



City of Regina (Saskatchewan, Canada)

2015 Annual Report

Year-end December 31, 2015



City of Regina



REGINA
Infinite Horizons

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Prepared by City of Regina

- Finance Department
- Strategy Management Branch
- Communications Department

Audited by:

- Deloitte LLP



Financial Statement Discussion & Analysis

(in thousands of dollars)

December 31, 2015

INTRODUCTION

The discussion and analysis of the City of Regina's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2015. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should review the "Introduction" and "City of Regina Performance in 2015" contained within the Annual Report, notes to the financial statements and financial statements to enhance their understanding of the corporation's service efforts and accomplishments from both financial and non-financial perspectives.

HIGHLIGHTS

The Consolidated Financial Statements combine the financial results of the City's divisions with the financial results of the agencies that are accountable to and controlled or owned by the City. These include:

- Regina Downtown Business Improvement District
- Regina's Warehouse Business Improvement District
- Regina Regional Opportunities Commission (Effective January 1, 2016 - Economic Development Regina)
- Regina Public Library
- Buffalo Pound Water Administration Board (Effective January 1, 2016 - Buffalo Pound Water)
- Regina Exhibition Association Limited

Key financial highlights for 2015 are as follows:

- The 2015 Consolidated Financial Statements report net financial assets of negative \$69.7 million, a decrease of \$121.7 million from \$52.0 million at the end of 2014. The decrease in net financial asset position is due to the financing of major capital projects, namely the new Mosaic Stadium project and the Wastewater Treatment Plant upgrade, to meet the City's present and future demands.
- The 2015 Consolidated Financial Statements also show an excess of revenues over expenses of \$169.5 million compared to \$146.7 million in 2014.
- The City's accumulated surplus increased from \$1.6 billion at the end of 2014 to \$1.8 billion at December 31, 2015. Virtually all of the accumulated surplus is tied up in non-financial assets, such as tangible capital assets, which represents the service capacity available for future period. Non-financial assets were \$1.8 billion at the end of 2015.
- Revenues decreased by \$23.5 million and expenses decreased by \$46.3 million from 2014. The main reason for the decrease in revenue is due to the consolidation of Regina Exhibition Association Limited in the prior year.
- The City's reserves increased by \$26.0 million to \$236.7 million.

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Demographic and Economic Information

	2015	2014	2013	2012	2011
Population (Census Metropolitan area)*	223,000	217,490	211,202	205,660	197,470
Building permits					
Number	3,504	3,229	3,300	3,342	2,790
Values (\$000)	675,795	628,109	734,737	773,273	547,700
Urban dwelling starts	3,093	1,954	3,122	3,093	1,694
Inflation rate for Regina (%)	1.9%	2.4%	1.7%	1.8%	2.9%
GDP Growth for Regina (%)	1.6%	3.3%	3.5%	4.2%	6.1%
Unemployment rate (%)					
Regina	4.1%	4.2%	3.7%	3.6%	5.3%
Saskatchewan	5.5%	3.8%	4.0%	4.7%	5.0%
Canada	6.9%	6.9%	7.1%	7.2%	7.4%
Average selling prices of homes (\$)	311,235	313,903	311,047	301,332	268,000

* Population figure is for the Regina Census Metropolitan Area (CMA) as obtained from Statistics Canada, 91.7% of the CMA population is in Regina proper.

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REVENUES

The City of Regina had total operating and capital revenue of \$657.0 million in 2015. This is an decrease of \$23.5 million.

Table 1: Revenues - Budget to Actual and Prior Year Comparison

	2015 Budget	2015 Actual	Budget Variance Favourable (Unfavourable)	2014 Actual	Year over Year Increase (Decrease)
Taxation	225,667	227,973	2,306	216,711	11,262
Fees and charges	199,981	217,052	17,071	193,182	23,870
Government transfers	91,418	87,661	(3,757)	88,684	(1,023)
Electrical distribution	22,450	24,417	1,967	23,124	1,293
Licenses, fines and levies	14,272	14,211	(61)	13,394	817
Gas distribution	7,000	7,076	76	7,587	(511)
Interest and penalties	1,294	1,833	539	1,661	172
Interest on portfolio investments	12,944	18,940	5,996	15,024	3,916
Realized gains on portfolio investments	-	8,311	8,311	3,488	4,823
Servicing agreement fees	3,086	20,339	17,253	10,979	9,360
Land sales	3,503	3,877	374	7,735	(3,858)
Other	6,957	11,174	4,217	7,119	4,055
Contribution of tangible capital assets	-	14,114	14,114	37,745	(23,631)
Restructuring	-	-	-	54,086	(54,086)
	588,572	656,978	68,406	680,519	(23,541)

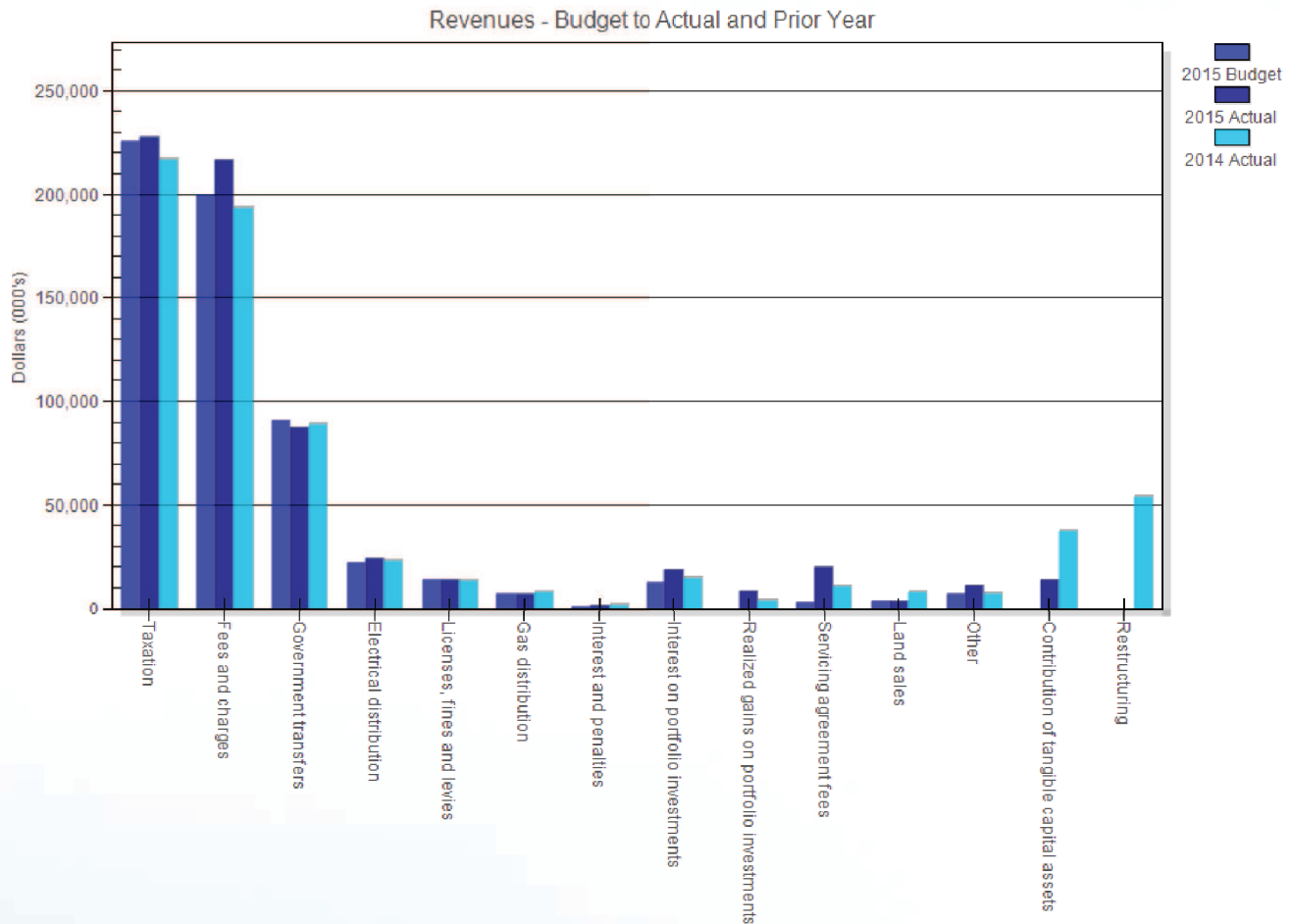
The schedule above includes both operating and capital revenues.

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(in thousands of dollars)

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Table 2: Revenues - Budget to Actual and Prior Year



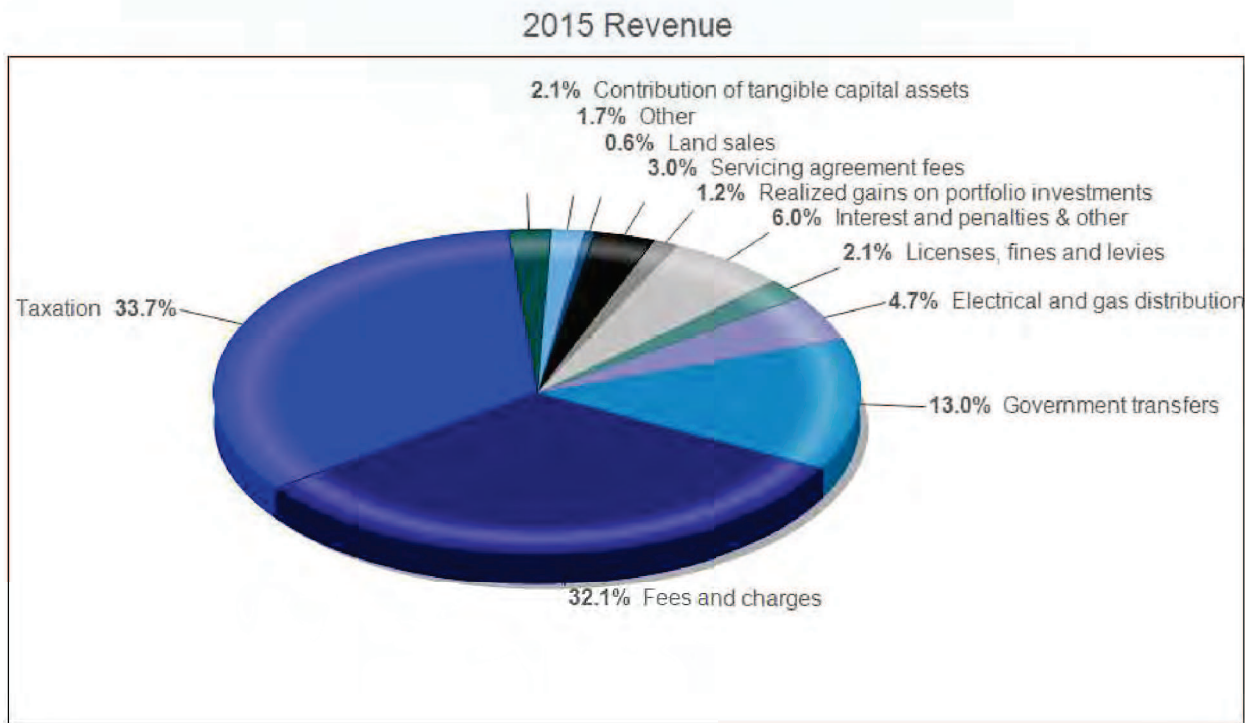
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Of the total revenue earned in the year, more than 66% (2014 - 60%) is attributed to taxation and fees.

Table 3: 2015 Revenue by Type



Taxation revenue for 2015 was \$11.3 million higher when compared to 2014. This was primarily due to a 3.9% increase in the mill rate and new properties coming onto the assessment roll during the year.

Fees and charges for 2015 were \$23.9 million higher than 2014. This was mainly due to an increase in sewer service charge, waste management fees, drainage levy, landfill charges which totalled \$17.7 million and REAL consolidated fees and charges of \$3.9 million.

Government transfers were \$3.8 million below budget this was primarily due to the net impact of actual gas tax recognized being less than budget by \$8.0 million and un-budgeted \$6.0 million received for School Site Projects. The variability with budget is also due to capital grants, which vary from year to year. Government transfers in 2015 were \$1.0 million lower than 2014, which was primarily due to reductions in deferred Gas Tax and Urban Highway Connector's Grant, which were offset by government transfer for school site projects.

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Servicing agreement fees for 2015 were \$9.4 million higher than 2014. When a servicing agreement is entered into between the City and a developer, the fees collected are inflows of cash or accounts receivable to the City. Parks, roads and dedicated lands are initially recorded as deferred revenue pursuant to the revenue recognition principles. They are recorded as revenue when allocated to eligible projects. Utility servicing agreement fees are recorded as revenue upon receipt or signing of new servicing agreements in accordance with revenue recognition principles. Servicing agreement fees collected in a given year are recorded as revenue or deferred revenue based on these principles. Deferred revenues related to servicing agreement fees decreased from 2014 to 2015.

Contribution to tangible capital assets for 2014 were \$14.1 million above budget since this item is not budgeted for. 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 as per development agreements. However, the City will be expected to maintain and rehabilitate these assets from this point forward.

Restructuring for 2015 was nil compared to \$54.1 million in 2014. This was due to the consolidation of REAL in 2014.

