

CITY OF REGINA
SASKATCHEWAN, CANADA
2011 ANNUAL REPORT

YEAR END DECEMBER 31, 2011



City of Regina



REGINA
Infinite Horizons

**City of Regina
Saskatchewan, Canada**

2011 Annual Report

Year Ended December 31, 2011

Canadian Award for Financial Reporting

Presented to

City of Regina
Saskatchewan

For its Annual
Financial Report
for the Year Ended

December 31, 2010

A Canadian Award for Financial Reporting
is presented by the Government Finance Officers
Association of the United States and Canada
to government units whose annual financial reports
achieve the highest program standards for Canadian
Government accounting and financial reporting.



Linda C. Sandson
President

Jeffrey L. Esser
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, 2010. 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 19th time the City of Regina has received an award for its Annual Financial Report.

The 2011 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

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Introduction

Message from the City Manager

Letter of Transmittal

May 14, 2012

His Worship, the Mayor
And Members of City Council

I am pleased to submit the City of Regina's 2011 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 (PSAS). 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.

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 in accordance with PSAS. 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 & Touche, LLP to perform an independent audit of the City's 2011 consolidated 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 reports from City Administration and the external auditors, 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 2011:

- The City (consolidated entity) had net financial assets of \$59.2 million at the end of 2011, an increase of \$31.5 million from net financial assets of \$27.7 million at the end of 2010.
- Total revenues in 2011 were \$493.6 million, an increase of \$20.7 million from 2010. Total expenses in 2011 were \$384.9 million, an increase of \$2.9 million from 2010.
- The planning, development and monitoring of the annual operating and capital budgets is a fundamental component of the City's financial administration. For 2011, the City's General Operating Fund ended the year with an operating surplus of approximately \$12.7 million. The surplus is determined on a basis consistent with the presentation of the 2011 General Operating Budget before PSAS 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 19th 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, 2010. 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,



Glen B. Davies
City Manager

Message from the Mayor

Dear Regina citizens:

On behalf of my colleagues on City Council, I am proud to present the 2011 Annual Report for the City of Regina.

It's widely known that it is not enough for a municipality just to be liveable, it has to be sustainable. Sustainability is about balance. It's about balancing citizens' expectations with the ability to deliver services. It's about funding growth without jeopardizing sense of community. It's about progressing without forgetting our heritage. It's about prospering without putting our vulnerable people at risk.

Regina is growing and prospering and we are enjoying an enviable quality of life. To maintain our excellent quality of life, we must fortify our future with the four pillars of sustainability: cultural, economic, environmental, and social. Each decision by City Council and the City of Regina administration is made keeping these pillars at top of mind.

I extend my thanks to our City staff that work tirelessly to provide value for your tax dollars in the most effective and efficient way possible. This annual report outlines the results of their diligence. I commend my Council colleagues for their dedication to ensuring the decisions we make are in the best interest of our city.

I look forward to continuing to see our community grow and prosper. I encourage each of you to be involved in your city. There are many ways to engage in City of Regina programs and services: join a committee, volunteer, participate at a forum or open house, follow us on Facebook and Twitter, talk to your Ward Councillor and attend Council meetings. We want to hear from you.

Sincerely,



Pat Fiacco
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.

2011 City Highlights

In 2011, City Council endorsed a strategy for successful community development based on the four pillars of sustainability: cultural, economic, environmental, and social. Together these four components create a balance of all things necessary to help meet residents' needs and maintain excellent quality of life without compromising needs and quality of life for future generations.

Cultural

- The Globe Theatre is celebrating its 45th anniversary during the 2011/12 season. The Globe began as a touring children's theatre company and has evolved into the largest performing arts organization in Saskatchewan and one of the most highly regarded theatres in Canada.
- The Artesian on 13th, a performing arts venue, officially opened. The former 1950s vintage Evangelical United Brethren Church underwent a lengthy revitalization using recycled building elements from across Saskatchewan. The main theatre has a capacity of 198.
- The Creative City Centre officially opened in Regina. The Centre hosts workshops, music concerts, film screenings, and other visual art exhibits as well as house artist studios and a fashion design incubator.
- Regina's Austin Lam is one of only two Canadian dancers accepted into the prestigious Julliard School of New York City.
- Regina's Sheldon Williams Collegiate concert choir and band travelled to New York to take part in the New York Heritage Music Festival. The choir, junior vocal jazz and senior vocal jazz won gold and Outstanding Choral Group for high scoring performances. The concert band won silver for high scoring performances and the instrumental and vocal ensembles won two more awards. Vocalist Taliah Lavertu was presented the adjudicators' Maestro Award for her extraordinary musical ability and sensitivity. The concert choir was invited to compete in Carnegie Hall's National Youth Choir Festival.
- Regina will host the Western Canadian Music Alliance's 2012 BreakOut West festival – a three-day music festival and industry conference. The event is expected to have an economic impact of \$1.8 million to Regina. Sixty artists and bands are expected to participate.
- Regina' Mosaic festival attracted attendance of 224,218 over three days – a 2% increase from 2010. This year's festival marked the first appearances of Brazilian and Korean pavilions as well as the return of the Polish and Francophone venues.
- The Royal Saskatchewan Museum was recognized by the United Nations Educational, Scientific and Cultural Organization for the Human Factor exhibit created by the Museum as part of a program that recognizes projects that educates people about issues surrounding cultural diversity and the environment. The exhibit explains how humans have affected the world such as the steady increase in the demand for energy that depletes resources and pollutes the environment.

- The Saskatchewan African Canadian Heritage Museum installed the Honouring Tree – an 11-metre stainless steel sculpture near the Royal Saskatchewan Museum. Artist Allan Baird created the sculpture which consists of pentagonal stars that turn in the breeze and flash mirrored burst of sunlight on the snow and the green all-year round.
- The “Regina Gateway” Art Project, located near the airport at the intersection of Regina Avenue and Lewvan Drive, opened in August. The 17 steel monoliths running north to south on the west side of Lewvan Drive on both sides of Regina Avenue are meant to welcome people to the city with a representation of the sunshine and the never-ending horizon. The artists took inspiration from the image of a bison spine. The spikes are also meant to track the path of the sun at the summer solstice.
- The Regina Symphony Orchestra kicked off its 2011/12 season with its annual Symphony Under the Sky event in Wascana Centre. The free concert featured Fanfare for the Common Man by Aaron Copland, the Marriage of Figaro by Mozart, Bizet’s Carmen, as well as movie music such as Pirates of the Caribbean, Harry Potter and Jaws. Guest performers were Jeffery Straker and Gainer the Gopher. The two-hour performance wrapped up with Tchaikovsky’s 1812 Overture complete with cannon fire.
- Regina and Moose Jaw will host the Juno Awards in April 2013. It is expected that participants, VIPs and media will use 4,500 room nights during the festivities. In total the event is expected to have a provincial economic impact of \$5.6 million GDP, \$3.4 million in wages and salaries, create or support 85 short-term jobs and generate \$3.3 million in government revenues.
- Wascana Centre Authority will undergo an extensive 18-month review, which will look at all aspects of the WCA’s situation and involve experts assessing the centre’s infrastructure and researching innovative solutions. Another component involves reviewing the mandate, vision, purposes, funding model, governance, organizational structure and core services.
- Sixteen-year-old composer, Arthur Hamilton, won first place in the Canada Federation of Music Teachers’ Association annual awards for his Footprints in the Sand choral piece. He also won first place provincially for Footprints as well as Wings of Memory, a full orchestra piece.

Economic

- City Council authorized the Administration to pursue the development of a process to establish a Design/Build/Finance/Maintain P3 (public private partnership) procurement approach to construct and operate a replacement for Mosaic Stadium with the Final Plan provided to City Council for final consideration.
- Canadian Logistics Services (CLS) officially opened their distribution facility in Regina’s Global Transportation Hub. The first phase employs 176 people in its 423,000 ft² building. The two phases of the \$350-million project will encompass 965,000 ft² and employ nearly 800 people.
- The City Square plaza opened to pedestrians in August 2011. The plaza is approximately 75,000 ft² – a little larger than a football field. 43,000 ft³ of concrete provided a solid base for 345,000 paving stones which took 40 days to install. The plaza is lit with 644 lights: 4 main lights, 33 decorative lights, 13 “living room” lights, 14 sunshade pole lights and around 580 twinkle lights. A skating rink is temporarily located in the plaza for citizens to enjoy. The plaza will host events such as the annual Regina Farmers’ Market, Regina Folk

Festival, I Love Regina Day and the I Love Regina Run. A traffic flow study is scheduled for completion in June to determine if the plaza will be open to vehicle traffic.

- The Regina Chamber of Commerce handed out its annual 2011 Paragon awards for business excellence:
 - Business of the Year – Alliance Energy Group of Companies
 - Young Entrepreneur – Edible Arrangements
 - Community Involvement – Knight Archer Insurance
 - Marketing & Promotional Achievement – Gold's Gym
 - Export Achievement – Partners in Motion
 - Customer Service Excellence – Speers Funeral and Cremation Services
 - New Business Venture – SIGNARAMA
 - Community Alliance – NewsTalk 980 and Red Cross
 - Diversity – Best Western Seven Oaks
 - Environmental Excellence – Ground Effects Environmental Services
 - Award of Distinction (formerly President's Award) – Gavin Semple

- A proposed 16-storey office tower in downtown Regina will be Saskatchewan's largest office building. The 440,000 ft² building will be located on the corner of 12th Avenue and Rose Street and represents an investment of more than \$100 million.

- The Regina Airport Authority completed a \$17-million refurbishment of its two main runways. The work involved resurfacing both the main runway and the crosswind runway. The rebuilding project gives the runways another 15 years of life and will increase the size of the apron, adjacent to the terminal building, permitting more aircraft parking.

- The Regina International Airport welcomed 1,141,177 passengers in 2011, which is a 1.9% increase from 2010. January, February and December were the airport's busiest months serving more than 103,000 passengers each month.

- Canadian Pacific Railway officially broke ground at its \$50-million intermodal facility at the Global Transportation Hub. Construction work on the 300-acre site on the CP mainline will be finished by late 2012. The existing terminal covers only 17 acres. The new terminal will be able to handle about 250,000 container loadings per year compared with 45,000 at its present facility. Approximately 100 jobs will be created during construction.

- The Western Canada Farm Progress Show welcomed more than 400 international visitors, more than 45,000 people, and an estimated \$380 million in business deals.

- Yanke Group of Companies will be the third major tenant at the Global Transportation Hub. Yanke will build a \$20-million intermodal and trucking terminal, container yard, refrigerated warehouse and related facilities on a 40-acre site. The project will handle about 400-500 truck loads per week and create 40 new jobs.

- Edmonton-based Stantec expanded its transportation group to Saskatchewan including 26 professional and technical staff based in Regina and Saskatoon. 300 Stantec staff are located in Saskatchewan. Stantec's transportation group provides services in roadway planning and design, bridges, airports and aviation, transit, railroads, transportation planning, traffic operations, intelligent transportation systems, parking, pavement engineering, infrastructure and asset management, and construction services.

- Three Regina companies were winners at the 2011 Abex Awards: Business of the Year – Magna Electric Corp; Community Involvement – Knight Archer Insurance; and Growth and Expansion – Magna Electric Corp.
- Site Selection magazine ranked Regina as one of the top 10 places to invest in Canada. The award is based on criteria regarding the attractiveness of the region including the number of new facilities and expansions; projects, capital investment, and job creation per capita; and the number of projects creating 100 or more jobs per capita. Regina was one of only three communities chosen outside of Ontario and Quebec and the only one selected in Saskatchewan.
- Co-operators Life Insurance was again named to Canada's Top 100 Employers list for having opportunities to interact directly with the executive VP and COO, subsidies for tuition and professional accreditation, in-house training, career management sessions, and a unique workplace.
- A partnership between SaskTel and CGI Group Inc. has laid the groundwork for the establishment of an SAP (Systems, Applications and Products for Data Processing) centre of excellence for Western Canada and the creation of 70 new high-tech jobs at CGI's Regina office. The seven-year, \$21.9-million contract will see SaskTel become the anchor tenant for the centre with CGI providing the information technology services to SaskTel and other SAP users.
- Prime Minister Stephen Harper was on hand as Regina-based Alliance Grain Traders announced plans for a \$50-million pasta and pulse milling plant. The first of its kind in Canada, the plant will generate 150 construction jobs and 60 permanent jobs when completed in 2013 at the Global Transportation Hub.
- The Canadian Western Agribition attracted 126,000 visitors to its 2011 show and sale. Other highlights include: a 15% increase in rodeo attendance; new features such as the First Nations Pavilion, rodeo theme nights and the Winners' Circle auctioneer competition; and 5,000 school children attending. CBC's Rick Mercer Report taped a segment to be aired in 2012.
- Three Regina companies – Farm Credit Canada, Conexus Credit Union, and Co-operators Life Insurance – ranked on Aon Hewitt's 50 Best Employers in Canada for 2011.
- The File Hills Qu'Appelle Tribal Council (FHQ) is partnering with Points Athabasca (PA), a First Nations Construction group, to form Points Athabasca FHQ. PA is 75% owned by a group of northern Saskatchewan First Nations and 25% owned by Graham Construction. The intent of the new organization is to get more First Nations workers into construction. Points Athabasca recently won an ABEX award for business excellence in the "Aboriginal Business Partnership" category.
- The 49-year-old Plains Hotel was demolished making way for a new \$100-million hotel and condominium project – Capital Pointe Plaza – expected to begin construction in the spring. Occupancy is scheduled for 2013.
- Kawacatoose First Nation will work with Native American Resource Partners (NARP) to help the band develop its potash reserves. NARP is a Canada-US private investment firm that provides capital to First Nations so they can develop their own natural resource projects.

- A recent economic impact survey determined that the clients of Innovation Place collectively contributed more than \$290 million toward Regina's economy. 3,300 jobs can be attributed to Innovation Place clients.
- Regina hosted the inaugural National Infrastructure Summit (NIS) from January 26 to 28, 2011. A total of 350 delegates from across Canada attended sessions with presenters from Canada, the US, the UK, Australia, and The Netherlands. At the close of the summit, Mayor Fiocco announced the formation of a working group made up of representatives from government and industry to develop a national infrastructure strategy. Regina will host the second NIS in September 2012.
- In 2010, City Council approved the Hawkstone neighbourhood plan, which will guide development of the area located immediately to the north of Argyle Park in northwest Regina. In 2011 the first phase of development was approved and in 2012 applications will be considered for the first apartment and condominium sites within the new neighbourhood.
- The Saskatchewan Chamber of Commerce launched the Labour Market Task Force to ensure skilled workers will be available to meet the labour demand. Led by the Chamber and involving industry, business, labour, post-secondary and government representatives, the task force will build on the work of the Labour Market Commission that was wound down in 2009 due to Provincial budget constraints.
- Regina-headquartered Viterro Inc. posted net earnings of \$265 million in 2011 – an increase of 83% from the previous year.
- The Regina & Region Home Builders' Association (RRHBA) won several awards at the Canadian Home Builders Association national conference. RRHBA won the Colonel Boss award for making the greatest progress and achievement; the Harry J. Long Memorial Trophy for highest membership increase; and the Dave Stupart Award of Honour for the executive officer of the year for Stu Niebergall. CHBA represents more than 8,000 member firms across Canada.

Environmental

- Regina-based IPAC-CO₂, a non-profit research organization responsible for developing standards for the safe, long-term geologic storage of carbon dioxide and other green house gases, is sharing its knowledge with other countries. In partnership with the Canadian Standards Association (CSA) and CSA America, IPAC-CO₂ is developing the world's first standard for geologic storage of CO₂. The standard, which covers site screening and selection to decommissioning and monitoring of CO₂ storage sites, will be reviewed by a panel of three dozen experts from Canada and the US.
- Regina-based Ground Effects Environmental Services Inc.'s CEO Sean Frisky was named the Canadian Environmental Technology Advancement Corporation 2011 Entrepreneur of the Year. The award recognized the company's accomplishments in wastewater treatment, specifically for the oil and gas industry and wastewater disposal facilities.
- The University of Regina's Heating and Cooling Plant won the Royal Architectural Institute of Canada's 2011 Prix du XXe siècle Award for enduring quality and influence on contemporary architecture. Built in 1967-68, the building was designed by Clifford Wiens.

