant Accounting Policies (continued)

### b. Revenue recognition (continued)

Electrical distribution revenues consist of the municipal surcharge and payments in lieu of taxes received from SaskPower. The municipal surcharge revenue and payments in lieu of taxes are equal to 10% and 5%, respectively of the value of the supply of electrical energy provided by SaskPower to customers within the City limits.

Gas distribution revenues mainly consist of the payments in lieu of taxes received from SaskEnergy and TransGas. The payment in lieu of taxes received from SaskEnergy is equal to 5% of the fees levied by SaskEnergy to customers within the City limits. The payment in lieu of taxes received from TransGas is equal to 5% of the transportation fees and the deemed value of the gas transmitted by TransGas to consumers within the City limits. Pursuant to an agreement with the City for two major consumers who are served by TransGas, the 5% payments to the City in lieu of taxes are based on the transportation costs and the deemed value of the fuel stock consumed.

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, eligibility criteria have been met, and reasonable estimates of the amounts can be made.

### c. Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Significant estimates include employee benefit obligations, landfill liability, and the amortization of tangible capital assets.

### d. Investments

All investments are recorded at cost less write downs to reflect other than temporary declines in value. Investment transactions are accounted for at the trade date. Interest income is recorded on the accrual basis.

### e. Materials and supplies

Inventories of materials and supplies are valued at the lower of net realizable value and average cost.

### f. Taxes collected for others

The City collects taxes for the Regina Separate School Board and the Regina Public School Board. These taxes, which are not included in the City's financial results, are remitted to the respective Boards less an amount to offset cancellations relating to school taxes and the City's cost in carrying the receivables.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

(in thousands of dollars)

## 1. Significant Accounting Policies (continued)

### g. Deferred revenue

The City receives service agreement fees, payments in lieu of parking and payments in lieu of dedication of land for public reserve under the authority of provincial legislation and City bylaws. The City also receives special taxes levied pursuant to Section 275 of *The Cities Act* which are to be expended on alley maintenance. As well, the City receives various government grants for special programs offered by either the Provincial or Federal governments. These funds are restricted as to their use and are not recognized as revenue until the fiscal period in which they are used to make qualifying expenses.

Deferred revenue also includes monies received in advance for taxes, transit passes, servicing and sub-division revenue, prepaid cemetery revenue and pre-season sales from the various recreational facilities.

### h. Employee benefit plans

The City participates in contributory defined benefit or defined contribution pension plans for virtually all of its employees. Under the defined contribution plan, the City's obligations are limited to its contributions. These contributions are expensed in the period in which they are due and payable.

For defined benefit pension plans considered to be single-employer plans, the cost of pension benefits is actuarially determined using the projected benefit method prorated on service and the pension plan administrator's best estimate of expected salary and benefit escalation and retirement ages of employees. Market rates are used to measure the accrued benefit obligation as well as the assets of the pension plans. Actuarial gains and losses on pension obligations and/or pension fund assets are amortized over the average remaining service life of the related employee groups.

For defined benefit plans considered to be multi-employer plans, contributions are expensed when they are due and payable.

The City has various post-employment benefits and termination benefit obligations earned by employees and expected to be provided to them when they are no longer providing active service.

The obligations for vested sick leave, service or retirement allowances and other post employment benefits have been determined on an actuarial basis. The obligations for vacation pay and banked time in lieu of overtime have been accounted for at an undiscounted value at the current rate of pay.

### i. Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

#### General

Land improvements	10 to 100 years
Buildings and building improvements	15 to 75 years

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

(in thousands of dollars)

### 1. Significant Accounting Policies (continued)

#### i. Tangible capital assets (continued)

Vehicles and equipment	
Fire trucks and buses	15 to 30 years
Police vehicles	4 to 10 years
Other vehicles	2 to 25 years
Equipment	4 to 50 years
Office and information technology	
Hardware	2 to 15 years
Software	2 to 10 years
Other	10 years
<b>Infrastructure</b>	
Plants and facilities	5 to 75 years
Roads	1 to 40 years
Underground networks	5 to 100 years
Bridges and other structures	15 to 70 years

Assets under construction are not amortized until the asset is available for productive use.

Interest on debt used to purchase tangible capital assets is not capitalized.

Tangible capital assets received as contributions, which are primarily roads and underground networks, are recorded at their fair value at the date of receipt and also are recorded as revenue. Fair value is determined based on an estimate of the cost to construct the contributed asset.

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases and recorded as tangible capital assets. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Works of art and historical treasures are not recognized in these financial statements.

#### j. Budget information

Unaudited budget information is presented on a basis consistent with that used for actual results, the budget was approved by Council on December 12, 2011.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

*(in thousands of dollars)*

### 2. NEW STANDARDS NOT YET ADOPTED

A number of new standards and amendments to standards which may impact the City, are not yet effective for the year ended December 31, 2012, and have not been applied in preparing these consolidated financial statements. In particular, the following new and amended standards, which become effective for annual periods beginning on or after April 1, 2012 are:

PS 3410, Government Transfers

PS 3450, Financial Instruments

PS 1201, Financial Statement Presentation

PS 2601, Foreign Currency Translation

PS 3510, Tax Revenue

PS 3800, Government Assistance

PS 3260, Liability for Contaminated Sites

The extent of the impact on adoption of these standards is not known at this time.

### 3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities is \$186 (2011 - \$610) related to amounts owed to developers for infrastructure expenditures made on behalf of the City in 2012. The City issued service agreement fee (SAF) credits to the developers in 2012 for these expenditures. The developers can redeem the SAF credits to offset payment for future service agreement fees. If there are SAF credits owing to developers after 10 years the City will repay the value of the remaining SAF credits to the developers. The City can also choose to repay prior to 10 years. Under the SAF credit agreements the total amount of credits that can be issued to developers is \$39,900.

### 4. SHORT TERM INVESTMENTS

Short term investments are recorded at cost and have a fair value approximating cost. The investments are in a money market fund, holdings of which may include a combination of treasury bills, commercial paper, bankers' acceptances or promissory notes. The average yield earned from investments was 1.64% (2011 - 2.86%).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

(in thousands of dollars)

### 5. LONG-TERM INVESTMENTS

Long term investments include investments in a pooled bond fund.

	Carrying Value		Fair Value	
	2012	2011	2012	2011
Pooled bond fund	249,288	192,811	254,554	201,762

A pooled bond fund is a group of individual bonds managed by an investment manager. The fair value of the pooled bond fund units is based on the market price per unit which is determined by the overall market values of each of the bonds in the fund.

### 6. CAPITAL LEASE OBLIGATIONS

The following is a schedule of future minimum lease payments under capital leases for computer equipment, software and building contracts along with the balance of the capital lease obligation:

2013	670
2014	493
2015	177
2016	51
Total minimum lease payments	1,391
Less amount representing interest (2.0% - 9.25%)	(68)
	1,323

### 7. LONG-TERM DEBT

#### Debenture debt

The City's long term debt consists of \$38,450 (2011 - \$46,800) of unsecured debentures issued in the form of fully registered certificates held by The Canadian Depository for Securities Ltd. (CDS), on behalf of beneficial owners as direct and indirect participants of CDS. The debentures were issued for 10 year terms with principal payable either annually or semi-annually and interest payable semi annually.

The City also has \$43,100 (2011 - \$43,100) of long term debt in the form of an unsecured debenture issued in the form of a fully registered certificate held by The Municipal Financing Corporation of Saskatchewan. Interest is payable semi-annually and the entire principal is due in 2014.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

(in thousands of dollars)

### 7. Long-term debt (continued)

#### Bank indebtedness

Pursuant to *The Regina Administration Bylaw 2003-69*, the City can incur bank indebtedness. Interest on this indebtedness is calculated at the prime rate of interest less 0.5%, payable monthly and the City has pledged certain revenues as security for the debt obligation. At December 31, 2012, the City had no bank indebtedness (2011 - \$nil).

	2012	2011
<b>City of Regina unsecured debentures</b>		
Operating fund	23,968	26,812
Utility fund	57,582	63,088
<b>Total debt</b>	<b>81,550</b>	<b>89,900</b>

Authorized debt limit	350,000	200,000
Interest rates	3.0-5.20%	2.40-5.55%
Interest costs for year	3,547	3,909

The debenture debt is repayable as follows:

2013	4,350
2014	47,450
2015	2,350
2016	2,350
2017	2,350
Thereafter to 2019	22,700
	<b>81,550</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

(in thousands of dollars)

### 8. EMPLOYEE BENEFIT OBLIGATIONS

The City's employee benefit obligations to be funded in the future are as follows:

	Total 2012	Total 2011
<b>Defined benefit pension plans</b>		
Regina Police Superannuation and Benefits Plan	5,800	5,099
Regina Police Civilian Employees' Early Retirement	594	523
	<b>6,394</b>	<b>5,622</b>
<b>Other benefit plans</b>		
Termination payments	17,213	16,746
Continuation of group life, medical and dental benefits	11,340	12,104
	<b>28,553</b>	<b>28,850</b>
<b>Other plans and arrangements</b>		
Vacation	13,385	13,112
Overtime	2,978	2,900
Other termination payments and pensions	381	316
Group life, medical and dental plans	318	310
	<b>17,062</b>	<b>16,638</b>
	<b>52,009</b>	<b>51,110</b>

#### a. Defined benefit pension plans

The Regina Police Superannuation and Benefits Plan is a defined benefit pension plan. As required by provincial legislation, an actuarial funding valuation is completed at least triennially.

The Regina Police Civilian Employees' Early Retirement Benefits Arrangement is a defined benefit arrangement augmenting the Regina Police Pension Plan. If a member of the Regina Police Pension Plan retires prior to eligibility for Canada Pension Plan (CPP) benefits, the City pays benefits equivalent to the CPP benefits the member would receive at the CPP retirement age until the member starts to receive actual CPP benefits. Contributions are not required from members.

An actuarial valuation of the defined benefit pension plans is performed using the projected benefit method prorated on service to determine the accrued benefit obligation and the expense to be recognized in the financial statements.

The results of the most recent actuarial valuations and significant assumptions utilized in these valuations are as follows:



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

(in thousands of dollars)

### 8. Employee benefit obligations (continued)

	Police Pension Plan	Police Civilian Employees' Early Retirement	Total 2012	Total 2011
Fair value of plan assets, beginning of year	118,268	-	118,268	116,710
Employer contributions	6,160	-	6,160	5,930
Actual return on plan assets	11,007	-	11,007	3,580
Less benefits paid	(8,426)	-	(8,426)	(7,952)
Fair value of plan assets, end of year	127,009	-	127,009	118,268
Accrued benefit obligation, beginning of year	140,183	877	141,060	135,961
Current period benefit cost	4,056	31	4,087	3,931
Interest on accrued benefit obligation	9,453	59	9,512	9,174
Actuarial loss	1,721	35	1,756	-
Less benefits paid	(8,426)	(59)	(8,485)	(8,006)
Accrued benefit obligation, end of year	146,987	943	147,930	141,060
Funded status, plan deficit	(19,978)	(943)	(20,921)	(22,792)
Unamortized net actuarial loss	14,178	349	14,527	17,170
Accrued benefit liability	5,800	594	6,394	5,622
Current period benefit cost	4,056	31	4,087	3,931
Amortization of actuarial loss	1,844	38	1,882	1,539
Interest expense	961	59	1,020	786
Benefit expense	6,861	128	6,989	6,256

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

(in thousands of dollars)

### 8. Employee benefit obligations (continued)

The actuarial valuations were performed by Aon Consulting Inc.

	Police Pension Plan	Police Civilian Employees' Early Retirement
	Dec 31, 2011	Dec 31, 2011
Date of most recent valuation	Dec 31, 2011	Dec 31, 2011
Discount rate (%)	6.90	6.90
Inflation rate (%)	2.5	2.5
Long term return rate on plan assets (%)	6.90	0
Rate of compensation increase (%)	3.0	3.0
Expected average remaining service years	14.0	13.0
Contribution rate as a percentage of salary:		
Members	11.33 - 12.83%	-
City	11.83 - 13.33%	variable

### b. Other benefit plans

Pursuant to union agreements eligible employees are entitled to termination payments based upon their unused sick leave or years of service.

Group life, medical and dental benefits represents the obligation for the continuation of group life insurance, dental and medical benefits for employees on long term disability and the City's share of group life insurance for early retirees.

Retirees may continue group life insurance coverage to age 65 on a 50% cost shared basis with the City. Employee and employer premiums for continuation of group life insurance for employees on long term disability are fully funded through contributions maintained in a reserve. Medical and dental coverage for employees on long term disability is provided on a 50% cost shared basis between the employee and employer.

A group life insurance plan is administered by Saskatchewan Blue Cross on a self insured basis, with a stop loss provision limiting losses to claims in excess of 150% of premiums for any calendar year. The primary components of the plan are funded equally by employer and employees. Dental and medical plans are also provided for most employees on a cost shared or employer funded basis.

For group life insurance, the balance of the employer and employee premiums collected in excess of claims are held in group insurance reserves, which are intended for future benefits and stabilization of premiums. The employer's portion of the obligations under the group insurance plan that will be funded from the reserves is reflected in Other Benefit Plans. Amounts held in the reserves that reflect obligations to be funded from employee contributions have been included in Accounts Payable and Accrued Liabilities. The balance of the group life insurance reserves, after reflecting the liabilities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

(in thousands of dollars)

### 8. Employee benefit obligations (continued)

#### b. Other benefit plans (continued)

for the employee and employer share of future obligations, is \$5,008 (2011 - \$4,959). This amount has been included in Group Benefits Reserves (Note 14).

Actuarial valuations are performed to determine the accrued benefit obligation and the expense to be recognized in the financial statements. The results of and significant assumptions utilized in these valuations are as follows:

	City employees	Library employees	Group life, medical and dental plans	Total 2012	Total 2011
Accrued benefit obligation, beginning of year	15,728	1,018	12,104	28,850	27,164
Current period benefit cost	1,256	74	630	1,960	1,918
Interest on accrued benefit obligation	490	38	365	893	1,105
Actuarial (gain) loss	-	-	(765)	(765)	1,020
Less benefits paid	(1,292)	(91)	(992)	(2,375)	(2,349)
Unamortized net actuarial gain	-	(8)	(2)	(10)	(8)
Accrued benefit liability - unfunded	16,182	1,031	11,340	28,553	28,850
Current period benefit cost	1,256	74	630	1,960	1,918
Amortization of actuarial (gain) loss	(46)	(8)	(765)	(819)	1,309
Interest expense	490	38	365	893	1,105
Benefit expense	1,700	104	230	2,034	4,332

	Aon Consulting Inc.		Mercer
Date of most recent valuation	Dec 31, 2011	Dec 31, 2011	Dec 31, 2011
Discount rate (%)	3.0	4.0	2.6-3.4
Rate of compensation increase (%)	4.5-4.6	3.6-4.6	3.6-3.7
Expected average remaining service years	10-14	10	n/a

#### c. Other plans and arrangements

Employees are entitled to vacation pay and overtime as outlined in administrative policies and/or contractual agreements. The liability for these benefits is determined using current rates of pay and is not discounted.

Out of scope employees are contractually entitled to certain pensions and termination payments. BPWAB employees are entitled to termination payments based upon years of service or unused sick leave. Benefits start to vest after 10 or 15

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

(in thousands of dollars)

### 8. Employee benefit obligations (continued)

#### c. Other plans and arrangements (continued)

years of service and are recognized as expenses when they are vested.

Group life, medical and dental plans represents the liability for claims in progress and claim fluctuations under those plans at the end of the year.

#### d. Multi-employer defined benefit plans

Two multi-employer defined benefit plans provide benefits to employees of the City of Regina, the Qu'Appelle Health Region (the Regina General Hospital Division and Community Health Division), Buffalo Pound Water Administration Board, Regina Public Library, and the non-teaching staff of the Board of Education of the Regina School Division No. 4 of Saskatchewan. The following represents the amounts for these plans:

	Superannuation & Benefit Plan	Long-Term Disability Plan	Total 2012	Total 2011
Benefit expense	13,279	517	13,796	13,519
(Deficit) surplus of plan assets over benefit obligation per plan financial statements - unaudited	(251,510)	14,054	(237,456)	(280,779)
<b>Contribution rate as a percentage of salary:</b>				
Members	8.42 - 13.96%	0.92%		
Employers	8.42 - 13.96%	0.92%		
Employee contributions	13,143	517	13,660	13,649
Date of most recent actuarial valuation	Dec 31, 2010	Dec 31, 2010		

The contributions by the participating employers are not segregated in separate accounts or restricted to provide benefits to the employees of a particular employer. The portion of the annual benefit costs and of the asset surpluses (deficits) that are attributable to the City cannot be easily determined.