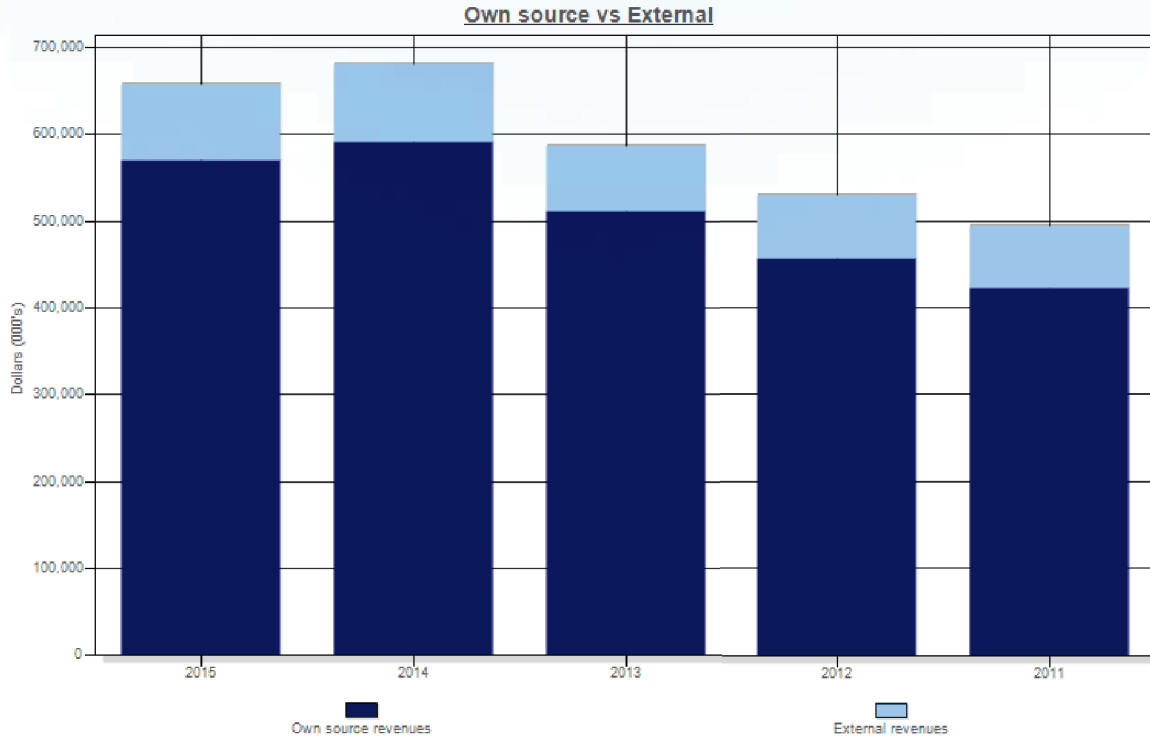
The City's financial condition is reflected in the overall economic and financial environment and the City's ability to meet service commitments to the public, obligations to creditors, employees and others. An assessment of the City's sustainability, flexibility and vulnerability indicators are presented within the Official Community Plan Results presented earlier in this document. In addition to the sustainability, flexibility and vulnerability described earlier in this document, Table 4 reflects a comparison of own-source revenue to external revenues.

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Table 4: Own Source vs External Revenue



Own-source revenues, which include taxation, have increased over the past five years and external revenues have decreased, indicating that the City is becoming more self-sufficient in meeting its service level commitments. This is an indication of a decrease in the City's degree of vulnerability as a result of its reduced dependency on other levels of government for revenues. The City has decreased its reliance on government transfers from 14.4% of total revenue in 2011 to 12.0% in 2015, meaning the City is more able to fund essential programs and services from own-source revenues.

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Table 5 provides a summary of the total revenue collected over the last five years. The top five revenue sources include taxation, government transfers, electrical and gas distribution revenues, fees and charges, and contribution of tangible capital assets (Table 6).

Table 5: Revenue Summary (Five Years)

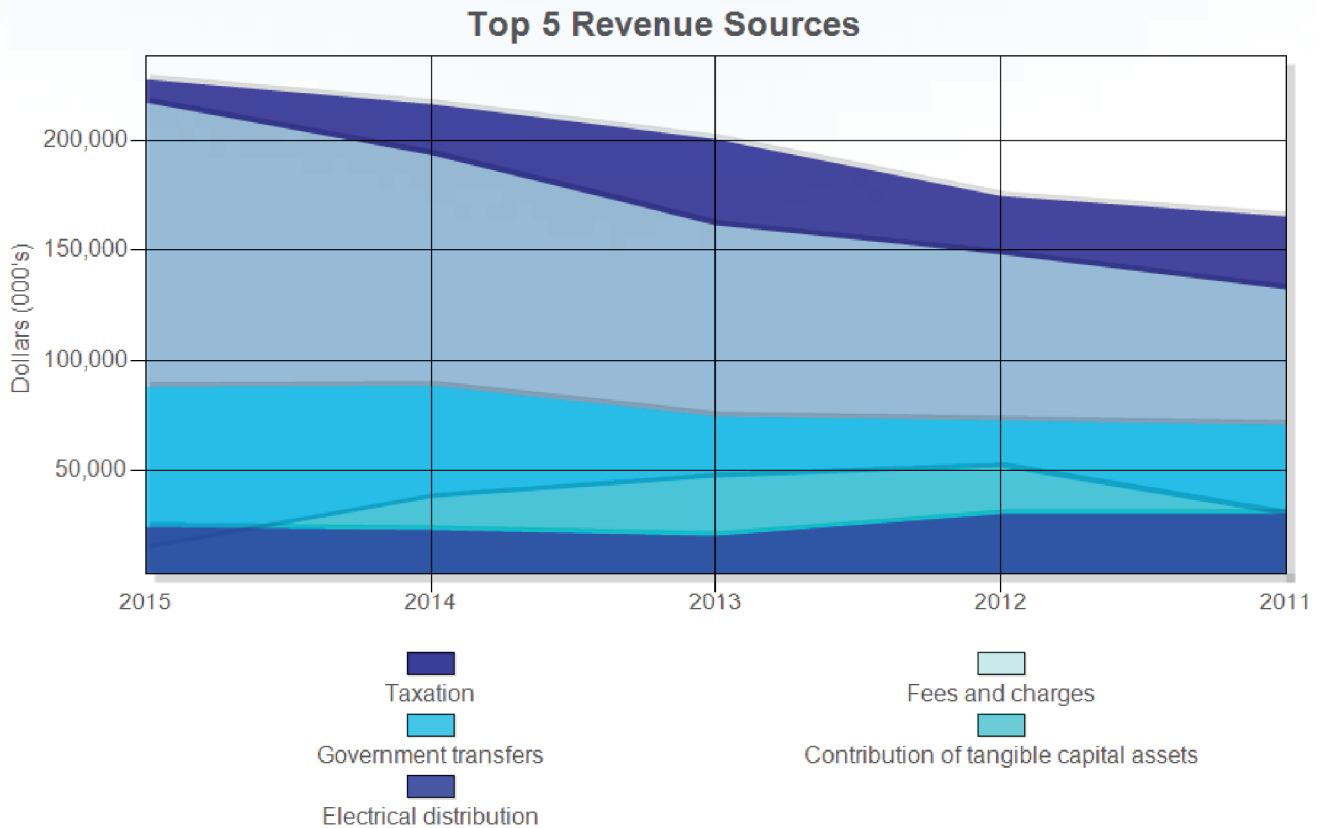
Revenue Summary	2015	2014	2013	2012	2011
Taxation	227,973	216,711	200,326	174,843	165,224
Fees and charges	217,052	193,182	161,208	148,209	132,470
Government transfers	87,661	88,684	74,335	72,452	70,733
Electrical distribution	24,417	23,124	20,596	30,075	30,061
Licenses, fines and levies	14,211	13,394	11,814	11,421	11,097
Gas distribution	7,076	7,587	6,739	5,620	6,645
Interest and penalties	1,833	1,661	1,406	1,261	1,366
Interest on portfolio investments *	18,940	15,024	9,665	8,580	9,484
Realized gains on portfolio investments *	8,311	3,488	(1)	3,006	3,963
Servicing agreement fees	20,339	10,979	25,374	14,696	18,875
Land sales	3,877	7,735	18,128	2,667	9,871
Other	11,174	7,119	10,060	4,062	3,483
Contribution of tangible capital assets	14,114	37,745	46,980	51,753	29,711
Restructuring	-	54,086	-	-	-
	656,978	680,519	586,630	528,645	492,983

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Table 6: Top Five Revenue Sources



Further details on these five sources of revenue and the historical trend are described below.

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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.

Table 7: Taxable Property Assessment

Taxable assessment	x	Mill rate	x	Mill rate factor	=	Property tax
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Taxable Property Assessment (in thousands of dollars)	
Year	Total
2015	19,700,181
2014	19,182,276
2013	18,611,010
2012	9,636,508
2011	9,470,294

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Table 8: Mill Rates And Levies

Mill Rates			Business Improvement Levies	
Year	Municipal	Library	Total	Regina's Warehouse
				Regina Downtown Improvement District
2015	9.2856	0.9372	2,025.2228	0.7388
2014	8.9371	0.9216	2,023.8587	0.7388
2013*	8.4404	0.8947	2,022.3351	0.7388
2012	15.1059	1.6221	2,028.7280	0.8874
2011	14.5389	1.5919	2,027.1308	0.8533

* 2013 was a reassessment year and the mill rates and business improvement levies were restated to revenue neutral rates.

The revenue neutral rates for 2013 were as follows:

Municipal mill rate - 8.4404

Library mill rate - 0.8947

Regina Downtown levy - 0.7388

Regina's Warehouse Business Improvement District levy- 0.7588

Table 9: Municipal Mill Rate Factors

Property Class/Subclass	Mill Rate Factors				
	2015	2014	2013	2012	2011
Residential	0.87880	0.87880	0.87880	0.90059	0.90059
Condominiums	0.87880	0.87880	0.87880	0.90059	0.90059
Multi family residential	0.87880	0.87880	0.87880	0.90059	0.90059
Commercial and Industrial	1.32901	1.32901	1.32901	1.22945	1.22945
Golf courses	0.86359	0.86359	0.86359	0.92187	0.92187
Agriculture	1.32901	1.32901	1.32901	1.22945	1.22945

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Table 10: Tax Levies and Collection

	2015	2014	2013	2012	2011
Municipal tax levy	208,274	197,821	170,239	158,121	149,201
School boards tax levy	122,026	119,687	115,717	115,480	112,162
Library tax levy	19,699	18,890	17,818	16,722	16,023
Total tax levy	349,999	336,398	303,774	290,323	277,386
Tax levy per capita - Municipal*	934	910	807	699	689
Tax levy per capita - School boards*	547	550	548	511	517
Tax levy per capita - Library*	88	87	84	74	74
Total tax levy per capita* (\$)	1,569	1,547	1,438	1,284	1,280
Tax levy per household - Municipal**	2,281	2,208	1,948	1,858	1,813
Tax levy per household - School boards**	1,337	1,336	1,324	1,357	1,363
Tax levy per household - Library**	216	211	204	196	195
Total tax levy per household** (\$)	3,834	3,755	3,476	3,411	3,371
Tax arrears, end of year (prior to allowance for doubtful accounts)	8,078	4,740	4,740	4,740	5,004
Arrears as a % of total tax levy	2.31%	1.41%	1.56%	1.63%	1.80%
Tax levy as a % of Gen operating Revenue	0.32%	0.29%	0.29%	0.30%	0.30%
Total taxes collected	341,921	331,412	309,372	297,651	282,664

* Population figure is for the Regina Census Metropolitan Area (CMA) as obtained from Statistics Canada, 91.7% of the CMA population is in Regina proper.

** Household figure is for the Census Metropolitan Area (CMA) as obtained from Stats Canada 2011 census, 91.7% of the CMA population is in Regina proper. The 2010 to 2011 figures were based off the 2006 census.

*** Next census will be in 2016.

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Table 11: Major Property Taxpayers in Regina in 2015

Registered Owner	Total Taxable Assessment	% of Total Taxable Assessment
1. Consumers' Co-operative Refineries Ltd.	245,713	1.25%
2. Harvard Developments Inc.	171,656	0.87%
3. Cornwall Centre Inc.	118,703	0.60%
4. Boardwalk REIT Properties Holdings Ltd.	162,458	0.82%
5. HDL Investments Inc.	95,522	0.48%
6. Gordon Road Property Holdings Inc.	97,768	0.50%
7. Regina Airport Authority	59,893	0.30%
8. SGC Holdings Inc.	57,168	0.29%
9. Westdale Construction Co. Ltd.	56,209	0.29%
10. 101143561 Saskatchewan Ltd.	54,826	0.28%
11. Dream Asset Management Corporation	72,161	0.37%
12. Enbridge Pipelines Inc.	45,767	0.23%
13. First Willow Developments Ltd.	48,940	0.25%
14. Arts Victoria Square Ltd.	52,605	0.27%
15. Loblaw Properties West Inc.	45,455	0.23%
Total	1,384,844	7.03%
Total 2015 taxable assessment	19,700,181	-

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

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

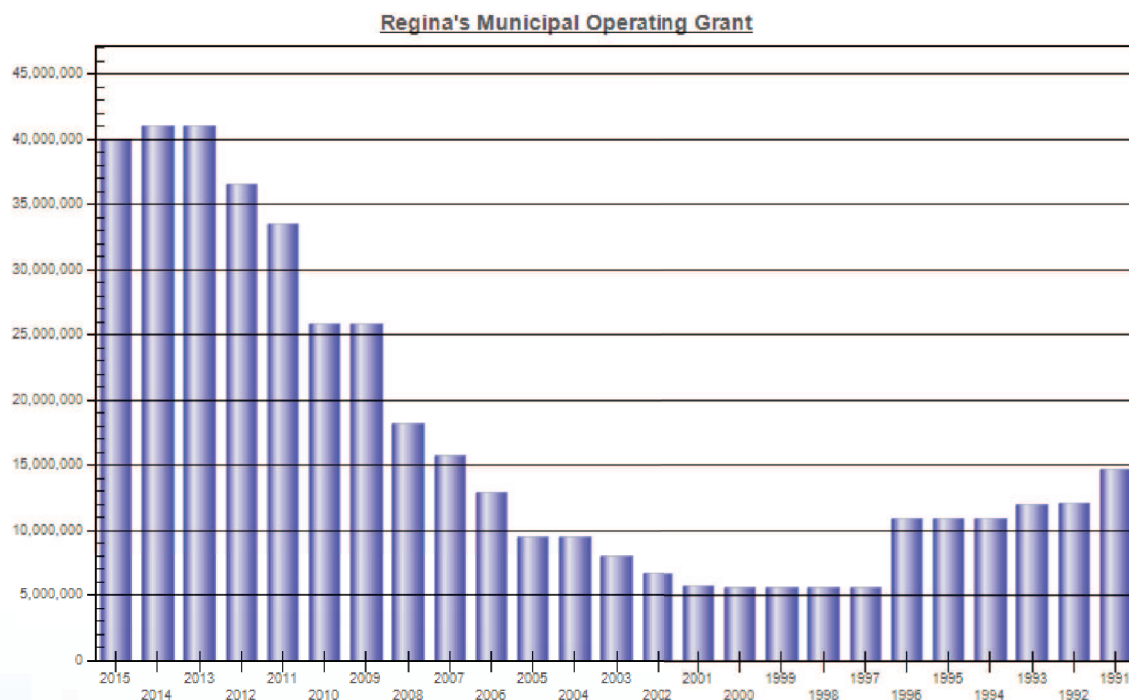
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Government transfers include both operating and capital transfers and reflects the variability in various Federal and Provincial capital grant programs. The Provincial municipal operating grant (previously known as revenue sharing grant) is the largest single grant program available to the City of Regina. Table 12 shows the Provincial municipal operating grants received by Regina since 1991.