- Regina Transit won an Innovation Award by the Canadian Urban Transit Association (CUTA) for the introduction of the automated fare system and the use of the smart card known as the R-Card.
- A \$2.7-million investment in a hydrogen pilot plant at the University of Regina could set the stage for the commercialization of a catalyst that could revolutionize the production of hydrogen for the energy sector. The funding is from the Canada-Saskatchewan Western Economic Partnership Agreement.
- Edmonton-based Stantec established its Clean Coal Centre of Excellence in Regina employing 70 people. Stantec set up the centre as a result of its involvement in the Boundary Dam CCS (carbon capture and sequestration) project. It will be among the first commercial-scale CCS facilities in the world.
- The City of Regina plans to use some of the sludge left from wastewater treatment at the landfill. The sludge will be used as a sort of compost on top of the decommissioned areas of the landfill so trees, grass and shrubbery can grow. The project is expected to start in the next five years.
- The National Research Council opened its \$1-million testing facility for drinking water infrastructure. Located at a former firehall in Regina's southeast, it is part of the NRC's Centre for Sustainable Infrastructure Research. The centre can test water under virtually all conditions – from small town to big city, from cast iron pipe to PVC, from highly chlorinated to pure distilled and everything in between. The testing centre could help municipalities explore different designs for water infrastructure before the expense of building them.
- With the City of Regina's support and leadership, Communities of Tomorrow has been able to build Canada's first Municipal Innovation Network in Saskatchewan. Fifteen municipalities have signed MOU's with CT, committing them to collaborate with other municipalities and various CT partners in developing smarter infrastructure. The network also comprises companies and research organizations that are developing innovative infrastructure products and services.
- Communities of Tomorrow is working with the City of Regina to develop a new technology that will substantially reduce the excavation required to replace leaking residential water pipes. Field trials of a new prototype device that pulls new pipes through the old ones underground were completed late in 2011. Perfection of this system could save Regina and other cities millions of dollars in replacement costs.
- CT's investment of \$2.5 million in product development projects has leveraged over \$10 million in funding for the Saskatchewan companies involved. Those companies generated over \$14 million in sales revenues last year.
- Communities of Tomorrow and 15 Saskatchewan municipalities are all contributing to a Leveraged Municipal Innovation Fund that is investing \$450,000 in applied technology research that will help cities get greater value for tax dollars spent in areas like road maintenance and wastewater treatment.
- Regina continues to enjoy an international reputation as the centre of expertise in carbon capture sequestration and enhanced oil recovery due to the research being carried out by several clients of Innovation Place and their partners at the University of Regina. More opportunities will arise as the world embraces these new technologies.

Social

- Fitted with specialized fitness equipment, the First Steps Spinal Cord Injury Wellness Centre opened in Regina. The centre is the first certified Project Walk provider in Canada. Project Walk is an intensive exercise and wellness program geared towards those with spinal cord injuries.
- The Balfour Special Tutorial program, which helps pregnant students and teen mothers, was renamed the Shirley Schneider Support Centre to honour founder Shirley Schneider. The centre opened in 1972 to help young pregnant teens who were no longer in school complete their education in a supportive environment.
- Two Regina Public schools are being rebuilt. Students and staff at Douglas Park School and Arcola Community School will soon be going to learn and work in environmentally-sound buildings specifically built to facilitate learning. Both schools are scheduled to open for the 2012/13 school year.
- The Regina Humane Society launched its mobile spay and neuter clinic, a first in Canada, to help address pet over-population. The mobile clinic will provide subsidized pet spay and neuter surgeries to financially disadvantaged pet owners as well as animal rescue organizations in Regina. RHS partnered with the City of Regina to deliver the service.
- This Old House magazine selected Regina's Crescents neighbourhood as one of their Best Old-House Neighborhoods for 2011. The magazine named a "best" neighbourhood in each of the 50 states; Washington, DC; each of the 10 provinces and territories; and Puerto Rico. The magazine reaches an audience of six million people.
- The Salvation Army, Carmichael Outreach, the Regina & District Food Bank and the provincial government launched the Fork Lift Training Partnership to provide unemployed people with fork-lift, skid steer loader and pallet jack certification and WHMIS training. The goal is to maximize the opportunities for participants to obtain steady employment.
- The sod was turned for a new home to assist homeless youth in Regina. Regina Youth for Christ (YFC) began operating in 2004 with a youth centre. They realized the need for housing for homeless youth and began the U-Turn project to provide boarding-style housing focussing on teaching life skills for street youth. Their rental accommodations were filled with a 10-person waiting list so they began fundraising to purchase or build a new home. With donations from businesses such as Westridge Construction, they were able to begin building.
- The City of Regina is partnering with the Regina Downtown and the Regina & District Chamber of Commerce to raise awareness about the importance of recording, reporting and removing graffiti. As well, the Regina Police Service has hired a full-time graffiti coordinator.
- Regina won the right to host the 2014 North American Indigenous Games. The games are expected to attract 10,000 athletes, coaches, family members and supporters over a two-week period. The Games showcase athletes between 15 and 19 and includes 15 sports. The event has a \$10.35 million budget and is expected to infuse \$30-35 million into the local economy.
- The First Nations University of Canada celebrated its 35th anniversary as a federated college of the University of Regina.

- The Ministry of Education, the City of Regina, Regina Public Schools and the Regina Public Library formally announced more than \$38 million in capital funding for the new North Central shared facility. When completed, this will be the new home of Scott Collegiate and integrated services and programs to collectively serve the community. Planning is ongoing for this ambitious project.
- YWCA Regina's executive director, Deanna Elias Henry was awarded the national YWCA's Carolyn B. Bray's Memorial Award for her contributions to the YWCA.
- Regina's Street Culture Kidz opened the province's first youth shelter, which provides food services, medical and educational support and programming for nine disenfranchised young men and six young women. Staff will determine if the youth are homeless, assesses for addictions, educational capacity and justice involvement. Within a week of residency, a plan will be developed to involve them in school, employment or a skills development course and find them longer-term living arrangements.
- Regina-headquartered Farm Credit Canada (FCC) is providing \$50,000 through its FCC Aboriginal Student Empowerment Fund to help Aboriginal students in Moose Jaw and Regina achieve their educational goals at four post-secondary institutions – First Nations University of Canada, the University of Regina, Saskatchewan Indian Institute of Technologies and SIAST.
- The University of Regina reported that enrolment had increased by 11% at the University and its three federated colleges – First Nations University of Canada, Luther College and Campion College.
- The new Mother Teresa Middle School opened in Regina. The school is a Jesuit Nativity Miguel Academy and the first in Canada and among 60 in the US. The schools focus on small class sizes, involve families of students and have extended school days and school years. The program for middle-year students follows its graduates and offers them support through high school and on to post-secondary education.
- The sod was turned at an affordable housing project in Coronation Park. The \$5.3-million project consisting of 24 townhouse units is expected to be complete in spring 2012. The project is a partnership among the Province, the City of Regina and Silver Sage Housing Corp.
- Scotiabank donated \$75,000 from its Bright Future fund to the RCMP Heritage Centre for educational and public programming. The funds will support a new educational program, A Pledge for Peace, which shares the story of RCMP police officers who work on international peace missions and encourages children to reflect on the meaning of peace in their own lives. Scotiabank's gift makes it possible for school and youth groups who are unable to afford access to take part in the experience.
- The University of Regina celebrated its 100th anniversary. What began with 27 students as the Regina College has grown to the present-day university with its largest enrolment of nearly 13,000 students.
- Regina will host the 2013 Grey Cup. The economic impact is estimated at \$30-35 million and that every hotel in the city will be filled to capacity. Festivities will use venues at Evraz Place, Regina Downtown BID including the City Square plaza, FW Hill Mall and hotel, restaurants, and lounges.

- The City of Regina made Canadian history as the first city in Canada to permanently raise a First Nations flag. The Treaty 4 flag now flies with the Canada, Saskatchewan, Regina, and Union Jack in front of Regina City Hall. The event was attended by dignitaries including national Chief Shawn Atleo and Treaty Commissioner Bill McKnight. Regina is located within Treaty 4 territory, which encompasses 34 First Nations in Southern Saskatchewan and Manitoba.
- The Prince of Wales Library branch re-opened at the Core Ritchie Neighbourhood Centre. The branch is the first library branch to be opened in Regina since 1995. The building's total cost was \$1.5 million, which was fully funded through the Library Home Lottery. The new branch has 10,000 items, a 24-hour book drop and two self-check machines.
- The City of Regina made history for the second time in just over a month with the raising of the Métis Nation flag at City Hall. The flag raising recognizes the history and the contributions of the Métis people in the Regina region. The event coincides with the national celebrations commemorating Métis Leader Louis Riel who was executed in Regina on November 16, 1885.
- The Regina General Hospital's Mosaic Heart Centre has the most high-tech electrophysiology lab in the country. The Kinsmen Telemiracle Foundation Electrophysiology Lab's technology allowed the Regina Qu'Appelle Health Region to recruit Dr. Omar Sultan who specializes in treating complex heart arrhythmias.
- A Regina women's shelter is undergoing a \$1.25-million expansion. Regina Transition House will grow by 3,000 ft² making room for seven or eight more residents and includes an accessible room and an elevator.
- Regina Police Service unveiled its new high-tech Automated Fingerprint Identification System (AFIS). The \$45,000 computerized system replaces one that had been in use since 1999 and is part of a \$1.38-million network shared with the Calgary and Edmonton police services. The new system provides higher definition, better quality images for comparison of fingerprints taken from crime scenes. The new system can also capture and search palm prints – a tool that was previously unavailable to RPS members.
- University of Regina president Vianne Timmons was once again named as one of the Women's Executive Network's 100 Most Powerful Women in Canada. Also named were Marian Zerr, Saskatchewan's former deputy minister of Social Services and Twyla Meredith, CEO of the Saskatchewan Gaming Corporation.
- The Regina Qu'Appelle Health Region and the Hospitals of Regina unveiled its new state-of-the-art neonatal ambulance. The \$350,000 vehicle is the first of its kind in Canada. The new ambulance provides workers and patients with some of the most advanced safety features available and brings an intensive level of care right to where the baby is born. The vehicle also comes with its own generator that can be used in the event of a power failure and to supply supplemental heat or air conditioning when needed. It's also equipped with an infrared camera to alert the driver of possible pedestrians or animals.
- Saskatchewan's largest privately held company, the Brandt Group of Companies, launched its "Thanks a Billion" campaign to give back to the community and its employees for the company surpassing \$1 billion in revenues. Brandt gifted \$100,000 to the United Way of Regina, \$50,000 to the Children's Wish Foundation, and provided employees with profit sharing and pre-loaded VISA cards.

- The City of Regina and the Regina Leader-Post have partnered to offer the My Pet Matters Rewards Program for pet owners. The goal is to encourage more pet owners to license their cats and dogs in 2012 by providing a rewards program that offers discounts at 20 local businesses including pet stores and services, restaurants, cleaning services, and the Regina Humane Society. By using the card, pet owners could recoup the cost of their pet's licence and more.
- Construction began on the STARS air ambulance service base at the Regina International Airport. An existing hangar, purchased from Redhead Equipment Ltd., will be converted to a space for two helicopters, aircraft engineering equipment and maintenance activity, medical and aviation crew training and staging areas. It is expected the air ambulance service will be available by spring. Ultimately a landing pad will be located at the Regina General Hospital, but in the interim STARS will land at the airport and patients will be transported to the hospital via ambulance.
- The City of Regina launched the 24th annual Ding in the New Year program, a partnership between SGI and Regina Transit, which offers free bus and paratransit services from 7 p.m. Dec 31 to 2:15 a.m. on New Year's Day. Approximately 230,000 people have used the service since it was first launched in 1988.
- According to the Regina Police Service, there has been a 10.9% decrease in violent crime in Regina in the first 11 months of the year. Property crime is down 5.1%. Though the year's final audit is not yet complete, the year-end numbers will reflect decreases in both crime categories.
- McEwen Manor opened in Regina's inner city. The \$6-million housing project is a three-storey, multi-use building that includes 40 housing units for people with serious mental health conditions and cognitive disabilities who require support to live independently. The project is a partnership among three orders of government, community partners and agencies.
- SGI employees donated 2,700 children's books to Saskatchewan Foster Families Association. The books, including baby books, nursery rhymes, mystery novels, picture books, tales of animals and youth reference books, will be distributed to foster homes across the province.
- According to Statistics Canada, Saskatchewan's population reached 1,063,535 people in October 2011.
- The City of Regina unveiled the Memorial Cross Park in Walsh Acres as a dedication to fallen soldiers in a moving ceremony. The ceremony also included a private presentation of a Memorial Cross to the parents of Master Corporal Jeffrey Walsh who was killed while serving in Afghanistan in 2006. A Memorial Cross has been granted since 1919 to loved ones of Canadian armed forces personnel who died in service.
- The Regina Trades and Skills Centre (RTSC) hosted the unveiling of the Bruce Pearce Perseverance Award in March 2011. Bruce Pearce, a long-time educator and principal at Regina Public Schools inspired many students and colleagues to persevere and excel. He was instrumental in the formation of the RTSC and the Trades and Skills Construction Apprenticeship Program for Regina's Grades 11 and 12 students. Pearce tragically passed away in 2010.

- Glen Elm School students trained, ran and won the I Love Regina Run Mayor's Challenge (3 km) on June 12. With 45% of the school's student body, this was not only the highest participation rate of any school, but it was also the second year in a row that Mrs. Lazarou's Grades 1/2 class championed the school into a win. This participation is linked to the school's commitment to having physically active students.
- Henry Janzen School was approached by Farm Credit Canada to help support a local food drive. Henry Janzen School students, staff and community collected hundreds of bags with a total of 1,600 pounds of food for the Regina & District Food Bank.

City Council

City Council is responsible for the governance of the City of Regina, subject to Provincial legislation. With the 2012 municipal election, members of City Council will be elected for a four-year term. 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 2009 - 2012 term are shown below.



Back Row:

Councillor Michael Fougere
Councillor Fred Clipsham
Councillor Chris Szarka

Middle Row:

Councillor Jocelyn Hutchinson
Mayor Pat Fiacco
Councillor John Findura
Councillor Wade Murray

Front Row:

Councillor Louis Browne
Councillor Mike O'Donnell
Councillor Terry Hincks
Councillor Sharron Bryce

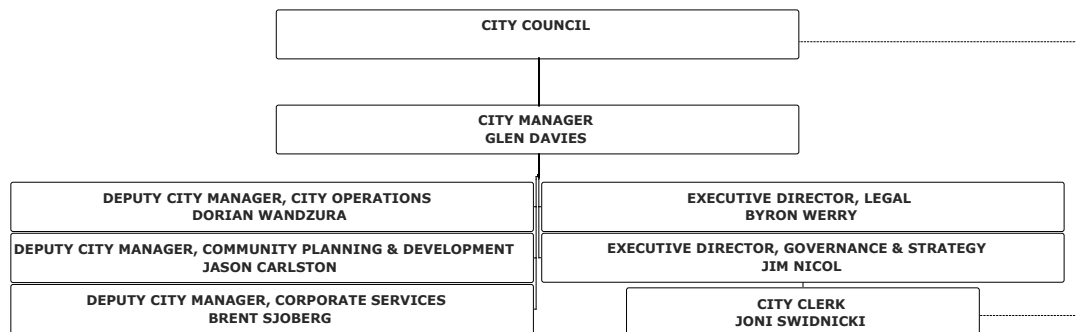
City Administration

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.

New Corporate Organizational Structure

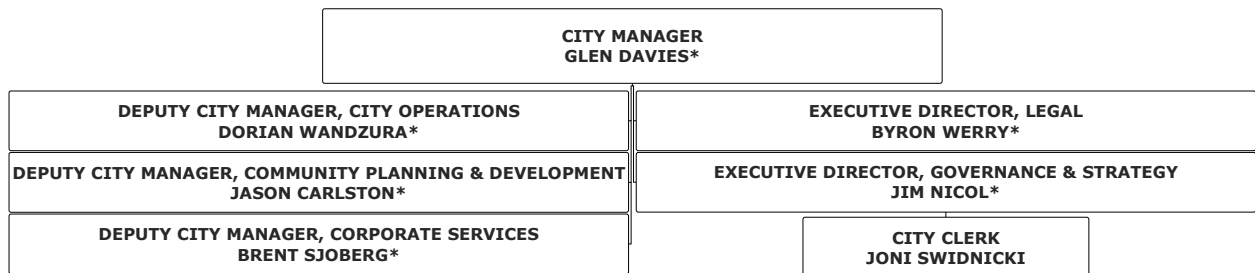
The City of Regina restructured its organization in November 2011. The change involved moving from four Divisions (Corporate Services, Public Works, Community & Protective Services, and Planning & Development) to three Divisions (Corporate Services, City Operations, and Community Planning & Development). Each Division is led by a Deputy City Manager rather than a General Manager; two Executive Directors will be in charge of the offices of Legal and Governance and Strategy. The new structure is designed to improve our ability to be high-performing, customer focused and engage employees. This change is also consistent with the City's long-term mission to become the best-run municipality in Canada.



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.