Accordingly, the multi-employer plans are accounted for on the defined contribution basis. No portion of the asset (deficit) surplus of the plans are recognized in these financial statements. The benefit expense reflected in the financial statements is equal to the City's contributions for the year.

#### e. Defined contribution pension plan

The Casual Employees' Superannuation and Elected Officials' Money Purchase Pension Plan is a defined contribution plan. Pension fund assets are invested in marketable investments of organizations external to the City. Benefit expense is limited to the City's contributions to the plan.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

(in thousands of dollars)

### 8. Employee benefit obligations (continued)

#### e. Defined contribution pension plan (continued)

	2012	2011
Casual employee members' contribution rate	3.00 %	3.00 %
Elected official members' contribution rate	6.95 %	6.95 %
Members' contributions	277	264
Benefit expense	277	264

### 9. TANGIBLE CAPITAL ASSETS

	Net Book Value	
	2012	2011
<b>General</b>		
Land	77,909	64,222
Land improvements	47,251	46,567
Buildings and building improvements	57,054	58,772
Vehicles and equipment	115,653	112,345
Office and information technology	8,956	10,254
<b>Infrastructure</b>		
Plants and facilities	151,645	133,715
Roads	289,282	254,726
Underground and other networks	390,453	355,190
Bridges and other structures	15,809	16,242
	1,154,012	1,052,033
Assets under construction	53,560	69,207
	1,207,572	1,121,240

For additional information, see the Consolidated Schedule of Tangible Capital Assets (Schedule 3).

During the year write downs of assets were \$nil (2011 - \$nil). In addition, tangible capital assets contributed to the City totalled \$51,753 (2011 - \$29,711), which were capitalized and recorded as revenue at their fair value at the time of receipt.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

(in thousands of dollars)

## 10. LANDFILL CLOSURE AND POST-CLOSURE

Legislation requires closure and post closure care of solid waste landfill sites. Closure care includes final covering and landscaping of the landfill and implementation of drainage and gas management plans. Post closure care requirements include cap maintenance, groundwater monitoring, gas management system operations, inspections and annual reports.

	2012	2011
Estimated closure and post-closure costs over 40 years after capacity is reached	80,310	66,045
Discount rate	3.772 %	4.035 %
Discounted cost	52,794	41,139

	2028	2029
Expected year capacity will be reached		

### Capacity (m3):

Used to date	9,465,000	8,855,000
Remaining	1,850,700	4,545,000
Total	11,315,700	13,400,000

Percent utilized	83.64 %	66.08 %
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Liability based on the percentage used	44,160	27,186
--	--------	--------

The liability recognized in the financial statements is subject to measurement uncertainty. The recognized amounts are based on the City's best information and judgment. Amounts could change by more than a material amount in the long term. During 2012 there was a change in the estimated capacity.

The unfunded liability for the landfill will be paid for per the annual approved budget where capital expenditures will be funded from the Solid Waste Reserve and operational expenses will be funded through the operating budget, resulting in a reduction in the transfer to the Solid Waste Reserve.

Financial assurance on projects related to construction liability, including landfill are handled as follows:

\*Requirement of a Performance Bond and a Labour & Material Payment Bond, both in the amount of 50% of the total contract price for each contract. The Performance Bond is typically in place through the 2-year warranty period and provides assurance that the contractor will perform and complete the contracted work. If they do not the bonding company will either take over the project to completion or compensate the owner up to the value of the bond for completion of the work. The labour & material payment bond protects the owner from a general contractor not paying their subcontractors or material suppliers. The bonding company would pay any unpaid subcontractors or material suppliers up to the value of the bond.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

(in thousands of dollars)

### 10. Landfill closure and post-closure (continued)

\*Builder's Lien Holdback - A provincial act requires that the City withhold payment each progress certificate for 45 days. Similar to the labour & material payment bond the intent is to protect subcontractors and material suppliers who do not get paid by the general contractor.

\*Deficiency Holdback - The City contract provides the right for the owner to withhold payment for deficient work. Typically the holdback is not released until the deficiency is corrected and in some case it will not be released if the contractor decides to not complete the work.

\*Insurance - The City contract requires the general contractor to have insurance jointly in the name of the City for each project. The City has fairly significant general requirements for all contracts and include special insurance requirements for unique projects. ie. environmental insurance for environment selective projects.

### 11. COMMITMENTS AND CONTINGENCIES

The City is committed to the following payments over the next five years under operating leases and service agreements:

2013	399
2014	306
2015	254
2016	177
2017	195
	1,331

The City is budgeting to spend \$123,384 in capital expenditures in 2012. The major projects included in this amount along with the amount budgeted in 2012 are as follows:

- 1) Roadway network improvements - \$17,025 - consists of new road construction for locations approved as part of the Regina Road Network Plan and include brand new roadways typically adjacent to new development areas and roadways widening projects in existing built areas of the City.
- 2) Street infrastructure renewal - \$18,143 - this program is to provide preservation to the existing street infrastructure and to provide funds for implementation of engineering studies, designs, construction, construction management and administration to support the City's street infrastructure renewal.
- 3) Fleet replacement - \$11,324 - to replace the City's fleet of fire, transit and other civic vehicles.
- 4) Buffalo Pound Water Treatment Plant upgrades - improvements are required at the Buffalo Pound.

Water Treatment Plant to continue meeting quantity and quality of treated water delivered to Regina and Moose Jaw. The City has committed \$10,000 in the 2013 utility capital budget for this project.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

(in thousands of dollars)

### 11. Commitments and contingencies (continued)

The City has also committed to the following four projects:

1) North Central Shared Facility Expense Sharing Agreement - the expense sharing agreement is made between the Board of Education of the Regina School Division No. 4 of Saskatchewan, the City and the Regina Public Library Board. The City's share is 25.2% and based on that the City has authorized a maximum contribution of \$8,800 of which \$440 was paid in 2011. Per the same agreement the Regina Public Library's share is 3.6%. The Regina Public Library's maximum contribution is \$1,250 of which \$nil has been paid in 2012 (2011-\$90).

2) Regina Revitalization Initiative - as at December 31, 2012 the total committed amount for the five Regina Revitalization projects was \$8,400, and had expenditures of \$4,100 in 2012.

3) Wastewater Treatment Plant upgrades - as at December 31, 2012 the City has a commitment to deliver services under the Wastewater Treatment Plant upgrades and costs could be up to \$224,000.

4) CP Rail Land Purchase - as at December 31, 2012 the City put a deposit of \$750 for the purchase of CP Rail Land and are committed to pay the remaining \$6,750 in 2013.

The City has various other legal matters pending which, in the opinion of management, will not have a material effect on the City's consolidated financial position or results of its operations.

### 12. PROPERTY HELD FOR RESALE

Property acquired through the tax enforcement process and held for sale is recorded at the lesser of cost and net realizable value. Cost is equal to the outstanding taxes including any applicable penalties, as well as the costs incurred in acquiring the land. The valuation allowance reflects a potential reduction in the carrying value that may be realized upon sale. Land acquired other than through the tax enforcement process and held for sale is recorded at lower of cost or net realizable value.

	2012	2011
Property held for resale	661	706
Valuation allowance	(651)	(672)
Property held for resale, net of allowance	10	34
Acquired property held for resale, net of allowance	32	39
	42	73
Property held for resale, estimated fair value - unaudited	7,392	12,334



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

(in thousands of dollars)

### 13. ACCUMULATED SURPLUS

Accumulated surplus represents the equity of an organization. In determining accumulated surplus, revenues and expenses are recognized as they are earned and incurred, according to PSAS.

Council through its annual budget process and other policies and bylaws may fund certain amounts on a basis that differs from the expense recognition basis prescribed by PSAS.

Unappropriated surpluses represent equity relating to certain entities consolidated within the City's financial statements that have not been designated for a specific use by that entity.

Appropriations for capital projects and reserves represent amounts that have been internally restricted for specific purposes.

Obligations to be funded from future revenues represent amounts recognized as expenses according to PSAS, that will be funded from future revenues.

Infrastructure to be funded from future service agreement fees represent infrastructure that has been constructed by the City, the costs of which are expected to be funded from future service agreement fees.

	2012	2011
<b>Unappropriated surpluses:</b>		
Regina Downtown Business Improvement District	50	73
Regina Regional Opportunities Commission	585	718
Regina Public Library	1,098	2,024
Regina's Warehouse Business Improvement District	(32)	39
Investment in tangible capital assets	1,207,572	1,121,240
<b>Appropriated surpluses:</b>		
General capital projects	55,211	47,218
Utility capital projects	79,870	85,916
Reserves	163,249	142,277
<b>Infrastructure to be funded from future service agreement fees:</b>		
Water, wastewater and drainage	(34,735)	(43,127)
<b>Obligations to be funded from future revenues:</b>		
Long-term debt	(81,550)	(89,900)
Employee benefit obligations	(52,009)	(51,110)
Landfill closure and post-closure	(44,160)	(27,186)
Capital lease obligations	(1,323)	(1,395)
<b>Accumulated surplus</b>	<b>1,293,826</b>	<b>1,186,787</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

(in thousands of dollars)

## 14. RESERVES

	2012	2011
<b>City of Regina reserves:</b>		
General utility reserve	63,026	49,292
Facility reserve	400	-
General fund reserve	27,051	35,946
Landfill reserve	18,318	10,752
Land development reserve	6,496	8,364
Asset revitalization reserve	7,644	4,794
Equipment replacement reserve	4,354	1,373
Social development reserve	4,145	4,875
Planning & sustainability reserve	3,990	781
Winter road maintenance reserve	3,523	3,523
Regina Police Service general reserve	2,354	2,143
Asphalt reserve	1,246	1,115
Grants reserve	936	832
Golf course reserve	730	850
Technology reserve	644	436
Employer provided parking reserve	537	708
Cemetery reserve	520	479
Pest management reserve	296	137
Regina Police Service radio equipment reserve	111	223
	<b>146,321</b>	<b>126,623</b>
<b>Group Benefits reserves:</b>		
Group life insurance reserve	5,008	4,959
Dental benefits reserve	1,631	1,591
Medical - City of Regina reserve	732	605
Police services premium reduction reserve	379	379
Police long-term disability reserve	51	87
	<b>7,801</b>	<b>7,621</b>
<b>Other Entities' reserves:</b>		
Regina Public Library reserves	7,288	6,540
Buffalo Pound Water Administration Board capital replacement reserve	1,416	1,042
Regina Downtown Business Improvement District reserve	321	349
Regina's Warehouse Business Improvement District infrastructure reserve	102	102
	<b>9,127</b>	<b>8,033</b>
	<b>163,249</b>	<b>142,277</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

(in thousands of dollars)

### 15. TAXATION REVENUE

	Budget (Unaudited) 2012	Actual 2012	Actual 2011
Total taxation revenue levied	-	<b>290,323</b>	277,386
<b>Taxes levied on behalf of others:</b>			
Regina School Division No. 4	-	<b>(79,023)</b>	(76,719)
Regina Roman Catholic Separate School Division No. 81	-	<b>(36,457)</b>	(35,443)
Taxation revenue	174,247	<b>174,843</b>	165,224
<b>City of Regina</b>			
Municipal levies	144,729	<b>142,512</b>	135,587
Grants in lieu	9,608	<b>11,050</b>	9,416
Supplementary taxes	900	<b>2,059</b>	1,254
Other	1,935	<b>1,737</b>	2,145
	157,172	<b>157,358</b>	148,402
<b>Regina Public Library</b>			
Taxation levies	15,188	<b>15,528</b>	14,990
Grants in lieu	1,064	<b>1,194</b>	1,033
	16,252	<b>16,722</b>	16,023
Regina Downtown Business Improvement District levies	665	<b>604</b>	639
Regina's Warehouse Business Improvement District levies	158	<b>159</b>	160
	174,247	<b>174,843</b>	165,224

Taxation revenues are recorded net of an allowance for uncollectible outstanding taxes and a provision for potential losses on assessment appeals outstanding. As at December 31, 2012, the following amounts are reflected in the Statement of Financial Position for these provisions:

Allowance for doubtful outstanding taxes netted against taxes receivable	-	<b>1,904</b>	2,147
Provision for assessment appeals included in accounts payable	-	<b>3,140</b>	1,745

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

(in thousands of dollars)

## 16. GOVERNMENT TRANSFERS

	Budget (Unaudited) 2012	2012	2011
<b>Operating transfers</b>			
Federal	479	970	1,460
Provincial	44,617	53,657	46,919
	45,096	54,627	48,379
<b>Capital transfers</b>			
Federal	11,000	16,078	16,641
Provincial	7,248	1,747	5,713
	18,248	17,825	22,354
	63,344	72,452	70,733

Government transfers do not include grants in lieu of taxes received from the Federal and Provincial governments. These amounts are included with taxation revenue (Note 15).

## 17. GOVERNMENT PARTNERSHIP

BPWAB operates under an agreement between the Cities of Moose Jaw and Regina. Its purpose is to operate the water treatment plant at Buffalo Pound Lake and to supply water to the two cities at cost. Any (recovery) distribution of annual operating (deficit) surplus is shared between the cities according to their respective usage.

The following is a schedule of relevant financial information as stated within the financial statements of BPWAB for the year ended December 31, 2012 in thousands of dollars. Please note there are no known contractual obligations or contingencies as at December 31, 2012. These amounts represent 100% of the Board's financial position and activities:

	2012	2011
Financial assets	4,238	3,122
Tangible capital assets	24,521	25,667
Other non-financial assets	70	114
<b>Total assets</b>	<b>28,829</b>	<b>28,903</b>
Financial liabilities	2,849	2,264
Capital replacement reserve	1,918	1,413
Obligations to be funded from future revenues	(459)	(441)
Investment in tangible capital assets	24,521	25,667

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

(in thousands of dollars)

### 17. Government Partnership (continued)

	2012	2011
Total liabilities and equity	<b>28,829</b>	28,903
Revenue	<b>10,186</b>	9,578
Expenses	<b>10,982</b>	10,331
Net loss	<b>(796)</b>	(753)

The above amounts are proportionately consolidated within the consolidated financial statements at 73.85% (2011 – 73.76%), the City's interest in the government partnership. After eliminating transactions between the City and the partnership, the following amounts have been included in the consolidated statements:

	2012	2011
Financial assets	<b>1,670</b>	1,644
Financial liabilities	<b>(711)</b>	(794)
Non-financial assets	<b>18,160</b>	19,016
Net assets	<b>19,119</b>	19,866
Revenue	<b>1,090</b>	1,182
Expenses	<b>6,800</b>	6,485

### 18. DEFERRED REVENUE

	December 31, 2011	Externally restricted inflows	Revenue earned	December 31, 2012
Provincial/Territorial Base Fund	5,682	1,003	(5,684)	<b>1,001</b>
Service agreement fees	7,765	18,258	(4,081)	<b>21,942</b>
Other	4,406	1,579	-	<b>5,985</b>
	<b>17,853</b>	<b>20,840</b>	<b>(9,765)</b>	<b>28,928</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

(in thousands of dollars)

### 19. FUNDS HELD IN TRUST

The City of Regina administers the following trusts. As related assets are not owned by the City, the trusts have been excluded from the consolidated financial statements. Following is a summary of the net assets of the trusts:

	2012	2011
Perpetual Care Trust	2,607	2,598
Williamson Driver Award	5	5
	2,612	2,603

### 20. SEGMENTED INFORMATION

The City is a diversified municipal government institution that provides a wide range of services to its citizens, including police, fire, public transit, and water. A new organizational structure was introduced in 2011 and formally took effect November 1, 2011, the key changes included: moving to three divisions from four; each division is led by a Deputy City Manager rather than a General Manager; creation of two Executive Director positions in charge of Legal, and Governance and Strategy. The three new divisions are City Operations, Community Planning and Development, and Corporate Services. The segmented information in these statements has been adjusted to reflect the new organizational structure described. For management reporting purposes the City's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. The financial activities of the City reported by Fund are included in Schedule 1. City services are provided by divisions and their activities are reported in these funds. Certain divisions that have been separately disclosed in the segmented information in Schedule 2, along with the services they provide, are as follows:

#### a. City Operations

City Operations is responsible for ensuring the City's infrastructure systems are effectively preserved, funded, and operated. This division preserves and operates municipal infrastructure involving roadways, traffic, water, drainage, waste water and solid waste to meet regulatory requirements and community needs. City Operations also includes fire services, parks and open space services and public transportation services.