Table 12: Municipal Operating Grants Trends



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. Electrical and gas distribution revenues increased by 3% or \$0.8 million in 2015 when compared to 2014.

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

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EXPENSES

The total operating expenses incurred by the City of Regina totalled \$487.5 million in 2015. This is a decrease of \$46.3 million (8.7%) from 2014. This decrease is the net result of reductions in landfill liability and expenses related to employee benefit obligations of \$28.5 and \$28.2 million respectively. Reductions in landfill liability and employee benefits obligations were greater than the increased expenses resulting from higher demand for services due to population growth and inflationary cost adjustments.

Table 13: Expenses – Budget to Actual and Prior Year Comparison

	2015 Budget	2015 Actual	Variance Favourable (Unfavourable)	2014 Actual	Increase (Decrease)
Parks, recreation and community services	100,289	98,529	1,760	95,132	3,397
Police	79,143	76,480	2,663	101,740	(25,260)
Legislative and administrative services	77,652	73,296	4,356	67,742	5,554
Water, wastewater and drainage	77,423	70,690	6,733	66,986	3,704
Roads and traffic	80,854	68,030	12,824	56,642	11,388
Fire	48,776	46,041	2,735	45,912	129
Transit	38,055	39,285	(1,230)	38,482	803
Waste collection and disposal	21,796	(8,128)	29,924	32,159	(40,287)
Grants	3,717	3,559	158	3,856	(297)
Planning and development	19,793	19,739	54	25,192	(5,453)
	547,498	487,521	59,977	533,843	(46,322)

The schedule above includes both operating and capital expenses.

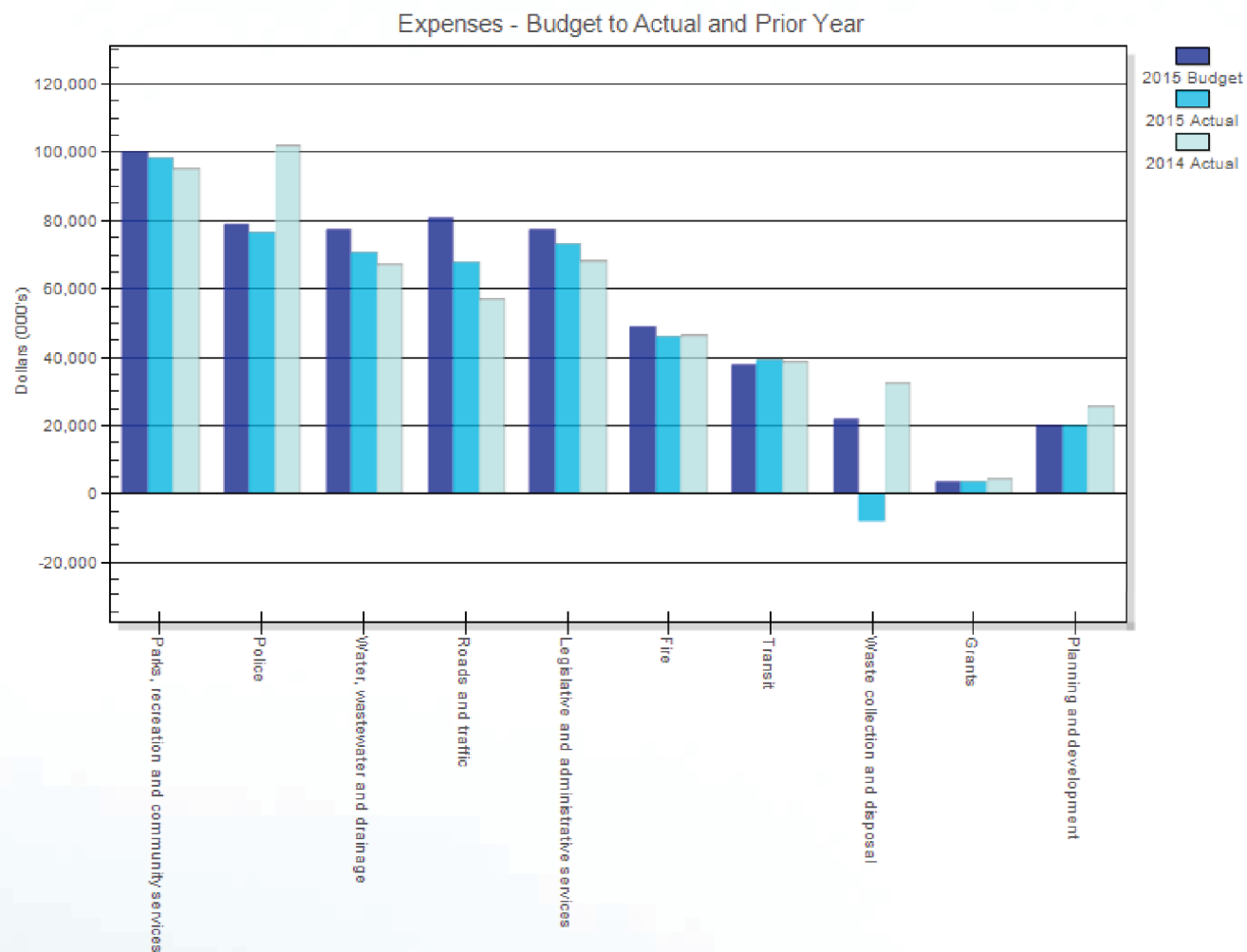
Of the total expenditures incurred, almost 65.6% is attributed to four areas: Parks, recreation and community services; Police; Legislative and administrative services and Water, wastewater and drainage.

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Table 14: Expenses – Budget to Actual and Prior Year

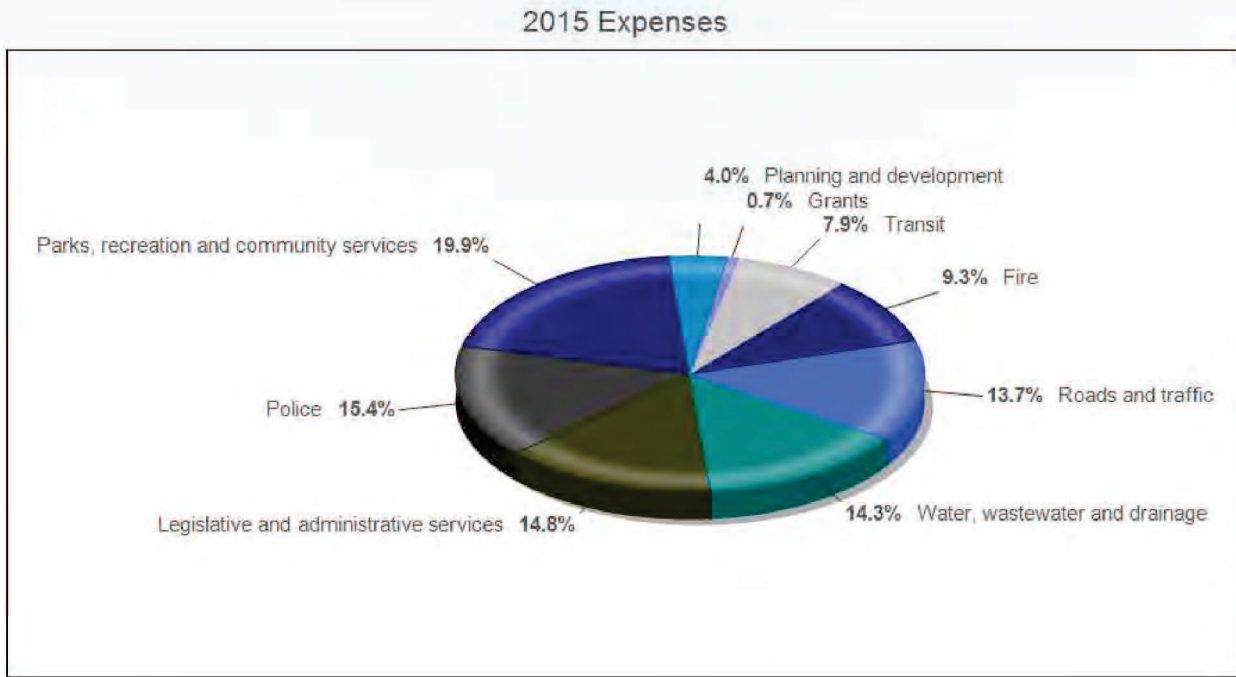


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Table 15: 2015 Expense by Type



Water, wastewater and drainage expenses were \$3.7 million higher than 2014. This increase was due to the full year payments made to EPCOR for existing facilities operation and maintenance payments. Additionally, amortization expense and utilities relating to water, wastewater and drainage also increased during the year.

Legislative and administrative services expenses were \$5.6 million higher than 2014. This was due to increases in debenture debt interest, amortization expense, wages and benefits and land development cost.

Parks, recreation and community services expenses exceeded 2014 actual by \$3.4 million. The main reasons for the increase were amortization expenses and wages and benefits.

Police expenses were \$25.3 million below 2014 results. This was due to changes in the Police Pension Plans in 2014 which resulted in a higher expenses for 2014.

Waste Collection & Disposal expenses were \$40.3 million below 2014 results. This was primarily due to a significant reduction in landfill liability resulting from changes in landfill liability estimation.

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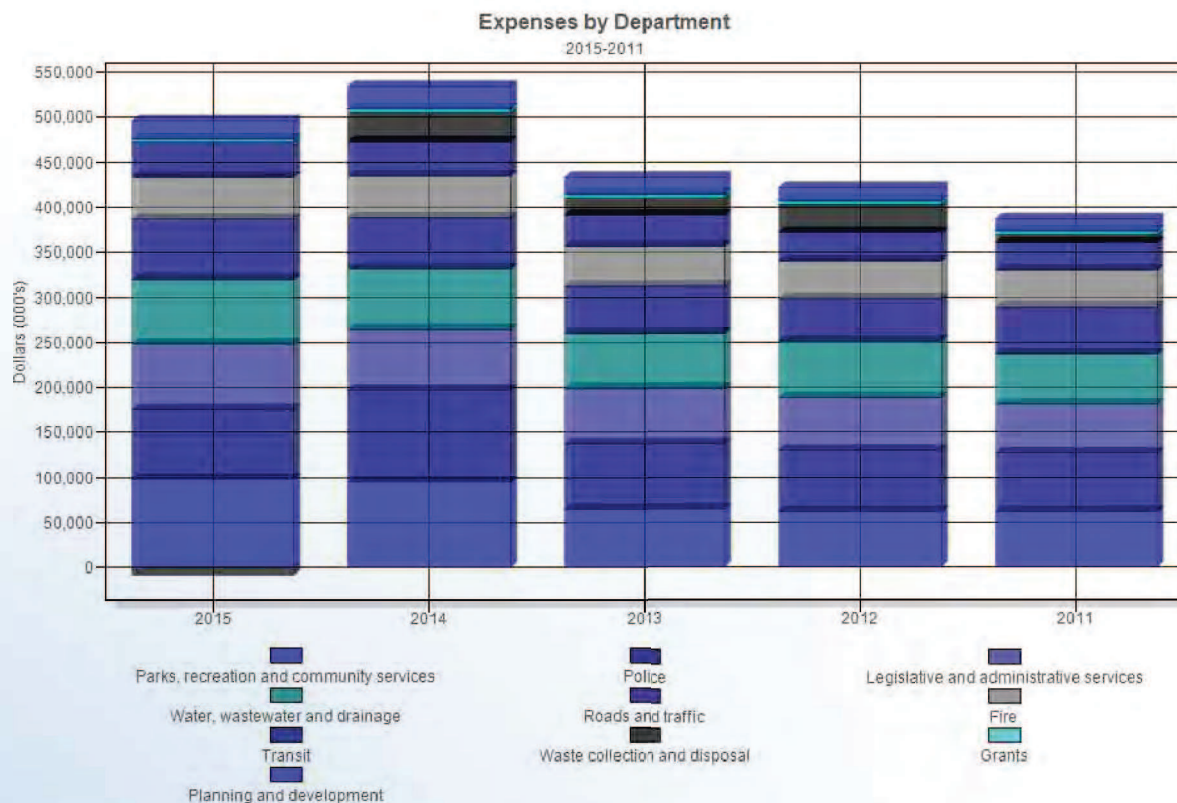
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An analysis of the significant trends in expenses indicate that while the City of Regina's expenses have increased by \$105.3 million over the last five years (Table 16), the increase is less than the five year increase in revenues indicating that the corporation has maintained sufficient funding to support the current level of services. Table 17 provides a graphic representation on the historical expenses by department.

Table 16: Expense Summary (Five Years)

	2015	2014	2013	2012	2011
Parks, recreation and community services	98,529	95,132	64,050	61,422	61,593
Police	76,480	101,740	73,308	69,156	65,229
Legislative and administrative services	73,296	67,742	61,147	57,510	54,055
Water, wastewater and drainage	70,690	66,986	61,435	63,392	56,153
Roads and traffic	68,030	56,642	52,085	45,783	52,397
Fire	46,041	45,912	44,083	43,575	40,950
Transit	39,285	38,482	34,312	31,049	30,494
Waste collection and disposal	(8,128)	32,159	19,712	30,977	8,490
Grants	3,559	3,856	4,459	4,575	3,968
Planning and development	19,739	25,192	18,888	14,167	13,166
Total	487,521	533,843	433,479	421,606	386,495

Table 17: Expenses by Department



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Approximately 79% of the total expenses incurred by the City of Regina are attributed to wages and benefits, materials and contracted and general services. This has remained relatively constant for the last five years (Table 18) with wages and benefits making up more than 54% of the costs and material, supplies and contracted services being almost 25%. Table 19 and 20 provides a graphic representation on the historical expenses by object.

