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The Regina Police Pension Plan



Annual Report &
Audited Financial Statements

December 31, 2011

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Message from the Chairperson



I am pleased to present the Annual Report for The Regina Police Pension Plan for the year ended December 31, 2011.

In this report you will find the following:

- membership information, including eligibility requirements, numbers of active and retired members, and changes in membership that occurred in 2011;
- a brief description of the benefits available to members of the Plan;
- the composition of the Administrative Board and its role as trustees and administrator of the Plan;
- how the Board conducts its business and fulfils its responsibilities to the members of the Plan;
- how the Plan's assets are invested and the returns for 2011;
- historical investment returns; and
- the annual financial statements for 2011, audited by Deloitte & Touche LLP.

Over the past year, the Plan's net assets available for benefits grew by \$3.1 million but the Plan's estimated obligations for future pension benefits grew by \$10 million, reflecting the maturity of the Plan and the need to address its funding challenges.

The Plan's investment portfolio grew to \$232.2 million, up from \$228.9 million. Investment returns were \$8.3 million, or about 3.6%, reflecting the challenging investment markets experienced worldwide over the past year. Benefit payments exceeded contributions received by \$4 million.

The last valuation of the Plan was completed as at December 31, 2009. The result of this valuation was the financial position of the Plan on a going concern basis grew from an unfunded liability of \$12.8 million at the previous valuation in 2007 to an unfunded liability of \$23.8 million. On a termination basis, the Plan has a solvency ratio of 80%. The next valuation of the Plan as required by legislation will be as at December 31, 2012; however, the Administrative Board conducts annual reviews and will continue to monitor the funding status of the Plan.

In 2010 a working committee was formed to deal with issues relating to funding requirements and the future of the Plan. A process for review of the Plan and its future was agreed to in December 2010 and continued throughout 2011. The Board will continue to support the working committee and provided advice, comments, and information from the Plan's actuary as requested during 2012. An active, timely and comprehensive communication plan was carried out by the Board and Sponsors to provide complete awareness of the status, activities and implications. This is a most significant period of time for the Plan and its members that requires active diligence and attention.

The Board continued implementing the investment strategy approved through the Asset Liability study completed in 2009 and is continuing to expand its initial investment in private equity. The second phase in the development of that program will be started in 2012.

I would like to take this opportunity to thank the members of the Administrative Board for their continued commitment and contribution to this Board. I would also like to thank the staff of the Pensions and Disability Administration Department for their support over the year.


Bernie Eiswirth
Chairperson, The Regina Police Pension Plan

Total members belonging to the Plan rose from 967 as of December 31, 2010 to 995 as of December 31, 2011. 2011 saw a 100% increase in the number of new retirement pensions established, from 10 in 2010 to 20 in 2011.

As part of the process to improve Plan operations, the Administration hired a Financial Reporting & Policy Advisor for the Pensions & Disability Administration Department. The Financial Reporting & Policy Advisor assumed responsibilities for accounting relating to Plan assets from City of Regina staff. The Sage ACCPAC accounting system was successfully implemented in December with 2012 transactions being processed in the new system.

The Board continued to support the Plan review process established by the Working Committee to meet the goal of dealing with the issues relating to funding requirements and the future of the Plan. The Board provided advice, comments, and information from the Plan's actuary as requested throughout 2011. The Administration developed four education series newsletters that were distributed to all active members of the Plan and ten pension information sessions were held in September for active members of the Plan. The Chief of Police and President of the Regina Police Association provided opening remarks at each session. The Plan's actuary made a presentation and member's were encouraged to ask questions. A "frequently asked questions" document was prepared afterwards and made available to all active members.

The Pensions & Disability Administration Department launched a new website to better serve members. The website can be found at www.reginapensions.ca and is provided by the Administrative Boards of all four employee benefits plans administered by the Pensions & Disability Administration Department.

Over the past year, the net assets available for benefits experienced an increase from a balance of \$228.1 million at the end of 2010, to a balance of \$231.2 million at the end of 2011. The Plan's pension obligations increased from a balance of \$264.9 million to \$274.9 million at the end of 2011, resulting in a deficit of \$43.6 million, a nearly 20% increase from 2010. Total invested assets of the Plan (including accrued income) were \$232.4 million. Contributions for the year were \$11.6 million, while total payments from the fund were \$17.7 million. Total payments included \$15.2 million in pension payments, \$355,000 in refunds and transfers for terminations plus \$1.2 million in administration and investment expenses. Net Investment income for the year, including changes in fair value of investments, was 3.6% or \$8.3 million.