#### b. Community Planning and Development

Community Planning and Development provides a long term comprehensive approach to planning, engineering and development processes to ensure the efficient use of land and community infrastructure. The division encompasses land use, neighbourhood, transportation and infrastructure planning, long range capital planning, development review, building permits and inspection, real estate services, community, recreation and cultural programs and services.

#### c. Corporate Services

Corporate Services provides services and support to both internal and external customers, enabling City Operations to maximize effectiveness and potential. Corporate Services includes Financial Services, Information Technology Services, Human Resources, Fleet Services, and Facilities Management Services.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

*(in thousands of dollars)*

### 20. Segmented information (continued)

#### d. Regina Police Services

Regina Police Services is responsible for the delivery of policing services within the municipality and is dedicated to a safe and caring community.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Operations by Segment (Schedule 2).

### 21. COMPARATIVE FIGURES

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

DRAFT

**CONSOLIDATED STATEMENT OF OPERATIONS BY FUND AND ORGANIZATION**
**Schedule 1**
**For the Year Ended December 31, 2012**
*(in thousands of dollars)*

	General Operating	Utility Operating	General Capital	Utility Capital	Total City of Regina
<b>REVENUES</b>					
Taxation	157,807	-	-	-	157,807
Fees and charges	51,939	93,866	61	24	145,890
Government transfers	53,334	1,465	16,188	172	71,159
Electrical distribution	30,075	-	-	-	30,075
Licenses, fines and levies	11,237	-	184	-	11,421
Gas distribution	5,620	-	-	-	5,620
Interest and penalties	1,096	262	-	-	1,358
Interest on portfolio investments	6,464	1,637	455	24	8,580
Realized gains on portfolio investments	3,006	-	-	-	3,006
Service agreement fees	(253)	-	1,343	13,606	14,696
Land sales	2,667	-	-	-	2,667
Other	13,567	452	590	652	15,261
Contribution of tangible capital assets	-	-	25,581	26,172	51,753
	<b>336,559</b>	<b>97,682</b>	<b>44,402</b>	<b>40,650</b>	<b>519,293</b>
<b>EXPENSES</b>					
Parks, recreation and community services	36,188	-	993	-	37,181
Police	66,990	-	142	-	67,132
Legislative and administrative services	39,945	-	6,808	-	46,753
Water, wastewater and drainage	(28)	52,539	-	8,743	61,254
Roads and traffic	23,702	-	4,991	-	28,693
Fire	42,254	-	(25)	-	42,229
Transit	27,737	-	(11)	-	27,726
Waste collection and disposal	29,360	-	637	-	29,997
Grants	5,498	-	-	-	5,498
Planning and development	14,167	-	-	-	14,167
Amortization	-	-	39,670	11,810	51,480
	<b>285,813</b>	<b>52,539</b>	<b>53,205</b>	<b>20,553</b>	<b>412,110</b>
Excess of revenues over expenses (expenses over revenues)	<b>50,746</b>	<b>45,143</b>	<b>(8,803)</b>	<b>20,097</b>	<b>107,183</b>



**CONSOLIDATED STATEMENT OF OPERATIONS BY FUND AND ORGANIZATION**

**Schedule 1**

**For the Year Ended December 31, 2012**

*(in thousands of dollars)*

RDBID	RROC	BPWAB	RPL	RWBID	Consolidation adjustments	<b>Consolidated 2012</b>
604	-	-	16,722	159	(449)	<b>174,843</b>
18	514	6,393	1,595	13	(6,331)	<b>148,092</b>
-	1,108	-	1,108	-	(923)	<b>72,452</b>
-	-	-	-	-	-	<b>30,075</b>
-	-	-	-	-	-	<b>11,421</b>
-	-	-	-	-	-	<b>5,620</b>
-	-	21	-	-	-	<b>1,379</b>
-	-	-	-	-	-	<b>8,580</b>
-	-	-	-	-	-	<b>3,006</b>
-	-	-	-	-	-	<b>14,696</b>
-	-	-	-	-	-	<b>2,667</b>
53	-	-	-	-	(11,253)	<b>4,061</b>
-	-	-	-	-	-	<b>51,753</b>
<b>675</b>	<b>1,622</b>	<b>6,414</b>	<b>19,425</b>	<b>172</b>	<b>(18,956)</b>	<b>528,645</b>
693	1,729	-	16,417	206	(1,425)	<b>54,801</b>
-	-	-	-	-	-	<b>67,132</b>
-	-	-	-	-	(29)	<b>46,724</b>
-	-	5,604	-	-	(16,579)	<b>50,279</b>
-	-	-	-	-	-	<b>28,693</b>
-	-	-	-	-	-	<b>42,229</b>
-	-	-	-	-	-	<b>27,726</b>
-	-	-	-	-	-	<b>29,997</b>
-	-	-	-	-	(923)	<b>4,575</b>
-	-	-	-	-	-	<b>14,167</b>
36	82	1,303	2,375	7	-	<b>55,283</b>
<b>729</b>	<b>1,811</b>	<b>6,907</b>	<b>18,792</b>	<b>213</b>	<b>(18,956)</b>	<b>421,606</b>
<b>(54)</b>	<b>(189)</b>	<b>(493)</b>	<b>633</b>	<b>(41)</b>	<b>-</b>	<b>107,039</b>

# CONSOLIDATED STATEMENT OF OPERATIONS BY SEGMENT

Schedule 2

For the Year Ended December 31, 2012

(in thousands of dollars)

	City Operations	Community Planning and Development	Regina Police Services	Corporate Services	Total City of Regina
<b>REVENUES</b>					
Taxation	-	157,807	-	-	157,807
Fees and charges	32,747	17,465	667	95,011	145,890
Government transfers	16,824	10,570	6,373	37,392	71,159
Electrical distribution	-	-	-	30,075	30,075
Licenses, fines and levies	195	11,226	-	-	11,421
Gas distribution	-	-	-	5,620	5,620
Interest and penalties	-	1,098	-	260	1,358
Interest on portfolio investments	139	-	-	8,441	8,580
Realized gains on portfolio investments	-	-	-	3,006	3,006
Service agreement fees	18	1,647	-	13,031	14,696
Land sales	-	2,667	-	-	2,667
Other	1,017	532	1,309	12,403	15,261
Contribution of tangible capital assets	43,199	-	-	8,554	51,753
	94,139	203,012	8,349	213,793	519,293
<b>EXPENSES</b>					
Wages and benefits	85,423	20,961	60,115	31,026	197,525
Materials, supplies, contracted services and other goods	68,543	31,418	6,599	29,473	136,033
Utilities	12,321	96	365	3,923	16,705
Transfer payments/grants	298	4,257	51	2,214	6,820
Interest	-	-	-	3,547	3,547
Amortization	40,487	-	2,024	8,969	51,480
	207,072	56,732	69,154	79,152	412,110
Excess of revenues over expenses (expenses over revenues)	(112,933)	146,280	(60,805)	134,641	107,183

# CONSOLIDATED STATEMENT OF OPERATIONS BY SEGMENT

Schedule 2

For the Year Ended December 31, 2012

(in thousands of dollars)

RDBID	RROC	BPWAB	RPL	RWBID	Consolidation adjustments	Consolidated 2012
604	-	-	16,722	159	(449)	174,843
18	514	6,393	1,595	13	(6,331)	148,092
-	1,108	-	1,108	-	(923)	72,452
-	-	-	-	-	-	30,075
-	-	-	-	-	-	11,421
-	-	-	-	-	-	5,620
-	-	21	-	-	-	1,379
-	-	-	-	-	-	8,580
-	-	-	-	-	-	3,006
-	-	-	-	-	-	14,696
-	-	-	-	-	-	2,667
53	-	-	-	-	(11,253)	4,061
-	-	-	-	-	-	51,753
675	1,622	6,414	19,425	172	(18,956)	528,645
295	1,001	1,992	11,262	9	(977)	211,107
353	568	2,679	5,155	197	(11,815)	133,170
-	160	933	-	-	(5,241)	12,557
45	-	-	-	-	(923)	5,942
-	-	-	-	-	-	3,547
36	82	1,303	2,375	7	-	55,283
729	1,811	6,907	18,792	213	(18,956)	421,606
(54)	(189)	(493)	633	(41)	-	107,039

**CONSOLIDATED STATEMENT OF OPERATIONS BY SEGMENT**
**Schedule 2**
**For the Year Ended December 31, 2011**
*(in thousands of dollars)*

	City Operations	Planning and Development	Regina Police Services	Corporate Services	Total City of Regina
<b>REVENUES</b>					
Taxation	-	148,402	-	-	148,402
Fees and charges	30,171	12,990	619	85,998	129,778
Government transfers	13,241	8,063	5,926	41,522	68,752
Electrical distribution	-	-	-	30,061	30,061
Licenses, fines and levies	1,065	10,032	-	-	11,097
Gas distribution	-	-	-	6,645	6,645
Interest and penalties	-	1,070	-	276	1,346
Interest on portfolio investments	150	-	-	8,516	8,666
Realized gains on portfolio investments	-	-	-	7,070	7,070
Service agreement fees	335	1,695	-	16,845	18,875
Land sales	-	9,871	-	-	9,871
Other	533	472	1,089	11,641	13,735
Contribution of tangible capital assets	24,730	-	-	4,981	29,711
	<b>70,225</b>	<b>192,595</b>	<b>7,634</b>	<b>213,555</b>	<b>484,009</b>
<b>EXPENSES</b>					
Wages and benefits	90,045	20,805	56,444	29,374	196,668
Material, supplies, contracted services and other goods	36,772	31,308	6,554	28,593	103,227
Utilities	13,951	29	443	4,194	18,617
Transfer payments/grants	351	3,828	43	1,688	5,910
Interest	-	-	-	3,909	3,909
Amortization	37,772	-	1,573	8,313	47,658
	<b>178,891</b>	<b>55,970</b>	<b>65,057</b>	<b>76,071</b>	<b>375,989</b>
Excess of revenues over expenses (expenses over revenues)	<b>(108,666)</b>	<b>136,625</b>	<b>(57,423)</b>	<b>137,484</b>	<b>108,020</b>

**CONSOLIDATED STATEMENT OF OPERATIONS BY SEGMENT**
**Schedule 2**
**For the Year Ended December 31, 2011**
*(in thousands of dollars)*

RDBID	RROC	BPWAB	RPL	RWBID	Consolidation adjustments	Consolidated 2011
639	-	-	16,023	160	-	<b>165,224</b>
195	644	7,047	1,651	2	(6,847)	<b>132,470</b>
-	1,506	-	1,398	-	(923)	<b>70,733</b>
-	-	-	-	-	-	<b>30,061</b>
-	-	-	-	-	-	<b>11,097</b>
-	-	-	-	-	-	<b>6,645</b>
-	-	20	-	-	-	<b>1,366</b>
-	-	-	-	-	-	<b>8,666</b>
-	-	-	-	-	-	<b>7,070</b>
-	-	-	-	-	-	<b>18,875</b>
-	-	-	-	-	-	<b>9,871</b>
-	-	-	-	-	(10,252)	<b>3,483</b>
-	-	-	-	-	-	<b>29,711</b>
<b>834</b>	<b>2,150</b>	<b>7,067</b>	<b>19,072</b>	<b>162</b>	<b>(18,022)</b>	<b>495,272</b>
355	1,216	1,953	10,055	-	-	<b>210,247</b>
463	693	1,990	5,315	161	(10,230)	<b>101,619</b>
-	172	2,317	-	-	(6,851)	<b>14,255</b>
-	-	-	-	-	(941)	<b>4,969</b>
-	-	-	101	-	-	<b>4,010</b>
27	80	1,361	2,265	4	-	<b>51,395</b>
<b>845</b>	<b>2,161</b>	<b>7,621</b>	<b>17,736</b>	<b>165</b>	<b>(18,022)</b>	<b>386,495</b>
(11)	(11)	(554)	1,336	(3)	-	<b>108,777</b>

**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS**

Schedule 3

**For the Year Ended December 31, 2012**
*(in thousands of dollars)*

	<b>General</b>				
	<b>Land</b>	<b>Land improvements</b>	<b>Buildings and building improvements</b>	<b>Vehicles and equipment</b>	<b>Office and information technology</b>
<b>Cost</b>					
Balance, beginning of year	<b>64,222</b>	<b>109,823</b>	<b>113,776</b>	<b>209,802</b>	<b>19,901</b>
Add:					
Additions during the year	<b>14,309</b>	<b>2,799</b>	<b>796</b>	<b>19,016</b>	<b>2,691</b>
Transfers from assets under construction	<b>-</b>	<b>575</b>	<b>-</b>	<b>573</b>	<b>-</b>
Less:					
Disposals during the year	<b>622</b>	<b>398</b>	<b>192</b>	<b>8,734</b>	<b>1,821</b>
Balance, end of year	<b>77,909</b>	<b>112,799</b>	<b>114,380</b>	<b>220,657</b>	<b>20,771</b>
<b>Accumulated amortization</b>					
Balance, beginning of year	<b>-</b>	<b>63,256</b>	<b>55,004</b>	<b>97,457</b>	<b>9,647</b>
Add:					
Amortization	<b>-</b>	<b>2,690</b>	<b>2,504</b>	<b>15,773</b>	<b>3,981</b>
Less:					
Accumulated amortization on disposals	<b>-</b>	<b>398</b>	<b>182</b>	<b>8,226</b>	<b>1,813</b>
Balance, end of year	<b>-</b>	<b>65,548</b>	<b>57,326</b>	<b>105,004</b>	<b>11,815</b>
Net Book Value	<b>77,909</b>	<b>47,251</b>	<b>57,054</b>	<b>115,653</b>	<b>8,956</b>

# CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

Schedule 3

For the Year Ended December 31, 2012

(in thousands of dollars)

Infrastructure						
Plants and facilities	Roads	Underground and other networks	Bridges and other structures	Assets under construction	2012	2011
226,513	561,316	508,975	26,190	69,207	1,909,725	1,802,990
4,993	43,085	31,671	-	26,177	145,537	131,157
17,954	12,089	10,633	-	-	41,824	24,474
-	10,055	-	-	41,824	63,646	48,896
249,460	606,435	551,279	26,190	53,560	2,033,440	1,909,725
92,798	306,590	153,785	9,948	-	788,485	758,170
5,017	17,844	7,041	433	-	55,283	51,395
-	7,281	-	-	-	17,900	21,080
97,815	317,153	160,826	10,381	-	825,868	788,485
151,645	289,282	390,453	15,809	53,560	1,207,572	1,121,240

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**GENERAL TRUST FUND**

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# Independent Auditor's Report

To His Worship the Mayor and Members of City Council

We have audited the accompanying financial statements of the General Trust Fund of the City of Regina, which comprise the statement of financial position as at December 31, 2012, and the statement of revenue, expenditures and change in fund balance for the year then ended, and a summary of significant accounting policies and other explanatory information.

## *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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.

## *Auditor's Responsibility*

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

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

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

## *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the General Trust Fund of the City of Regina as at December 31, 2012, and the results of its operations, change in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants

May 21, 2013  
Regina, Saskatchewan

General Trust Fund

**STATEMENT OF FINANCIAL POSITION**

*(in thousands of dollars)*

As at December 31

	Perpetual Care Trust	Williamson Driver Award	Total 2012	Total 2011
<b>ASSETS</b>				
Cash	213	-	<b>213</b>	44
Long-term investments (note 4)	2,533	5	<b>2,538</b>	2,700
<b>Total Assets</b>	<b>2,746</b>	<b>5</b>	<b>2,751</b>	<b>2,744</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Due to the City of Regina	139	-	<b>139</b>	141
Fund balance	2,607	5	<b>2,612</b>	2,603
<b>Total Liabilities and Fund Balances</b>	<b>2,746</b>	<b>5</b>	<b>2,751</b>	<b>2,744</b>

See accompanying notes.