The number of people employed by the City of Regina in the last five years, including casual staff, is as follows:

2015 - 4,896*
 2014 - 3,840**
 2013 - 3,604**
 2012 - 3,579**
 2011 - 3,500**

* 2015 This represents the number of employees paid during the year by the City of Regina and its related entities, which include: Buffalo Pound, Regina Downtown, Regina Warehouse, Regina Public Library, Regina Exhibition and Regina Regional Opportunities Commission.

* 2011-2014 This represents the number of employees paid during the year by the City of Regina and its related entities, which include: Buffalo Pound, Regina Downtown and Regina Warehouse.

Table 18: Expense by Object

	2015	2014	2013	2012	2011
Wages and benefits	263,796	282,881	226,631	218,347	210,247
Materials, supplies and other goods	29,834	84,794	70,867	70,456	71,566
Contracted and general services	90,106	71,357	52,065	55,474	30,287
Transfer payments/grants	5,775	4,720	5,485	5,942	4,866
Utilities	18,324	15,380	16,110	12,557	14,124
Interest and bank charges	9,342	8,395	3,567	3,547	4,010
Amortization of tangible assets	70,344	66,316	58,754	55,283	51,395
Total	487,521	533,843	433,479	421,606	386,495

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Table 19 and 20 illustrates total expenses by object.

Table 19: Expense by Object

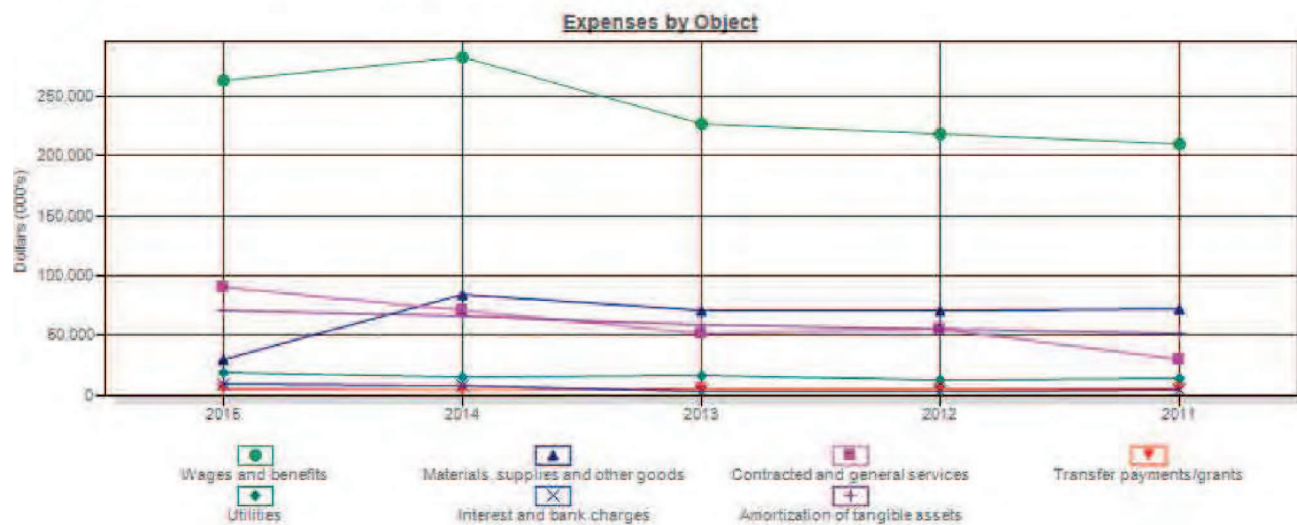
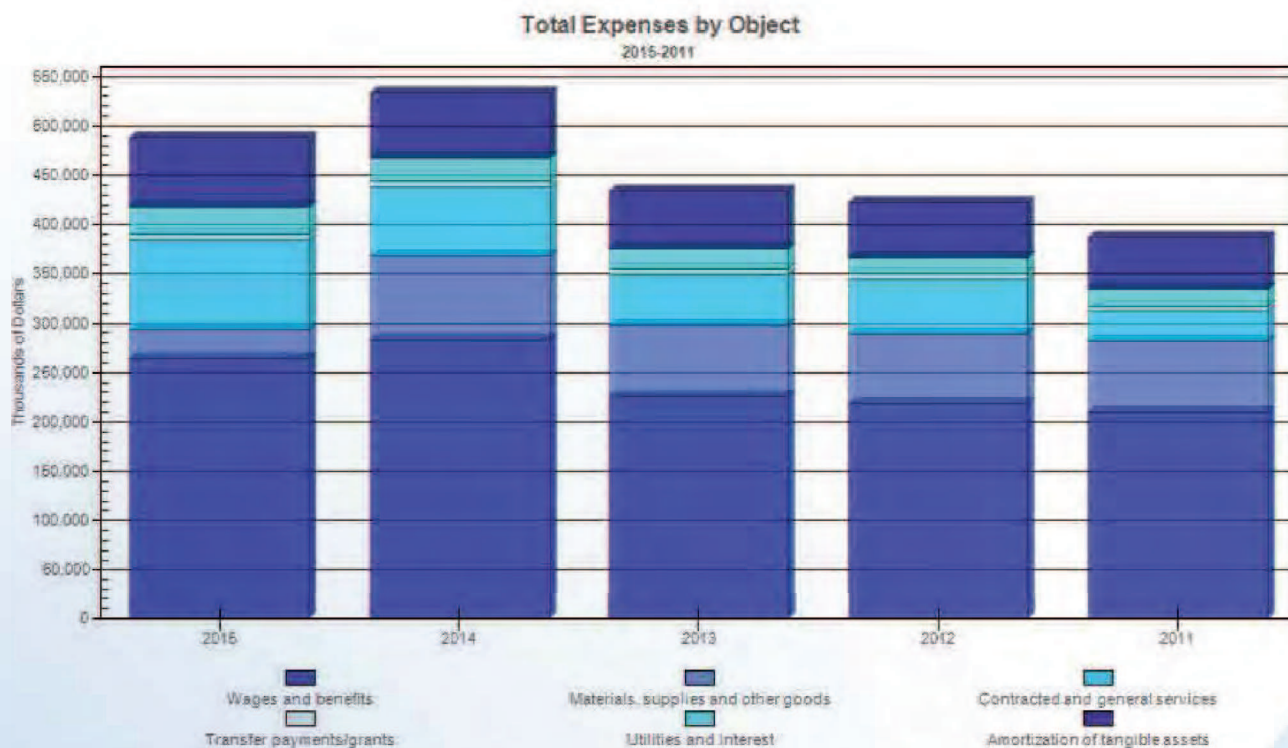


Table 20: Total Expense by Object



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GENERAL CAPITAL FUND

	Budget 2015	Actual 2015	Actual 2014	Actual 2013	Actual 2012	Actual 2011
Revenues						
Government transfers						
Federal	10,968	2,974	9,090	11,864	15,906	14,244
Provincial	29,508	26,820	29,626	7,051	282	5,527
Servicing agreement fees	1,519	13,798	1,697	11,126	1,343	9,419
Other revenues	5,830	16,252	1,513	850	590	20,594
	47,825	59,844	41,926	30,891	18,121	49,784
Expenses	87,576	87,578	64,939	63,258	53,239	54,414
(Expenses over revenues)	(39,751)	(27,734)	(23,013)	(32,367)	(35,118)	(4,630)

Annually, City Council approves a Capital Plan to support the Strategic Plan and to respond to the service demands of the city, which requires investment in tangible capital assets. The budget details each capital project based on the maximum forecast expenditure for the year to accommodate the planning and scheduling requirements associated with the projects. There is a higher degree of variability between actual and budget for capital projects as there is typically a portion of the budget carried forward to future years for projects not completed within the fiscal year. At the end of 2015, the carry forward amount available in the General Capital and Utility Capital funds was \$125.6 million (2014 - \$253.3 million).

OTHER SIGNIFICANT TRENDS

Other significant trends for the City of Regina can be determined by analyzing the Statement of Financial Position for the past five years.

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Statement of Financial Position

	2015	2014	2013	2012	2011
Financial assets					
Cash	28,124	28,239	30,455	30,234	38,066
Short-term investments	271	269	374	670	12,608
Accounts receivable	42,877	42,940	62,377	61,278	51,829
Taxes receivable	4,884	4,406	4,527	2,854	2,871
Long-term investments	432,679	522,690	274,238	249,288	192,811
Property held for resale	329	329	349	42	73
	509,164	598,873	372,320	344,366	298,258
Financial liabilities					
Accounts payable and accrued liabilities	147,331	127,406	45,004	50,030	46,501
Taxes payable to school boards	5,990	6,010	5,442	5,919	5,053
Deferred revenue	44,702	44,234	35,452	28,928	17,853
Capital lease obligations	1,105	1,280	1,241	1,323	1,395
Long-term debt	271,651	228,087	77,200	81,550	89,900
Employee benefit obligations	78,948	82,221	52,743	52,009	51,110
Landfill closure and post-closure	29,124	57,630	47,337	44,160	27,186
	578,851	546,868	264,419	263,919	238,998
Net financial assets (liabilities)	(69,687)	52,005	107,901	80,447	59,260
Non-financial assets					
Tangible capital assets	1,835,703	1,549,388	1,324,081	1,207,572	1,121,240
Materials and supplies	7,802	7,516	6,754	5,807	6,287
Prepaid expense	6,625	2,077	8,241	-	-
ACCUMULATED SURPLUS (DEFICIT)	1,780,443	1,610,986	1,446,977	1,293,826	1,186,787
ANNUAL SURPLUS	169,457	146,676	153,151	108,777	90,844

Financial Statement Discussion & Analysis

(in thousands of dollars)

December 31, 2015

Investments

Fluctuations in long-term investments reflect the encashment of investments to settle milestone payments relating to major projects, the timing of expenditures of the funding allocated to various capital projects and management of investments to maximize interest revenue.

Accounts Receivable

Accounts receivable balance remained fairly consistent year over year.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities increased by \$19.9 million in 2015 due mainly to increases in the payable balances of PCL construction, relating to the Stadium project; and EPCOR Water Prairies Inc., relating to the Wastewater Treatment Plant of \$12.3 and \$8.9 million respectively.

Deferred Revenue

Deferred revenues balance remained fairly consistent year over year.

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

	2015	2014	2013	2012	2011
Total debt outstanding, beginning of year	228,087	77,200	81,550	89,900	106,600
Debt issued during year	49,603	200,400	-	-	-
Debt repayments during year	(6,039)	(49,513)	(4,350)	(8,350)	(8,350)
Total debt outstanding, December 31	271,651	228,087	77,200	81,550	89,900
General municipal debt outstanding, end of year	211,484	216,617	21,124	23,968	26,812
Water & Sewer Utility debt outstanding, end of year	10,564	11,470	56,076	57,582	63,088
WWTP debt outstanding, end of year	49,603				
Total debt outstanding	271,651	228,087	77,200	81,550	89,900
Authorized debt limit, December 31	450,000	450,000	450,000	350,000	200,000
Debt per capita (\$)*	1,218	1,049	333	361	414
Debt per household (\$)**	2,975	2,546	883	958	1,092
Debt per community assessed value	1.38%	1.19%	0.41%	0.85%	0.95%
Debt as a multiple of revenue	41.3%	33.5%	13.2%	15.4%	18.2%

*Population figure is for the Regina Census Metropolitan Area (CMA) as obtained from Statistics Canada, 91.7% of the CMA population is in Regina proper.

** Household figure is for the Census Metropolitan Area (CMA) as obtained from Stats Canada 2011 census, 91.7% of the CMA population is in Regina proper. The 2010 to 2011 figures were based off the 2006 census.

Financial Statement Discussion & Analysis

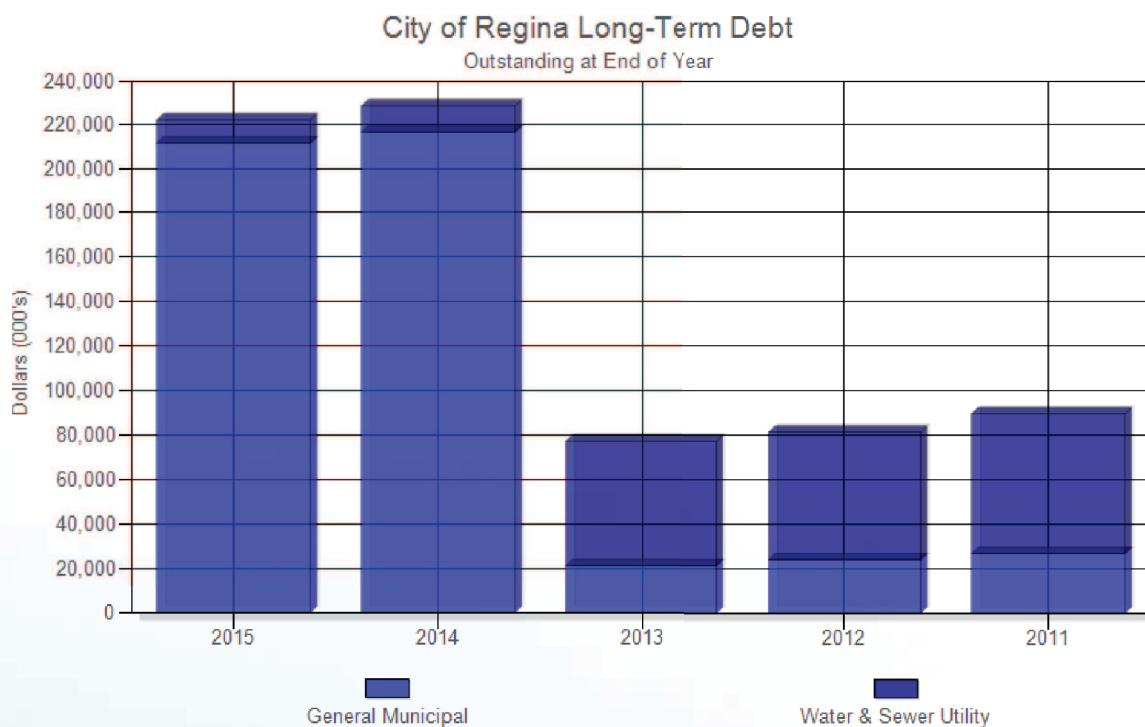
(in thousands of dollars)

December 31, 2015

Long-Term Debt

The City of Regina has an authorized debt limit of \$450.0 million. This amount remains unchanged from 2014. The debt limit is approved by the Saskatchewan Municipal Board pursuant to the provisions of *The Cities Act*. The City is \$178.3 million below its current debt limit.