As a defined benefit pension plan, The Regina Police Pension Plan provides eligible members with a retirement income based on a formula that takes into account the member's earning history and length of service in the Plan. The Plan was established December 2, 1957 and was restated in its current form, as Schedule "A" of The Regina Police Pension Plan, effective January 1, 1992.

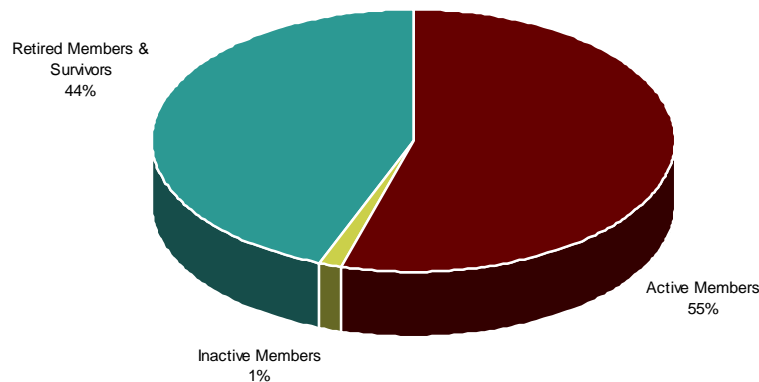
Some of the benefits of belonging to the Plan include:

- normal retirement at age 60 for Police members and age 65 for Civilian members;
- unreduced early retirement after 25 years of pensionable service or at age 55, regardless of service;
- a lifetime monthly pension based on the average of the highest three consecutive years of pensionable earnings multiplied by pension accrual factors of 1.26% up to the *Canada Pension Plan* Yearly Maximum Pensionable Earnings (YMPE) and 2.00% for earnings above the YMPE;
- a temporary bridge benefit of 0.74% of the average of the highest three consecutive years of pensionable earnings up to the YMPE payable to age 65 for members who meet unreduced early retirement requirements;
- annual cost of living adjustments at a rate of 1/2 of any increase in the *Consumer Price Index* (Canada) year over year to a maximum of 3.00 in any one year;
- vesting in the Plan after two years of continuous service;
- termination benefits and portability options;
- survivor benefits before and after retirement; and
- continued accumulation of service while on disability.

Plan members contribute 11.33% of pensionable earnings up to the YMPE and 12.83% on pensionable earnings above the YMPE. The employer contributes 11.83% on pensionable earnings up to the YMPE and 13.33% on pensionable earnings above the YMPE.

Plan membership includes 543 active members who are still working and contributing to the Plan, 14 inactive members who are no longer contributing to the Plan but are entitled to receive benefits upon retirement, and 438 retired members and survivors who are currently receiving a pension. During 2011, the Plan enrolled 32 new members, established 20 new retirement pensions, and 4 members terminated from the Plan.

Member Demographics



About The Plan

The operational activities of the Plan are performed by the Pensions & Disability Administration Department. The staff of the Pensions & Disability Administration Department provides assistance to members regarding their individual benefit entitlements. In 2011 the Department produced two newsletters in April & December. In 2011 the Department ran 39 pension quotes for Police Plan members including 34 retirement quotes, 4 termination quotes, and 1 other pension calculation.



Standing (left to right): Brent Magnus, Tracey Halvorson, Lana Miller, Glenda Schlosser and Colyn Lowenberger

Seated (left to right): Vivian Lund, Kerry Trofimuk, Kristy Howse and Audrey Abram

Not Pictured: Lisa Anderson

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To access additional information regarding the Plan, please visit our website located at www.reginapensions.ca.

The Plan is governed by a Board of Trustees made up of six voting members, comprised of three employer representatives and three employee representatives. The employer representatives are appointed by the Board of Police Commissioners. The employee representatives are made up of three representatives appointed by the Regina Police Association, and one other appointed by the Senior Officers' Association.

The Board is required to meet at least quarterly and an affirmative vote of at least four members is required to pass any motion relating to the administration of the Plan.