General Trust Fund

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE**  
*(in thousands of dollars)*

For the year ended December 31

	Perpetual Care Trust	Williamson Driver Award	Total 2012	Total 2011
<b>REVENUE</b>				
Contributions	8	-	8	9
Investment income	139	-	139	141
<b>Total Revenue</b>	147	-	147	150
<b>EXPENDITURES</b>				
Cemetery maintenance	138	-	138	141
<b>Total Expenditures</b>	138	-	138	141
<b>Excess of revenue over expenditures</b>	9	-	9	9
<b>Fund balance, beginning of year</b>	2,598	5	2,603	2,594
<b>Fund balance, end of year</b>	2,607	5	2,612	2,603

See accompanying notes.

## General Trust Fund

### NOTES TO FINANCIAL STATEMENTS

(in thousands of dollars)

December 31, 2012

#### 1. PURPOSE OF FUND

The General Trust Fund comprises the assets, liabilities, revenues and expenses of the following two trusts administered by the City of Regina (the City):

- (a) Perpetual Care Trust - In accordance with *The Cemeteries Act, 1999*, a portion of the monies received by the City from the sale of cemetery plot rights is put into a trust and invested. The income from the trust is used to pay for care and maintenance of the plots. Special approval is needed from the Registrar of Cemeteries before trust capital can be used to fund care and maintenance.
- (b) Williamson Driver Award - When a bond was bequeathed to the City of Regina with trust conditions attached, a trust was established under *The Trust Act*. Each year the income from the bond is used to provide a safe-driving award to a Regina Transit employee.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian public sector accounting standards, as recommended by the Canadian Institute of Chartered Accountants (CICA). The following policies are considered to be significant.

- (a) The preparation of the financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.
- (b) Investments are recorded at cost less writedowns to reflect other than temporary declines in values. Any gains or losses are recognized on disposition of the investments.
- (c) Investment revenue is recorded on the accrual basis.
- (d) A number of new standards and amendments to standards, which may impact the General Trust Fund are not yet effective for the year ended December 31, 2012, and have not been applied in preparing these financial statements. In particular, the following new and amended standards, which become effective for annual periods beginning on or after April 1, 2012 are:

PS 3450, Financial Instruments

PS 1201, Financial Statement Presentation

PS 3410, Government Transfers

The extent of the impact on adoption of these standards is not known at this time.

General Trust Fund

**NOTES TO FINANCIAL STATEMENTS**

*(in thousands of dollars)*

December 31, 2012

**3. FINANCIAL INSTRUMENTS**

The carrying value of the amount due to the City of Regina approximates fair value due to its short-term nature.

Long-term investments are primarily exposed to foreign currency, interest rate, and market risk.

Interest rate risk refers to the adverse consequences of interest rate changes on the General Trust Fund's cash flows, financial position and excess of revenues over expenditures. This risk arises from differences in the timing and amount of cash flows related to the General Trust Fund's assets and liabilities.

Foreign currency risk arises from 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 investments held in the pooled bond fund.

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.

**4. LONG-TERM INVESTMENTS**

The long-term investments consist of a pooled bond fund. A pooled bond fund is a group of individual bonds managed by an investment manager. The market value of the pooled bond fund units is based on the market price per unit which is determined by the overall market values of each of the bonds in the fund.

	2012	2011
Investment cost	2,538	2,700
Market value	2,647	2,846

**5. STATEMENT OF CASH FLOWS AND CHANGE IN NET FINANCIAL ASSETS**

The statement of cash flows and the statement of change in net financial assets have not been prepared for the year ended December 31, 2012, as they would not provide additional information.

## Related Boards and Authorities

### **Regina Regional Opportunities Commission (RROC)**

255, 1919 Rose Street  
Regina, Saskatchewan S4P 3P1  
Fax: (306) 352-1630  
Phone: (306) 522-0227  
Contact: Mr. Larry Hiles

### **Buffalo Pound Water Administration Board**

c/o City of Regina  
Queen Elizabeth II Court  
P.O. Box 1790  
Regina, Saskatchewan S4P 3C8  
Fax: (306) 694-1377  
Phone: (306) 694-6050  
Contact: Mr. Ben Boots

### **Regina Public Library**

2311 – 12<sup>th</sup> Avenue  
P.O. Box 2311  
Regina, Saskatchewan S4P 3Z5  
Fax: (306) 352-5550  
Phone: (306) 777-6060  
Contact: Ms. Gail Krugeron

### **Regina Downtown**

140 – 2401 Saskatchewan Drive  
Regina, Saskatchewan S4P 4H8  
Fax: (306) 359-9060  
Phone: (306) 359-7541  
Contact: Ms. Judith Veresuk

### **Regina's Warehouse Business Improvement District**

202 – 1275 Broad Street  
Regina, Saskatchewan S4R 1Y2  
Fax: (306) 585-1765  
Phone: (306) 585-3948  
Contact: Ms. Audrey Price



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DRAFT

May 7, 2013

To: Members,  
Finance and Administration Committee

Re: 2012 Results - General Operating Fund

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### RECOMMENDATION

That an edited version of this report be forwarded to the May 21, 2013 meeting of City Council for information.

### CONCLUSION

This report provides information on the operating results for 2012. The surplus for the General Operating Fund of the City of Regina on an unconsolidated basis was \$8.0 million. This amount has been audited by the City's External Auditors, Deloitte & Touche. The draft 2012 annual report is also being presented to the Finance and Administration Committee as a separate report. The draft 2012 annual report includes consolidation of other entities, accruals, amortization and other financial transactions that generate different financial results, based on a different basis of accounting required by the Public Sector Accounting Standards.

The 2012 Operating Fund surplus contains one-time financial surplus of \$3.0 million from gains on sale of bonds and interest revenue. Without these one-time financial gains the Operating Fund for the City generated a surplus of \$5.0 million on \$331.4 million in total revenue.

### BACKGROUND

The purpose of this report is to provide information on the 2012 operating results of the General Operating Fund.

### DISCUSSION

The 2012 General Operating Fund results reflect increased service related revenues, increased interest investment revenues and increased revenues due to new services and agreements. On the expense side, weather factors contributed to significant increases while market forces caused delays in staffing vacant positions.

It is important to note that the General Operating Fund reflects mill rate supported activities, but does not include capital expenditures, the City's water and sewer utility, and real estate activities.

For 2012, the General Operating Fund has an audited budgetary surplus of \$8,045,902.

#### General Operating Budget Summary

	<u>2012 Budget</u>	<u>2012 Actuals</u>	<u>Difference</u>	<u>Percentage</u>
Revenues	\$ 312,577,700	\$ 331,442,951	\$ 18,865,251	6.0%
Expenditures	312,577,700	323,397,049	10,819,349	3.5%
Difference	<u>\$ -</u>	<u>\$ 8,045,902</u>	<u>\$ 8,045,902</u>	<u>2.6% <sup>(1)</sup></u>

*Note 1: Total Surplus as a percentage of total budgeted revenues.*

The General Operating Fund includes the activities of a number of cost centres such as the Landfill, Golf Courses, and Cemeteries. For these items, revenues are netted against expenditures and the difference is transferred to the appropriate reserve to fund future capital expenditures. This increased transfer to the reserve is reflected in the operating results as an increased expenditure. In the case of Regina Police Services, a similar process is followed, with any increase in revenues over expenditures transferred to the Regina Police Reserve.

There were gains on the sale of bonds resulting in increased revenue, increases in fees and charges due to higher citizen use of services and increases approved in fees. Increases revenues were partially offset by delays in staffing vacant positions due to the continuing competitive job market, higher than budget winter road maintenance costs and significant transfers to reserves within the operating fund.

### Revenues

General Operating Revenues were \$18.9 million higher than budget; following are the significant differences:

- \$8.0 million in Government Grants and Transfers \$7.5 million is the unbudgeted revenue from Saskatchewan Housing Corporation for the South East Lands
- \$3.0 million gain on sale of bonds
- \$9.2 million in fees and charges revenue:
  - \$0.9 million increase in landfill
  - \$1.4 million increase in recreational passes and programming including rentals
  - \$3.0 million increase in Building Permit Fees
  - \$1.2 million increase in miscellaneous revenues, auction sales, advertising and fire suppression
  - \$1.0 million increase in Developmental Application Fees
  - \$1.0 million increase in Transit Fees
- (\$1.3) million decrease from budget related to internal cost recovery programs

### Expenditures

In addition to the anticipated increase in operating revenues, General Operating Expenditures were \$10.8 million higher than budget which mainly results from unbudgeted transfers to reserves. Overall operating expenditures were essentially on budget. Significant differences were as follows:

- \$2.2 million in External Expenses with the majority from equipment rental and unbudgeted Evraz arenas operating payment that is offset by revenue.
- \$1.9 million in Professional & External Services
- \$1.9 million combined between Community Investment expenses related to the unbudgeted reserve transfer and Internal expenses

- (\$4.8) million decrease from budget due to reduction in spending related to Salaries and benefits
- (\$1.5) million decrease from budget in debt servicing costs as the City has not borrowed as much as planned

Also included in the \$10.8 million variance are \$10.5 million of unbudgeted transfers to reserves that are classified as expenditures:

- \$10.2 million of this relates to Community Planning & Development for the transfer to the Social Development Reserve of \$7.5 million for the money received from Saskatchewan Housing for the sale of the South East Lands which is offset by the corresponding payment for the purchase. \$2.7 million for transfer to the Asset Revitalization Reserve from operations. This transfer is within the authority of the City Manager.

### Reserve Transfers

In 2012, the General Fund Reserve declined \$8.9 million for a year end balance of \$27.1 million. Through Council decisions CR12-103, 134 and 154 a total of \$12.2 million was transferred out of the GFR to fund Mosaic Stadium replacement, Purchase of CPR lands and site preparation and RRI communications. Through Council decision CR12-21 a total of \$1.5 million was transferred out of the GFR to fund City Hall Security upgrades. \$2.7 million was transferred from operations to the Asset Revitalization Reserve. Various other Council authorized transfers totalled \$0.5 million; the Operating surplus of \$8.0 million was closed into the GFR.

In accordance with the Regina Administration Bylaw, the following 2012 Operating Surpluses (Deficits) were closed to the following reserves: \$5.4 million to the GFR, \$2.7 to the Asset Revitalization Reserve, \$36.3 million to the General Utility Reserve, \$0.4 million to the Regina Grants Reserve, \$0.5 million to the Cemetery Reserve, \$0.5 million to the Employer Provided Parking Reserve, \$0.7 million to the Golf Course Reserve, and \$0.3 million to the Pest Management Reserve. As well, a transfer to \$2.3 million was made to the Land Development Reserve, \$9.2 million to the Landfill Reserve and \$1.2 million to the Asphalt Reserve.

### Comparison to Annual Financial Statements and Public Sector Accounting Guidelines

The results summarized in this report for the General Operating Fund are not directly comparable to the consolidated results reported in the annual financial report. The reasons are:

1. The operations of the General Operating Fund are only one component of the consolidated operations included in the annual financial report. The annual financial report consolidates the financial position and results of the City and related entities, including the Regina Public Library, Regina Regional Opportunities Commission, Regina Downtown Business Improvement District, Regina's Warehouse Business Improvement District, and Buffalo Pound Water Administration Board. The City's operations that are consolidated include the operating and capital funds for the General Fund, Water and Sewer Utility Fund, and the Other Funds, including the Real Estate Operations.
2. Pursuant to the requirements of *The Cities Act*, the annual financial report is prepared in accordance with the accounting standards issued by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The operating and capital budgets are prepared in accordance with Sections 128 through 130 of *The Cities Act*. There

are differences between the annual financial report and the annual budgets in the way certain financial transactions are reported. The major differences are with respect to:

- Transfers to and from reserves,
- Recording of tangible capital assets and amortized depreciation,
- Accounting for debt principal and interest payments; and,
- Accounting for liabilities for vacation, sick credits and closure, and post closure landfill costs.

## RECOMMENDATION IMPLICATIONS

### Financial Implications

In accordance with the Regina Administration Bylaw 2003-69, Schedule A, the surplus in the General Operating Fund is transferred to the General Fund Reserve.

The City's non-consolidated 2012 audited reserve position is \$146.3 million as compared to \$126.6 million in 2011 (see Appendix A). The 2012 audited General Fund Reserve balance is \$27.1 million or 12.5% of annual operating expenditures. After the 2012 Council approved operating and capital budget transfers, the General Fund Reserve balance is projected to be \$19.0 million or 8.8% of annual operating expenditures. The General Fund Reserve balance is within the targeted balance range of \$15.5 million to \$31.0 million, representing 5% to 10% of annual operating expenditures.

The \$27.1 million audited General Fund Reserve includes the transfer of the 2012 general operating surplus of \$5.4 million and \$2.7 million to the Asset Revitalization Reserve.

### Environmental Implications

There are no environmental implications related to this report.

### Policy and/or Strategic Implications

Improved financial reporting and communication increases City Council and citizen's understanding of the City's operational results. 2012 City reserves levels have increased from 2011 levels after significant 2012 capital funding was provided from these reserves. The maintenance of these reserve levels continues to ensure financial sustainability and enables the City to invest in future programs and assets.

### Other Implications

None identified in this report.

### Accessibility Implications

None identified in this report.

## COMMUNICATIONS

No communication plan is required for this report. An edited version of this report will be forwarded to City Council. The annual results of the General Operating Fund are part of the

consolidated financial statements, which are audited and will be released publicly on May 1, 2012 as part of the public agenda for the May 14, 2012 City Council meeting.

DELEGATED AUTHORITY

This report must be forwarded to City Council.

Respectfully submitted,

A handwritten signature in cursive script that reads "Chuck McDonald".

Chuck McDonald, Director  
Finance Department

Respectfully submitted,

A handwritten signature in cursive script that reads "B Sjoberg".

Brent Sjoberg  
Deputy City Manager and CFO

## Appendix A

### Reserve Balances 2012 to 2011 Comparisons (in thousands)

Reserve	2011			
	2011 (Audited)	2012 (Audited)	Reserve Change 2011 to 2012	Percentage Change
General Utility Reserve <sup>(1)</sup>	49,292	63,026	13,734	28%
General Fund Reserve	35,966	27,051	-8,915	-25%
Landfill Reserve	10,752	18,318	7,566	70%
Land Development Reserve <sup>(2)</sup>	8,364	6,496	-1,868	-22%
Social Development Reserve	4,875	4,145	-730	-15%
Asset Revitalization Reserve	4,794	7,644	2,850	59%
Winter Road Maintenance Reserve	3,523	3,523	-	-
Regina Police Service General Reserve	2,143	2,354	211	10%
Equipment Replacement Reserve	1,373	4,354	2,981	217%
Asphalt Reserve	1,115	1,246	131	12%
Golf Course Reserve	850	730	-120	-14%
Grants Reserve	832	936	104	13%
Planning & Sustainability Reserve	781	3,990	3,209	411%
Employer Provided Parking Reserve	708	537	-171	-24%
Cemetery Reserve	479	520	41	9%
Technology Reserve	436	644	208	48%
Regina Police Service Radio Equipment Reserve	223	111	-112	-50%
Pest Management Reserve	137	296	159	116%
Facility Reserve	-	400	400	-
<b>Total Reserves</b>	<b>126,643</b>	<b>146,321</b>	<b>19,678</b>	<b>16%</b>

Note:

1. GFR decreased due to funding that was allocated to capital projects.
2. Land Development reserve was created in 2011 and now consists of surplus revenues from the sale of City Lands.

## Memo

May 3, 2013

To: Members, Finance and Administration Committee

Re: 2013 Community Investment Payments to Regina Regional Opportunities  
Commission (RROC) and Regina Exhibition Association Limited (REAL)

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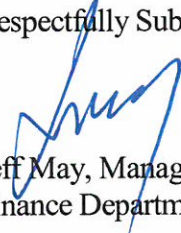
Pursuant to City Council Decision CR12-173 and CR12-175 of December 17, 2012, the first installment payment of 2013 Community Investment funding was made to both RROC and REAL in January of 2013.