Table 21: City of Regina Long-Term Debt



The City's tax-supported debt was \$211.5 million at the end of 2015, while debt incurred to fund the Water and Sewer Utility was \$10.6 million. The City incurred \$49.6 million of debt in 2015 relating to the deferred payments of Wastewater Treatment Plant liability.

Financial Statement Discussion & Analysis

(in thousands of dollars)

December 31, 2015

The cost of servicing the debt over the past five years is presented in the Table 22.

Table 22: City of Regina Debt Service Cost

<i>City of Regina Debt Service Costs</i>	2015	2014	2013	2012	2011
General municipal debt					
Principal	4,924	3,652	2,844	2,844	2,844
Interest	8,811	7,392	1,127	1,164	1,260
	13,735	11,044	3,971	4,008	4,104
Water and Sewer Utility					
Principal	906	44,606	1,506	5,506	5,506
Interest	531	1,684	2,256	2,383	2,649
	1,437	46,290	3,762	7,889	8,155
Total	15,172	57,334	7,733	11,897	12,259
Debt service costs as a % of total expenses	3.1%	10.7%	1.8%	2.8%	3.2%

Financial Statement Discussion & Analysis

(in thousands of dollars)

December 31, 2015

Employee Benefit Obligations

Employee benefit obligations include liabilities for pensions, sick and severance, vacation and overtime. The increase in employee benefit obligations from 2011 to 2015 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 10 years, the cash outlays relating to this obligation will continue to grow.

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 Consolidated 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 \$25.7 million at December 31, 2015 (2014 - \$70.4 million deficit). The City and other employer parties in the Plan have reached an agreement with Plan members and the pension regulator to reduce the Plan deficit over the next 20 years.

	2015	2014	2013	2012	2011
City of Regina employer contributions	14,548	13,907	13,285	13,279	13,003

Tangible Capital Assets

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. The City's tangible capital assets include land, buildings, vehicles and equipment, roads and bridges, and underground and other networks.

	2015	2014	2013	2012	2011
Tangible Capital Assets - Net Book Value	1,835,703	1,549,388	1,324,081	1,207,572	1,124,240

Financial Statement Discussion & Analysis

(in thousands of dollars)

December 31, 2015

Reserves and Accumulated Surplus

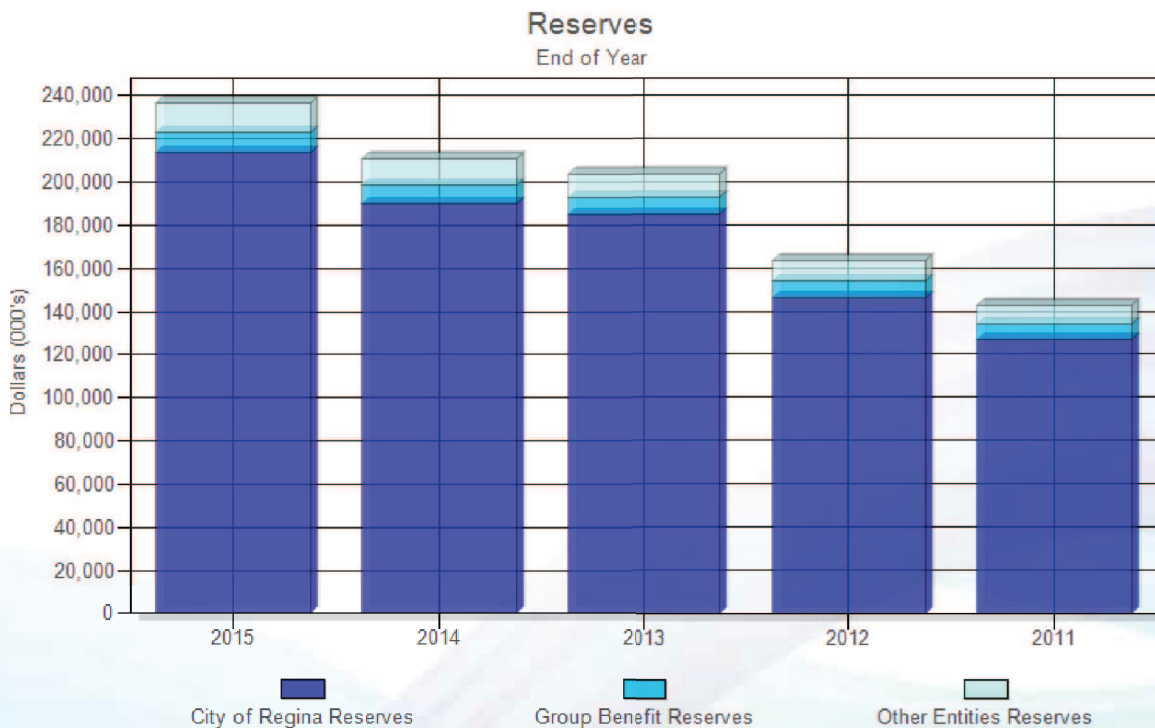
The City allocates funds to reserves to meet specific future operating and capital requirements. The largest reserves are the General Utility Reserve and General Fund Reserve, which are intended to provide funding in the event of an operating deficit, as well as for one time initiatives.

Reserves increased by \$94.4 million from 2011 to 2015 due to the approved transfers to fund the eligible capital projects and other expenses.

The General Utility Reserve, which is included in the City Reserves, increased \$30.5 million from 2011 to 2015, this was primarily due to Water and Sewer Utility Fund surpluses and return of funds from projects.

Reserve balances totalled \$236.7 million at the end of 2015 (2014 - \$210.7 million).

	2015	2014	2013	2012	2011
Reserves					
City of Regina Reserves	213,733	190,131	185,150	146,321	126,623
Group Benefits Reserves	9,010	8,827	8,041	7,801	7,621
Other Entities Reserves	13,977	11,714	10,617	9,127	8,033
	236,720	210,672	203,808	163,249	142,277



Financial Statement Discussion & Analysis

(in thousands of dollars)

December 31, 2015

REGINA REVITALIZATION INITIATIVE

The Regina Revitalization Initiative (RRI) is a large scale redevelopment project which was launched by the City of Regina in May 2011 as a vision to develop a new stadium and redevelop two large areas of land in Regina's inner-city. Ultimately, the project will contribute to increase the density of Regina's population by providing new sites within the City where residential development can occur, hence reducing the need for Greenfield development. The primary activity of the RRI in 2015 was the construction of the new stadium, which will be ready for occupancy in 2017.

The following is a Statement of Financial Position and a Statement of Operations relating to the RRI-stadium project:

Statement of Financial Position

	2015	2014
Financial assets		
Accounts receivable	-	10
Long term investments	114,685	214,600
	114,685	214,610
Financial liabilities		
Accounts payable and accrued liabilities	56,177	43,867
Long-term debt	194,425	197,904
	250,602	241,771
Net financial assets (liabilities)	(135,917)	(27,161)
Non-financial assets		
Tangible capital assets	199,993	62,855
ACCUMULATED SURPLUS (DEFICIT)	64,076	35,694

Financial Statement Discussion & Analysis

(in thousands of dollars)

December 31, 2015

Statement of Operations

	2015	2014
Revenues		
Taxation	2,292	1,482
Government transfers	25,000	25,000
Third party revenue	-	90
Interest on portfolio investments	6,057	5,823
Realized gains on portfolio investments	3,000	1,131
	36,349	33,526
Expenses		
Interest expense	7,967	6,073
Commission on borrowing	-	703
	7,967	6,776
Annual Surplus	28,382	26,750
ACCUMULATED SURPLUS, BEGINNING OF YEAR	35,694	8,944
ACCUMULATED SURPLUS, END OF YEAR	64,076	35,694



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 LLP Chartered Professional 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.



Ian Rea, Chief Financial Officer
Corporate Services
May 30, 2016



Chris Holden,
City Manager & Chief Administrative Officer



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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, 2015, and the consolidated statements of operations and accumulated surplus, 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.

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, 2015, 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.

A stylized, handwritten signature of "Deloitte LLP" in dark blue ink.

Chartered Professional Accountants, Chartered Accountants
Licensed Professional Accountants

May 30, 2016
Regina, Saskatchewan

Consolidate Financial Statements

(in thousands of dollars)

December 31, 201

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2015	2014
FINANCIAL ASSETS		
Cash	\$ 28,124	\$ 28,238
Short-term investments (Note 4)	271	269
Accounts receivable (Note 3)	42,877	42,941
Taxes receivable	4,884	4,406
Long-term investments (Note 5)	432,679	522,690
Property held for resale (Note 12)	329	329
	509,164	598,873
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	147,331	127,406
Taxes payable to school boards	5,990	6,010
Deferred revenue (Note 18)	44,702	44,234
Capital lease obligations (Note 6)	1,105	1,280
Long-term debt (Note 7)	271,651	228,087
Employee benefit obligations (Note 8)	78,948	82,221
Landfill closure and post-closure (Note 10)	29,124	57,630
	578,851	546,868
NET FINANCIAL (DEBT) ASSETS	(69,687)	52,005
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	1,835,703	1,549,388
Materials and supplies	7,802	7,516
Prepaid	6,625	2,077
ACCUMULATED SURPLUS (Note 13)	\$ 1,780,443	\$ 1,610,986

Commitments and contingent liabilities (Note 11)

See accompanying notes to consolidated financial statements.

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(in thousands of dollars)

December 31, 2015

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

	Budget	Actual	Actual
	2015	2015	2014
REVENUE			
Taxation (Note 15)	\$ 225,667	\$ 227,973	\$ 216,711
Fees and charges	199,981	217,052	193,182
Government transfers (Note 16)	91,418	87,661	88,684
Electrical distribution	22,450	24,417	23,124
Licenses, fines and levies	14,272	14,211	13,394
Gas distribution	7,000	7,076	7,587
Interest and penalties	1,294	1,833	1,661
Interest on portfolio investments	12,944	18,940	15,024
Realized gains on portfolio investments	-	8,311	3,488
Servicing agreement fees	3,086	20,339	10,979
Land sales	3,503	3,877	7,735
Other	6,957	11,174	7,119
Contribution of tangible capital assets	-	14,114	37,745
Restructuring (Note 21)	-	-	54,086
	588,572	656,978	680,519
EXPENSES			
Parks, recreation and community services	100,289	98,529	95,132
Police	79,143	76,480	101,740
Legislative and administrative services	77,652	73,296	67,742
Water, wastewater and drainage	77,423	70,690	66,986
Roads and traffic	80,854	68,030	56,787
Fire	48,776	46,041	45,912
Transit	38,055	39,285	38,482
Waste collection and disposal (Note 10)	21,796	(8,128)	32,014
Grants	3,717	3,559	3,856
Planning and development	19,793	19,739	25,192
	547,498	487,521	533,843
Excess of Revenues over Expenses	41,074	169,457	146,676
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	1,610,986	1,446,977
Restructuring (Note 21)	-	-	17,333
ACCUMULATED SURPLUS, BEGINNING OF YEAR AFTER RESTRUCTURING	-	1,610,986	1,464,310
ACCUMULATED SURPLUS, END OF YEAR	\$ 41,074	\$ 1,780,443	\$ 1,610,986

See accompanying notes to consolidated financial statements.

Consolidate Financial Statements

(in thousands of dollars)

December 31, 2015

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL (DEBT) ASSETS

	Budget	Actual	Actual
	2015	2015	2014
Excess of Revenues over Expenses	\$ -	\$ 169,457	\$ 146,676
Acquisition of tangible capital assets	(362,829)	(362,829)	(224,501)
Amortization of tangible capital assets	70,344	70,344	66,316
Proceeds on disposal of tangible capital assets	-	4,445	987
Loss on disposal of tangible capital assets	-	1,725	4,765
Restructuring (Note 21)	-	-	(54,086)
Decrease in net financial assets upon REAL restructuring (Note 21)	-	-	(1,910)
	(292,485)	(286,315)	(208,429)
Net change in materials and supplies	-	(286)	(355)
Net change in prepaid	-	(4,548)	6,212
	-	(4,834)	5,857
Decrease in net financial assets	(292,485)	(121,692)	(55,896)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	52,005	52,005	107,901
NET FINANCIAL (DEBT) ASSETS, END OF YEAR	\$ (240,480)	\$ (69,687)	\$ 52,005

See accompanying notes to consolidated financial statements.

Consolidate Financial Statements

(in thousands of dollars)

December 31, 2015

CONSOLIDATED STATEMENT OF CASH FLOWS

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of Revenue over Expenses	\$ 169,457	\$ 146,676
Non-cash items		
Amortization of tangible capital assets	70,344	66,316
Loss on disposal of tangible capital assets	1,725	4,765
Contribution of tangible capital assets	(14,114)	(37,745)
Realized gains on portfolio investments	(8,311)	(3,488)
Restructuring (Note 21)	-	(51,043)
Net change in non-cash working capital balances		
Decrease in accounts receivable	64	21,290
(Increase) decrease in taxes receivable	(478)	121
Decrease in accounts payable and accrued liabilities	(85,991)	(6,826)
(Decrease) increase in taxes payable to school boards	(20)	568
Increase in deferred revenue	468	7,099
(Decrease) increase in capital lease obligations	(175)	39
(Decrease) increase in employee benefit obligations	(3,273)	29,478
(Decrease) increase in landfill closure and post-closure liability	(28,506)	10,293
Decrease in property held for resale	-	20
(Increase) in materials and supplies	(286)	(355)
(Increase) decrease in prepaid	(4,548)	6,212
	96,356	193,420
CASH FLOWS FROM CAPITAL ACTIVITIES:		
Acquisition of tangible capital assets	(193,196)	(102,134)
Proceeds on disposal of tangible capital assets	4,445	987
	(188,751)	(101,147)
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Purchase) sale of short-term investments	(2)	105
Sale (purchase) of long-term investments, net	98,322	(244,964)
	98,320	(244,859)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Debt issued	-	200,400
Repayment of long-term debt	(6,039)	(50,031)
	(6,039)	150,369
DECREASE IN CASH	(114)	(2,217)
CASH, BEGINNING OF YEAR	28,238	30,455
CASH, END OF YEAR	\$ 28,124	\$ 28,238

See accompanying notes to consolidated financial statements.