The Administrative Board members at December 31, 2011 were:

Bernie Eiswirth, Chairperson

Mr. Eiswirth was appointed by the Regina Police Association in 1995 and has acted in the role of Chairperson or Vice-Chairperson for the past 11 years. Mr. Eiswirth retired from the Regina Police Service in January of 2001 and has held the position of Executive Officer of the Saskatchewan Federation of Police Officers for the past 11 years.

Councillor Wade Murray, Vice-Chairperson

Councillor Murray was appointed by the Board of Police Commissioners in 2006. He has owned several small businesses in Regina with the latest venture in the renovation and sprayfoam industry, Ultimate Insulation Inc. Councillor Murray serves on a number of boards and committees and is currently sitting for his third term on Regina City Council, representing the residents of Ward 6.

Mayor Pat Fiacco

Mayor Fiacco was appointed by the Board of Police Commissioners in 2000. He is the City of Regina's 33rd Mayor and is currently sitting for his fourth term. Mayor Fiacco also currently serves as the Chairperson of The Board of Police Commissioners.

Sergeant Evan Bray

Sergeant Bray was appointed by the Regina Police Association in 2010. He has been a member of the Regina Police Service for 17 years and is a Patrol Sergeant in Regina's North Central area. Sergeant Bray has been involved with the Regina Police Association for 15 years. He is currently the President of both the Regina Police Association and the Saskatchewan Federation of Police Officers. Sergeant Bray also sits as the Saskatchewan Director on the Canadian Police Association.

Inspector Marlo Pritchard

Inspector Pritchard was appointed by the Regina Police Senior Officers' Association in 2008. He is currently an Inspector with the Regina Police Service and the Executive Officer to the Chief.

Leslie Shaw

Mr. Shaw was appointed by the Board of Police Commissioners in 1999 following his retirement from the role of City Solicitor for the City of Regina.

Sergeant Darrin McKechnie (Observer)

Sergeant McKechnie was appointed in 2008 and has served in both an acting and observer role throughout the years. Sergeant McKechnie is a Sergeant with the Regina Police Service and currently holds the position of Treasurer on the Regina Police Association Executive.

Inspector Darren Wilcox (Observer)

Inspector Wilcox was appointed in 2004 and currently sits as an observer on behalf of the Regina Police Senior Officers' Association. Inspector Wilcox is currently an Inspector with the Regina Police Service in charge of the Central District, Community Services.



Left to Right: Mayor Pat Fiacco, Inspector Darren Wilcox, Bernie Eiswirth, Councillor Wade Murray, and Leslie Shaw.

Not Pictured: Sergeant Evan Bray, Inspector Marlo Pritchard and Sergeant Darrin McKechnie

The Administrative Board is responsible for the administration of the Plan as legislated by *The Pension Benefits Act, 1992* (Saskatchewan) and in accordance with the terms of the Plan provisions. Under this legislation, the Board members are appointed as the Plan's fiduciaries. This means they are in a position of trust and are obligated to act in the best interests of the pension Plan members and their survivors. The members of the Board must not allow personal interests to interfere with the interests of those they serve. Further, they must take the same care, and apply the same diligence and skill that would be expected of a normally prudent person who was looking after the property of someone else.

The Board met 6 times during 2011. Following is the Board Meeting attendance for each Member.

Trustee	Meetings Attended
Bernie Eiswirth	6
Councillor Wade Murray	5
Mayor Pat Fiacco	1
Sergeant Evan Bray	6

Trustee	Meetings Attended
Inspector Marlo Pritchard	5
Leslie Shaw	6
Sergeant Darrin McKechnie	5
Inspector Darren Wilcox	4

1. Compliance With Legislation

The Board ensures the Plan is administered in compliance with all appropriate legislation and benefits are paid appropriately to members. The Plan must comply with legislation under *The Pension Benefits Act, 1992* (Saskatchewan), *The Pension Benefits Regulations, 1993* (Saskatchewan), and the *Income Tax Act*.

2. Pensions & Disability Administration Department

The Pensions & Disability Administration Department reports to the Board on all aspects of Plan administration. The Board reviews the performance of the department on an ongoing basis and ensures that reports provided to the Board are appropriate and adequate to meet their fiduciary duties.

3. Annual Financial Statements

The Board ensures that the annual financial statements for the Plan are prepared, an annual audit is conducted of the Plan, and the results filed with the regulatory authorities. The current auditors for the Plan are Deloitte & Touche LLP and the statements audited by them are included in this report. In addition, Annual Returns must be filed with the Superintendent of Pensions and Canada Revenue Agency.