In order to receive their second and final installment payment, RROC and REAL are required to submit their audited financial statements to the Finance and Administration Committee.

Both RROC and REAL have submitted their 2012 audited financial statements to be received and filed at the May 7, 2013 Finance and Administration Committee meeting.

Consequently, the Administration will issue the second and final installment payment of 2013 Community Investment funding to both RROC and REAL by May 31, 2013.

Respectfully Submitted



Jeff May, Manager, Financial Planning  
Finance Department

cc:



May 1, 2013

Mr. Jeff May  
Manager, Financial Planning  
Corporate Services  
City of Regina  
PO Box 1790  
Regina SK  
S4P 3C8

Dear Mr. May:

**RE: Community Investment Funding – The Regina Exhibition Association Limited (REAL)**

As per your letter of March 15<sup>th</sup>, 2013 advising that the City has approved 2013 funding in the amount of \$400,000, we have received the first installment cheque of \$200,000.

Enclosed are our December 31<sup>st</sup>, 2012 audited financial statements. We look forward to receiving the balance of \$200,000 in the near future.

If you have any questions, please do not hesitate to contact John Hicke at (306) 781-9244.

Sincerely,



Denise Wanner  
Manager Executive Office

Enclosures: as stated

cc: John Hicke, VP and CFO  
Brent Sjoberg, DCM and CFO  
Chuck McDonald, Director, Finance  
Judy Moore, City Clerk's Office

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of Regina Exhibition Association Limited have been prepared by the Association's management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations and necessarily include some amounts based on informed judgment and management estimates.

To assist management in fulfilling its responsibilities, a system of internal controls has been established to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded.

The board of directors have reviewed and approved these financial statements.

These financial statements have been examined by the independent auditors, Virtus Group LLP, and their report is presented separately.

April 24, 2013



Mark Allan  
President and CEO



John Hicke  
Vice President and CFO

**Independent Auditors' Report**

To the Shareholders,  
The Regina Exhibition Association Limited Operating Evraz Place

*Report on the Financial Statements*

We have audited the accompanying financial statements of The Regina Exhibition Association Limited, operating Evraz Place which comprise the balance sheet as at December 31, 2012 and December 31, 2011, and the statements of income and retained earnings, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

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

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

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

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Regina Exhibition Association Limited, operating Evraz Place as at December 31, 2012 and December 31, 2011, and its financial performance and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Wednesday, April 24, 2013  
Regina, Saskatchewan

  
CHARTERED ACCOUNTANTS

**Regina Exhibition Association Limited**  
operating **Evraz Place**

**Balance Sheet**

**As at December 31, 2012**

	2012 \$	2011 \$
<b>Assets</b>		
<b>Current Assets</b>		
Cash	4,801,352	5,699,658
Accounts and grants receivable	924,576	1,040,734
Inventories	250,967	-
Supplies and prepaid expenses	176,760	90,667
	<u>6,153,655</u>	<u>6,831,059</u>
<b>Tangible capital assets (note 3)</b>	73,043,132	75,716,921
	<u>79,196,787</u>	<u>82,547,980</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	2,870,257	2,688,542
Deferred revenue and deposits	2,418,005	2,258,560
Current portion of long-term debt (note 4)	-	175,764
	<u>5,288,262</u>	<u>5,122,866</u>
<b>Long-term debt (note 4)</b>	-	1,344,573
<b>Deferred grants and other contributions (note 5)</b>	69,293,365	72,549,789
	<u>74,581,627</u>	<u>79,017,228</u>
<b>Share capital (note 6)</b>	9,720	9,720
<b>Retained earnings</b>	4,605,440	3,521,032
<b>Net assets</b>	<u>4,615,160</u>	<u>3,530,752</u>
	<u>79,196,787</u>	<u>82,547,980</u>

See accompanying notes

Approved by the Board:

Director \_\_\_\_\_

Director \_\_\_\_\_

**Regina Exhibition Association Limited**  
**operating Evraz Place**

**Statement of Income**

**For the Year Ended December 31, 2012**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Revenues</b>		
Sales	14,888,337	15,323,423
Rentals	7,262,355	7,121,060
Contributions and other income	3,755,221	3,691,168
Sponsorships and advertising	1,530,050	1,346,875
Revenue continuance (note 9)	2,600,000	2,600,000
	<b>30,035,963</b>	<b>30,082,526</b>
<b>Expenses</b>		
Administration	1,249,121	1,041,831
Amortization	3,676,948	3,629,261
Cost of goods sold	3,277,525	3,532,584
Repairs and maintenance	581,633	679,476
Supplies, equipment and contracted services	5,217,733	5,931,428
Utilities	2,024,206	2,106,081
Wages and employee benefits	12,924,389	12,371,093
	<b>28,951,555</b>	<b>29,291,754</b>
<b>Net income for the year</b>	<b>1,084,408</b>	<b>790,772</b>
Retained earnings - beginning of year	3,521,032	2,730,260
<b>Retained earnings - end of year</b>	<b>4,605,440</b>	<b>3,521,032</b>

See accompanying notes

Regina Exhibition Association Limited  
operating Evraz Place

# Statement of Cash Flows

For the Year Ended December 31, 2012

	2012 \$	2011 \$
<b>Operating activities</b>		
Net income for the year	1,084,408	790,772
Items not affecting cash		
Amortization	3,676,948	3,629,261
Deferred capital contributions recognized	(3,256,424)	(3,256,424)
	<u>1,504,932</u>	<u>1,163,609</u>
Net increase (decrease) in non-cash working capital balances related to operations	<u>120,257</u>	<u>1,198,820</u>
	<u>1,625,189</u>	<u>2,362,429</u>
<b>Financing activities</b>		
Repayment of long-term debt	(1,520,337)	(175,842)
Proceeds from issuance of shares	-	30
	<u>(1,520,337)</u>	<u>(175,812)</u>
<b>Investing activities</b>		
Purchase of tangible capital assets	(1,003,158)	(1,016,330)
<b>Increase in cash during the year</b>	<u>(898,306)</u>	<u>1,170,287</u>
<b>Cash, beginning of year</b>	5,699,658	4,529,371
<b>Cash, end of year</b>	<u><u>4,801,352</u></u>	<u><u>5,699,658</u></u>

See accompanying notes

Regina Exhibition Association Limited  
operating Evraz Place

## Notes to the Financial Statements

For the Year Ended December 31, 2012

### 1. Description of the business

The Regina Exhibition Association Limited (the Association) is a not-for-profit organization incorporated under a private act of the Province of Saskatchewan. Under its bylaws dividends cannot be paid and its shares cannot appreciate in value. On May 01, 2012 the shareholders of the Association passed a Special resolution that the Association be continued under the Non-Profit Corporations Act, 1995 and transfer ownership and control of the Association to the City of Regina. The Association, under its existing Act, is required to get approval from the Lieutenant Governor in Council to apply for the Continuance and is currently awaiting that approval. The Association operates Evraz Place and leases land owned by the City of Regina under a nominal cost lease expiring in 2013. The Association expects to enter into a continued long-term arrangement with the City of Regina in 2013.

### 2. Accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations which require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the year. These estimates are reviewed periodically and adjustments as necessary are reported in the period of review.

#### a) Tangible capital assets and amortization

Tangible capital assets are recorded at cost. Amortization is recorded over the estimated useful life of the assets as follows:

Buildings	-straight-line over 10 to 30 years
Equipment	-straight-line over 3 to 20 years

#### b) Revenue recognition

Sales revenue, including catering, concessions and events, and Rental revenue are recognized as services as provided. Sponsorship and advertising revenue is recognized based on the terms of the contract.

#### c) Grants and other contributions

Grants and other contributions received by the Association are accounted for as follows:

- i) Grants and other contributions to assist with the financing of capital asset additions are recorded as deferred capital contributions (see note 5). The portion of the grant and other contributions equivalent to the annual amortization expense of the related asset is recognized annually as Contributions and other income.
- ii) Grants and other contributions intended for grounds and buildings repairs and maintenance are recorded in revenue in the period in which they are received.
- iii) Grants and other contributions not specifically intended for capital asset additions are recorded in revenue in the period the related expenses are incurred.

#### d) Financial instruments - Recognition and measurement

All financial instruments are designated and classified as one of the following: held-to-maturity, loans and receivables, held-for-trading or other liabilities.

Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in net income. Financial assets held-to-maturity, loans and receivables and financial liabilities other than those held-for-trading are measured at amortized cost. Upon initial recognition any financial instrument may be designated as held-for-trading.

### 3. Tangible capital assets

	Cost	Accumulated Amortization	2012	2011
	\$	\$	\$	\$
Buildings	94,867,246	22,334,604	72,532,642	75,235,478
Equipment	4,282,437	3,771,947	510,490	481,443
	<u>99,149,683</u>	<u>26,106,551</u>	<u>73,043,132</u>	<u>75,716,921</u>

### 4. Long-term debt

	2012	2011
	\$	\$
Non-interest bearing loan payable in weekly installments of \$3,380 per week. Paid in full in 2012.	0	1,696,179
	<u>0</u>	<u>1,696,179</u>
Less current portion	0	175,764
	<u>0</u>	<u>1,520,415</u>

### 5. Deferred grants and other contributions

	2012	2011
	\$	\$
Opening deferred grants and other contributions	72,549,789	75,806,213
Amounts recognized in year	3,256,424	3,256,424
Ending deferred grants and other contributions	<u>69,293,365</u>	<u>72,549,789</u>

### 6. Share capital

	2012	2011
	\$	\$
Authorized- 2,000 shares of \$10 par value each		
Issued- 972 shares (2011 - 972 shares)	<u>9,720</u>	<u>9,720</u>

### 7. Financial risk management

The association has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The significant financial risks to which the Association is exposed are.

#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association is exposed to credit risk on the accounts receivable from its customers, however, does not have a significant exposure to any individual customer or counterpart. In order to reduce its credit risk, the Association has adopted credit policies, which include the review of a new customer's credit history and financial position before extending credit and conducting regular reviews of its existing customers' credit performances to reflect the Association's credit policies. The Association has incurred insignificant bad debt expense during the past three years.

### 8. Financial instruments

The Association's recognized financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, and long-term debt. The fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying value given the short term nature of the amounts. The fair value of long-term debt approximates their carrying value given the terms of the debt agreements.



#### **9. Revenue continuance**

On November 22 1997, the Association ceased operating its casino. In accordance with an agreement between the Association and the Province of Saskatchewan, a 30 year agreement was entered into whereby the Association will receive \$2,600,000 annually to maintain its earnings.

In a subsequent agreement with Canadian Western Agribition (CWA), the Association agreed to annual payments of \$50,000 to CWA in recognition of historical revenue sharing.

#### **10. Contingencies**

The Association is subject to certain legal matters arising in the normal course of business, none of which are expected to materially affect the financial results of the Association.

#### **11. Related parties**

In the normal course of operations, the Association has relationships with Directors' businesses. These transactions are conducted at market prices and at comparable terms as with unrelated parties. The Association requires Directors' to adhere to its Conflict of Interest policy.

#### **12. Adoption of Accounting Standards for Not-for-Profit Organizations**

Effective January 1, 2012, the Association adopted Canadian accounting standards for not-for-profit organizations. These are the Association's first financial statements prepared in accordance with these accounting standards and the transitional provisions of Section 1501 have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and limited retrospective exceptions. The accounting policies set out in the significant accounting policy note have been applied in preparing the financial statements for the year ended December 31, 2012 and the comparative information presented in these financial statements for the year ended December 31, 2011.

The Association issued financial statements for the year ended December 31, 2011 using generally accepted accounting principles prescribed by pre-changeover standards of the CICA Handbook - Accounting. The adoption of Canadian accounting standards for not-for-profit organizations had no impact on the previously reported assets, liabilities and net assets of the Association and accordingly, no adjustments have been recorded in the comparative balance sheet and the statements of income and cash flows. In addition, as no changes were required, an opening statement of financial position at January 1, 2011 (the Association's date of transition) has not been presented.

## Memo

May 3, 2013

To: Members, Finance and Administration Committee

Re: 2013 Community Investment Payments to Regina Regional Opportunities  
Commission (RROC) and Regina Exhibition Association Limited (REAL)

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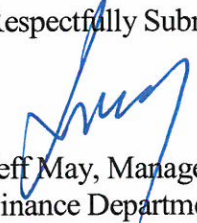
Pursuant to City Council Decision CR12-173 and CR12-175 of December 17, 2012, the first installment payment of 2013 Community Investment funding was made to both RROC and REAL in January of 2013.

In order to receive their second and final installment payment, RROC and REAL are required to submit their audited financial statements to the Finance and Administration Committee.

Both RROC and REAL have submitted their 2012 audited financial statements to be received and filed at the May 7, 2013 Finance and Administration Committee meeting.

Consequently, the Administration will issue the second and final installment payment of 2013 Community Investment funding to both RROC and REAL by May 31, 2013.

Respectfully Submitted



Jeff May, Manager, Financial Planning  
Finance Department

cc:



Regina Regional  
Opportunities Commission

April 1, 2013

Mr. Jeff May, Manager, Financial Planning  
Finance Department – Corporate Services  
City of Regina  
P.O. Box 1746  
Queen Elizabeth II Court  
2476 Victoria Avenue  
Regina, Saskatchewan S4P 3C8

Dear Jeff:

Re: 2013 Community Investment Funding - Regina Regional Opportunities Commission (RROC)

Further to your letter of March 15, 2013 regarding the annual funding approved for Regina Regional Opportunities Commission (RROC), please find attached our 2012 Audited Financial Statements approved by the Board of Directors of RROC on March 28, 2013. We have also attached a copy of our 2012 Annual Report.

We understand this completes our obligations in order to receive the second payment of our 2013 funding under the Community Investment Fund approval. If you require anything further please do not hesitate to let us know.

Thank you for the ongoing support we have enjoyed from the City of Regina.

Yours truly,

Larry Hiles  
President & CEO









*Advancing economic development and  
tourism in the Regina region.*



Regina  
Regional  
Opportunities  
Commission

# Annual Report 2012

[reginaroc.com](http://reginaroc.com)



# 2012 in Review

## *A message from Tony Coppola, Board Chair*



This past year was a year of significant change and progress for RROC. Despite an unexpected loss of provincial funding early in the year, I am pleased to report the organization was able to adjust and carry on, achieving most of the original goals established. These are highlighted in the attached report.

I extend my gratitude to my colleagues on the Board who were instrumental to this success by providing strong governance and strategic guidance throughout the course of the year. During the year we strengthened our governance processes through the adoption of a RROC risk management policy and framework. We also broadened our Board renewal policy and expanded our strategic planning process to include broader consultation with the Board and stakeholders. Each of these undertakings has helped the organization chart an appropriate course and manage risk in today's ever changing environment.

On behalf of the Board and myself, I commend the staff for their continued commitment to the mandate and success of the organization and their contribution to business development and tourism in our community without which, RROC's success would be diminished.

## *A message from Larry Hiles, President and CEO*



Regina saw a significant amount of progress in 2012, and it was very exciting to be part of the growth of this great region. The Regina region continues to rank at the top of most measures of success for Canadian metropolitan areas. This includes overall economic growth, high job creation, low unemployment, high business optimism, low living costs and high wage growth. We were recognized as one of the top 10 metropolitan areas for investment in Canada, the 3<sup>rd</sup> most entrepreneurial city in Canada, the 5<sup>th</sup> best place in Canada to seek a job and the 6<sup>th</sup> best to live. The international interest shown in Regina continues to grow as evidenced by the thousands of new immigrants that have chosen Regina as their new home.

RROC plays a key role in leading initiatives that support the economy and tourism in Regina. We are proud of the accomplishments achieved over the past 12 months and are excited about the direction for our work in 2013. Whether bringing new events to Regina, helping new businesses get started on the right foot, getting media attention for the great things happening here, helping new

immigrant entrepreneurs start their businesses, participating in out of province missions to fill job vacancies, working with tourism businesses and the Regina Hotel Association to package unique visitor experiences, we are blessed to work with great partners throughout our City. I'd like to thank our Board and staff for their support and work throughout the year, and especially to all our partners that we had opportunity to work with throughout 2012, and who we look forward to continuing to work with in 2013.



# About RROC

The Regina Regional Opportunities Commission (RROC) is the agency responsible for advancing economic development and tourism in the Regina region.