Consolidate Financial Statements

(in thousands of dollars)

December 31, 2015

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

The Consolidated Financial Statements of the City of Regina (City) are prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS) as recommended by the Chartered Professional Accountants of Canada (CPA Canada). Significant aspects of the accounting policies adopted by the City are as follows:

a. Reporting entity

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

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

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

The City has a 74.14% (2014 - 74.05%) interest in the Buffalo Pound Water Administration Board (BPWAB), a government partnership, that is proportionately consolidated.

The Regina Public Library has a 21.78% (2014 - 21.72%) interest in the Saskatchewan Information and Library Services Consortium Inc. (SILS), which has been proportionately consolidated.

The Regina Exhibition Association Ltd. (REAL) was incorporated in 1907 pursuant to an act of the Legislature of the Province of Saskatchewan, being C. 41, Statutes of Saskatchewan. On January 1, 2014, REAL was transitioned from the Province of Saskatchewan to the City and was continued under *The Non-Profit Act, 1995* (Saskatchewan) and the City became the sole owner of the issued Class A voting membership of REAL. See Note 21 for further details.

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(in thousands of dollars)

December 31, 2015

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Revenue recognition

Revenues are recorded using the accrual basis of accounting whereby revenues are recognized as they are earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

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.

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

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

c. Expense recognition

Expenses are recorded using the accrual basis of accounting whereby expenses are recognized as they are incurred and measurable based upon receipt of goods and services and/or the legal obligation to pay.

d. Use of estimates

The preparation of Consolidated 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 consolidated financial statements and reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Significant estimates include accrued liabilities, employee benefit obligations, landfill liability, contribution of tangible capital assets, provision on tax appeals, and the amortization of tangible capital assets.

e. Materials and supplies

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

Consolidate Financial Statements

(in thousands of dollars)

December 31, 2015

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Taxes collected for others

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

g. Deferred revenue

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

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

h. Employee benefit plans

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

Costs related to defined benefit pension plans considered to be single-employer plans, the costs are recognized when earned by Plan members. Pension benefits obligations are 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 multiemployer 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.

Consolidate Financial Statements

(in thousands of dollars)

December 31, 2015

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. Tangible capital assets

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

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

Assets under construction are not amortized until the asset is available for productive use. Interest on debt used to purchase tangible capital assets is not capitalized.

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

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

Land under roads that is acquired other than by a purchase agreement is valued at a nominal cost. Works of art and historical treasures are not recognized in these Consolidated Financial Statements.

Consolidate Financial Statements

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. Budget information

Budget information is presented on a basis consistent with that used for actual results, the budget was approved by Council on December 8, 2014.

k. Investments

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

l. Foreign currency

Monetary items denominated in foreign currency are translated to Canadian dollars at exchange rates in effect as at December 31, and non-monetary items are translated at rate of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses are translated at rates in effect at the time of the transactions or at rates of exchange established by the terms of the forward foreign exchange contract. Gains (losses) on foreign currency translation are included as revenues (expenses).

2. NEW STANDARDS AND AMENDMENTS TO STANDARDS

PS 3260, Liability for Contaminated Sites establishes standards on remediation, recognition and measurement and provides requirements for financial statement presentation and disclosure. This standard is applicable for fiscal years beginning on or after April 1, 2014, however it had no impact on the preparing of these Consolidated Financial Statements. The City continues to review its policies, procedures and systems to ensure consistent and accurate identification and estimation of liabilities associated with contaminated sites.

The following new standard and amendment to standards are effective for fiscal years beginning on or after January 1, 2017:

Introduction to Public Sector Accounting Standards

Standards and amendments effective for financial statements on or after April 1, 2017:

PS 2200, Related Party Disclosures

PS 3210, Assets

PS 3320, Contingent Assets

PS 3380, Contractual Rights

PS 3420, Inter-entity Transactions

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. NEW STANDARDS AND AMENDMENTS TO STANDARDS (CONTINUED)

Standards and amendments effective for financial statements on or after April 1, 2018:

PS 3430, Restructuring Transactions

Standards and amendments effective for financial statements on or after April 1, 2019:

PS 1201, Financial Statement Presentation

PS 2601, Financial Currency Translation

PS 3041, Portfolio Investments

PS 3450, Financial Instruments

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

3. ACCOUNTS RECEIVABLE

	2015	2014
Trade and other receivable	28,192	26,956
Water and sewer receivable	14,685	13,949
Government transfers receivable	-	2,036
	42,877	42,941

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 0.80% (2014 - 1.10%).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. LONG-TERM INVESTMENTS

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

	Carrying Value		Fair Value	
	2015	2014	2015	2014
Pooled bond fund	432,679	522,690	433,275	530,751

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. The average yield earned from investments was 3.25% (2014 - 3.62%).

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:

2016	515
2017	364
2018	191
2019	35
Total minimum lease payments	1,105

7. LONG-TERM DEBT

Debenture debt

The City's long-term debt consists of \$221,826 (2014 - \$227,655) 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 are issued for 10 or 30-year terms with principal payable either annually or semi-annually and interest payable semi-annually.

Obligation under long-term financing agreement – Public Private Partnership (P3)

During construction of the Wastewater Treatment Plant (WWTP), the City records a portion of the project cost as construction in progress, using the construction cost to date and an equivalent liability to the EPCOR Water Prairies Inc.. The long-term debt represents the deferred capital payments portions of the project cost based on the terms of the agreement. Upon completion, the City amortizes the accumulated cost of the completed project over its useful life, expenses the annual interest cost and settled the long-term liability over the term of the project agreement. The City has \$49,603 (2014 - \$nil) of long-term debt. Debt is under a 27-year term with principal and interest payable monthly. The entire principal is due 2044.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. LONG-TERM DEBT (CONTINUED)

	2015	2014
City of Regina unsecured debentures and loan		
Operating fund	211,261	216,185
Utility fund	10,564	11,470
WWTP debt - long term	49,603	-
Loans payable	223	432
Total debt	271,651	228,087
Authorized debt limit	450,000	450,000
Interest rates	3.40-6.462%	3.40-5.20%
Interest costs for year	9,342	8,157

Bank indebtedness

Pursuant to *The Regina Administration Bylaw No. 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, 2015, the City had no bank indebtedness.

The long-term debt is repayable as follows:

2016	6,143
2017	7,249
2018	7,475
2019	25,697
2020-2045	225,087
	271,651

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. EMPLOYEE BENEFIT OBLIGATIONS

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

	Total 2015	Total 2014
Defined benefit pension plans		
Regina Police Superannuation and Benefits Plan	26,997	29,360
RPPP Supplemental Pension Plan	2,745	2,688
Target Retirement Income Plan	(2,738)	(1,099)
	27,004	30,949
Other benefit plans		
Termination payments	23,438	21,426
Continuation of group life, medical and dental benefits	8,599	10,279
	32,037	31,705
Other plans and arrangements		
Vacation	16,097	15,407
Overtime	3,422	3,785
Group life, medical and dental plans	388	375
	19,907	19,567
	78,948	82,221

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.

By Memorandum of Agreement dated January 21, 2013 the City and the Employees' Pension Committee agreed to freeze the Regina Police Pension Plan (RPPP) as of June 30, 2014, and to establish the Target Retirement Income Plan (TRIP) for the Regina Police Service as of July 1, 2014. All active members in the RPPP moved over to the TRIP for service on or after July 1, 2014. There are no longer any active members accruing service in the RPPP.

Effective July 1, 2014, the Regina Police Superannuation and Benefits Pension Plan was amended per Amendment 2014-1 which served to close the plan to new entrants, freeze pensionable service, cease employee contributions and change the cost sharing arrangement of the Plan, such that the City assumes full responsibility for all past and future unfunded liabilities in the plan. Prior to this amendment, and as shown in the Consolidated Financial Statements for prior years, the City was responsible for reporting approximately 51% of the Plan's accrued benefit liability. As a result of the amendment to the Plan effective July 1, 2014 the City is now responsible for reporting 100% of the Plan's accrued benefit liability and assets.

Consolidate Financial Statements

(in thousands of dollars)

December 31, 2015

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

a. Defined benefit pension plans (continued)

The RPPP Supplemental Pension Plan supersedes and replaces The Regina Police Civilian Employees' Early Retirement Benefits Arrangement (CEERBA). The purpose of the Plan is to provide certain early retirement pensions to civilian employees of The Regina Board of Police Commissioners whose early retirement pensions are reduced. These early retirement pensions were previously covered under the CEERBA and now form part of the new plan, however there are also reduced pensions that were not previously covered by CEERBA but now form part of the new plan.

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 consolidated financial statements.

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

	Target Retirement Income Plan	Police Pension Plan	RPPP Supplemental Pension Plan	Total 2015	Total 2014
Fair value of plan assets, beginning of year	4,493	293,305	-	297,798	137,892
Plan amendment	-	-	-	-	131,643
Employees' contributions	4,826	-	-	4,826	5,655
Employer contributions	4,680	3,495	-	8,175	6,968
Actual return on plan assets	(188)	24,513	-	24,325	33,486
Less benefits paid	(169)	(17,584)	-	(17,753)	(17,846)
Fair value of plan assets, end of year	13,642	303,729	-	317,371	297,798
Accrued benefit obligation, beginning of year	3,822	317,485	2,688	323,995	153,682
Plan amendment	-	-	-	-	148,921
Current period benefit cost	7,928	-	-	7,928	7,749
Interest on accrued benefit obligation	501	20,991	179	21,671	20,622
Actuarial loss	-	-	-	-	10,942
Less benefits paid	(169)	(17,584)	(122)	(17,875)	(17,921)
Accrued benefit obligation, end of year	12,082	320,892	2,745	335,719	323,995
Funded status, plan surplus (deficit)	1,560	(17,163)	(2,745)	(18,348)	(26,197)
Unamortized net actuarial loss (gain)	1,178	(9,834)	-	(8,656)	(4,752)
Accrued benefit asset (liability)	2,738	(26,997)	(2,745)	(27,004)	(30,949)

Consolidate Financial Statements

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

	Target Retirement Income Plan	Police Pension Plan	RPPP Supplemental Pension Plan	Total 2015	Total 2014
Current period benefit cost	7,928	-	-	7,928	7,749
Net actuarial loss due to plan amendment	-	-	-	-	1,519
Loss due to plan settlements and curtailments	-	-	-	-	14,553
Amortization of actuarial (gain) loss	33	(393)	-	(360)	3,185
Employee contributions	(4,826)	-	-	(4,826)	(5,655)
Interest expense	501	20,991	179	21,671	20,622
Expected return on plan assets	(595)	(19,466)	-	(20,061)	(18,926)
Change in valuation allowance	889	-	-	889	671
Benefit expense	3,930	1,132	179	5,241	23,718

The actuarial valuations were performed by Aon Consulting Inc.

	Target Retirement Income Plan	Police Pension Plan	RPPP Supplemental Pension Plan
Date of most recent valuation	Jul 1, 2014	Dec 31, 2013	Dec 31, 2013
Discount rate (%)	6.50	6.80	6.80
Inflation rate (%)	2.50	2.50	2.50
Long term return rate on plan assets (%)	6.50	6.80	n/a
Rate of compensation increase (%)	3.00	3.00	3.00
Expected average remaining service years	13.13	13.20	13.20
Contribution rate as a percentage of salary:			
Members prior to July 1, 2014	n/a	11.33%-12.83%	0.00%
Members post July 1, 2014	6.80%-10.70%	0.00%	0.00%
City prior to July 1, 2014	n/a	11.83%-13.33%	variable
City post July 1, 2014	8.50%	6.19%	variable

Consolidate Financial Statements

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

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 \$5,162 (2014 - \$5,120). This amount has been included in Group Benefits Reserves (Note 14).

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

	City employees	Library employees	Group life, medical and dental plans	Total 2015	Total 2014
Accrued benefit obligation, beginning of year	20,353	1,073	10,279	31,705	27,414
Current period benefit cost	1,745	84	702	2,531	3,094
Interest on accrued benefit obligation	518	26	267	811	925
Actuarial (gain) loss	784	(58)	(1,640)	(914)	2,191
Less benefits paid	(1,058)	(82)	(1,009)	(2,149)	(1,256)
Change in assumptions	-	-	-	-	(826)
Unamortized net actuarial gain	-	53	-	53	163
Accrued benefit liability - unfunded	22,342	1,096	8,599	32,037	31,705
Current period benefit cost	1,745	84	-	1,829	1,297
Amortization of actuarial loss (gain)	246	(5)	-	241	(79)
Interest expense	518	26	-	544	589
Benefit expense	2,509	105	-	2,614	1,807

	Aon Consulting Inc.		Mercer
Date of most recent valuation	Dec 31, 2014	Dec 31, 2013	Dec 31, 2015
Discount rate (%)	2.0	2.2	2.0-3.0
Rate of compensation increase (%)	4.0-4.9	3.6-5.5	3.6-3.7
Expected average remaining service years	11-15	9	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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

d. Multiemployer defined benefit plans

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

	Superannuation & Benefit Plan	Long-Term Disability Plan	Total 2015	Total 2014
Benefit expense	14,548	1,150	15,698	14,457
(Deficit) surplus of plan assets over benefit obligation per plan financial statements	(25,727)	33,421	7,694	(46,256)
Contribution rate as a percentage of salary:				
Members	9.42 - 13.96%	0.92%		
Employers	9.42 - 13.96%	0.92%		
City employee contributions	14,519	1,149	15,668	14,347
Date of most recent actuarial valuation	Dec 31, 2014	Dec 31, 2014		

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 multiemployer plans are accounted for on the defined contribution basis. No portion of the asset (deficit) surplus of the plans are recognized in these Consolidated Financial Statements. The benefit expense reflected in the Consolidated Financial Statements is equal to the City's contributions for the year.