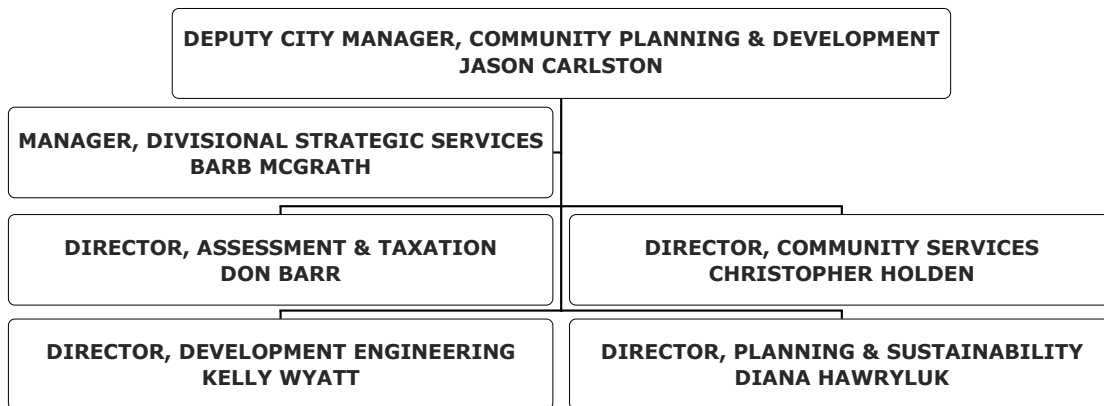
The Office of the City Manager includes the Office of the City Solicitor and the Office of Governance & Strategy. Corporate Services, Community Planning & Development, and City Operations Divisions also report to the City Manager. The Office of Governance & Strategy includes the following branches: Office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



**denotes members of the Executive Leadership Team.*

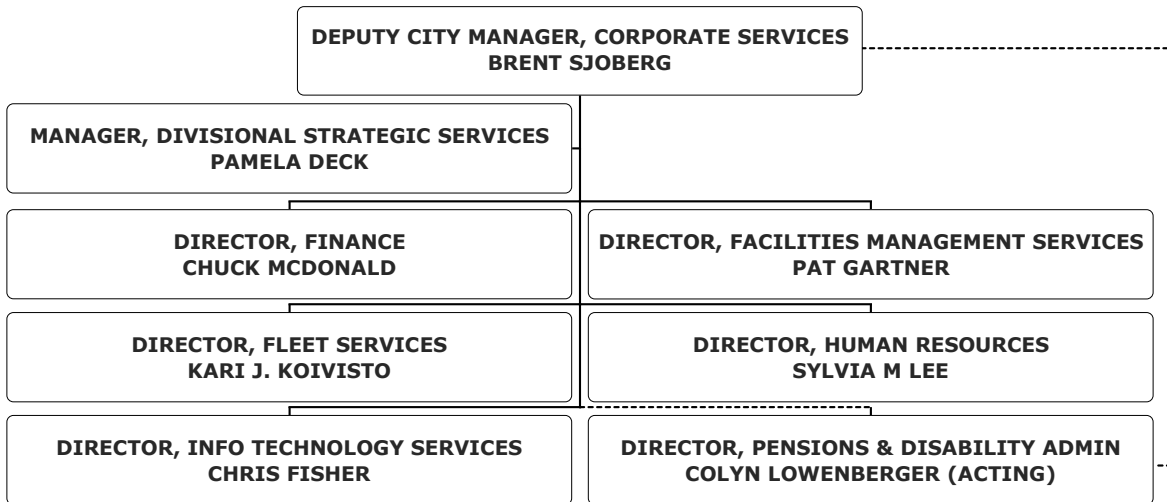
Community Planning & Development

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, and real estate services are also its responsibility.



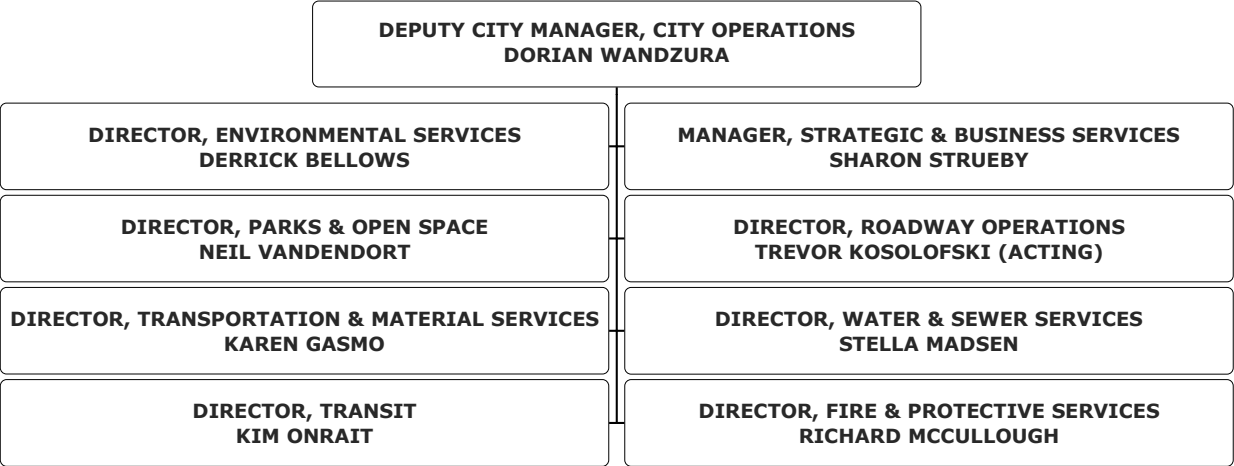
Corporate Services Division

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.



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 annual police budget must be approved by City Council.

Our Future

Regina led Canada with economic growth of 6.1 per cent in 2011, according to forecasting agency the Conference Board of Canada and its *Metropolitan Outlook, Spring 2012* report. That robust economic growth will ease to 2.7 per cent in 2012 with a stronger 3.5 per cent expected for 2013.

Retailers have done well in Regina, since average income growth over the past five years has been the fastest among Canada's 27 largest urban centres. The Conference Board of Canada states that in 2011, retail sales rose nearly 10 per cent. That strength in services—especially wholesale and retail trade—will lead to GDP growth of 2.7 per cent in Regina in 2012.

Transportation and warehousing also enjoyed strong 7.7 per cent growth last year, the fastest in 17 years, as Regina's Global Transportation Hub continues to evolve and as our economy boosts transportation and warehousing requirements.

In 2011 Regina was Canada's third fastest growing metropolitan area with an increase of about 5,000 people over 2010. That's a population surge in a five-year period from 1.1 per cent to 8 per cent in 2011. There were an estimated 217,000 people living in the Regina area; the area's average age is the fourth lowest in the country at 36.9. Regina's population as of 2011 is 210,556 having increased by 15,585 when compared to stats from the last census in 2006.

The Conference Board of Canada and Statistics Canada also show that Regina's unemployment rate reached an eight-year high of 5.3 per cent in 2011. This increase is mostly due to a large influx of immigrants to Regina looking for jobs. That unemployment number will drop to 4.8 per cent in 2012 due to more employment and a projected smaller labour force. The increase of immigrants to the city – a record high of more than 4,000 arrivals - greatly increased demand for housing in 2011, resulting in 1,694, Regina's highest recorded of housing starts since 1983. In total, Regina posted a 28.0 per cent increase in new home construction over the past year, and the City of Regina issued building permits valued at a record \$547.7 million during 2011.

Our corporate strategic plan, *Accelerating Excellence*, guides our work to seize opportunity, address community issues, and manage our growth in order to make our vision for Regina a reality. Our five-year strategic plan provides a blueprint for building our vision from now through 2012.

The City of Regina has announced its 2012 budget, and will continue to strategically work towards meeting challenges in this year's areas of investments:

1. Building and maintaining our streets and bridges
2. Growing our city responsibly
3. Building a healthy and safe community for residents

Even with 2012 revenue from the Saskatchewan Government, the City is facing a \$1.6 million gap of infrastructure funding. Since federal and provincial governments no longer provide funding for infrastructure programs, the City will continue to look for alternative revenues to continue to work towards providing quality services to our community at a reasonable cost to taxpayers.

As stated, a pressing issue the City of Regina is continually forced to address is the increasing need to renew infrastructure. In 2012, the City of Regina is investing in the following necessary infrastructure repair projects: \$31 million in repairing streets, bridges and alleys; \$9.1 million in new road construction; \$9.4 million in maintaining and upgrading the City's fleet of vehicles; \$12.9 million in managing waste and moving forward with Waste Plan Regina, the city's new waste management program that will include curb-side recycling and other enhancements; and \$6.1 million in growth costs, including adding utility connections and roads for new developments as well as moving forward with Design Regina, the City's official community plan.

This need to improve aging infrastructure felt by the City of Regina and other municipalities across Canada was addressed at the first-ever National Infrastructure Summit (NIS) hosted in Regina in the spring of 2011. Regina will also host the 2nd Annual NIS in June 2012. This Summit will once again attract private, public and non-profit audiences and create a gathering place for municipalities from across Canada to voice concerns of increasing infrastructure costs, explore interim and viable solutions, and discuss where to access alternative funding sources.

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**FINANCIAL STATEMENT
DISCUSSION AND ANALYSIS**

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2011

INTRODUCTION

The City of Regina 2011 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 2011 Consolidated Financial Statements report net financial assets of \$59.2 million, an increase of \$31.5 million from \$27.7 million at the end of 2010. A net financial asset position indicates financial resources are on hand to finance future operations.
- The 2011 Consolidated Financial Statements also show an excess of revenues over expenses of \$108.8 million compared to \$90.8 million in 2010.
- The City's accumulated surplus increased from \$1.078 billion at the end of 2010 to \$1.187 billion at December 31, 2011. Virtually all of the accumulated surplus is tied up in non-financial assets, such as tangible capital assets. Our non-financial assets were \$1.128 billion at the end of 2011. Net financial assets are a better indicator of the financial resources on hand to finance future operations.
- Revenues increased by \$20.7 million and expenses increased \$2.8 million from 2010. 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 decreased by \$2.2 million to \$142.3 million. The General Fund reserve increased due primarily to an operating surplus, and a new land development reserve that was established which has a balance of \$8.3 million. The increases noted were offset by a decrease in the General Utility reserve as funding was allocated to capital projects.

Demographic and Economic Information

	2011	2010	2009	2008	2007
Population (Census Metropolitan area)	217,000	215,000	210,000	205,000	201,500
Building permits					
Number	2,790	2,539	2,307	2,387	2,175
Values (\$000)	547,700	426,800	458,400	342,800	336,100
Urban dwelling starts	1,694	1,347	867	1,138	1,114
Inflation rate for Regina (%)	2.9%	1.5%	1.7%	3.2%	2.6%
GDP Growth for Regina (%)	6.1%	2.3%	0.1%	4.1%	3.1%
Unemployment rate (%)					
Regina	5.3%	4.8%	4.4%	3.9%	5.0%
Saskatchewan	5.0%	5.2%	5.8%	4.1%	4.2%
Canada	7.4%	8.0%	8.2%	6.1%	6.0%
Average selling prices of homes (\$)	268,000	258,000	244,000	229,000	166,000

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2011

ANALYSIS

Revenues - Budget to Actual and Prior Year Comparison

	2011 Budget	2011 Actual	Budget Variance Favourable (Unfavourable)	2010 Actual	Year over Year Increase (Decrease)
Taxation	164,965	165,224	259	154,746	10,478
Fees and charges	124,767	135,510	10,743	117,503	18,007
Government transfers	64,574	70,733	6,159	93,723	(22,990)
Electrical distribution	29,557	30,061	504	28,633	1,428
Licenses, fines and levies	9,953	11,097	1,144	10,166	931
Gas distribution	5,399	6,645	1,246	6,875	(230)
Interest and penalties	1,468	1,366	(102)	2,018	(652)
Interest on portfolio investments	4,931	8,666	3,735	9,484	(818)
Realized gains on portfolio investments	-	7,070	7,070	3,963	3,107
Service agreement fees	27,258	18,875	(8,383)	12,537	6,338
Land sales	3,000	8,307	5,307	3,636	4,671
Other	2,138	368	(1,770)	2,221	(1,853)
Contribution of tangible capital assets	-	29,711	29,711	27,386	2,325
	438,010	493,633	55,623	472,891	20,742

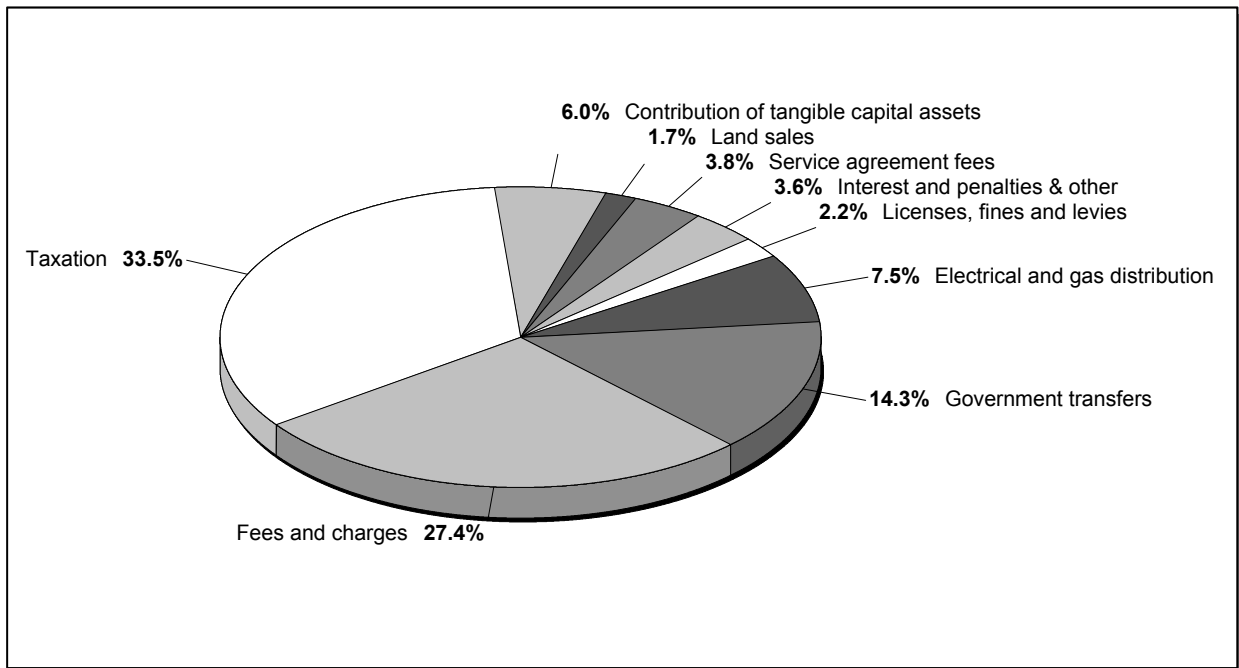
The schedule above includes both operating and capital revenues.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS
(in thousands of dollars)

December 31, 2011

ANALYSIS (cont'd)

2011 Revenue

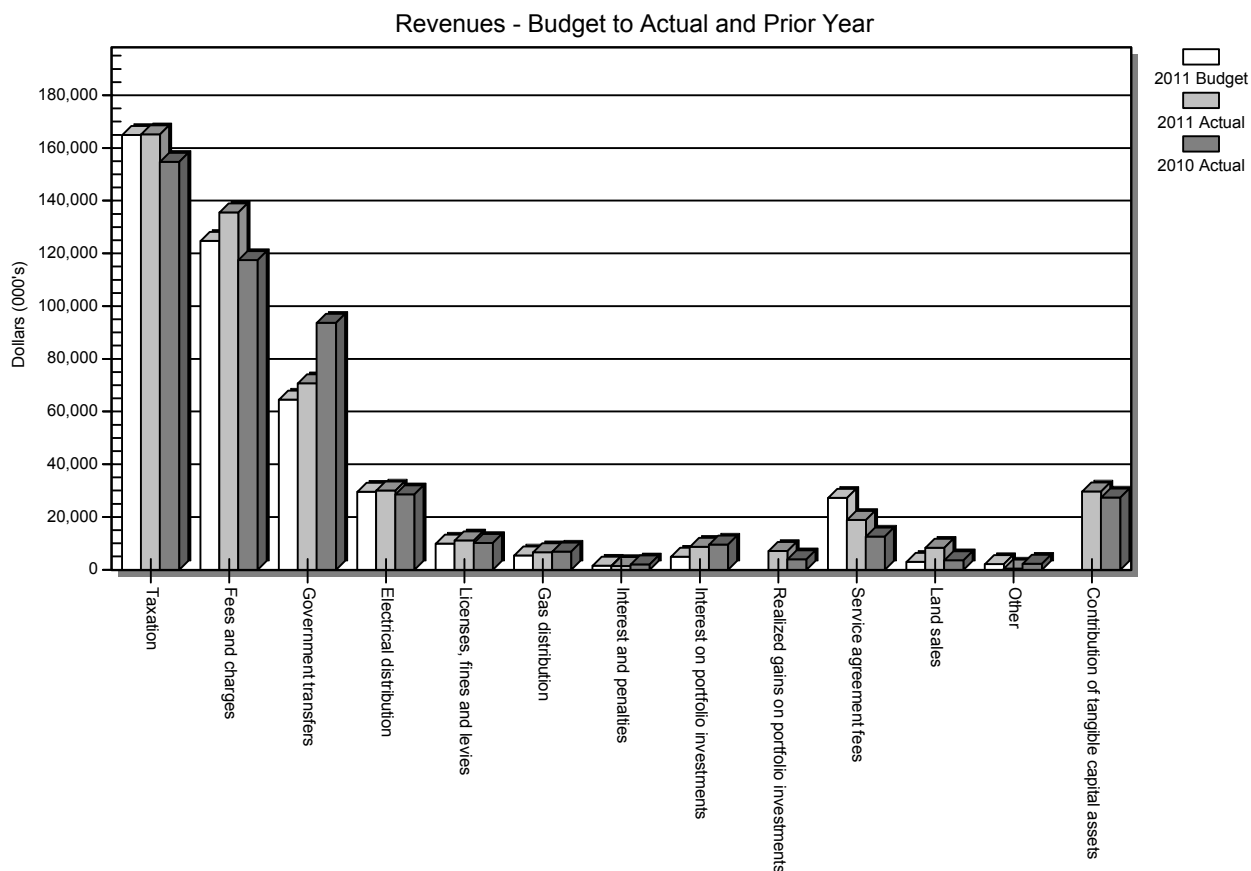


FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2011

ANALYSIS (cont'd)



Government transfers were \$6.2 million or 9.5% 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 2011 were \$23.0 million less than 2010 primarily due to several significant sources of third party funding programs winding down in 2011.