The Economic Development Division creates and implements economic strategies to grow and sustain prosperity in the Regina region. This is accomplished by actively promoting the Regina region to attract investment, as well as encourage, retain and develop growth opportunities for businesses in the Regina Region.

The Tourism Division works in collaboration with the Regina region's tourism sector and industry partners to promote and enhance Regina as a destination experience, and encourages the retention, development, attraction and growth of its tourism industry. It attracts visitors and residents to explore Regina's leisure, business, and special event tourism, which account for \$285.7 million of the regional economy.

## Mandate

The mandate of RROC was established by Regina City Bylaw # 2009-20.

- Create and implement an economic development strategy to grow and sustain prosperity in the Regina region.
- Encourage the retention, development, attraction and growth of business and tourism products and services for those who live, work, visit and invest in the Regina region.
- Market and promote the Regina region for business and tourism.

## Mission

**Identify, develop and promote opportunities that advance economic prosperity for those who live, work, visit and invest in the Regina region.**

## Vision

**RROC is recognized as a leading catalyst driving the economic prosperity of the Regina region.**

## Values

- We believe in entrepreneurship and innovation as the basis for long-term growth and prosperity.
- We approach economic development by building trust and taking into account the impacts on all stakeholders in our region, as opposed to focusing only on specific stakeholders.
- We seek community engagement and collaboration with others as a preferred method to achieving our goals and being effective, because leveraging our abilities builds support for our actions and delivers success.
- Our plans, actions and results are products of focusing on long term sustainable progress in our economy, rather than short term activities.
- We are independent, non-partisan and apolitical in our words, actions and policies.



Regina Regional  
Opportunities Commission

# Strategic Priorities 2012 - 2015

*Compete as a destination of choice to live, work, learn and visit*

## **Objectives and Measures**

- Create and implement one new initiative that promotes a strong and positive Regina brand.
- Prove feasibility of creation of two new visitor experiences.
- Implement two initiatives that support employer attraction and retention of talent.
- Attract or create five new special events to the Regina region.
- Attract 100 volunteers to the *I Love Regina* RROC Stars team.

*Build regional capacity for growth*

## **Objectives and Measures**

- Complete an assessment of long term water supply constraints for the Regina region.
- Advance three local government partnerships to the point of having marketing plans or activating regional plans.
- Complete a report on the state of tourism infrastructure for the attraction of key events.

*Increase investments and start-ups*

## **Objectives and Measures**

- Successfully prove the feasibility of two initiatives that have potential to significantly increase investment in the Regina region.
- Successfully implement two initiatives to the point where investors are committed or funding is in place.

*Build organizational capacity (financial and people)*

## **Objectives and Measures**

- Manage budget to preserve authorized reserve equity.
- Acquire \$100,000 through new funders and/or partners.
- Improve employee engagement by 5%.



# 2012 Strategic Highlights

In the following pages you will find highlights outlining RROC's achievements and progress made on the 2012-2015 strategic priorities mentioned on the previous page.

*Compete as a destination of choice to live, work, learn and visit*

*Create and implement one new initiative that promotes a strong and positive Regina brand.*

## **"IT'S HAPPENING...IN REGINA" MARKETING CAMPAIGN**

This campaign was created to celebrate and promote the many amazing things happening in and around Regina. The goal was for viewers to come away thinking, "Wow, I didn't know I could do THAT in Regina."

The campaign showed strength in driving visitors to the website, attracting visitors across many continents and was comprised of an outdoor, an online initiative and a web-based initiative.

The outdoor initiative had billboards in Weyburn, Moose Jaw, Yorkton, Regina, and Saskatoon showcasing various tourism activities with the slogan "It's Happening .... In Regina" and a url driving traffic to our website.

The online component consisted of weathernetwork.com, the Post Media Network and Facebook. Big box ads were located on each of these networks. By clicking on the ad, the user went to [www.reginaroc.com/itshappening](http://www.reginaroc.com/itshappening) to follow and engage the experiences.

After the campaign launch, carrying through until September 7, the site saw significantly increased traffic, with 72% being new visitors and over 77,000 page views from 5 continents. Visitors came from Canada, United States, United Kingdom, China, South Korea, India, Mexico, Pakistan, Australia and Germany.

This campaign was nominated as a finalist for the Gil Carduner Marketing Award as part of the 2012 Tourism Saskatchewan Awards of Excellence.



.....

*After the campaign launch, the website saw a significant increase in traffic, with 72% being new visitors and over 77,000 page views from 5 continents.*

.....





# 2012 Strategic Highlights

*Compete as a destination of choice to live, work, learn and visit*

**Create and implement one new initiative that promotes a strong and positive Regina brand.**

## **HORIZONS TOURISM MAGAZINE**

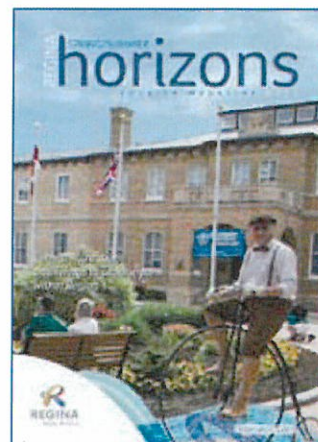
In partnership with the Leader-Post, RROC re-vamped its previous format of Horizons magazine, released in 2011, into a purely Tourism focused publication.

The re-vamp included a revision of the format, a new fresh editorial approach and the inclusion of monthly event calendars. For the first time, the editorial stories were identified by icons representing three different types of travelers who are often attracted to what Regina has to offer as a destination; authentic experiencers, cultural explorers, and family friendly/no-hassle travelers<sup>1</sup>.

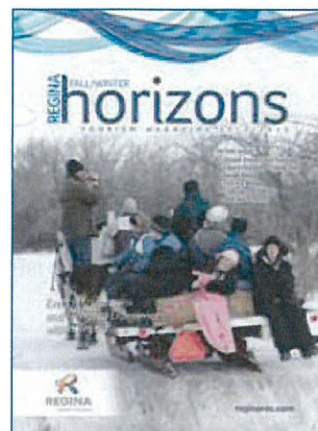
RROC produced two issues of Horizons Tourism Magazine in 2012: one released in May for the spring/summer season, and one released in October for the fall/winter season. Each issue had a print run of 90,000 copies.

Also for the first time, Horizons Tourism Magazine was distributed in the Regina market through the Leader-Post and in the Saskatoon market through the Star Phoenix. In Regina, distribution also included sending copies to accommodations, libraries, major attractions and new resident organizations. It was also distributed outside of Regina to visitor information centres throughout Saskatchewan, Manitoba, Alberta, and North Dakota, USA.

Online versions can also be found on [reginaroc.com](http://reginaroc.com) and [leaderpost.com](http://leaderpost.com).



***For the first time, Horizons Magazine was distributed in concentration within the Saskatoon market, a key market for visitors coming to Regina.***



<sup>1</sup> Traveler types are from research by the Canadian Tourism Commission



# 2012 Strategic Highlights

*Compete as a destination of choice to live, work, learn and visit*

*Prove feasibility of creation of two new visitor experiences.*

## NEW VISITOR EXPERIENCES

RROC took a new approach this year in how it marketed its attractions by combining traditional and newly developed tourism products found within the Regina region into themed packages and authentic prairie experiences.

This new approach resulted in the development of eleven themed packages that were then successfully marketed on two distinct platforms: travel media and travel trade, proving their feasibility as a potential new visitor experience.

The packaged experiences that were promoted included:

- Home of the Mounties
- Royal Regina Tour
- Wascana Centre - An Attraction Extravaganza!
- Rider Pride
- Home on the Range
- New Adventures
- Food for Thought
- Lajord Hutterite Colony Tour
- Athol Murray College of Notre Dame Tour
- Moose Jaw Tour
- Southern Prairie Railway in Ogema

## TRAVEL TRADE

Rendez-Vous Canada, the major marketplace for travel trade, is put together by the Canadian Tourism Commission and facilitates meetings between Canadian tourism destination sellers and national and international tour operators/buyers. RROC attended Rendez-Vous Canada in partnership with the RCMP Heritage Centre and Regina Hotel Association and secured 30 formal and informal appointments with tour operators. The operators were very impressed with the new product suggestions and the beginnings of strong new industry relationships were forged.

*Eleven new authentic Regina tourism experiences were developed and marketed to the audiences of travel trade and travel media.*





# 2012 Strategic Highlights

*Compete as a destination of choice to live, work, learn and visit*

*Prove feasibility of creation of two new visitor experiences.*

## TRAVEL MEDIA

The travel media industry creates opportunity for destinations like Regina to pitch their story ideas to renowned travel writers. After travel writers visit Regina, they then publish their work, and the destination is promoted through earned media.

RROC was incredibly active in marketing three additional theme packages to the travel media sector in 2012. These experiences included: Be a Cadet, Be a Farmer, and Be a Cowboy.

RROC hosted several travel media throughout the year, with two organized press trips; one in conjunction with Conventions Regina in July, and one hosted in October. Additional media were hosted individually in partnership with Tourism Saskatchewan and Tourism Saskatoon. On the following page, we have included links to the stories that were published in 2012 as a result of RROC's work pursuing the travel media market.

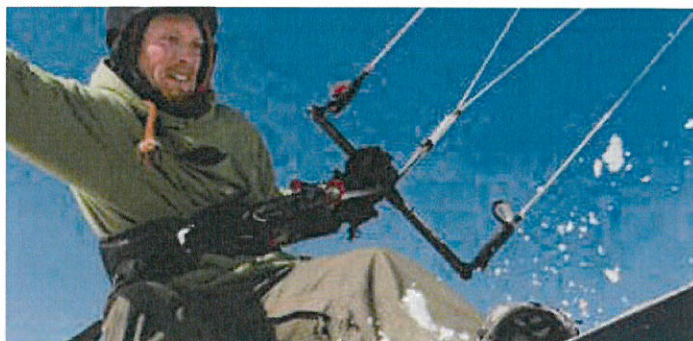
The value of the earned media resulting from the stories published from the travel writers RROC hosted throughout 2012 is worth over \$150,000.

RROC successfully attended three key travel media industry shows to source appropriate travel writers to pitch to, build relationship with, and host them in Regina. The three travel media industry shows RROC attended in 2012 were:

- Canadian Media Marketplace - 25 secured appointments and 12 additional contacts.
- Travel Media Association of Canada - 14 formal appointments and 2 additional travel media requesting information
- Go Media - 30 formal appointments secured

RROC's travel media program was nominated as a finalist for the Gil Carduner Marketing Award as part of the 2012 Tourism Saskatchewan Awards of Excellence.

*The value of the earned media from the efforts RROC made in working with the travel media industry in 2012 is worth more than \$150,000.*





# 2012 Strategic Highlights

*Compete as a destination of choice to live, work, learn and visit*

*Prove feasibility of creation of two new visitor experiences.*

## TRAVEL MEDIA - PUBLISHED RESULTS

Mr. Jong-Sang Lee  
Korean Broadcaster  
Hosted in partnership with Tourism Saskatchewan  
Aired on: **National KBS TV STATION in Korea**  
To see this story, [click here](#)

Alan Solomon  
Freelance, **Chicago Tribune Travel Section**  
Hosted in partnership with Tourism Saskatchewan  
and Tourism Saskatoon  
To read this story, [click here](#)

Adrian Brijbassi, Managing Editor  
Julia Pelish, Photographer/videographer  
**www.Vacay.ca**  
Hosted in partnership with Tourism Saskatchewan  
and Tourism Saskatoon  
To read their story on pubs in Canada, [click here](#)  
To read their story on Regina, [click here](#)

Darryl Sterdan  
National Music Editor, **Sun Media**  
Hosted in partnership with Tourism Saskatchewan  
Published in: Toronto, Ottawa, Winnipeg, Edmonton,  
Calgary and Vancouver  
To read his stories about the Western Canadian  
Music Awards, [click here](#) or [here](#)

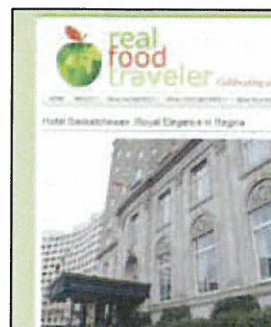
Barb Sligl, Editor  
**Just for Canadian Doctors / Dentists magazines**  
Hosted in partnership with Conventions Regina

Richard Elliott, Publisher  
**Ignite Magazine**  
[www.ignite.ca](#)  
Hosted in partnership with Conventions Regina

Amanda Savoie, Assistant Editor  
**West Jet's onboard magazine: UP!**  
Amanda's story is expected to be published in 2013.

Bobbie Hasselbring, Editor  
**The Real Food Traveler**  
[www.realfoodtraveler.com](#)  
To read her story on Hotel Saskatchewan, [click here](#)  
To read her story on the Italian Star Deli, [click here](#)  
To read her story on Fortuna Restaurant, [click here](#)  
Bobbie Hasselbring was nominated as a finalist for  
the Travel Media Award as part of the 2012 Tourism  
Saskatchewan Awards of Excellence.

Erin Caslavka, Freelance  
**www.erincaslavka.com**  
Erin is currently working on a story that includes the  
Regina Farmers Market, Living Sky Winery, Over the  
Hill orchards, Last Mountain Distillery and Beaver  
Creek Ranch.





# 2012 Strategic Highlights

*Compete as a destination of choice to live, work, learn and visit*

## ***Implement two initiatives that support employer attraction and retention of talent.***

RROC, in partnership with the Ministry of the Economy, Saskatoon Regional Economic Development Authority (SREDA), and the Province of Saskatchewan, facilitated employer participation in a national job fair held in Toronto. The Assemblée Communautaire Fransaskoise (ACF) also joined this partnership to facilitate a job fair in Montreal.

The Saskatchewan Zone at The Toronto Job Fair saw:

- over 20 companies and organizations participate
- over 500 vacant positions taken to the job fair
- over 2,550 resumes and leads generated at the job fair

The job fair held in Montreal, while a smaller scale event than Toronto, also saw impressive results:

- 8 companies and organizations participated
- over 200 vacant positions were taken to the job fair
- over 300 resumes and leads were generated at the job fair
- approximately 40 direct job offers were made as a result from the leads generated at the job fair

Also associated with the Montreal Job Fair mission was an effective social media and web ad campaign spearheaded by the Saskatchewan Ministry of Economy with the goal of increasing the number of visits on the ThinkSask website in Quebec from 4,497 to 6,000. The goal was surpassed with a total of 6,830 visits to the ThinkSask site from the Quebec area.

***The Toronto Job Fair saw: over 20 Saskatchewan companies participate, over 500 vacant positions being showcased, and over 2,550 resumes and leads generated.***





# 2012 Strategic Highlights

*Compete as a destination of choice to live, work, learn and visit*

***Attract or create five new special events to the Regina region.***

RROC works with several community partners throughout the year to prepare bids to bring events to the city with substantial economic impact.

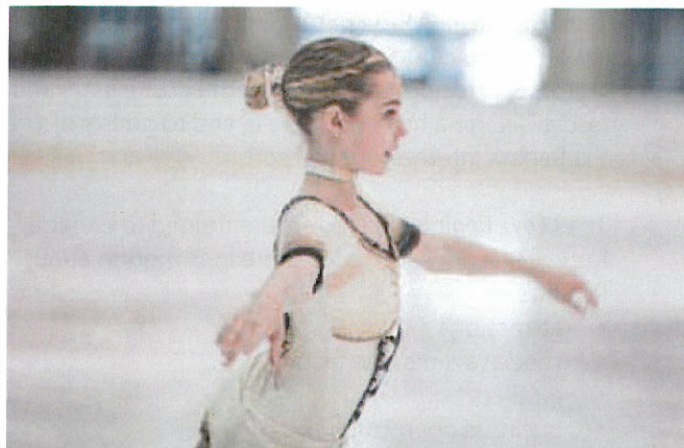
In 2012, the City of Regina was awarded the hosting rights for the following events:

Event Title	Projected number of participants
15U Canada West Volleyball Open 2013	2000
15U Canada West Volleyball Open 2014	2000
Skate Canada Challenge 2012	1200
Skate Canada Challenge 2013	1200
Canadian Masters Outdoor Track and Field Championships 2013	300

RROC also works to create new signature events Regina can call its own. In 2012, RROC assisted the proponents in the creation of Sask Fashion Week - a fashion exhibition showcasing Saskatchewan original collections, retail style trends, hair styling, and makeup artistry. This annual event has incredible potential for growth in the coming years.