A valuation was performed as at December 31, 2014 establishing a minimum funding requirement. In accordance with the Minimum Funding Regulations and the Plan's funding policy, the unfunded liability determined by the December 31, 2014 valuation will be amortized over a period of no more than 20 years commencing January 1, 2016. The cost sharing arrangement was amended such that 60% of the unfunded liability for service prior to January 1, 2016 was to be funded by the participating employer contributions and 40% from employee contributions.

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.

	2015	2014
Casual employee members' contribution rate	3.00 %	3.00 %
Elected official members' contribution rate	6.95 %	6.95 %
Members' contributions	329	308
Benefit expense	329	308

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. TANGIBLE CAPITAL ASSETS

	Net Book Value	
	2015	2014
General		
Land	107,169	99,308
Land improvements	61,122	56,370
Buildings and building improvements	128,141	128,105
Vehicles and equipment	141,151	132,912
Office and information technology	14,532	8,280
Infrastructure		
Plants and facilities	194,982	198,431
Roads	345,508	340,394
Underground and other networks	458,047	446,777
Bridges and other structures	21,117	15,264
	1,471,769	1,425,841
Assets under construction	363,934	123,547
	1,835,703	1,549,388

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

During the year write downs of assets were \$nil (2014 - \$nil). In addition, tangible capital assets contributed to the City totalled \$14,114 (2014 - \$37,745), which were capitalized and recorded as revenue at their fair value at the time of receipt.

During the year, tangible capital assets of \$129,342 (2014 - \$40,755) were included as assets under construction and a related accounts payable and accrued liability of \$49,739 (2014 - \$40,755) and long-term debt of \$49,603 (2014 - \$nil) were recorded in relation to the Wastewater Treatment Plant.

During the year, tangible capital assets of \$178,091 (2014 - \$43,867) were included as assets under construction and a related accounts payable and accrued liability of \$56,177 (2014 - \$43,867) were recorded in relation to the Regina Revitalization Initiative Stadium Project.

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December 31, 2015

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

	2015	2014
Estimated closure and post-closure costs over 40 years after capacity is reached	50,636	93,619
Discount rate	3.62 %	3.61 %
Expected year capacity will be reached	2030	2028
Capacity (m3):		
Used to date	10,938,072	10,193,453
Remaining	3,556,053	1,122,247
Total	14,494,125	11,315,700
Percent utilized	75.47 %	90.08 %
Landfill liability	29,124	57,630

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of groundwater and leachates from the site, and ongoing environment monitoring, site inspection and maintenance. 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. At December 31, 2015, as a result of engineering cost valuation, landfill closure and post-closure care liability assessment was estimated using data for when landfill site stops accepting waste rather than on a phase closure plan. The engineering cost valuation of the landfill liability is based on estimated future expenses in current dollars by applying a discount rate at the City's average long-term borrowing rate of 3.62% (2014 - 3.61%) and inflation rate of 2.32% (2014 - 6.5%). In addition, during the year management also extended the useful life of the site by expanding its capacity. These changes had the effect of decreasing the liability by \$28.5 million for the year ended December 31, 2015, which also had an impact on the waste and collection disposal expense in the current year.

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

Financial assurance on projects related to construction liability, including landfill are handled as follows: Requirement of a Performance Bond and a Labour & Material Payment Bond, both in the amount of 50% of the total contract price for each contract. The Performance Bond is typically in place through the two-year warranty period and provides assurance that the contractor will perform and complete the contracted work. If they do not, the bonding company will either take over the project to completion or compensate the owner up to the value of the bond for completion of the work.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. LANDFILL CLOSURE AND POST-CLOSURE (CONTINUED)

The labour & material payment bond protects the owner from a general contractor not paying their subcontractors or material suppliers. The bonding company would pay any unpaid subcontractors or material suppliers up to the value of the bond.

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

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

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

11. COMMITMENTS AND CONTINGENT LIABILITIES

1) As at December 31, 2015, the expected commitment related to the Wastewater Treatment Plant is \$305,703. The P3 Canada Fund has approved federal funding for up to 25% of the eligible costs, this funding is estimated at approximately \$48,200. The Wastewater Treatment Plant is being pursued as a P3 project and has qualified for P3 funding from the Government of Canada. On May 29, 2014 the City announced that EPCOR Water Prairies Inc. as the preferred proponent to design, build, finance, operate and maintain the City's new Wastewater Treatment Plant. EPCOR has taken on operations for the existing facility. The new facility is expected to be substantially complete in December 2016. EPCOR will also operate the new facility until June 2044.

The payment schedule is as follows:

	Total
2016	6,467
2017	10,573
2018	10,206
2019	13,256
2020 through 2044	265,201
	305,703

2) 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 21.4% and based on that the City has authorized a maximum contribution of \$8,800. As at December 31, 2015 the total contributed was \$3,234.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

3) Mosaic Stadium Replacement – The City entered into an agreement on May 7, 2014, to design, build and finance the Regina Revitalization Initiative (RRI) Stadium Project. Construction of the new Mosaic Stadium started in May 2014, and the target completion date is August 2016.

The target payment schedule is as follows:

Payments:	Amounts	Payment Target Date
Milestone payment	22,739	April 30, 2016
Substantial completion payment	82,671	August 31, 2016
Total	105,410	

4) Taylor Field Neighbourhood – This project relates to the development of the area where the current Mosaic Stadium is located. Significant work is not expected to start until the stadium is decommissioned in 2017. No expenditures were incurred in 2015.

5) Railyard Renewal – This project relates to the development of the old CP Railyard.

6) As at December 2015, the City of Regina had an undrawn stand-by letter of credit, which have been issued in the maximum amount of \$650.

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.

	2015	2014
Property held for resale	416	609
Valuation allowance	(416)	(609)
Property held for resale, net of allowance	-	-
Acquired property held for resale, net of allowance	329	329
	329	329
Property held for resale, estimated fair value - unaudited	6,745	12,953

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

	2015	2014
Unappropriated surpluses:		
Regina Downtown Business Improvement District	42	96
Regina Regional Opportunities Commission	298	71
Regina Public Library	718	1,606
Regina's Warehouse Business Improvement District	75	35
Regina Exhibition Association Ltd.	167	892
Tangible capital assets	1,835,703	1,549,388
Appropriated surpluses:		
General capital projects	130,638	233,262
Utility capital projects	(4,939)	20,014
Reserves (Note 14)	236,720	210,672
Infrastructure to be funded from future servicing agreement fees:		
Water, wastewater and drainage	(38,151)	(35,832)
Obligations to be funded from future revenues:		
Long-term debt	(271,651)	(228,087)
Employee benefit obligations	(78,948)	(82,221)
Landfill closure and post-closure	(29,124)	(57,630)
Capital lease obligations	(1,105)	(1,280)
Accumulated surplus	1,780,443	1,610,986

Consolidate Financial Statements

(in thousands of dollars)

December 31, 2015

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. RESERVES

	2015	2014
City of Regina reserves:		
General utility reserve	79,868	68,825
Facility reserve	1,000	800
General fund reserve	32,577	30,731
Landfill reserve	20,765	16,421
Regina revitalization initiative-stadium reserve	28,467	32,875
Land development reserve	3,224	4,309
Asset revitalization reserve	18,600	10,029
Equipment replacement reserve	4,278	4,061
Social development reserve	5,529	4,664
Operational commitments reserve	482	321
Planning & sustainability reserve	8,524	7,969
Winter road maintenance reserve	3,902	3,563
Regina Police Service general reserve	819	714
Asphalt reserve	2,320	1,502
Grants reserve	487	529
Golf course reserve	293	508
Technology reserve	490	572
Employer provided parking reserve	1,189	884
Cemetery reserve	528	472
Pest management reserve	350	337
Regina Police Service radio equipment reserve	41	45
	213,733	190,131
Group Benefits reserves:		
Group life insurance reserve	5,162	5,120
Dental benefits reserve	2,157	2,103
Medical - City of Regina reserve	1,148	1,071
Police services premium reduction reserve	421	375
Police long-term disability reserve	122	158
	9,010	8,827
Other Entities reserves:		
Regina Public Library reserves	11,353	8,937
Buffalo Pound Water Administration Board capital replacement reserve	1,933	2,127
Regina Downtown Business Improvement District reserve	471	471
Regina's Warehouse Business Improvement District infrastructure reserve	220	179
	13,977	11,714
	236,720	210,672

Consolidate Financial Statements

(in thousands of dollars)

December 31, 2015

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. TAXATION REVENUE

	Budget 2015	Actual 2015	Actual 2014
Total taxation revenue levied	-	351,590	337,666
Taxes levied on behalf of others:			
Regina School Division No. 4	-	(84,437)	(82,110)
Global Transportation Hub Authority	-	(1,591)	(1,268)
Regina Roman Catholic Separate School Division No. 81	-	(37,589)	(37,577)
Taxation revenue	225,667	227,973	216,711
City of Regina			
Municipal levies	179,036	180,751	170,117
Grants in lieu	22,899	23,058	22,561
Supplementary taxes	1,600	1,551	2,135
Other	1,769	1,875	1,828
	205,304	207,235	196,641
Regina Public Library			
Taxation levies	18,069	18,510	17,680
Grants in lieu	1,267	1,189	1,210
	19,336	19,699	18,890
Regina Downtown Business Improvement District levies	801	803	948
Regina's Warehouse Business Improvement District levies	226	236	232
	225,667	227,973	216,711

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, 2015, the following amounts are reflected in the Consolidated Statement of Financial Position for these provisions:

	2015	2014
Allowance for doubtful outstanding taxes netted against taxes receivable	-	3,201
Provision for assessment appeals included in accounts payable	-	1,204

Consolidate Financial Statements

(in thousands of dollars)

December 31, 2015

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. GOVERNMENT TRANSFERS

	Budget		
	2015	2015	2014
Operating transfers			
Federal	41,484	41,418	40,344
Provincial	9,458	16,449	9,624
	50,942	57,867	49,968
Capital transfers			
Federal	10,968	2,974	9,090
Provincial	29,508	26,820	29,626
	40,476	29,794	38,716
	91,418	87,661	88,684

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

17. GOVERNMENT PARTNERSHIP

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

The following is a schedule of relevant financial information as stated within the financial statements of BPWAB for the year ended December 31, 2015 in thousands of dollars. There are no known contractual obligations or contingencies as at December 31, 2015. These amounts represent 100% of the Board's financial position and activities:

	2015	2014
Financial assets	4,904	4,650
Tangible capital assets	21,563	22,078
Other non-financial assets	110	133
Total assets	26,577	26,861
Total liabilities	2,958	2,396
Net assets	23,619	24,465

Consolidate Financial Statements

(in thousands of dollars)

December 31, 2015

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. GOVERNMENT PARTNERSHIP (CONTINUED)

	2015	2014
Revenue	10,794	10,383
Expenses	12,882	11,421
Net loss	(2,088)	(1,038)

The above amounts are proportionately consolidated within the consolidated financial statements at 74.14% (2014 – 74.05%), the City's interest in the government partnership. After eliminating transactions between the City and the partnership, the following amounts have been included in the consolidated statements:

	2015	2014
Financial assets	1,893	2,734
Financial liabilities	(1,101)	(903)
Non-financial assets	15,529	17,174
Net assets	16,321	19,005
Revenue	1,388	974
Expenses	8,299	7,427

18. DEFERRED REVENUE

	December 31, 2014	Externally restricted inflows	Revenue earned	December 31, 2015
Gas Taxes	-	5,957	-	5,957
Servicing agreement fees	32,670	1,101	(12,662)	21,109
Property taxes	1,024	-	(319)	705
Paved Alleys	2,413	3,411	(3,425)	2,399
Gravel Alleys	944	1,786	(1,802)	928
Cemetery Internments	681	-	(108)	573
REAL	1,111	5,500	(869)	5,742
Other	5,391	3,988	(2,090)	7,289
	44,234	21,743	(21,275)	44,702

onsolidate Financial Statements

(in thousands of dollars)

December 31, 2015

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. FUNDS HELD IN TRUST

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

	2015	2014
Perpetual Care Trust	2,633	2,622
Williamson Driver Award	5	5
	2,638	2,627

20. SEGMENTED INFORMATION

The City is a diversified municipal government institution that provides a wide range of services to its citizens, including police, fire, and public transit, and water. The organizational structure includes the Operations Group, which is led by a Deputy City Manager/Chief Operations Officer, the Corporate Services Group which, is led by Chief Financial Officer and Legal, and Governance and Strategy is led by two Executive Directors. The three divisions under Operations Group are City Services, Planning & Development, and Transportation & Utilities. The segmented information in these statements reflect the 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 groups/divisions and their activities are reported in these funds. Certain divisions that have been separately disclosed in the segmented information in Schedule 2, along with the services they provide, are as follows:

a. City Services

City Service includes Community Services, Service Regina, Parks and Open Space services, and Transit Services provide external customer services to public residents.

b. Transportation & Utilities

Transportation & Utilities is responsible to ensure 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.

c. Planning & Development

Planning & 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.

Consolidate Financial Statements

(in thousands of dollars)

December 31, 2015

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. SEGMENTED INFORMATION (CONTINUED)

d. Regina Police Services

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

e. 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 Finance, Information Technology Services, Human Resources, Fleet Services, Strategy Management and Facilities Management Services.

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

21. RESTRUCTURING

The City entered into a continuation of business agreement with the Province of Saskatchewan on January 1, 2014 and became the sole owner of the Class A voting membership of REAL for \$1. The City accounted for this as a restructuring transaction whereby the individual assets and liabilities were recognized at their carrying amount on January 1, 2014.