Contribution of tangible capital assets for 2011 were \$29.7 million above budget since this item is not budgeted for. They were \$2.3 million higher than 2010 primarily due to the start of the urban highway connector program. 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.

Service agreement fees for 2011 were \$8.4 million below budget and \$6.3 million more than 2010. The increase from prior year was primarily due to an increase in development. The difference between budget

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2011

ANALYSIS (cont'd)

and actuals is due to budget being what we allocate to capital projects in a year whereas revenue is recorded when it is earned. Several projects were not at the stage where budgeted revenues could be reported as earned.

Realized gains on portfolio investments for 2011 was \$7.1 million above budget since this is a one-time item that is not budgeted for.

Fees and charges for 2011 were \$10.7 million or 8.6% above budget and \$18.0 million higher than 2010 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.

Taxation revenue for 2011 was basically on budget at \$259.0 thousand over the budget estimate. This revenue was \$10.5 million higher compared to 2010 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.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2011

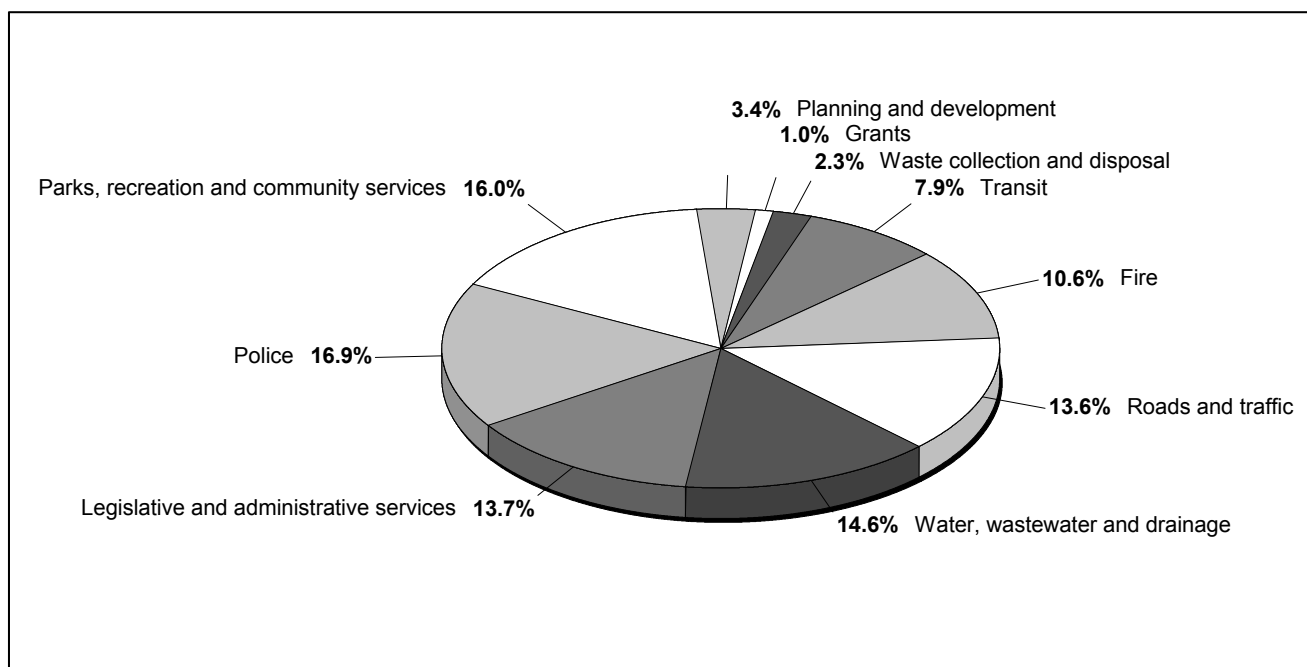
ANALYSIS (cont'd)

Expenses - Budget to Actual and Prior Year Comparison

	2011 Budget	2011 Actual	Variance Favourable (Unfavourable)	2010 Actual	Increase (Decrease)
Parks, recreation and community services	62,309	61,577	732	57,843	3,734
Police	64,367	65,181	(814)	64,856	325
Legislative and administrative services	48,529	52,622	(4,093)	46,244	6,378
Water, wastewater and drainage	55,952	56,116	(164)	56,409	(293)
Roads and traffic	48,103	52,397	(4,294)	50,550	1,847
Fire	40,569	40,928	(359)	38,283	2,645
Transit	28,693	30,412	(1,719)	28,085	2,327
Waste collection and disposal	13,650	8,490	5,160	13,467	(4,977)
Grants	5,997	3,967	2,030	14,932	(10,965)
Planning and development	13,306	13,166	140	11,378	1,788
	381,475	384,856	(3,381)	382,047	2,809

The schedule above includes both operating and capital expenses.

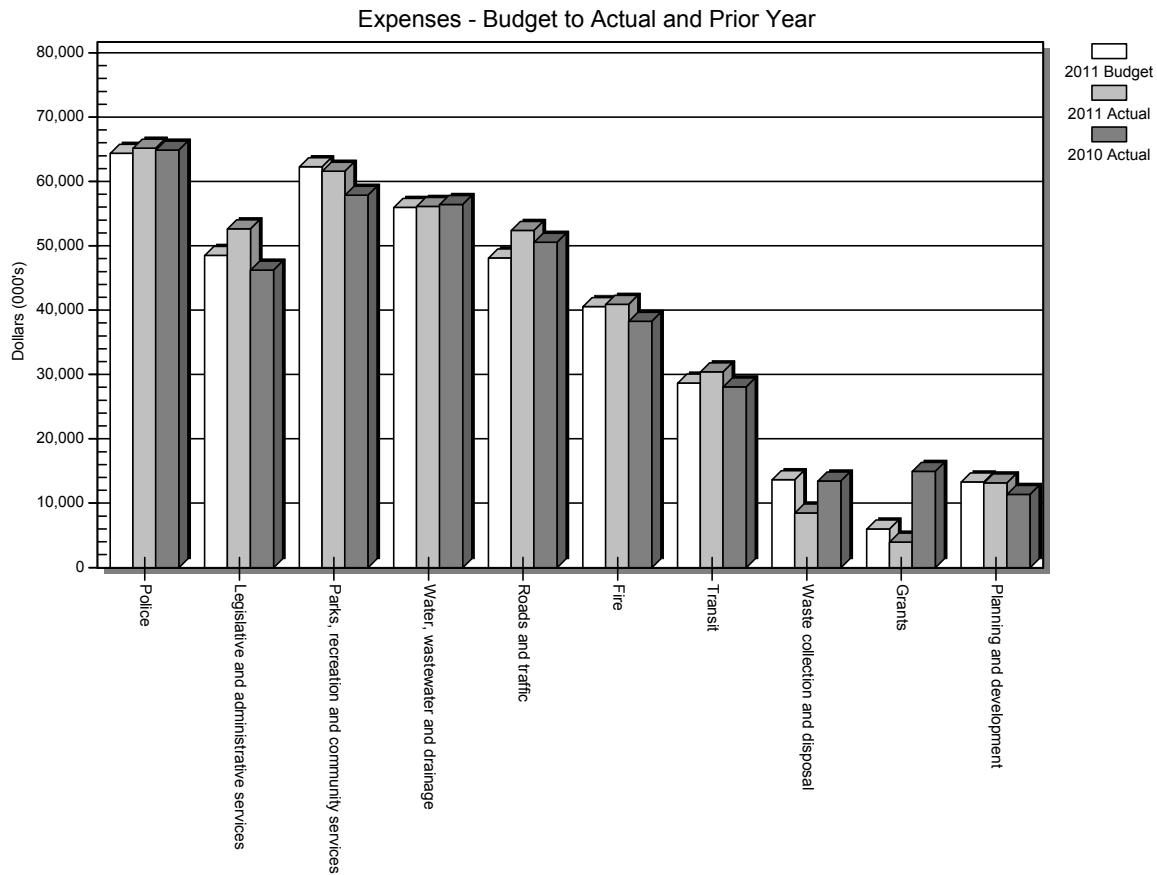
2011 Expenses



FINANCIAL STATEMENT DISCUSSION AND ANALYSIS
 (in thousands of dollars)

December 31, 2011

ANALYSIS (cont'd)



Waste collection and disposal expenses were \$5.1 million below budget primarily due to the decrease in the landfill liability.

Grants expenses decreased \$11.0 million from 2010 primarily due to the completion of Evraz Place as well as several significant sources of third party funding programs winding down in 2011.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2011

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 \$14.2 million or 5.0%. The largest variances were:

- \$2.2 million related to Public Works, due to increased winter road maintenance costs of \$0.7 million and environmental services costs of \$1.6 million.
- \$2.9 million related to Community & Protective Services, due to retirement payout's and transit costs related to outsourcing fleet repairs on aging fleet vehicles.
- \$0.9 million increase in Police expenditures
- \$10 million increase in transfers to reserves

General Capital Fund - Budget to Actual Comparison

	Budget 2011	Actual 2011	Actual 2010	Actual 2009	Actual 2008	Actual 2007
Revenues						
Government transfers						
Federal	18,413	14,244	31,581	26,696	16,903	10,981
Provincial	4,313	5,527	8,527	23,976	4,724	189
Service agreement fees	27,258	9,419	6,790	10,583	2,449	3,885
Miscellaneous revenues	1,235	20,594	17,606	8,213	2,064	2,062
	51,219	49,784	64,504	69,468	26,140	17,117
Expenses	86,325	54,414	53,841	83,282	64,126	40,214
(Expenses over revenues)						
revenues over expenses	(35,106)	(4,630)	10,663	(13,814)	(37,986)	(23,097)

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 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 2011, the carry-forward amount available in the General Capital and Utility Capital funds was \$133.1 million (2010 - \$98.9 million).

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2011

SIGNIFICANT TRENDS

Revenue Summary

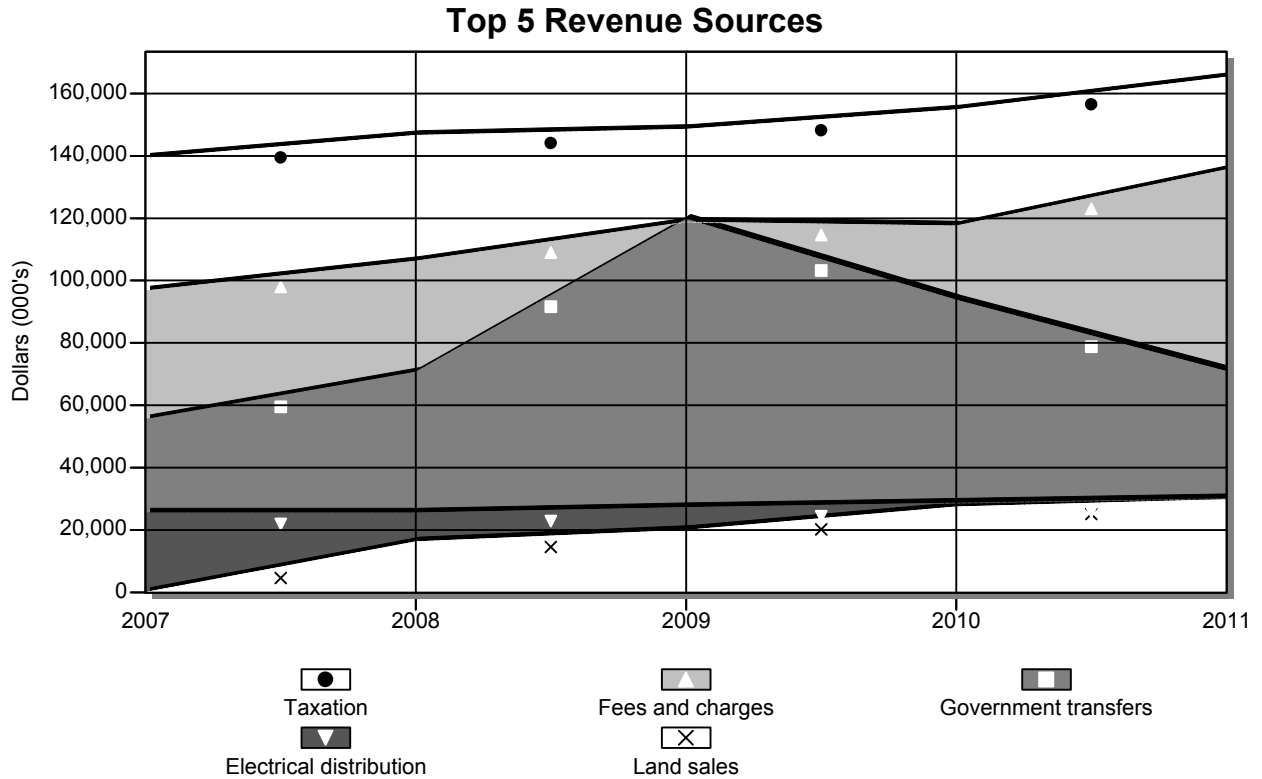
	2011	2010	2009	2008	2007
Taxation	165,224	154,746	148,529	146,543	139,263
Fees and charges	135,510	117,503	118,735	106,167	96,643
Government transfers	70,733	93,723	119,601	70,526	55,369
Electrical distribution	30,061	28,633	27,110	25,429	25,378
Licenses, fines and levies	11,097	10,166	9,863	9,328	8,441
Gas distribution	6,645	6,875	8,532	9,316	8,449
Interest and penalties	1,366	2,018	8,990	7,257	7,003
Interest on portfolio investments*	8,666	9,484	n/a	n/a	n/a
Realized gains on portfolio investments*	7,070	3,963	n/a	n/a	n/a
Service agreement fees	18,875	12,537	20,187	3,899	2,000
Land sales	8,307	3,636	2,474	4,824	5,670
Other	368	2,221	693	1,725	2,337
Contribution of tangible capital assets	29,711	27,386	19,828	16,150	-
	493,633	472,891	484,542	401,164	350,553

*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, 2011

SIGNIFICANT TRENDS (cont'd)



FINANCIAL STATEMENT DISCUSSION AND ANALYSIS
(in thousands of dollars)

December 31, 2011

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.

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

Taxable Property Assessment
 (in thousands of dollars)

Year	Total
2011	9,470,294
2010	9,263,912
2009	9,082,727
2008	6,345,177
2007	6,276,037

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2011

SIGNIFICANT TRENDS (cont'd)

Year	Mill Rates				Business Improvement Levies	
	Municipal	Schools	Library	Total	Regina	Regina's Warehouse
					Downtown	Business Improvement District
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
2007	18.3907	19.0166	2.0267	39.4340	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

- 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				
	2011	2010	2009	2008	2007
Residential	0.90059	0.90059	0.89783	0.85494	0.84803
Condominiums	0.90059	0.90059	0.89783	0.85494	0.84803
Multi family residential	0.90059	0.90059	0.93390	1.03147	1.11284
Commercial and Industrial	1.22945	1.22945	1.22945	1.34557	1.34557
Golf courses	0.92187	0.92187	0.92187	0.94826	0.94826
Agriculture	1.22945	1.22945	1.22945	1.34557	1.34557

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2011

SIGNIFICANT TRENDS (cont'd)

Tax Levies and Collection					
	2011	2010	2009	2008	2007
Municipal tax levy	149,201	139,614	133,919	131,870	125,947
School boards tax levy	112,162	114,690	113,548	120,126	115,650
Library tax levy	16,023	15,132	14,610	14,673	13,316
Total tax levy	277,386	269,436	262,077	266,669	254,913
Tax levy per capita** (\$)	1,278	1,253	1,248	1,301	1,265
Tax levy per household* (\$)	3,263	3,170	3,083	3,137	2,999
Tax arrears, end of year (prior to allowance for doubtful accounts)	5,004	5,258	5,471	5,049	4,543
Arrears as a % of total tax levy	1.80%	1.95%	2.09%	1.89%	1.78%

* Household figure from Stats Canada 2006 census (84,998) is for the Census Metropolitan Area. Census performed every 5 years therefore same figure used for all 5 years.