4. Pension Plan Funding and Valuations

The Board must ensure the Plan is able to meet the pension obligations as they occur and ensure the long-term solvency of the Plan. A valuation of the Plan is required at least every three years and must be filed with the Superintendent of Pensions and Canada Revenue Agency. The purpose of the valuation is to provide an actuarial estimate of the present value of the Plan's liabilities and assets plus determine whether the assets are adequate to meet the obligations or a contribution increase is required. The Plan is considered solvent when the present value of the assets exceeds the actuarial estimate of the Plan liabilities. The Plan's current actuary is Aon Hewitt.

5. Custody of Plan Assets

The Board must ensure all monies due to the Fund are kept separate and apart from other funds of the employers. This is accomplished by hiring a fund custodian to ensure the money is kept separate from the employer's funds and is only used for pension purposes. In addition to holding the Plan's securities, the custodian is required to verify that any transfer requested by those involved with the Plan complies with the Plan's rules and governing legislation. The current custodian is Northern Trust, Institutional and Investor Services.

6. Fund Management

The Board is responsible for making investments in accordance with the investment requirements contained in *The Pension Benefits Act, 1992* (Saskatchewan) and other relevant legislation. The activities the Board performs to fulfill this responsibility include regular reviewing of investment activities, ensuring compliance with the Statement of Investment Policies & Procedures, monitoring investment results and meeting with the Plan's fund managers.

7. Risk Management

The Board defines risk and outlines appropriate risk management practices. The Board must work with the Administration to identify the principal risks to the Plan and set an overall risk budget. The Board provides direction with regards to risk objectives and approach to risk management through its policies, and provides guiding principles for risk tolerance.

8. Performance Measurement

The Board ensures the various investment managers are managing the fund assets in an appropriate manner and in compliance with the Statement of Investment Policies & Procedures. As part of this duty, the Board hires a Performance Management Service that reports quarterly on the performance of the fund, the performance of the individual managers and whether the managers are in compliance with the Statement of Investment Policies & Procedures. Northern Trust provides performance management services.

Administrative Board Responsibilities

9. Policy Documents

To support the objectives of the Plan the Board has developed and implemented the following policies. Each policy is reviewed annually and whenever a major change is required.

- Code of Conduct
- Funding Policy
- Procedural Rules
- Risk Management Framework
- Statement of Investment Policies & Procedures
- Trustee Education Policy

Administrative Board Activities

2011 ACCOMPLISHMENTS

The Police Pension Administrative Board accomplishments in 2011 include:

1. Pension Governance

As part of the process to improve Plan operations, the Administration hired a Financial Reporting & Policy Advisor for the Pensions & Disability Administration Department. The Financial Reporting & Policy Advisor assumed responsibilities for accounting relating to Plan assets from City of Regina staff. The Sage ACCPAC accounting system was successfully implemented in December with 2012 transactions being processed in the new system.

2. Pension Plan Review

The Board continued to support the Plan review process established by the Working Committee to meet the goal of dealing with the issues relating to funding requirements and the future of the Plan. The Board provided advice, comments, and information from the Plan's actuary as requested throughout 2011.

The Administration developed four education series newsletters that were distributed to all active members of the Plan:

- Newsletter #1: Pension Plan Basics
- Newsletter #2: Defined Benefit Plans
- Newsletter #3: History & Structure of RPPP
- Newsletter #4: Current RPPP Benefits

Ten pension information sessions were held in September for active members of the Plan. The Chief of Police and President of the Regina Police Association provided opening remarks at each session. The Plan's actuary made a presentation and members were encouraged to ask questions. A "frequently asked questions" document was prepared afterwards and made available to all active members.

3. Communication

The Pensions & Disability Administration Department launched a new website to better serve members. The website can be found at www.reginapensions.ca and is provided by the Administrative Boards of all four employee benefits plans administered by the Pensions & Disability Administration Department, those being:

- the Regina Civic Employees' Superannuation & Benefit Plan;
- the Regina Civic Employees' Long Term Disability Plan;
- the Regina Police Pension Plan; and
- the Casual Employees' Superannuation & Elected Officials' Money Purchase Pension Plan.