Consolidate Financial Statements

(in thousands of dollars)

December 31, 2015

CONSOLIDATED STATEMENT OF OPERATIONS BY FUND AND ORGANIZATION

Schedule 1

	General Operating	Utility Operating	General Capital	Utility Capital	Total City of Regina
REVENUES					
Taxation	207,766	-	-	-	207,766
Fees and charges	69,280	118,652	181	482	188,595
Government transfers	51,822	-	34,246	-	86,068
Electrical distribution	24,417	-	-	-	24,417
Licenses, fines and levies	13,859	-	352	-	14,211
Gas distribution	7,076	-	-	-	7,076
Interest and penalties	1,596	204	-	-	1,800
Interest on portfolio investments	19,304	-	250	(614)	18,940
Realized gains on portfolio investments	8,311	-	-	-	8,311
Servicing agreement fees	831	-	13,798	5,710	20,339
Land sales	3,877	-	-	-	3,877
Other	20,486	149	5,902	1,342	27,879
Contribution of tangible capital assets	-	-	12,914	1,200	14,114
	428,625	119,005	67,643	8,120	623,393
EXPENSES					
Parks, recreation and community services	39,208	-	2,236	-	41,444
Police	73,680	-	605	-	74,285
Legislative and administrative services	58,711	-	3,934	-	62,645
Water, wastewater and drainage	(61)	58,291	-	8,021	66,251
Roads and traffic	24,258	-	20,709	-	44,967
Fire	44,198	-	604	-	44,802
Transit	34,466	-	591	-	35,057
Waste collection and disposal	(9,612)	-	327	-	(9,285)
Grants	5,805	-	5,500	-	11,305
Planning and development	19,739	-	-	-	19,739
Amortization	-	-	46,764	15,616	62,380
	290,392	58,291	81,270	23,637	453,590
Excess of Revenues over Expenses	138,233	60,714	(13,627)	(15,517)	169,803

Consolidate Financial Statements

(in thousands of dollars)

December 31, 2015

CONSOLIDATED STATEMENT OF OPERATIONS BY FUND AND ORGANIZATION

Schedule 1

RDBID	RROC	BPWAB	RPL	RWBID	REAL	Consolidation adjustments	Consolidated 2015
802	-	-	19,699	236	-	(530)	227,973
-	741	7,693	652	13	26,873	(7,515)	217,052
28	1,720	-	1,149	4	939	(2,246)	87,662
-	-	-	-	-	-	-	24,417
-	-	-	-	-	-	-	14,211
-	-	-	-	-	-	-	7,076
-	-	32	-	-	-	-	1,832
-	-	-	-	-	-	-	18,940
-	-	-	-	-	-	-	8,311
-	-	-	-	-	-	-	20,339
-	-	-	-	-	-	-	3,877
75	-	22	-	4	2,600	(19,406)	11,174
-	-	-	-	-	-	-	14,114
905	2,461	7,747	21,500	257	30,412	(29,697)	656,978
901	2,209	-	17,092	164	28,267	(2,438)	87,639
-	-	-	-	-	-	-	74,285
-	-	-	-	-	-	(10)	62,635
-	-	7,031	-	-	-	(19,503)	53,779
-	-	-	-	-	-	-	44,967
-	-	-	-	-	-	-	44,802
-	-	-	-	-	-	-	35,057
-	-	-	-	-	-	-	(9,285)
-	-	-	-	-	-	(7,746)	3,559
-	-	-	-	-	-	-	19,739
52	16	1,295	2,217	10	4,374	-	70,344
953	2,225	8,326	19,309	174	32,641	(29,697)	487,521
(48)	236	(579)	2,191	83	(2,229)	-	169,457

Consolidate Financial Statements

(in thousands of dollars)

December 31, 2015

CONSOLIDATED STATEMENT OF OPERATIONS BY SEGMENT

Schedule 2

	City Services	Transportation & Utilities	Planning & Development	Regina Police Service	Corporate Services	Total City of Regina
REVENUES						
Taxation	-	-	193,634	-	14,132	207,766
Fees and charges	34,843	25,267	6,738	622	121,125	188,595
Government transfers	27,388	3,548	560	7,223	47,349	86,068
Electrical distribution	-	-	-	-	24,417	24,417
Licenses, fines and levies	4,027	1,556	4,965	-	3,663	14,211
Gas distribution	-	-	-	-	7,076	7,076
Interest and penalties	-	-	1,596	-	204	1,800
Interest on portfolio investments	118	-	-	-	18,822	18,940
Realized gains on portfolio investments	-	-	-	-	8,311	8,311
Servicing agreement fees	757	-	1,588	-	17,994	20,339
Land sales	-	-	3,877	-	-	3,877
Other	324	1,608	6,170	1,544	18,233	27,879
Contribution of tangible capital assets	1,602	3,495	-	-	9,017	14,114
	69,059	35,474	219,128	9,389	290,343	623,393
EXPENSES						
Wages and benefits	74,630	38,390	16,603	64,817	38,713	233,153
Materials, supplies, and other goods	24,065	(12,515)	970	4,044	16,260	32,824
Contracted and general services	4,985	2,868	11,307	5,025	58,849	83,034
Utilities	166	15,379	-	361	3,430	19,336
Transfer payments/grants	66	1	5,510	37	7,907	13,521
Interest	-	-	-	-	9,342	9,342
Amortization	9,686	39,836	-	2,196	10,662	62,380
	113,598	83,959	34,390	76,480	145,163	453,590
Excess of Revenues over Expenses	(44,539)	(48,485)	184,738	(67,091)	145,180	169,803

Consolidate Financial Statements

(in thousands of dollars)

December 31, 2015

CONSOLIDATED STATEMENT OF OPERATIONS BY SEGMENT

Schedule 2

RDBID	RROC	BPWAB	RPL	RWBID	REAL	Consolidation adjustments	Consolidated 2015
802	-	-	19,699	236	-	(530)	227,973
-	741	7,693	652	13	26,873	(7,515)	217,052
28	1,720	-	1,149	4	939	(2,246)	87,662
-	-	-	-	-	-	-	24,417
-	-	-	-	-	-	-	14,211
-	-	-	-	-	-	-	7,076
-	-	32	-	-	-	-	1,832
-	-	-	-	-	-	-	18,940
-	-	-	-	-	-	-	8,311
-	-	-	-	-	-	-	20,339
-	-	-	-	-	-	-	3,877
75	-	22	-	4	2,600	(19,406)	11,174
-	-	-	-	-	-	-	14,114
905	2,461	7,747	21,500	257	30,412	(29,697)	656,978
468	1,187	2,475	12,194	1	14,318	-	263,796
109	59	2,016	4,898	11	5,596	(15,679)	29,834
324	963	1,237	-	152	6,007	(1,611)	90,106
-	-	1,303	-	-	2,346	(4,661)	18,324
-	-	-	-	-	-	(7,746)	5,775
-	-	-	-	-	-	-	9,342
52	16	1,295	2,217	10	4,374	-	70,344
953	2,225	8,326	19,309	174	32,641	(29,697)	487,521
(48)	236	(579)	2,191	83	(2,229)	-	169,457

Consolidate Financial Statements

(in thousands of dollars)

December 31, 2015

CONSOLIDATED STATEMENT OF OPERATIONS BY SEGMENT

Schedule 2

	City Services	Transportation & Utilities	Planning and Development	Regina Police Services	Corporate Services	Total City of Regina
REVENUES						
Taxation	-	-	184,379	-	12,762	197,141
Fees and charges	28,057	24,166	6,344	664	109,229	168,460
Government transfers	1,332	10,070	894	7,157	67,652	87,105
Electrical distribution	-	-	-	-	23,124	23,124
Licenses, fines and levies	4,300	457	4,725	-	3,912	13,394
Gas distribution	-	-	-	-	7,587	7,587
Interest and penalties	-	-	1,437	-	192	1,629
Interest on portfolio investments	112	-	-	-	14,912	15,024
Realized gains on portfolio investments	-	-	-	-	3,488	3,488
Service agreement fees	846	-	1,344	-	8,789	10,979
Land sales	-	-	7,735	-	-	7,735
Other	476	1,269	183	1,354	14,673	17,955
Contribution of tangible capital assets	1,399	29,617	-	-	6,729	37,745
Restructuring	-	-	-	-	-	-
	36,522	65,579	207,041	9,175	273,049	591,366
EXPENSES						
Wages and benefits	74,216	38,666	15,276	89,319	35,659	253,136
Material, supplies and other goods	24,569	41,534	2,108	3,935	16,300	88,446
Contracted and general services	9,048	8,492	19,209	6,247	23,605	66,601
Utilities	168	11,902	12	366	4,159	16,607
Transfer payments/grants	102	12	4,610	40	1,605	6,369
Interest	-	-	-	-	8,395	8,395
Amortization	9,338	37,731	-	1,834	9,645	58,548
	117,441	138,337	41,215	101,741	99,368	498,102
Excess of Revenues over Expenses	(80,919)	(72,758)	165,826	(92,566)	173,681	93,264

Consolidate Financial Statements

(in thousands of dollars)

December 31, 2015

CONSOLIDATED STATEMENT OF OPERATIONS BY SEGMENT

Schedule 2

RDBID	RROC	BPWAB	RPL	RWBID	Real	Consolidation adjustments	Consolidated 2014
948	-	-	18,888	233	-	(499)	216,711
-	684	6,711	677	-	23,920	(7,270)	193,182
-	1,123	-	1,016	-	1,090	(1,650)	88,684
-	-	-	-	-	-	-	23,124
-	-	-	-	-	-	-	13,394
-	-	-	-	-	-	-	7,587
-	-	32	-	-	-	-	1,661
-	-	-	-	-	-	-	15,024
-	-	-	-	-	-	-	3,488
-	-	-	-	-	-	-	10,979
-	-	-	-	-	-	-	7,735
84	-	3	-	4	2,600	(13,527)	7,119
-	-	-	-	-	-	-	37,745
-	-	-	-	-	54,086	-	54,086
1,032	1,807	6,746	20,581	237	81,696	(22,946)	680,519
357	1,108	2,297	11,650	10	14,323	-	282,881
103	60	1,419	5,319	-	4,678	(15,231)	84,794
334	686	1,029	-	137	4,118	(1,548)	71,357
-	-	1,263	-	-	2,028	(4,518)	15,380
-	-	-	-	-	-	(1,649)	4,720
-	-	-	-	-	-	-	8,395
47	21	1,279	2,296	10	4,115	-	66,316
841	1,875	7,287	19,265	157	29,262	(22,946)	533,843
191	(68)	(541)	1,316	80	52,434	-	146,676

Consolidate Financial Statements

(in thousands of dollars)

December 31, 2015

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

Schedule 3

	General				
	Land	Land improvements	Buildings and building improvements	Vehicles and equipment	Office and information technology
Cost					
Balance, beginning of year	99,309	127,134	193,338	242,832	22,228
Add:					
Additions during the year	9,081	7,611	6,255	25,276	6,823
Transfers from assets under construction	-	159	38	3,242	4,239
Less:					
Disposals during the year	1,221	575	121	14,354	2,202
Balance, end of year	107,169	134,329	199,510	256,996	31,088
Accumulated amortization					
Balance, beginning of year	-	70,764	65,289	109,865	13,948
Add:					
Amortization	-	2,976	6,222	18,959	4,810
Less:					
Accumulated amortization on disposals	-	533	142	12,979	2,202
Balance, end of year	-	73,207	71,369	115,845	16,556
Net Book Value	107,169	61,122	128,141	141,151	14,532

Consolidate Financial Statements

(in thousands of dollars)

December 31, 2015

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

Schedule 3

Infrastructure						
Plants and facilities	Roads	Underground and other networks	Bridges and other structures	Assets under construction	2015	2014
308,632	683,814	623,045	26,456	123,547	2,450,335	2,189,446
3,336	29,250	18,918	6,339	249,940	362,829	297,320
577	500	798	-	90	9,643	62,149
407	15,762	30	-	9,643	44,315	98,580
312,138	697,802	642,731	32,795	363,934	2,778,492	2,450,335
110,201	343,420	176,268	11,192	-	900,947	865,365
7,288	21,187	8,416	486	-	70,344	66,316
333	12,313	-	-	-	28,502	30,734
117,156	352,294	184,684	11,678	-	942,789	900,947
194,982	345,508	458,047	21,117	363,934	1,835,703	1,549,388



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INDEPENDENT AUDITOR'S REPORT

To His Worship the Mayor and Members of City Council

We have audited the accompanying financial statements of the General Trust Fund of the City of Regina, which comprise the statement of financial position as at December 31, 2015, 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 General Trust Fund of the City of Regina as at December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Chartered Accountants
Licensed Professional Accountants

May 30, 2016
Regina, Saskatchewan

General Trust Fund

(in thousands of dollars)

December 31, 2015

STATEMENT OF FINANCIAL POSITION

	Perpetual Care Trust	Williamson Driver Award	Total 2015	Total 2014
ASSETS				
Cash	96	-	96	85
Long-term investments (Note 4)	2,654	5	2,659	2,542
Total Assets	2,750	5	2,755	2,627
LIABILITIES AND FUND BALANCES				
Due to the City of Regina	117	-	117	-
Fund balance	2,633	5	2,638	2,627
Total Liabilities and Fund Balances	2,750	5	2,755	2,627

See accompanying notes.

General Trust Fund

(in thousands of dollars)

December 31, 2015

STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE

	Perpetual Care Trust	Williamson Driver Award	Total 2015	Total 2014
REVENUE				
Contributions	11	-	11	8
Investment income	118	-	118	112
Total Revenue	129	-	129	120
EXPENDITURES				
Cemetery maintenance	118	-	118	112
Total Expenditures	118	-	118	112
Excess of revenue over expenditures	11	-	11	8
Fund balance, beginning of year	2,622	5	2,627	2,619
Fund balance, end of year	2,633	5	2,638	2,627

See accompanying notes.

General Trust Fund

(in thousands of dollars)

December 31, 2015

NOTES TO FINANCIAL STATEMENTS

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 Chartered Professional Accountants of Canada (CPA Canada). 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.

General Trust Fund

(in thousands of dollars)

December 31, 2015

NOTES TO FINANCIAL STATEMENTS

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.

	2015	2014
Investment cost	2,659	2,542
Market value	2,724	2,631

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, 2015, as they would not provide additional information.