** Population figure is for the Regina Census Metropolitan Area.

Major Property Taxpayers in Regina in 2011

Registered Owner	Total Taxable Assessment	% of Total Taxable Assessment
1. Consumers' Co-operative Refineries Limited	101,208	1.07%
2. Boardwalk REIT Properties Holdings Ltd.	84,902	0.90%
3. HDL Investments Inc.	84,049	0.89%
4. Harvard Developments Inc.	78,000	0.82%
5. Cornwall Centre Inc.	77,412	0.82%
6. Gordon Road Property Holdings Inc.	64,186	0.68%
7. 1532652 Ontario Limited	46,176	0.49%
8. First Willow Developments Ltd.	39,401	0.42%
9. SGC Holdings Inc.	35,111	0.37%
10. Fortis Properties Corporation	32,348	0.34%
11. First Roughriders Developments Limited	29,709	0.31%
12.. Loblaw Properties West Inc.	29,685	0.31%
13. Artis Victoria Square Ltd.	28,766	0.30%
14. Dundead Canada West (GP) Inc.	27,042	0.29%
15. Regina Airport Authority	26,163	0.28%
Total	784,158	8.29%
Total 2011 taxable assessment	9,470,294	-

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

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

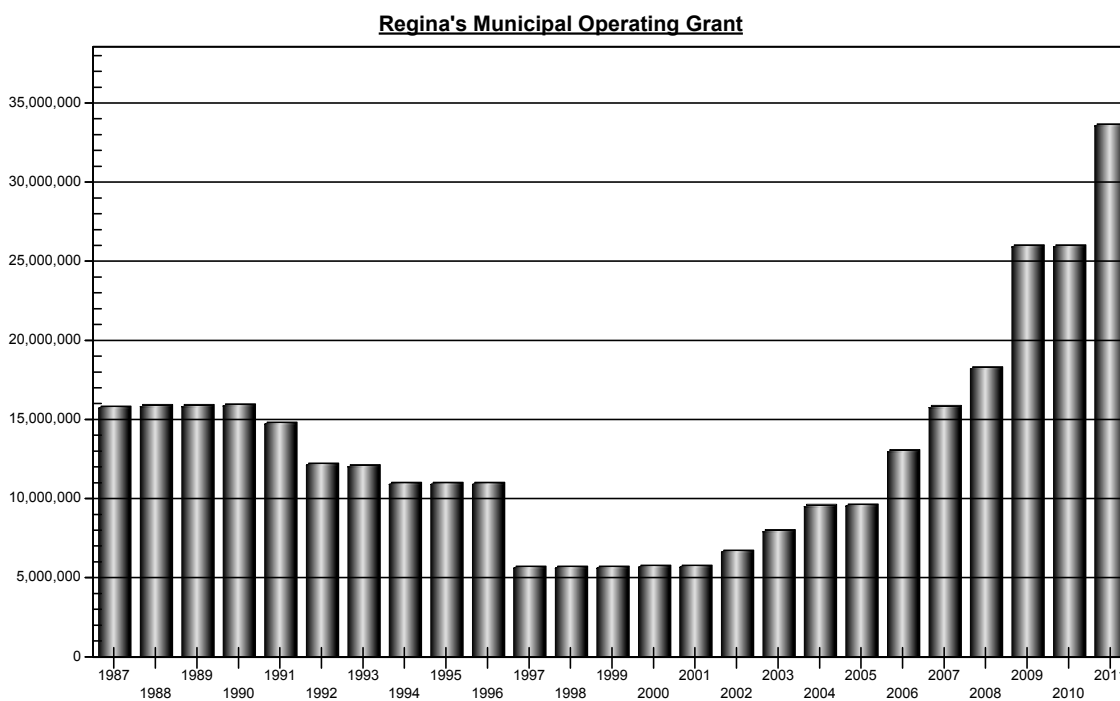
(in thousands of dollars)

December 31, 2011

SIGNIFICANT TRENDS (cont'd)

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 1987.



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 years 2007 and 2008, increased by 10.8% in 2009, decreased by 10.1% in 2010 and increased by 1.1% in 2011.

Service agreement fees and **contribution of tangible capital assets** reflect a trend of increased development in the City.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

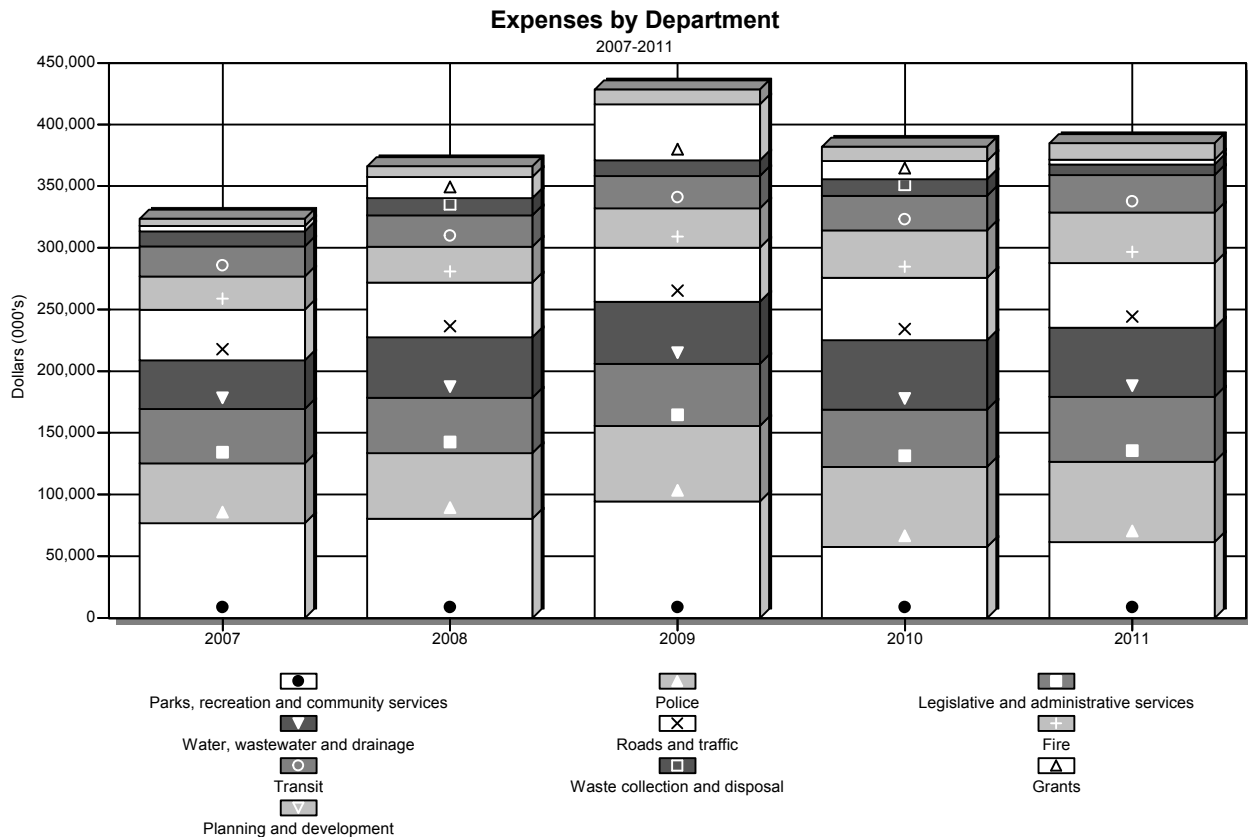
(in thousands of dollars)

December 31, 2011

SIGNIFICANT TRENDS (cont'd)

Expense Summary

	2011	2010	2009	2008	2007
Parks, recreation and community services	61,577	57,843	94,582	80,673	76,924
Police	65,181	64,856	61,261	53,001	48,492
Legislative and administrative services	52,622	46,244	50,193	44,826	44,104
Water, wastewater and drainage	56,116	56,409	50,510	49,234	39,415
Roads and traffic	52,397	50,550	43,814	44,194	40,976
Fire	40,928	38,283	31,736	29,182	26,905
Transit	30,412	28,085	26,400	25,353	24,602
Waste collection and disposal	8,490	13,467	12,695	14,082	11,998
Grants	3,967	14,932	45,168	17,016	4,404
Planning and development	13,166	11,378	12,039	8,658	5,863
Total	384,856	382,047	428,398	366,219	323,683



FINANCIAL STATEMENT DISCUSSION AND ANALYSIS
(in thousands of dollars)

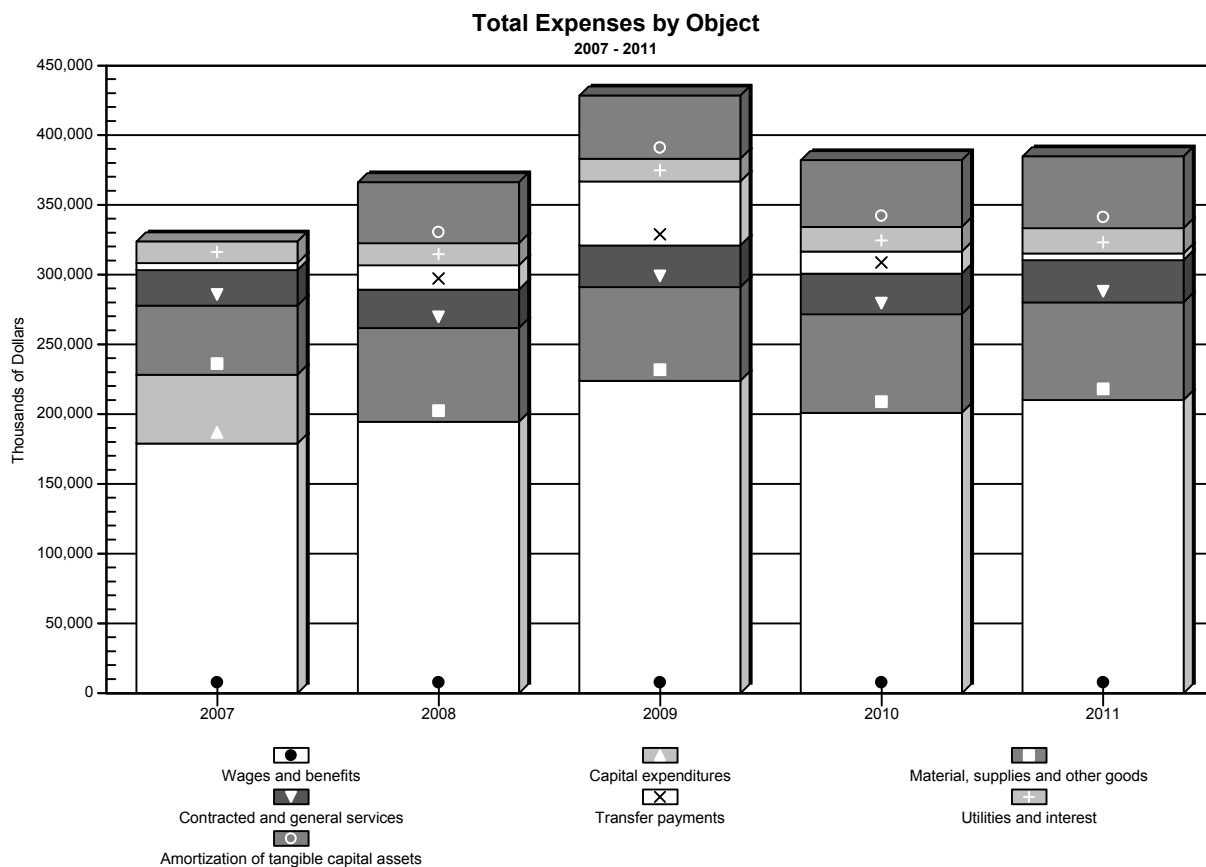
December 31, 2011

SIGNIFICANT TRENDS (cont'd)

Expense by Object

	2011	2010	2009	2008	2007
Wages and benefits	210,247	200,941	223,904	194,637	179,141
Capital expenditures	-	-	-	-	49,207
Material, supplies and other goods	69,927	70,696	67,262	67,233	49,524
Contracted and general services	30,287	29,277	29,813	27,432	25,407
Transfer payments/grants	4,866	15,839	45,873	17,606	5,231
Utilities	14,124	13,163	12,685	13,583	12,656
Interest	4,010	4,330	3,662	2,137	2,517
Amortization of tangible capital assets	51,395	47,801	45,199	43,591	-
Total	384,856	382,047	428,398	366,219	323,683

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



FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2011

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 is as follows:

2011 - 3,500
2010 - 3,390
2009 - 3,358
2008 - 3,321
2007 - 3,219

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

- SGI - Saskatchewan Government Insurance
- 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:

- IPSCO (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)
- Saskatchewan Wheat Pool (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)

There are no **capital expenditures** in 2008 to 2011 due to the accounting change related to tangible capital assets. Capital expenditures are no longer expensed. Instead, amortization of tangible capital assets is expensed over the useful life of the assets.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2011

SIGNIFICANT TRENDS (cont'd)

Statement of Financial Position

	2011	2010	2009	2008	2007
Financial assets					
Cash	38,066	26,385	15,456	11,524	14,563
Short-term investments	12,608	5,604	32,324	71,414	57,038
Accounts receivable	51,829	52,720	36,786	41,307	29,591
Taxes receivable	2,871	3,284	3,771	3,497	3,214
Long-term investments	192,811	195,145	216,755	79,045	75,208
	298,185	283,138	305,092	206,787	179,614
Financial liabilities					
Accounts payable and accrued liabilities	46,501	53,571	55,233	59,728	31,581
Taxes payable to school boards	5,053	4,894	5,026	4,967	4,927
Deferred revenue	17,853	16,424	44,313	22,987	20,648
Capital lease obligations	1,395	1,742	1,639	1,986	2,207
Long-term debt	89,900	98,250	106,600	35,754	43,290
Employee benefit obligations	51,110	48,926	43,683	37,109	36,404
Landfill closure and post-closure	27,186	31,658	29,732	27,667	22,450
	238,998	255,465	286,226	190,198	161,507
Net financial assets (liabilities)	59,187	27,673	18,866	16,589	18,107
Non-financial assets					
Tangible capital assets	1,121,240	1,044,820	962,886	908,486	-
Property held for resale	73	276	396	396	231
Materials and supplies	6,287	5,241	5,018	5,551	6,059
ACCUMULATED SURPLUS (DEFICIT)	1,186,787	1,078,010	987,166	931,022	24,397
ANNUAL SURPLUS	108,777	90,844	56,144	34,945	26,870

Investments

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

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities decreased by \$7.1 million in 2011. The main reason for the decrease in accounts payable and accrued liabilities is due to the completion and substantial payout for infrastructure work done at Harbour Landing and Creeks.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS
(in thousands of dollars)

December 31, 2011

SIGNIFICANT TRENDS (cont'd)

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

	2011	2010	2009	2008	2007
Total debt outstanding, beginning of year	98,250	106,600	28,000	35,300	45,600
Debt issued during year	-	-	84,600	-	-
Debt repayments during year	(8,350)	(8,350)	(6,000)	(7,300)	(10,300)
Total debt outstanding, December 31	89,900	98,250	106,600	28,000	35,300
General municipal debt outstanding, end of year	26,812	29,656	32,500	8,400	9,800
Water & Sewer Utility debt outstanding, end of year	63,088	68,594	74,100	19,600	25,500
Total debt outstanding	89,900	98,250	106,600	28,000	35,300
Authorized debt limit, December 31	200,000	200,000	200,000	200,000	94,000
Debt per capita (\$)***	414	457	508	136	175
Debt per household (\$)*	1,058	1,156	1,254	329	415

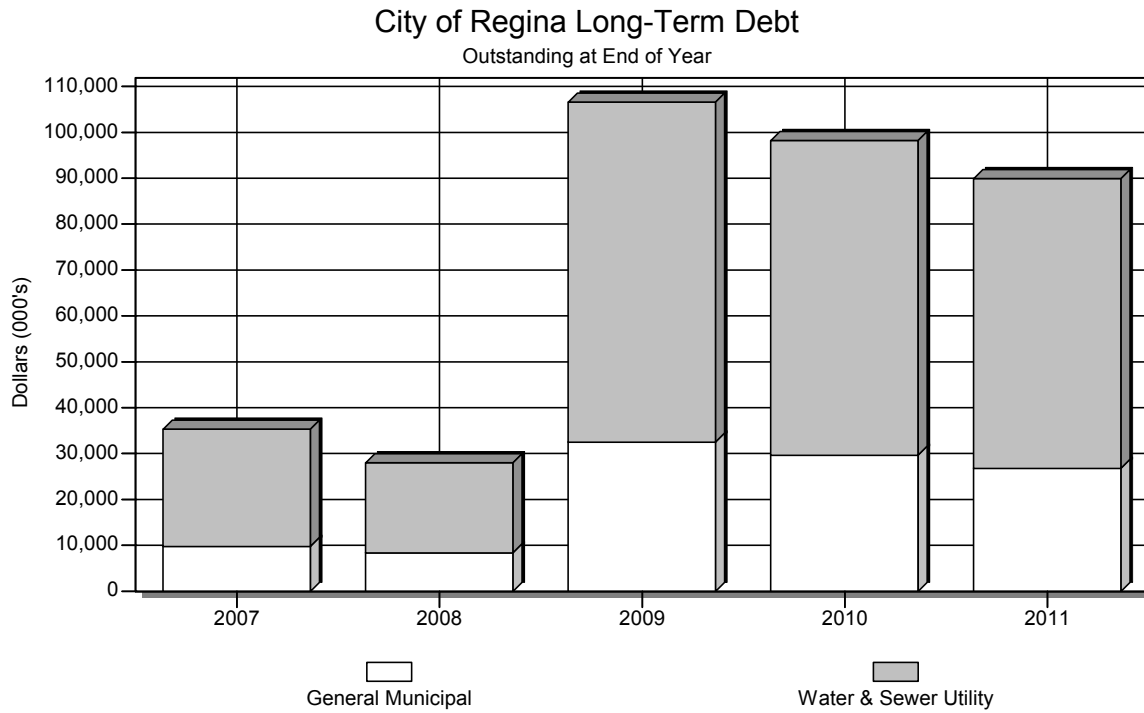
* Household figure from Stats Canada 2006 census (84,998) is for the Census Metropolitan Area. Census performed every 5 years therefore same figure used for all 5 years.