Once events are created and/or the bid has been awarded, RROC continues to support the hosting committees of the events. In 2012, RROC supported the following events:

- 2012 BreakOut West
- 2013 JUNOS
- 2013 Canadian Masters Outdoor Track and Field Championships
- 2014 National Aboriginal and Indigenous Games





# 2012 Strategic Highlights

*Compete as a destination of choice to live, work, learn and visit*

## **Attract 100 volunteers to the I Love Regina RROC Stars Team**

The *I Love Regina* RROC Stars is a civic pride initiative, providing volunteer hospitality services to visitors and residents at some of the best events and festivals Regina has ever hosted, and to guests of the Regina International Airport.

The *I Love Regina* RROC Stars are trained to engage festival attendees and distribute information about Regina's:

- attractions
- special events and festivals
- retailers
- business operators
- recreation and leisure facilities
- restaurants
- hotels
- specialty services
- career opportunities
- quality of life

The *I Love Regina* RROC stars were actively involved in the following events held in Regina throughout the year:

- Regina Airport Visitor Information Kiosk
- Break Out West
- Canadian Western Agribition
- I Love Regina Day
- I Love Regina Run
- National Infrastructure Summit
- Rick Hansen 25<sup>th</sup> Anniversary Relay
- Skate Canada Challenge
- Spring Home Show
- Canada's Farm Progress Show





# 2012 Strategic Highlights

## *Increase investments and start-ups*

***Successfully prove the feasibility of two initiatives that have potential to significantly increase investment in the Regina region.***

### **PROGRESS2CAPITAL BUSINESS PLANNING COMPETITION**

Progress2Capital (P2C) Business Planning Competition is a community led initiative focusing on growing the knowledge and nurturing the spirit of entrepreneurs in Saskatchewan. The challenge is a six-month program designed to support entrepreneurs and to teach them the skills needed to realize their vision through business bootcamps, mentorships, coaching, networking opportunities, the Business Model Design Weekend and pitching workshops.

In 2012, RROC undertook a very successful expansion of our Progress2Capital Business Planning Competition from a regional competition to a provincial one by partnering with the Saskatoon Regional Economic Development Authority (SREDA).

The competition drew a significant amount of interest from the entrepreneurial community. 72 entrepreneurs representing 50 small businesses recruited from across Saskatchewan entered the 2012 event.

Over 50 professionals volunteered their time to coach or mentor our participants throughout the competition. Thirty-nine organizations sponsored the competition and made it possible to offer our finalists a prize pool of cash and in-kind services totalling almost \$200,000.

Since 2006, RROC and its partners have worked with over 363 aspiring entrepreneurs and finalist teams, resulting in dozens of successful businesses.

Progress2Capital is proudly presented by RROC and SREDA, with major financial contribution from Ministry of the Economy.



***Since 2006, RROC and its partners have worked with over 363 aspiring entrepreneurs and finalist teams, resulting in dozens of successful businesses.***





# 2012 Strategic Highlights

## *Increase investments and start-ups*

***Successfully prove the feasibility of two initiatives that have potential to significantly increase investment in the Regina region.***

### **IMMIGRANT ENTREPRENEUR BUSINESS SETTLEMENT SERVICES**

RROC also worked with SREDA this year to secure a contract to provide immigrant entrepreneurs with essential business settlement services on behalf of the Ministry of Advanced Education, Employment and Immigration (now Ministry of the Economy).

We are currently serving recently landed immigrant entrepreneurs nominated under the Saskatchewan Immigrant Nominee Program, who wish to establish new businesses or purchase existing Saskatchewan businesses for sale.



---

***Successfully implement two initiatives to the point where investors are committed or funding is in place.***

Five projects were identified as having investment potential throughout the year. These included the feasibility of: Integrated Energy Complex, Value-added Processing, Green Sub-division, Agriforestry, and Airborne Wind. To date, none of these initiatives have come to fruition.





# 2012 Strategic Highlights

## *Build regional capacity for growth*

*Complete an assessment of long term water supply constraints for the Regina region.*

### **QU'APPELLE WATERSHED**

This study was conducted by the Water Security Agency (formerly Sask Watershed Authority) with support from the Sask Central Enterprise Region and RROC in order to determine long term sustainable solutions in response to water quality and supply issues that have been present in the region for many years and could impede economic growth.

The results of the study showed significant economic, environmental and social benefits over a forty year period for Canada, Saskatchewan and the municipalities in the Moose Jaw – Regina Industrial Corridor, as well as surrounding regions through to the Lower Qu'Appelle River Valley.



*Advance three local government partnerships to the point of having marketing plans or activating regional plans.*

RROC played an instrumental role in helping to form the White Butte Regional Planning Group, Moose Jaw- Regina Industrial Corridor Committee and Calling Lakes-Fort Qu'Appelle region.

These partnerships are now focused on the development of shared goals and long term growth plans.

Administrative responsibilities have now been handed over from RROC to the planning groups in all but the Moose Jaw-Regina Corridor Committee, where RROC continues to be actively involved in managing the creation of an investment attraction and marketing plan.



**WHITE BUTTE**  
**REGIONAL PLANNING COMMITTEE**

Working together, to grow together.



# 2012 Strategic Highlights

## *Build regional capacity for growth*

### *Complete a report on the state of tourism infrastructure for the attraction of key events.*

RROC brought together several key community stakeholders to form the Special Event Advisory Committee (SEAC).

SEAC was developed as a result of the desire to have stakeholders that are active in event hosting, attraction and creation working together to reach a common goal of creating and implementing a successful community event strategy. This strategy will enable growth in expertise and the maximization of economic impact resulting from event initiatives in Regina.

SEAC will work together to create an ambitious and comprehensive community event strategy. This strategy will guide the city's event development and direction efforts and create unprecedented synergies in establishing Regina as a desirable site for sports, cultural, and special events.

SEAC will continue to work together to identify, evaluate, grow and secure events in Regina.





# 2012 Strategic Highlights

## *Build organizational capacity (financial and people)*

### *Manage budget to preserve authorized reserve equity.*

Based on an unexpected loss of all provincial funding in 2012, RROC budgeted for a significant draw on retained earnings in order to fund operations in 2012. Year end results indicate that the organization was successful in maintaining the loss at a lower level than budgeted.

As RROC seeks new funding sources further draws on retained earnings are expected in 2013. Fortunately, the organization had a significant retained earnings pool from which to cushion unexpected fluctuations in revenues.

### *Acquire \$100,000 through new funders and/or partners.*

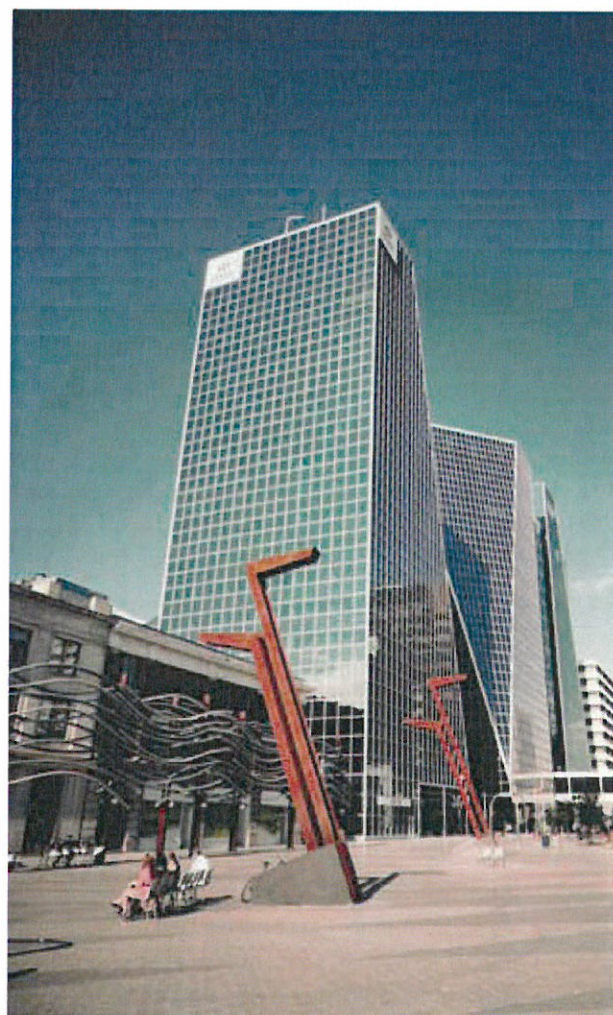
During the course of the year, RROC was able to identify several new sources of revenue including the expansion of the Progress2Capital program to bring in new sponsors, and the awarding of a contract to provide business settlement services and support to newly landed immigrant entrepreneurs under the Saskatchewan Immigrant Nominee Program.

RROC also implemented a fee for presenting orientation seminars to prospective immigrant entrepreneurs to Saskatchewan.

Through a combination of the above, RROC was able to generate in excess of \$100,000 in new revenue in 2012.

### *Improve employee engagement by 5%.*

It was agreed by the Board to only survey employees every second year, and therefore a survey was not completed in 2012. A survey will be conducted in 2013.





# 2012 Additional Accomplishments

## **RANKED 4<sup>th</sup> FOR ONLINE MARKETING**

The 2012 Canadian American Cities Online Marketing Index released by Intellegia, ranked Regina 4<sup>th</sup> out of 40 North American cities. The study measured how well economic development agencies are marketing their regions on the web for investment attraction.

## **PROPERTY TAX EXEMPTION PROGRAM**

In 2012, RROC continued to administer the commercial property tax exemptions on behalf of the City of Regina. This included review of new applications and compliance of existing approvals to ensure that investments continued to meet specific development goals.

## **BUSINESS RESOURCE CENTRE**

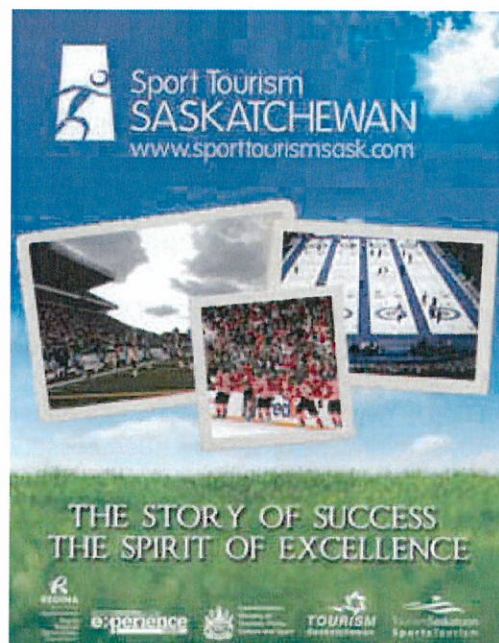
With funding support from the Western Economic Diversification, RROC's Business Resource Centre (BRC) continues to assist entrepreneurs looking to start up or grow businesses in the Regina region. The Centre serves to provide important start-up information and pathfinding support, as well as educational resources for emerging entrepreneurs. In 2012, RROC's BRC served a total of 840 clients spanning across various industries.

## **IMMIGRATION SEMINARS**

RROC's immigration seminars are focused on equipping potential foreign investors to our region with the fundamental information they need to understand the opportunities our regional economy has to offer. As part of the seminar, our clients also learn about the entrepreneurship support system within the province, and some of the important considerations they need to take into account in successfully establishing their businesses and families in Regina. This year, 600 prospective entrepreneurs from a variety of nations around the world attended our orientation seminars.

## **SPORT ACCORD AND SPORT TOURISM SASK**

Sport Tourism Saskatchewan was created in partnership with several key stakeholders for the purpose of attending Sport Accord with a unified provincial presence to attract international sport events to the Regina region. The Sport Accord International Convention is a gathering of more than 1500 leading representatives from the sport industry.





# 2012 Relevant Headlines & Statistics

- *Using input of information provided by the Saskatchewan Roughriders Football Club and the STEAM model created by the Conference Board of Canada, RROC produced an industry impact report that demonstrates a Rider home game regular season would generate an industry output of \$82,716,931 which would support \$28,846,226 in wages and salaries which is the equivalent of 424 full time jobs. It also supports the generation of over \$6,000,000 in municipal, provincial and federal taxes.*
- *2013 Grey Cup is estimated to generate \$123 million in impact for the province of Saskatchewan according to an economic impact review conducted by RROC.*
- *The average occupancy rate for hotels in 2012 was 70.24%. National sporting events such as Skate Canada Challenge contribute to the increase in hotel occupancy.*
- *Regina was ranked third in a Communities in Bloom survey, conducted by the CFIB, looking at the entrepreneurial strength of cities in Canada.*
- *Regina's positive growth forecast - economy expected to grow 3.7% in 2012 with the manufacturing sector expected to expand by 5.6% in 2012, the fastest increase since 2007. (Conference Board of Canada)*
- *In an economic impact review, the University of Regina contributed \$291.1 million to the provincial GDP.*





# Looking Ahead:

## Strategic Priorities for 2013 - 2016

Identify, develop and promote opportunities that advance economic prosperity for the Regina region.

RROC is recognized as a leading catalyst driving economic prosperity of the Regina region.

### Tourism

We assist Regina businesses to prosper by attracting leisure visitors, events, media, trade, and business travel to Regina and to encourage visitors to extend their stays and build return visits.

We act as a uniting force to the tourism industry in Regina, providing leadership to the community.

We promote unique experiences to our visitors, the travel media and trade.

We are the main source of travel information on Regina to inquiries at home and abroad.

We assist local organizations in developing and securing events to Regina.

We are focused on becoming a sales and marketing organization.

We are focused on building strong, collaborative relationships with our stakeholders.

### Economic Development

We will build and execute growth strategies for:

Talent  
Entrepreneurship  
Investment  
Regional Infrastructure  
Collaboration

We will:

- promote job and career opportunities
- incubate Regina Industry Education Council
- create a newcomer settlement strategy
- deliver a business planning competition
- support immigrant entrepreneurs with business settlement services
- provide general business start-up and expansion support through the RROC Business Resource Centre
- provide site selection and support
- provide leadership and support to the Moose Jaw - Regina Industrial Corridor.

We are focused on refining our collaboration model, building a site selection model, refining our Business Resource Centre offering, and improving communications with stakeholders.

Improve IT infrastructure  
Establish performance culture

Create distinct Tourism and Economic Development divisions  
Attract and retain top talent

Secure Core Funding that enables the organization to thrive

### Mission

### Vision

### RROC

### What we do for Stakeholders

### What we do for Customers

### Internal Processes

### Capacity

### Financial Model



# 2012 RROC Staff and Board

as of December 31, 2012

## RROC STAFF

**Alison Fraser**

Tourism Development Manager

**Andrea Soby**

Office Manager

**Cuiyen Chen**

Finance Manager

**Evelyn Cerda**

Economic Development Officer

**Larry Hiles**

President & CEO

**Lisa Mitchell**

Publications Manager

**Meka Okochi**

Vice President & Director of Economic Development

**Sandra Jackle**

Special Events Consultant

**Shaadie Musleh**

Project Co-ordinator

**Wanda Posehn**

Vice President & Director of Tourism

## RROC BOARD OF DIRECTORS

**Murad Al-Katib**

President and CEO

Alliance Grain Traders Inc./SaskCan Pulse Trading

**Edmund Bellegarde**

Tribal Chairman

File Hills Qu'Appelle Tribal Council

**Tony Coppola, Chair**

Sr. VP Finance and Administration

Saskatchewan Gaming Corporation

**Neil Donnelly**

Vice President, Events & Entertainment

Evrax Place

**Michael Fougere**

Mayor

City of Regina

**Frank Hart**

President & Managing Director

Greystone Managed Investments Inc.

**Rick Krieger**

Owner, McNally's Tavern

**Rita Milenkovic**

President & CEO

Merit Travel Services

**James Rybchuk, Vice – Chair**

Partner

McDougall Gauley

**Vianne Timmons**

President and Vice Chancellor

University of Regina

**Bud Van Iderstine**

Senior Vice President

Consumers' Co-operative Refineries Ltd.