** Population figure is for the Regina Census Metropolitan Area.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS
(in thousands of dollars)

December 31, 2011

SIGNIFICANT TRENDS (cont'd)



FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2011

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. While the City's credit rating remains high, Standard and Poor's has reduced its financial outlook for the City of Regina to a rating of 'negative' from its 'stable' rating in 2009. This rating is most directly related to future pension liabilities and the infrastructure deficit that may cause the City to require significant new debt in the future.

The City's tax-supported debt was \$26.8 million at the end of 2011, while debt incurred to fund the Water and Sewer Utility was \$63.1 million. The City did not issue new debt in 2011 but it is expected that borrowing in the range of \$43.1 million will be required over the period 2012-2016 to fund capital projects.

The City's authorized debt limit is \$200.0 million (2010 - \$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 \$107.9 million below its debt limit.

City of Regina Debt Service Costs

	2011	2010	2009	2008	2007
General municipal debt					
Principal	2,844	2,844	1,400	1,400	1,400
Interest	1,260	1,334	881	424	474
	4,104	4,178	2,281	1,824	1,874
Water and Sewer Utility					
Principal	5,506	5,506	4,600	5,900	8,900
Interest	2,649	2,868	2,043	1,267	1,646
	8,155	8,374	6,643	7,167	10,546
Total	12,259	12,552	8,924	8,991	12,420
Debt service costs as a % of total expenses	3.2%	3.4%	2.1%	2.5%	3.8%

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2011

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 2007 to 2011 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 \$293.0 million at December 31, 2011 (2010 - \$209.0 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.

	2011	2010	2009	2008	2007
City of Regina employer contributions	13,003	12,245	11,954	9,952	9,725

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.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

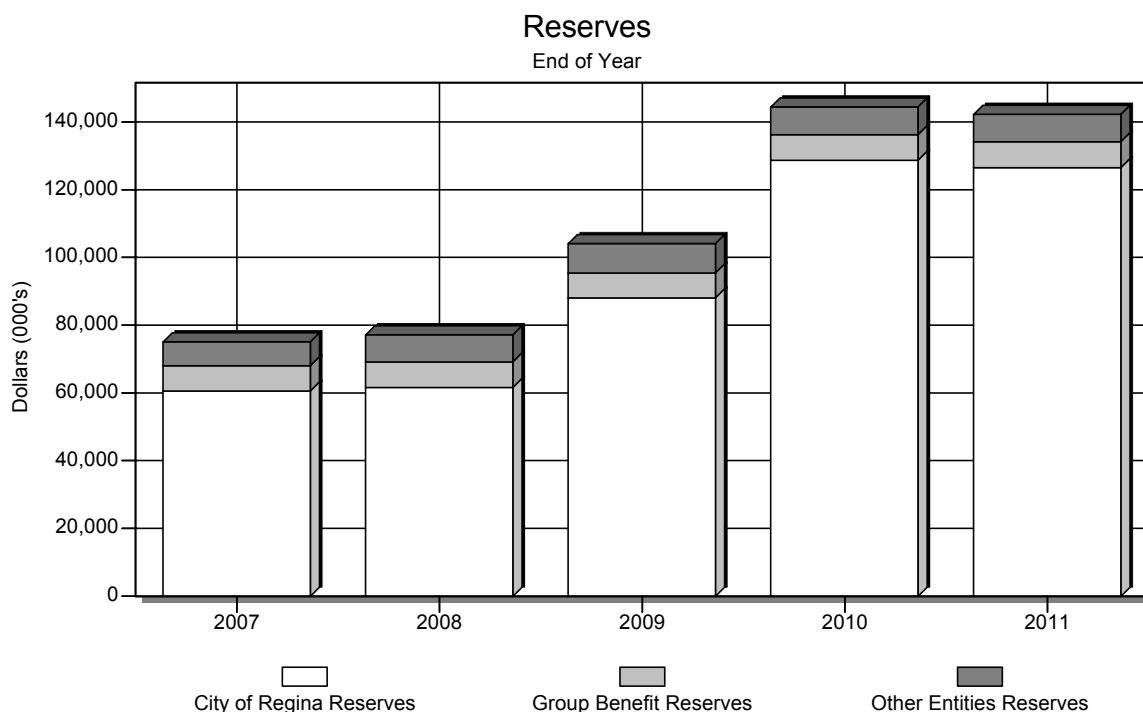
(in thousands of dollars)

December 31, 2011

SIGNIFICANT TRENDS (cont'd)

Reserves and Accumulated Surplus

	2011	2010	2009	2008	2007
Reserves					
City of Regina Reserves	126,623	128,749	88,123	61,683	60,604
Group Benefits Reserves	7,621	7,559	7,342	7,553	7,450
Other Entities Reserves	8,033	8,166	8,636	7,948	7,085
	142,277	144,474	104,101	77,184	75,139



Reserve balances totaled \$142.3 million at the end of 2011 (2010 - \$144.5 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 \$10.1 million from 2007 to 2011 primarily because of the General Operating Fund surplus and a significant increase in land sales. New land development reserve was established which has a balance of \$8.3 million. The reserves represent amounts that Council has funded through annual operating revenues for future requirements.

The General Utility Reserve increased \$35.4 million from 2007 to 2011 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, 2011

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.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

December 31, 2011

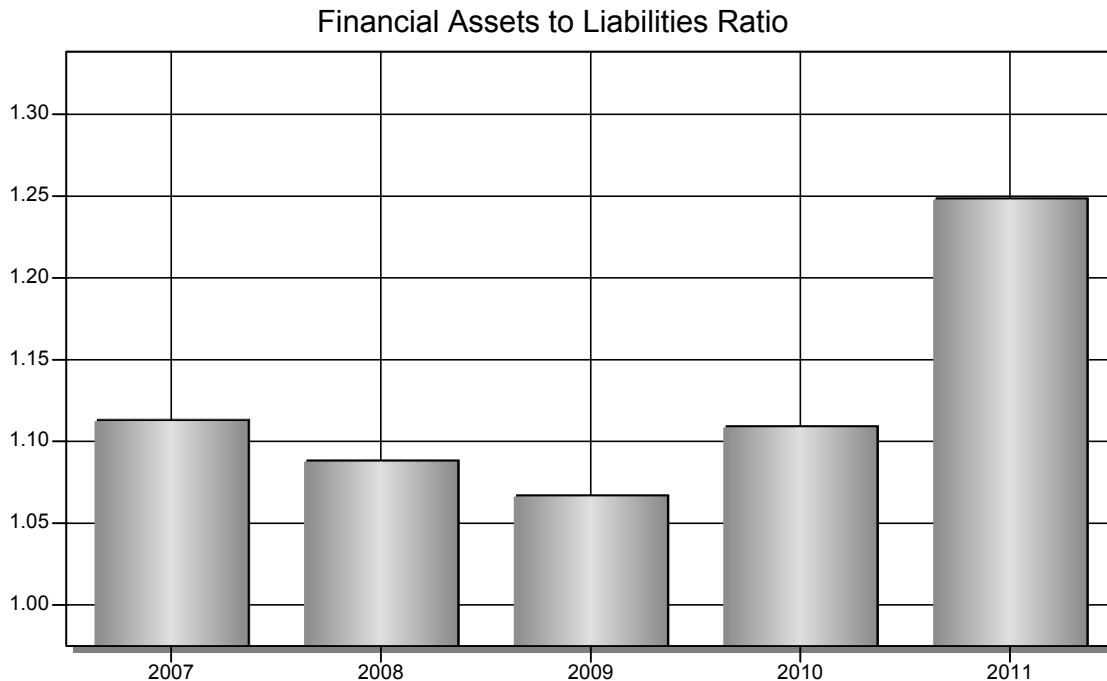
ASSESSMENT OF FINANCIAL CONDITION

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 1.11 to 1.25 from 2007 to 2011. The City's financial assets are slightly higher than its liabilities at December 31, 2011 and its sustainability has shown some improvement in the past five years.



FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

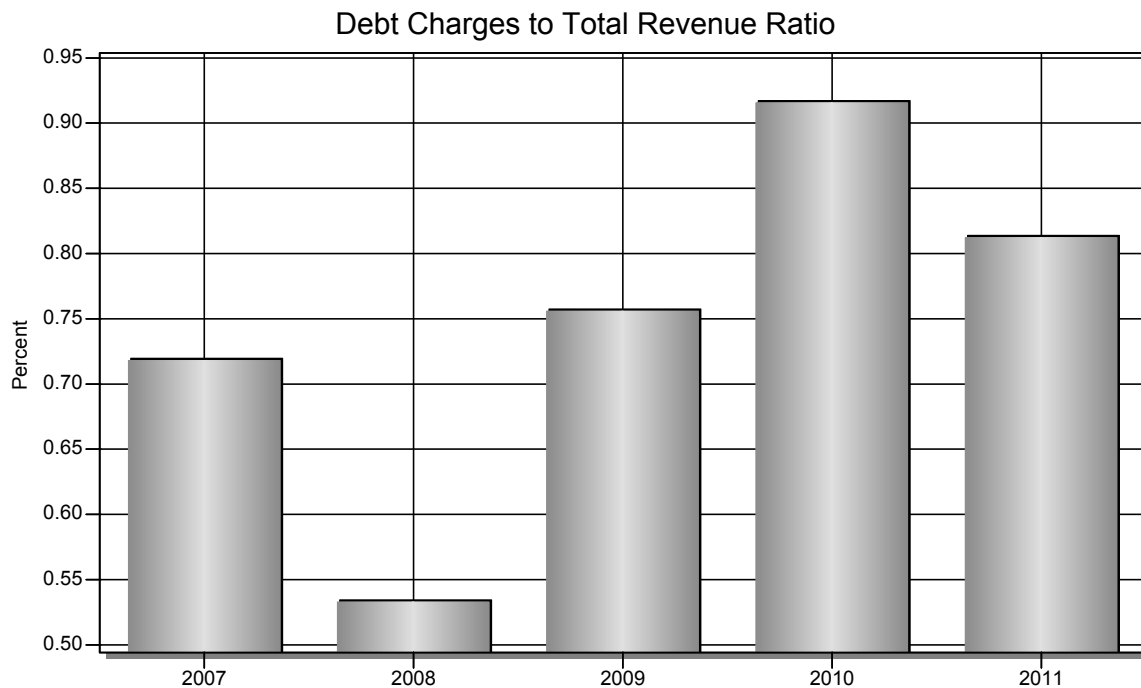
December 31, 2011

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 about 0.9% to 0.5% from 2006 to 2008 but increased to 0.8% in 2011 and therefore has shown decreased flexibility since 2008.



FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(in thousands of dollars)

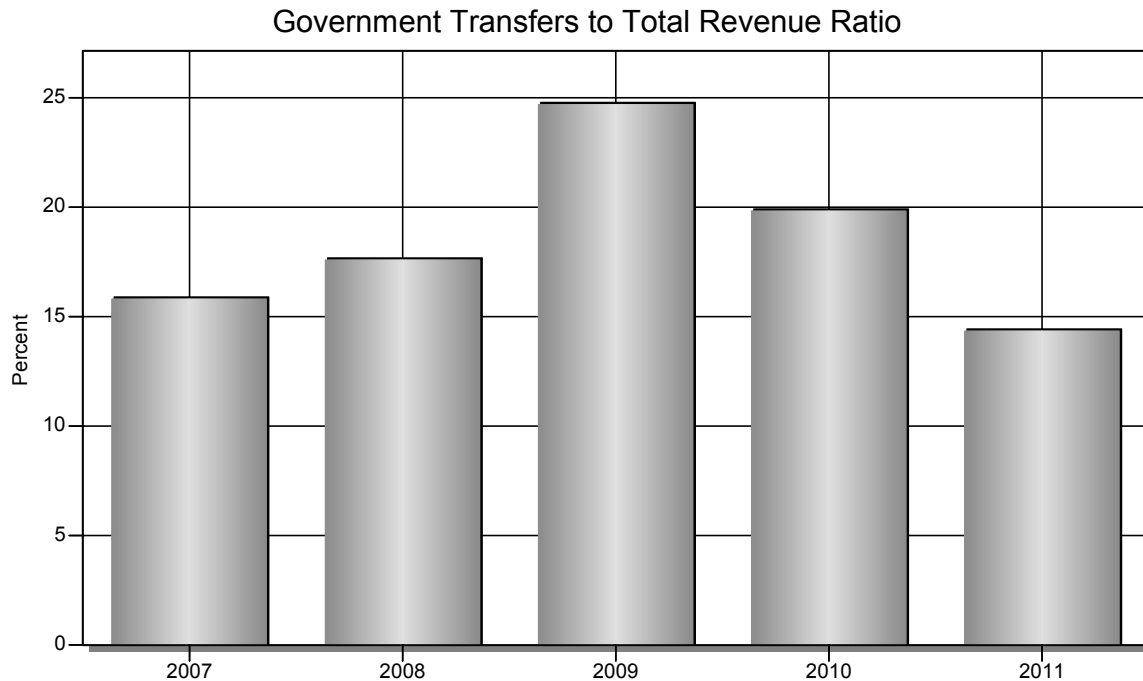
December 31, 2011

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 15.8% of total revenues in 2007 to 14.3% in 2011. 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, 2011

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 the growth is not sufficient to keep pace with operating expenses or increased capital requirements.

The City's 2011 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 2012 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 3.9% increase in the mill rate in 2012.

**CONSOLIDATED FINANCIAL
STATEMENTS**

MANAGEMENT'S REPORT

RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements and all other information contained in this report are the responsibility of management. The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards (PSAS). The preparation of the statements necessarily includes some amounts, which are based on the best estimates and judgments of management. Financial data elsewhere in this report is consistent with that of the financial statements.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded and that the financial records are reliable for the preparation of financial statements.

The Finance and Administration Committee, established by City Council, comprises five elected officials, along with the Mayor as an ex-officio member. The Committee, in addition to considering a variety of financial and administrative issues, reviews the content of the annual financial report for presentation to City Council, and reviews external audit reports.

Deloitte & Touche LLP Chartered Accountants, the City's appointed external auditors, have audited the consolidated financial statements. Their report to the Mayor and City Council, stating the scope of their examination and opinion on the consolidated financial statements, follows.

Glen Davies
City Manager

May 14, 2012

Brent D. Sjoberg, CMA, MBA
Deputy City Manager & CFO

INDEPENDENT AUDITOR'S REPORT

TO: HIS WORSHIP THE MAYOR AND MEMBERS OF CITY COUNCIL

We have audited the accompanying consolidated financial statements of the City of Regina and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2011, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the City of Regina and its subsidiaries as at December 31, 2011, and the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants

May 14, 2012
Regina, Saskatchewan

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of dollars)

As at December 31, 2011

	2011	2010
FINANCIAL ASSETS		
Cash	38,066	26,385
Short-term investments (Note 4)	12,608	5,604
Accounts receivable	51,829	52,720
Taxes receivable	2,871	3,284
Long-term investments (Note 5)	192,811	195,145
	298,185	283,138
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 3)	46,501	53,571
Taxes payable to school boards	5,053	4,894
Deferred revenue (Note 19)	17,853	16,424
Capital lease obligations (Note 6)	1,395	1,742
Long-term debt (Note 7)	89,900	98,250
Employee benefit obligations (Note 8)	51,110	48,926
Landfill closure and post-closure (Note 10)	27,186	31,658
	238,998	255,465
NET FINANCIAL ASSETS	59,187	27,673
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	1,121,240	1,044,820
Property held for resale (Note 12)	73	276
Materials and supplies	6,287	5,241
ACCUMULATED SURPLUS (Note 13)	1,186,787	1,078,010

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF OPERATIONS

(in thousands of dollars)

For the year ended December 31, 2011

	Budget (Unaudited) 2011	Actual 2011	Actual 2010
REVENUE			
Taxation (Note 15)	164,965	165,224	154,746
Fees and charges	124,767	135,510	117,503
Government transfers (Note 16)	64,574	70,733	93,723
Electrical distribution	29,557	30,061	28,633
Licenses, fines and levies	9,953	11,097	10,166
Gas distribution	5,399	6,645	6,875
Interest and penalties	1,468	1,366	2,018
Interest on portfolio investments	4,931	8,666	9,484
Realized gains on portfolio investments	-	7,070	3,963
Service agreement fees	27,258	18,875	12,537
Land sales	3,000	8,307	3,636
Other	2,138	368	2,221
Contribution of tangible capital assets	-	29,711	27,386
	438,010	493,633	472,891
EXPENSES			
Parks, recreation and community services	62,309	61,577	57,843
Police	64,367	65,181	64,856
Legislative and administrative services	48,529	52,622	46,244
Water, wastewater and drainage	55,952	56,116	56,409
Roads and traffic	48,103	52,397	50,550
Fire	40,569	40,928	38,283
Transit	28,693	30,412	28,085
Waste collection and disposal	13,650	8,490	13,467
Grants	5,997	3,967	14,932
Planning and development	13,306	13,166	11,378
	381,475	384,856	382,047
Excess of revenues over expenses	56,535	108,777	90,844
ACCUMULATED SURPLUS, BEGINNING OF YEAR	1,078,010	1,078,010	987,166
ACCUMULATED SURPLUS, END OF YEAR	1,134,545	1,186,787	1,078,010

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

(in thousands of dollars)

For the year ended December 31, 2011

	Budget (Unaudited) 2011	Actual 2011	Actual 2010
Excess of revenues over expenses	56,535	108,777	90,844
Net acquisition of tangible capital assets	(155,421)	(127,815)	(129,735)
Amortization of tangible capital assets	51,395	51,395	47,801
Deficit of capital expenses over expenditures	(104,026)	(76,420)	(81,934)
Net change in materials and supplies	-	(1,046)	(223)
Change in property for held for resale	-	203	120
Deficit of other non-financial expenses over expenditures	-	(843)	(103)
(Decrease) increase in net financial assets	(47,491)	31,514	8,807
NET FINANCIAL ASSETS, BEGINNING OF YEAR	27,673	27,673	18,866
NET FINANCIAL ASSETS, END OF YEAR	(19,818)	59,187	27,673

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of dollars)

For the year ended December 31, 2011

	2011	2010
CASH PROVIDED BY		
OPERATING ACTIVITIES		
Excess of revenue over expenses	108,777	90,844
Non-cash items		
Amortization of tangible capital assets	51,395	47,801
Loss on disposal of tangible capital assets	2,612	2,302
Contribution of tangible capital assets	(29,711)	(27,386)
Net change in non-cash working capital balances		
Decrease (increase) in accounts receivable	891	(15,934)
Decrease in taxes receivable	413	487
Decrease in accounts payable and accrued liabilities	(7,070)	(1,662)
Increase (decrease) in taxes payable to school boards	159	(132)
Increase (decrease) in deferred revenue	1,429	(27,889)
(Decrease) increase in capital lease obligations	(347)	103
Increase in employee benefit obligations	2,184	5,243
(Decrease) increase in landfill closure and post-closure liability	(4,472)	1,926
Decrease in property held for resale	203	120
Increase in materials and supplies	(1,046)	(223)
	125,417	75,600
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(101,446)	(105,089)
Proceeds on disposal of tangible capital assets	730	438
	(100,716)	(104,651)
INVESTING ACTIVITIES		
(Purchases) sales of short-term investments	(7,004)	26,720
Sales of long-term investments	2,334	21,610
	(4,670)	48,330
FINANCING ACTIVITIES		
Long-term debt retired	(8,350)	(8,350)
	(8,350)	(8,350)
INCREASE IN CASH POSITION	11,681	10,929
CASH POSITION, BEGINNING OF YEAR	26,385	15,456
CASH POSITION, END OF YEAR	38,066	26,385

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of dollars)

For the year ended December 31, 2011

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:

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 73.76% (2010 - 73.68%) interest in the Buffalo Pound Water Administration Board (BPWAB), a government partnership, that is proportionately consolidated.

The Regina Public Library has a 22.75% (2010 - 22.51%) interest in the Saskatchewan Information and Library Services Consortium Inc. (SILS), which has been proportionately consolidated.

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.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of dollars)

For the year ended December 31, 2011

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.

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.

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.

Materials and supplies

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

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.

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, and rent revenue received from the Saskatchewan Roughriders football club which is to be spent on upgrading Taylor Field. 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-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of dollars)

For the year ended December 31, 2011

division revenue, prepaid cemetery revenue and pre-season sales from the various recreational facilities.

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.

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

Vehicles and Equipment

Fire trucks and buses 15 years

Police vehicles 4 to 10 years

Other vehicles 6 to 25 years

Equipment 4 to 50 years

Office and Information Technology

Hardware 2 to 13 years

Software 2 to 10 years

Other 10 years

Infrastructure

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of dollars)

For the year ended December 31, 2011

Plants and facilities	5 to 75 years
Roads	20 to 40 years
Underground networks	50 to 75 years
Bridges and other structures	40 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.

Budget information

Unaudited budget information is presented on a basis consistent with that used for actual results, the budget was approved by Council on January 18, 2011.

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, 2011, 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of dollars)

For the year ended December 31, 2011

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities is \$610 (2010 - \$10,931) related to amounts owed to developers for infrastructure expenditures made on behalf of the City in 2011. The City issued service agreement fee (SAF) credits to the developers in 2011 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 2.86% (2010 1.33%).

5. LONG-TERM INVESTMENTS

Long-term investments include investments in a pooled bond fund.

	Carrying Value		Fair Value	
	2011	2010	2011	2010
Pooled bond fund	192,811	195,145	201,762	197,630

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:

2012	626
2013	515
2014	338
2015	23
Total minimum lease payments	1,502
Less amount representing interest (2.0%-9.25%)	(107)
Capital lease obligations	1,395

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of dollars)

For the year ended December 31, 2011

7. LONG-TERM DEBT

Debenture debt

The City's long term debt consists of \$46,800 (2010 - \$55,150) 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 holds \$43,100 (2010 - \$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.

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, 2011, the City had no bank indebtedness.

	2011	2010
City of Regina unsecured debentures		
Operating fund	26,812	29,656
Utility fund	63,088	68,594
Total debt	89,900	98,250
Authorized debt limit	200,000	200,000
Interest rates	2.40 - 5.55%	1.75 - 5.55%
Interest costs for year	3,909	4,202

Total SAF credits issued and not redeemed, plus credits to be issued, count against the debt limit of \$200,000 (Note 3). This amount is \$2,163 (2010 - \$11,625) and when added to the long-term debt of \$89,900 (2010 - \$98,250) the amount of \$92,063 (2010 - \$109,875) is below the debt limit.

The debenture debt is repayable as follows:

2012	8,350
2013	4,350
2014	47,450
2015	2,350
2016	2,350
Thereafter to 2019	25,050
	89,900

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of dollars)

For the year ended December 31, 2011

8. EMPLOYEE BENEFIT OBLIGATIONS

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

	Total 2011	Total 2010
a) Defined benefit pension plans		
Regina Police Superannuation and Benefits Plan	5,099	4,898
Regina Police Civilian Employees' Early Retirement	523	452
	5,622	5,350
b) Other benefit plans		
Termination payments	16,746	16,721
Continuation of group life, medical and dental benefits	12,104	10,443
	28,850	27,164
c) Other plans and arrangements		
Vacation	13,112	13,156
Overtime	2,900	2,756
Other termination payments and pensions	316	252
Group life, medical and dental plans	310	248
	16,638	16,412
Total	51,110	48,926

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of dollars)

For the year ended December 31, 2011

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

	Police Pension Plan	Police Civilian Employees' Early Retirement	Total 2011	Total 2010
Fair value of plan assets, beginning of year	116,710	-	116,710	108,009
Employer contributions	5,930	-	5,930	5,312
Actual return on plan assets	3,580	-	3,580	11,185
Less benefits paid	(7,952)	-	(7,952)	(7,796)
Fair value of plan assets, end of year	118,268	-	118,268	116,710
Accrued benefit obligation, beginning of year	135,117	844	135,961	137,755
Current period benefit cost	3,901	30	3,931	4,208
Interest on accrued benefit obligation	9,117	57	9,174	8,836
Actuarial (gain) loss	-	-	-	(6,955)
Less benefits paid	(7,952)	(54)	(8,006)	(7,843)
Changes in assumptions	-	-	-	(40)
Accrued benefit obligation, end of year	140,183	877	141,060	135,961
Funded status - plan deficit	(21,915)	(877)	(22,792)	(19,251)
Unamortized net actuarial loss	16,816	354	17,170	13,901
Accrued benefit liability	5,099	523	5,622	5,350
Current period benefit cost	3,901	30	3,931	4,208
Amortization of actuarial losses	1,501	38	1,539	2,322
Interest expense	729	57	786	1,629
Benefit expense	6,131	125	6,256	8,159

Actuary	Aon Consulting Inc.	
Date of most recent valuation	Dec 31, 2009	Dec 31, 2009
Discount rate (%)	6.85	6.85
Inflation rate (%)	2.5	2.5
Long term return rate on plan assets (%)	7.25	n/a
Rate of compensation increase (%)	3.5	4.5
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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of dollars)

For the year ended December 31, 2011

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 for the employee and employer share of future obligations, is \$4,959 (2010-\$5,222). This amount has been included in Group Benefits Reserves (Note 14). A similar amount is also recorded for the group dental plan.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of dollars)

For the year ended December 31, 2011

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:

	Termination payments		Group life, medical and dental plans	Total 2011	Total 2010
	City employees	Library employees			
Accrued benefit obligation, beginning of year	15,690	1,031	10,443	27,164	25,477
Current period benefit cost	1,010	71	837	1,918	1,856
Interest on accrued benefit obligation	642	38	425	1,105	1,200
Actuarial losses (gains)	(288)	-	1,308	1,020	673
Less benefits paid	(1,326)	(114)	(909)	(2,349)	(2,085)
Unamortized net actuarial gain	-	(8)	-	(8)	43
Accrued benefit liability - unfunded	15,728	1,018	12,104	28,850	27,164
Current period benefit cost	1,010	71	837	1,918	1,856
Amortization of actuarial (gains) losses	9	(8)	1,308	1,309	(371)
Interest expense	642	38	425	1,105	1,200
Benefit expense	1,661	101	2,570	4,332	2,685

Actuary	Aon Consulting Inc.		Mercer
	Dec 31, 2011	Dec 31, 2011	Dec 31, 2011
Date of most recent valuation			
Discount rate (%)	4.00	4.00	2.5-3.5
Rate of compensation increase (%)	4.5-4.6	3.6-4.6	3.6-3.7
Expected average remaining service years	9-14	-	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 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of dollars)

For the year ended December 31, 2011

d) Multi-employer defined benefit plans

The following 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:

	Superannuation & Benefit Plan	Long-Term Disability Plan	Total 2011	Total 2010
Benefit expense	13,003	516	13,519	13,298
(Deficit) surplus of plan assets over benefit obligation per plan financial statements	(292,974)	12,195	(280,779)	(195,246)
Contribution rate as a percentage of salary				
Members	8.42 - 13.96%	1.04%		
Employers	8.42 - 13.96%	1.04%		
City employee contributions	13,133	516	13,649	13,475
Date of most recent actuarial valuation	Dec 31, 2009	Dec 31, 2010		
Actuary	Mercer Human Resource Consulting Limited			

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.

	2011	2010
Casual employee members' contribution rate	3.00%	3.00%
Elected official members' contribution rate	6.95%	6.95%
Members' contributions	264	235
Benefit expense	264	235

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of dollars)

For the year ended December 31, 2011

9. TANGIBLE CAPITAL ASSETS

	NET BOOK VALUE	
	2011	2010
General		
Land	64,222	59,386
Land improvements	46,567	23,120
Buildings and building improvements	58,772	59,389
Vehicles and equipment	112,345	104,391
Office and information technology	10,254	7,811
Infrastructure		
Plants and facilities	133,715	136,130
Roads	254,726	236,653
Underground and other networks	355,190	346,481
Bridges and other structures	16,242	13,412
	1,052,033	986,773
Assets under construction	69,207	58,047
	1,121,240	1,044,820

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

During the year there were no write-downs of assets (2010 - \$nil). In addition, tangible capital assets contributed to the City totalled \$8,307 (2010 - \$27,386), which were capitalized and recorded as revenue at their fair value at the time of receipt.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of dollars)

For the year ended December 31, 2011

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.

	2011	2010
Estimated closure and post-closure costs over 40 years after capacity is reached	66,045	51,994
Discount rate	4.035%	5.000%
Discounted cost	41,139	34,451
Expected year capacity will be reached	2029	2012
Capacity (m3):		
Used to date	8,855,000	8,500,000
Remaining	4,545,000	750,000
Total	13,400,000	9,250,000
Percent utilized	66.08%	91.89%
Liability based on the percentage utilized	27,186	31,658

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.

11. COMMITMENTS AND CONTINGENCIES

The City has various 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 operations.

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

2012	1,101
2013	260
2014	255
2015	177
2016	177
	1,970

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of dollars)

For the year ended December 31, 2011

The City is budgeting to spend \$130,979 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 - \$9,050 - 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 - \$17,034 - 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 - \$9,400 - to replace the City's fleet of fire, transit and other civic vehicles.
- 4) Wastewater treatment plant expansion and improvements - \$19,590 - in order to meet new regulatory requirements of both the Provincial and Federal governments, a major upgrade is required to treat the City's wastewater to higher standards.
- 5) Wastewater infrastructure renewal - \$8,445 - the wastewater collection system requires ongoing rehabilitation and upgrading to maintain and improve the level of service and to ensure the system's reliability.
- 6) 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 \$11,550 in the 2012 utility capital budget for this project.

The City has also committed to the following two 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 \$90 has been paid in 2011.
- 2) Home Lottery - the Regina Public Library has committed \$657,000 in prize and fee costs for the 2012 Home Lottery. The grand prize draw was on May 3, 2012.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of dollars)

For the year ended December 31, 2011

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

	2011	2010
Property held for resale	706	999
Valuation allowance	(672)	(835)
Property held for resale, net of allowance	34	164
Acquired property held for resale, net realizable value	39	112
	73	276
Property held for resale, estimated fair value - unaudited	12,334	16,358

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of dollars)

For the year ended December 31, 2011

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.

	2011	2010
Unappropriated surpluses:		
Regina Downtown Business Improvement District	73	74
Regina Regional Opportunities Commission	718	658
Regina Public Library	2,024	1,222
Regina's Warehouse Business Improvement District	39	38
Investment in tangible capital assets	1,121,240	1,044,820
Appropriated surpluses:		
General capital projects	47,218	47,415
Utility capital projects	85,916	51,576
Reserves (Note 14)	142,277	144,474
Infrastructure to be funded from future service agreement fees:		
Roadways	-	3,123
Water, wastewater and drainage	(43,127)	(36,085)
Obligations to be funded from future revenues:		
Long-term debt (Note 7)	(89,900)	(98,250)
Employee benefit obligations (Note 8)	(51,110)	(47,655)
Landfill closure and post-closure liability (Note 10)	(27,186)	(31,658)
Capital lease obligations (Note 6)	(1,395)	(1,742)
Accumulated surplus	1,186,787	1,078,010

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of dollars)

For the year ended December 31, 2011

14. RESERVES

	2011	2010
City of Regina reserves:		
General utility reserve	49,292	61,907
General fund reserve	35,946	31,753
Landfill reserve	10,752	17,102
Land development reserve	8,364	-
Social development reserve	4,875	1,414
Asset revitalization reserve	4,794	2,404
Winter road maintenance reserve	3,523	3,426
Regina Police Service general reserve	2,143	3,566
Equipment replacement reserve	1,373	2,335
Asphalt reserve	1,115	785
Golf course reserve	850	986
Grants reserve	832	836
Planning & sustainability reserve	781	50
Employer provided parking reserve	708	405
Cemetery reserve	479	536
Technology reserve	436	1,006
Regina Police Service radio equipment reserve	223	238
Pest management reserve	137	-
	126,623	128,749
Group Benefits reserves:		
Group life insurance reserve	4,959	5,222
Dental benefits reserve	1,591	1,461
Medical - City of Regina reserve	605	438
Police services premium reduction reserve	379	332
Police long-term disability reserve	87	106
	7,621	7,559
Other Entities' reserves:		
Regina Public Library reserves	6,540	6,897
Buffalo Pound Water Administration Board capital replacement reserve	1,042	671
Regina Downtown Business Improvement District reserve	349	496
Regina's Warehouse Business Improvement District infrastructure reserve	102	102
	8,033	8,166
	142,277	144,474

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of dollars)

For the year ended December 31, 2011

15. TAXATION REVENUE

	Budget (Unaudited) 2011	Actual 2011	Actual 2010
Total taxation revenue levied	-	277,386	269,436
Taxes levied on behalf of others:			
Regina School Division No. 4	-	(76,719)	(78,678)
Regina Roman Catholic Separate School Division No. 81	-	(35,443)	(36,012)
Taxation revenue	164,965	165,224	154,746
City of Regina			
Municipal levies	135,823	135,587	127,499
Grants in lieu	9,608	9,416	8,604
Supplementary taxes	900	1,254	978
Other	1,935	2,145	1,784
	148,266	148,402	138,865
Regina Public Library			
Taxation levies	14,854	14,990	14,161
Grants in lieu	1,051	1,033	971
	15,905	16,023	15,132
Regina Downtown Business Improvement District levies	639	639	592
Regina's Warehouse Business Improvement District levies	155	160	157
	164,965	165,224	154,746