*photo credits: Jenn Nelson, Keith Moulding, Greg Huszar, Regina Hotel Association, Southern Prairie Railway, Pip Discombe, Eric Lindberg, Explore Sports, Ministry of Economy, Scott Goodwill, Arthur Ward, Paul Austring, Ampyx, Aidan Morgan, Saskatchewan Roughriders Football Club, Ramada, University of Regina Photography Department, Marathon-Photos.com, Michael Burns, Daniel Paquet, Luke Fandrich.*





Regina  
Regional  
Opportunities  
Commission

## Contact us:

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Regina, SK S4P 3P1  
toll free: 1-800-661-5099  
direct: 306-789-5099  
fax: 306-325-1630  
email: [info@reginaroc.com](mailto:info@reginaroc.com)  
website: [www.reginaroc.com](http://www.reginaroc.com)





**REGINA REGIONAL  
OPPORTUNITIES COMMISSION**

***FINANCIAL STATEMENTS***

***December 31, 2012***

# REGINA REGIONAL OPPORTUNITIES COMMISSION

## Statement of Financial Position

As at December 31, 2012

	December 31, 2012	December 31, 2011	January 1, 2011
<b>FINANCIAL ASSETS</b>			
Cash	\$ 79,677	\$ 357,996	\$ 263,675
Short-term investment (Note 4)	405,232	400,220	494,803
Accounts receivable	161,102	117,466	45,723
<b>Total financial assets</b>	<b>646,011</b>	<b>875,682</b>	<b>804,201</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts payable and accrued charges	\$ 85,936	\$ 126,048	\$ 97,459
Deferred revenue (Note 6)	128,483	57,643	87,746
<b>Total financial liabilities</b>	<b>214,419</b>	<b>183,691</b>	<b>185,205</b>
<b>Net financial assets</b>	<b>431,592</b>	<b>691,991</b>	<b>618,996</b>
<b>NON-FINANCIAL ASSETS</b>			
Tangible capital assets (Note 5)	78,971	135,876	206,436
Prepaid expenses	153,649	25,515	38,206
	232,620	161,391	244,642
<b>ACCUMULATED SURPLUS (Note 8)</b>	<b>\$ 664,212</b>	<b>\$ 853,382</b>	<b>\$ 863,638</b>

See accompanying notes

### APPROVED BY THE BOARD

 ..... Director

 ..... Director

## INDEPENDENT AUDITOR'S REPORT

To the Chairman and Members of the Board of Directors of Regina Regional Opportunities Commission

We have audited the accompanying financial statements of Regina Regional Opportunities Commission, which comprise the statements of financial position at December 31, 2012, December 31, 2011 and January 1, 2011, and the statements of operations, changes in net financial assets and cash flows for the years ended December 31, 2012 and December 31, 2011, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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.

### *Auditor's Responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Regina Regional Opportunities Commission as at December 31, 2012, December 31, 2011 and January 1, 2011 and the results of its operations, changes in net financial assets and cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian public sector accounting standards.

*Deloitte LLP.*

Chartered Accountants

March 28, 2013  
Regina, Saskatchewan

# REGINA REGIONAL OPPORTUNITIES COMMISSION

## Statement of Operations

As at December 31, 2012

	2012 Budget (Unaudited)	2012	2011
<b>REVENUES</b>			
City of Regina - operating grant	\$ 922,900	\$ 922,900	\$ 922,900
Enterprise Saskatchewan - enterprise region funding	76,750	18,750	455,000
Publications	-	1,937	166,075
Partner funding	175,500	105,252	273,697
Tourism Saskatchewan	150,000	166,181	128,573
Other income	564,040	407,180	204,623
	1,889,190	1,622,200	2,150,868
<b>EXPENSES</b>			
Salaries and benefits	1,079,187	1,000,665	1,216,834
Promotion and publicity	314,450	176,597	374,095
General and administrative (Schedule 1)	171,731	148,771	185,137
Occupancy	180,804	160,455	171,858
Professional fees	213,983	178,968	64,046
Program expenses	171,310	74,237	54,008
Recruitment and education	60,495	26,632	47,713
Travel	58,100	45,045	47,433
	2,250,060	1,811,370	2,161,124
<b>(DEFICIT)</b>	<b>(360,870)</b>	<b>(189,170)</b>	<b>(10,256)</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>853,382</b>	<b>853,382</b>	<b>863,638</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 492,512</b>	<b>\$ 664,212</b>	<b>\$ 853,382</b>

See accompanying notes



# REGINA REGIONAL OPPORTUNITIES COMMISSION

## Statement of Changes in Net Financial Assets

As at December 31, 2012

	2012 Budget (Unaudited)	2012 Total	2011 Total
(Deficit)	\$ (360,870)	\$ (189,170)	\$ (10,256)
Acquisition of tangible capital assets	(10,000)	(25,821)	(10,391)
Amortization of tangible capital assets	64,498	82,726	79,843
(Loss) on sale of tangible capital assets	-	-	(79,742)
Proceeds on sale of tangible capital assets	-	-	80,850
	54,498	56,905	70,560
Acquisition of prepaid expenses	(25,515)	(153,649)	(25,515)
Use of prepaid expenses	25,515	25,515	38,206
	-	(128,134)	12,691
(Decrease) increase in net financial assets	(306,372)	(260,399)	72,995
Net financial assets, beginning of year	691,991	691,991	618,996
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 385,619</b>	<b>\$ 431,592</b>	<b>\$ 691,991</b>

See accompanying notes

# REGINA REGIONAL OPPORTUNITIES COMMISSION

## Statement of Cash Flows

As at December 31, 2012

	2012	2011
<b>OPERATING ACTIVITIES</b>		
(Deficit)	\$ (189,170)	\$ (10,256)
Add back (deduct) non-cash items:		
Amortization of tangible capital assets	82,726	79,843
Loss on sale of tangible capital assets	-	(79,742)
Changes in non-cash working capital items:		
Accounts receivable	(43,636)	(71,743)
Prepaid expenses	(128,134)	12,691
Accounts payable and accrued charges	(40,112)	28,589
Deferred revenue	70,840	(30,103)
<b>Cash (applied to) operating activities</b>	<b>(247,486)</b>	<b>(70,721)</b>
<b>CAPITAL ACTIVITIES</b>		
Proceeds from sale of tangible capital assets	-	80,850
Purchase of tangible capital assets	(25,821)	(10,391)
<b>Cash (applied to) provided by capital activities</b>	<b>(25,821)</b>	<b>70,459</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale of short-term investments	-	100,000
Purchase of short-term investments	(5,012)	(5,417)
<b>Cash (applied to) provided by investing transactions</b>	<b>(5,012)</b>	<b>94,583</b>
<b>NET (DECREASE / INCREASE IN CASH)</b>	<b>(278,319)</b>	<b>94,321</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>357,996</b>	<b>263,675</b>
<b>CASH, END OF YEAR</b>	<b>\$ 79,677</b>	<b>\$ 357,996</b>

See accompanying notes

# REGINA REGIONAL OPPORTUNITIES COMMISSION

## Notes to the Financial Statements

December 31, 2012

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### 1. DESCRIPTION OF OPERATIONS

On April 27, 2009, Bylaw 2009-20 created the Regina Regional Opportunities Commission (the "Commission") from the merger of the Regina Regional Economic Development Authority ("RREDA") and Tourism Regina. The Commission began operating as an entity on July 1, 2009.

The broad mandate of the Commission is to create and implement an economic development strategy to grow and sustain prosperity in the Regina region.

### 2. BASIS OF PREPARATION

The Commission's financial statements were previously prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). These financial statements have been prepared in accordance with Canadian public sector accounting standards ("PSAS"). As these financial statements represent the Commission's initial presentation of its financial position, operations and cash flows under PSAS, they were prepared in accordance with PSAS 2125, *First-time Adoption by Government Organizations*.

The transition to PSAS has had no impact on the reported financial position, operations and cash flows of the Commission. Presentation and disclosure changes have been made to ensure these financial statements are in compliance with PSAS requirements.

The Commission adopted PSAS on January 1, 2012, and applied PSAS 2125 in preparing these financial statements. PSAS 2125 requires that comparative financial information be provided. As a result, the first date at which the Commission has applied PSAS was January 1, 2011 ("transition date"). The reporting date for these financial statements is December 31, 2012.

In preparing these financial statements in accordance with PSAS 2125, the Commission has applied the following relevant mandatory exception and optional exemptions from full retrospective application of PSAS:

#### a) *PSAS mandatory exception*

##### i) *Significant estimates*

An entity's estimates under PSAS at the transition date shall be consistent with estimates made at the same date under previous GAAP (after adjustments to reflect differences in accounting policies) unless there is objective evidence that these estimates were in error. All of the Commission's estimates reflect conditions in effect at the transition date.

#### b) *PSAS optional exemptions*

##### i) *Tangible capital asset impairment*

The Commission has elected to adopt the exemption under PSAS 2125, relating to tangible capital asset impairment which allows the Commission to assess the conditions for a write-down on a prospective basis from the transition date.

# REGINA REGIONAL OPPORTUNITIES COMMISSION

## Notes to the Financial Statements

December 31, 2012

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### 3. SIGNIFICANT ACCOUNTING POLICIES

The Commission's significant accounting policies are as follows:

a) *Measurement uncertainty*

The preparation of financial statements in conformity with PSAS requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

b) *Tangible capital assets*

Tangible capital assets are recorded at cost. Amortization has been provided using the straight-line method over the following years:

Building	2 years
Leasehold improvement	3 years
Furniture and equipment	10 years
Flag park	2 years
Display unit	10 years
Highway turnouts	10 years
Computer hardware	5 years
Computer software	2-3 years

Amortization is charged in the year of acquisition and in the year of disposal for a half year. It is expected that these procedures will charge operations with the total cost of the assets over their useful life. Gains or losses on the disposal of individual assets are recognized in income in the year of disposal.

When conditions indicate that a tangible capital asset no longer contributes to the Commission's ability to provide goods or services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value an impairment loss is recognized against the cost of the tangible capital asset and an expense is recognized in the Statement of Operations.

c) *Revenue recognition*

Grant revenue is recognized in the period in which the funds are received unless the grant is restricted. If the grant is restricted by the contributor, the revenue is deferred and recognized when the conditions of the grant have been met.

Publication revenue is recognized when publications are produced, if amounts received can be reasonably estimated and collection is reasonably assured. Publication fees received in advance of production are deferred.

# REGINA REGIONAL OPPORTUNITIES COMMISSION

## Notes to the Financial Statements

December 31, 2012

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### d) Short-term investments

All short-term investments are recorded at cost less write-downs to reflect other than temporary declines in value.

#### e) New standards not yet adopted

A number of new standards and amendments to standards are not yet effective for the year ended December 31, 2012 and have not been applied in preparing these financial statements. In particular, the following new and amended standards become effective for annual periods beginning on or after April 1, 2012:

PS 3450 Financial Instruments  
PS 1201 Financial Statement Presentation  
PS 3410 Government Transfers

The financial impact of these standards is not known at this time.

### 4. SHORT-TERM INVESTMENT

	December 31, 2012	December 31, 2011	January 1, 2011
Renaissance High Interest Savings Account	\$ 405,232	\$ 400,220	\$ 494,803

### 5. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	December 31, 2012	Net Book Value December 31, 2011	January 1, 2011
Building	\$ -	\$ -	\$ 5,000
Leasehold improvements	17,946	53,839	89,732
Furniture and equipment	21,911	25,809	23,617
Computer hardware	9,205	8,797	9,642
Flag park	-	-	1,783
Highway turnouts	6,423	10,602	14,781
Display unit	-	-	224
Computer software	23,486	36,829	61,657
	\$ 78,971	\$ 135,876	\$ 206,436

For additional information, refer to Schedule 2.

# REGINA REGIONAL OPPORTUNITIES COMMISSION

## Notes to the Financial Statements

December 31, 2012

### 6. DEFERRED REVENUE

Deferred revenues represent unspent resources externally restricted for specific projects.

The Commission managed several projects during the year which were funded by senior governments and other parties. At the year end, not all funds received were expended on the related projects. These amounts will be included in income as the related expenses are incurred.

Changes in the deferred revenue balance are as follows:

	Publications	Tourism Saskatchewan Core Funding	AEEI	Stay and Play	Enterprise SK Energy Complex Funding	Corridor Funding	Other	2012	2011
Balance, beginning of year	\$ 1,850	\$ 15,552	\$ -	\$ 28,288	\$ -	\$ -	\$ 11,953	\$ 57,643	\$ 87,746
Amounts recognized in prior year	-	(4,371)	-	-	-	-	-	(4,371)	-
Amounts received/receivable	-	135,000	99,575	-	12,000	47,000	-	293,575	297,137
Amounts recognized as revenue	(1,850)	(146,181)	(41,949)	(306)	-	(16,125)	(11,953)	(218,364)	(327,240)
Balance, end of year	\$ -	\$ -	\$ 57,626	\$ 27,982	\$ 12,000	\$ 30,875	\$ -	\$ 128,483	\$ 57,643

### 7. LEASE COMMITMENT

On June 10, 2010, the Commission entered into a 3-year building lease at the location on Rose Street. The minimum annual lease payment is \$46,516, plus common area costs plus applicable taxes, paid monthly on the first of the month.

### 8. ACCUMULATED SURPLUS

	Unappropriated Surplus	Investment in Tangible Capital Assets	2012 Total	2011 Total
Balance, beginning of year	\$ 717,506	\$ 135,876	\$ 853,382	\$ 863,638
(Shortfall) excess of revenues over expenses	(106,444)	(82,726)	(189,170)	(10,256)
Tangible capital assets investment	(25,821)	25,821	-	-
<b>BALANCE, END OF YEAR</b>	<b>\$ 585,241</b>	<b>\$ 78,971</b>	<b>\$ 664,212</b>	<b>\$ 853,382</b>

# REGINA REGIONAL OPPORTUNITIES COMMISSION

## Schedule 1 - General and Administrative

As at December 31, 2012

	<u>2012</u> <u>Budget</u> <u>(Unaudited)</u>	<u>2012</u>	<u>2011</u>
Amortization	\$ 64,498	\$ 82,726	\$ 79,843
Courier & postage	56,000	7,989	42,328
Information system maintenance	24,000	18,966	23,431
Miscellaneous	4,200	19,774	13,090
Stationary & supplies	10,000	3,682	7,832
Reference material & memberships	5,833	6,801	7,464
Bad debts	2,000	-	5,245
Office equipment - rental & maintenance	4,000	6,794	3,973
Bank charges	1,200	2,039	1,931
	<u>\$ 171,731</u>	<u>\$ 148,771</u>	<u>\$ 185,137</u>



# REGINA REGIONAL OPPORTUNITIES COMMISSION

## Schedule 2 - Tangible Capital Assets

As at December 31, 2012

Tangible capital asset cost:

	January 1, 2011	December 31, 2011	Additions	Disposals and write downs	December 31, 2012
Building	\$ 20,000	\$ -	\$ -	\$ -	\$ -
Leasehold improvements	107,679	107,679	-	-	107,679
Furniture and equipment	100,766	91,046	140	-	91,186
Computer hardware	20,600	21,460	3,681	-	25,141
Flag park	9,267	-	-	-	-
Highway turnout	21,049	21,049	-	-	21,049
Display unit	3,672	3,672	-	(3,672)	-
Computer software	81,338	84,575	22,000	-	106,575
Balance, end of year	\$ 364,371	\$ 329,481	\$ 25,821	\$ (3,672)	\$ 351,630

Accumulated amortization:

	January 1, 2011	December 31, 2011	Amortization charged during year	Disposals and write downs	December 31, 2012
Building	\$ 15,000	\$ -	\$ -	\$ -	\$ -
Leasehold improvements	17,947	53,840	35,893	-	89,733
Furniture and equipment	77,149	65,237	4,038	-	69,275
Computer hardware	10,958	12,663	3,273	-	15,936
Flag park	7,484	-	-	-	-
Highway turnout	6,268	10,447	4,179	-	14,626
Display unit	3,448	3,672	-	(3,672)	-
Computer software	19,681	47,746	35,343	-	83,089
Balance, end of year	\$ 157,935	\$ 193,605	\$ 82,726	\$ (3,672)	\$ 272,659
Net book value	\$ 206,436	\$ 135,876			\$ 78,971