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, the following amounts are reflected in the Statement of Financial Position for these provisions:

Allowance for doubtful outstanding taxes netted against taxes receivable	-	2,147	1,989
Provision for assessment appeals included in accounts payable	-	1,745	1,286

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of dollars)

For the year ended December 31, 2011

16. GOVERNMENT TRANSFERS

	Budget (Unaudited) 2011	2011	2010
Operating transfers			
Federal	320	1,460	1,251
Provincial	41,528	46,919	34,140
	41,848	48,379	35,391
Capital transfers			
Federal	18,413	16,641	47,129
Provincial	4,313	5,713	11,203
	22,726	22,354	58,332
	64,574	70,733	93,723

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. RELATED PARTY TRANSACTIONS

	2011	2010
Accounts receivable include the following amounts due from:		
The Regina Civic Employees' Superannuation and Benefit Plan	1,119	1,628
The Regina Civic Employees' Long-Term Disability Plan	599	435
Perpetual Care Trust and Williamson Driver Award	141	131
The Regina Police Pension Plan	941	825
	2,800	3,019
Revenues include the following amounts charged to:		
The Regina Civic Employees' Superannuation and Benefit Plan	21	21
The Regina Police Pension Plan	21	21
Perpetual Care Trust and Williamson Driver Award	141	131
The Regina Civic Employees' Long Term Disability Plan	7	7
	190	180

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of dollars)

For the year ended December 31, 2011

18. 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, 2011 in thousands of dollars. These amounts represent 100% of the Board's financial position and activities:

	2011	2010
Financial assets	3,122	2,786
Tangible capital assets	25,667	26,887
Other non-financial assets	114	169
Total assets	28,903	29,842
Financial liabilities	2,264	2,449
Capital replacement reserve	1,413	910
Obligations to be funded from future revenues	(441)	(404)
Investment in tangible capital assets	25,667	26,887
Total liabilities and equity	28,903	29,842
Revenue	9,578	8,620
Expenses	10,331	9,605
Net loss	(753)	(985)

The above amounts are proportionately consolidated within the consolidated financial statements at 73.76% (2010 – 73.68%), the City's interest in the government business partnership. After eliminating transactions between the City and the partnership, the following amounts have been included in the consolidated statements:

	2011	2010
Financial assets	1,644	1,623
Financial liabilities	(794)	(728)
Non-financial assets	19,016	19,934
Net assets	19,866	20,829
Revenue	1,182	1,003
Expenses	6,485	5,803

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of dollars)

For the year ended December 31, 2011

19. DEFERRED REVENUE

	December 31, 2010	Externally restricted inflows	Revenue earned	Transfers to accounts payable and accrued liabilities	December 31, 2011
Building Communities Program	157	-	(157)	-	-
Municipal Economic Enhancement Program	982	-	(982)	-	-
Ministry of Highways and Infrastructure	2,086	-	(255)	(1,831)	-
Provincial/Territorial Base Fund	2,541	4,000	(859)	-	5,682
Service agreement fees	6,695	19,945	(18,875)	-	7,765
Other	3,963	443	-	-	4,406
	16,424	24,388	(21,128)	(1,831)	17,853

20. 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:

	2011	2010
Perpetual Care Trust	2,598	2,589
Williamson Driver Award	5	5

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of dollars)

For the year ended December 31, 2011

21. 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 will be led by a Deputy City Manager rather than a General Manager; creating two Executive Director positions in charge of Legal and Governance and Strategy. The three new divisions are City Operations, Community Planning & Development, and Corporate Services. The segmented information in these statements has not yet 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:

Community and Protective Services

Community and Protective Services provides fire services, parks and open space services, community, recreation, and cultural programs and services and, public transportation services. It is dedicated to engaging and supporting the citizens of Regina.

Public Works

Public Works 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.

Planning and Development

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 and real estate services.

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.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of dollars)

For the year ended December 31, 2011

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 Segment Disclosure (Schedule 2).

22. COMPARATIVE FIGURES

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

CONSOLIDATED STATEMENT OF OPERATIONS BY FUND AND ORGANIZATION Schedule 1

(in thousands of dollars)

For the year ended December 31, 2011

	General Operating	Utility Operating	General Capital	Utility Capital	Total City of Regina
REVENUE					
Taxation	148,402	-	-	-	148,402
Fees and charges	47,967	84,851	-	-	132,818
Government transfers	46,398	1,862	19,771	721	68,752
Electrical distribution	30,061	-	-	-	30,061
Licenses, fines and levies	10,059	-	1,038	-	11,097
Gas distribution	6,645	-	-	-	6,645
Interest and penalties	1,068	278	-	-	1,346
Interest on portfolio investments	8,666	-	-	-	8,666
Realized gains on portfolio investments	7,070	-	-	-	7,070
Service agreement fees	-	-	9,419	9,456	18,875
Land sales	9,089	-	(782)	-	8,307
Other	10,295	-	229	96	10,620
Contribution of tangible capital assets	-	-	20,109	9,602	29,711
	325,720	86,991	49,784	19,875	482,370
EXPENSES					
Parks, recreation and community services	34,972	-	6,645	-	41,617
Police	63,563	-	1,618	-	65,181
Legislative and administrative services	40,478	-	12,161	-	52,639
Water, wastewater and drainage	-	50,044	-	14,586	64,630
Roads and traffic	24,003	-	28,394	-	52,397
Fire	39,686	-	1,242	-	40,928
Transit	26,972	-	3,440	-	30,412
Waste collection and disposal	7,588	-	902	-	8,490
Grants	4,878	-	12	-	4,890
Planning and development	13,166	-	-	-	13,166
	255,306	50,044	54,414	14,586	374,350
Excess of revenues over expenses (expenses over revenues)	70,414	36,947	(4,630)	5,289	108,020

See accompanying notes to consolidated financial statements.

Schedule 1 (cont'd)

RDBID	RROC	BPWAB	RPL	RWBID	Consolidation adjustments	Consolidated 2011
639	-	-	16,023	160	-	165,224
195	644	7,047	1,651	2	(6,847)	135,510
-	1,506	-	1,398	-	(923)	70,733
-	-	-	-	-	-	30,061
-	-	-	-	-	-	11,097
-	-	-	-	-	-	6,645
-	-	20	-	-	-	1,366
-	-	-	-	-	-	8,666
-	-	-	-	-	-	7,070
-	-	-	-	-	-	18,875
-	-	-	-	-	-	8,307
-	-	-	-	-	(10,252)	368
-	-	-	-	-	-	29,711
834	2,150	7,067	19,072	162	(18,022)	493,633
845	2,161	-	17,736	165	(947)	61,577
-	-	-	-	-	-	65,181
-	-	-	-	-	(17)	52,622
-	-	7,621	-	-	(16,135)	56,116
-	-	-	-	-	-	52,397
-	-	-	-	-	-	40,928
-	-	-	-	-	-	30,412
-	-	-	-	-	-	8,490
-	-	-	-	-	(923)	3,967
-	-	-	-	-	-	13,166
845	2,161	7,621	17,736	165	(18,022)	384,856
(11)	(11)	(554)	1,336	(3)	-	108,777

CONSOLIDATED STATEMENT OF OPERATIONS BY SEGMENT

Schedule 2

(dollars in thousands)

For the year ended December 31, 2011

	Community and Protective Services	Public Works	Planning and Development	Regina Police Services	Corporate Services	Total City of Regina
REVENUE						
Taxation	-	-	-	-	148,402	148,402
Fees and charges	24,016	98,966	3,890	-	5,946	132,818
Government transfers	3,320	21,969	4,000	5,926	33,537	68,752
Electrical distribution	-	-	-	-	30,061	30,061
Licenses, fines and levies	7,133	3,964	-	-	-	11,097
Gas distribution	-	-	-	-	6,645	6,645
Interest and penalties	-	278	-	-	1,068	1,346
Interest on portfolio investments	-	-	-	-	8,666	8,666
Realized gains on portfolio investments	-	-	-	-	7,070	7,070
Service agreement fees	1,891	16,984	-	-	-	18,875
Land sales	-	8,307	-	-	-	8,307
Other	(12)	10,499	-	(48)	181	10,620
Contribution of tangible capital assets	-	24,729	-	-	4,982	29,711
	36,348	185,696	7,890	5,878	246,558	482,370
EXPENSES						
Wages and benefits	67,025	31,638	11,603	56,618	29,784	196,668
Material, supplies, and other goods	15,433	46,208	(126)	3,012	8,985	73,512
Contracted and general services	10,373	2,343	1,398	3,495	10,701	28,310
Utilities	148	13,701	-	443	4,194	18,486
Transfer payments/grants	3,337	249	487	43	1,691	5,807
Interest	-	3,163	-	-	746	3,909
Amortization	7,928	29,844	-	1,573	8,313	47,658
	104,244	127,146	13,362	65,184	64,414	374,350
Excess of (expenses over revenues) revenues over expenses	(67,896)	58,550	(5,472)	(59,306)	182,144	108,020

See accompanying notes to consolidated financial statements.

Schedule 2 (cont'd)

RDBID	RROC	BPWAB	RPL	RWBID	Consolidation adjustments	Consolidated 2011
639	-	-	16,023	160	-	165,224
195	644	7,047	1,651	2	(6,847)	135,510
-	1,506	-	1,398	-	(923)	70,733
-	-	-	-	-	-	30,061
-	-	-	-	-	-	11,097
-	-	-	-	-	-	6,645
-	-	20	-	-	-	1,366
-	-	-	-	-	-	8,666
-	-	-	-	-	-	7,070
-	-	-	-	-	-	18,875
-	-	-	-	-	-	8,307
-	-	-	-	-	(10,252)	368
-	-	-	-	-	-	29,711
834	2,150	7,067	19,072	162	(18,022)	493,633
355	1,216	1,953	10,055	-	-	210,247
60	12	1,258	5,315	-	(10,230)	69,927
403	681	732	-	161	-	30,287
-	172	2,317	-	-	(6,851)	14,124
-	-	-	-	-	(941)	4,866
-	-	-	101	-	-	4,010
27	80	1,361	2,265	4	-	51,395
845	2,161	7,621	17,736	165	(18,022)	384,856
(11)	(11)	(554)	1,336	(3)	-	108,777

CONSOLIDATED STATEMENT OF OPERATIONS BY SEGMENT

Schedule 2 (cont'd)

(dollars in thousands)

For the year ended December 31, 2010

	Community and Protective Services	Public Works	Planning and Development	Regina Police Services	Corporate Services	Total City of Regina
REVENUE						
Taxation	-	-	-	-	139,244	139,244
Fees and charges	22,217	86,151	2,421	-	3,767	114,556
Government transfers	19,464	41,150	-	5,495	25,895	92,004
Electrical distribution	-	-	-	-	28,633	28,633
Licenses, fines and levies	6,629	3,537	-	-	-	10,166
Gas distribution	-	-	-	-	6,875	6,875
Interest and penalties	-	235	-	-	1,771	2,006
Interest on portfolio investments	-	-	-	-	9,484	9,484
Realized gains on portfolio investments	-	-	-	-	3,963	3,963
Service agreement fees	1,543	10,994	-	-	-	12,537
Land sales	-	3,636	-	-	-	3,636
Other	23	10,407	-	(8)	1,214	11,636
Contributed tangible capital assets	1,086	19,025	-	-	7,275	27,386
	50,962	175,135	2,421	5,487	228,121	462,126
EXPENSES						
Wages and benefits	63,810	29,952	10,561	56,089	27,045	187,457
Material, supplies, and other goods	11,006	52,862	(679)	3,386	7,634	74,209
Contracted and general services	11,008	3,489	1,555	3,403	7,991	27,446
Utilities	115	12,514	-	410	3,953	16,992
Transfer payments/grants	14,205	295	277	58	1,851	16,686
Interest	-	2,868	-	-	1,334	4,202
Amortization of tangible capital assets	6,632	28,209	-	1,510	7,831	44,182
	106,776	130,189	11,714	64,856	57,639	371,174
Excess of (expenses over revenues) revenues over expenses	(55,814)	44,946	(9,293)	(59,369)	170,482	90,952

See accompanying notes to consolidated financial statements.

Schedule 2 (cont'd)

RDBID	RROC	BPWAB	RPL	RWBID	Consolidation adjustments	Consolidated 2010
613	-	-	15,132	156	(399)	154,746
154	710	6,346	1,769	17	(6,049)	117,503
-	1,365	-	1,177	-	(823)	93,723
-	-	-	-	-	-	28,633
-	-	-	-	-	-	10,166
-	-	-	-	-	-	6,875
-	-	12	-	-	-	2,018
-	-	-	-	-	-	9,484
-	-	-	-	-	-	3,963
-	-	-	-	-	-	12,537
-	-	-	-	-	-	3,636
-	-	-	-	-	(9,415)	2,221
-	-	-	-	-	-	27,386
767	2,075	6,358	18,078	173	(16,686)	472,891
422	1,131	1,798	10,133	-	-	200,941
36	11	810	5,023	-	(9,393)	70,696
356	651	684	-	140	-	29,277
-	173	2,444	-	-	(6,446)	13,163
-	-	-	-	-	(847)	15,839
-	-	-	128	-	-	4,330
13	68	1,349	2,185	4	-	47,801
827	2,034	7,085	17,469	144	(16,686)	382,047
(60)	41	(727)	609	29	-	90,844

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

Schedule 3

(in thousands of dollars)

For the year ended December 31, 2011

	General				
	Land	Land Improvements	Buildings and Building Improvements	Vehicles and Equipment	Office and Information Technology
Cost					
Balance, beginning of year	59,386	84,082	112,379	197,213	17,014
Add:					
Additions during the year	5,618	7,956	812	22,826	4,962
Transfers from assets under construction	-	17,837	1,031	548	923
Less:					
Disposals during the year	782	52	446	10,785	2,998
Balance, end of year	64,222	109,823	113,776	209,802	19,901
Accumulated amortization					
Balance, beginning of year	-	60,962	52,990	92,822	9,203
Add:					
Amortization	-	2,346	2,460	14,875	3,444
Less:					
Accumulated amortization on disposals	-	52	446	10,240	3,000
Balance, end of year	-	63,256	55,004	97,457	9,647
Net Book Value	64,222	46,567	58,772	112,345	10,254

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

Schedule 3

(in thousands of dollars)

For the year ended December 31, 2011

Infrastructure					Totals	
Plants and Facilities	Roads	Underground and Other Networks	Bridges and Other Structures	Assets Under Construction	2011	2010
224,334	534,263	493,618	22,654	58,047	1,802,990	1,693,452
2,071	34,800	12,942	3,536	35,634	131,157	132,475
119	1,601	2,415	-	-	24,474	6,175
11	9,348	-	-	24,474	48,896	29,112
226,513	561,316	508,975	26,190	69,207	1,909,725	1,802,990
88,204	297,610	147,137	9,242	-	758,170	730,566
4,599	16,317	6,648	706	-	51,395	47,801
5	7,337	-	-	-	21,080	20,197
92,798	306,590	153,785	9,948	-	788,485	758,170
133,715	254,726	355,190	16,242	69,207	1,121,240	1,044,820

GENERAL TRUST FUND

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, 2011, 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, 2011, 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 14, 2012
Regina, Saskatchewan

General Trust Fund

STATEMENT OF FINANCIAL POSITION

(in thousands of dollars)

As at December 31

	Perpetual Care Trust	Williamson Driver Award	Total 2011	Total 2010
ASSETS				
Cash	44	-	44	166
Long-term investments (note 4)	2,695	5	2,700	2,559
Total Assets	2,739	5	2,744	2,725
LIABILITIES AND FUND BALANCES				
Due to the City of Regina	141	-	141	131
Fund balance	2,598	5	2,603	2,594
Total Liabilities and Fund Balances	2,739	5	2,744	2,725

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 2011	Total 2010
REVENUE				
Contributions	9	-	9	10
Investment income	141	-	141	131
Total Revenue	150	-	150	141
EXPENDITURES				
Cemetery maintenance	141	-	141	131
Total Expenditures	141	-	141	131
Excess of revenue over expenditures	9	-	9	10
Fund balance, beginning of year	2,589	5	2,594	2,584
Fund balance, end of year	2,598	5	2,603	2,594

See accompanying notes.

General Trust Fund

NOTES TO FINANCIAL STATEMENTS

(in thousands of dollars)

December 31, 2011

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, 2011, 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, 2011

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.

	2011	2010
Investment cost	2,700	2,559
Market value	2,846	2,597

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, 2011, 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 – 12th Avenue
P.O. Box 2311
Regina, Saskatchewan S4P 3Z5
Fax: (306) 352-5550
Phone: (306) 777-6060
Contact: Ms. Gail Kruger

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