2012 PLANS

Plans for the Police Pension Administrative Board in 2012 include:

1. Financial Stability

Financial stability will be pursued by setting guidelines for plan funding with the support of plan design, along with the development of investment policies that outline the actions to be taken based on funded level triggers. The Board will continue to advocate changes to defined benefit plans that will create a sustainable benefit structure and guarantee past service. An actuarial valuation of the Plan will be completed as at December 31, 2011 in order to continue to monitor the financial position of the Plan.

2. Efficient & Effective Governance

Efficient and effective governance will be established through a formal planning process. The planning process will define and determine how to measure relevant metrics such as service level standards, investment returns, and risk tolerance. The Board will continue to develop, adopt, implement and revise policy documents in order to support the objectives of the Plan. Efficient and effective governance will be supported through organizational changes to the Pensions & Disability Administration Department.

3. Managed Risk

Risk management will be achieved through continued development of the Statement of Investment Policies & Procedures, the Funding Policy, and the Risk Management Framework, along with continued training and development of the Board members. The terms by which investment managers are evaluated will be defined and a systematic review process will be developed.

4. Appropriate Investment Returns

The Board will develop investment strategies that tie risk tolerance to the funding position of the Plan and the investment portfolio will be restructured to support this strategy.

5. Engaged Sponsors & Members

The Board will evaluate current communication policies with a continued focus on consistent, candid and focused communication and continue the development of technology that can be used to assist in engaging employees.

The Police Pension Administrative Board follows the *Canadian Association of Pension Supervisory Authorities (CAPSA) Pension Plan Governance Guidelines* which were developed to assist pension plan administrators in fulfilling their governance responsibilities by achieving and maintaining good governance practices.

Principle	Board Action
<p>#1: Fiduciary responsibility The plan administrator has fiduciary and other responsibilities to plan members and beneficiaries. The plan administrator may also have fiduciary and other responsibilities to other stakeholders.</p>	<ul style="list-style-type: none"> The Board continues to support the Plan review process established by the Working Committee to meet the goal of dealing with the issues relating to funding requirements and the future of the Plan. The Board provided advice, comments, and information from the Plan's actuary as requested throughout 2011.
<p>#2: Governance Objectives The plan administrator should establish governance objectives for the oversight, management, and administration of the plan.</p>	<ul style="list-style-type: none"> Efficient and effective governance will be established going forward through a formal planning process. The Board will continue to develop, adopt, implement and revise policy documents in order to support the objectives of the Plan.
<p>#3: Roles and Responsibilities The plan administrator should clearly describe and document the roles, responsibilities, and accountability of all participants in the pension plan governance process.</p>	<ul style="list-style-type: none"> In 2012 the Board will develop and adopt an Administration Policy which clearly defines the Board's rights, responsibilities, and obligations. Section 12 of Schedule "A" of The Regina Police Pension Plan outlines the roles and responsibilities of the Board. A section on Administration was added to the new Pensions & Disability website which describes the roles and responsibilities of the Board, the Pensions & Disability Administration Department, and the Plan sponsor.
<p>#4: Performance Measures The plan administrator should provide for the establishment of performance measures and for monitoring the performance of participants who have decision-making authority in the governance process.</p>	<ul style="list-style-type: none"> Going forward a formal planning process will be used to define and determine how to measure relevant metrics such as service level standards, investment returns, and risk tolerance.
<p>#5: Knowledge and Skills The plan administrator, directly or with delegates, has a duty to apply the knowledge and skills needed to meet governance responsibilities.</p>	<ul style="list-style-type: none"> The Board developed a structured education program through the adoption of a Trustee Education Policy that defines education requirements for all Trustees. Trustees are required to submit a written report on educational opportunities attended to ensure that knowledge and information acquired is shared amongst the Board members. The Administration maintains a record of each trustee's accomplishments which are reported to the Board on an annual basis and included in the Annual Report.

Principle	Board Action
<p>#6: Access to information The plan administrator and, as necessary, any delegates should have access to relevant, timely and accurate information.</p>	<ul style="list-style-type: none"> • The funded status of the Plan is monitored closely by the Plan’s actuary and presented to the Board for review on a quarterly basis in the form of a scorecard. • The Board conducted an Asset/Liability Study in 2009 in order to evaluate the asset mix policies and investment objectives and provide alternatives to the asset mix taking into consideration the Plan’s liabilities, obligations, inflation and risk tolerance.
<p>#7: Risk Management The plan administrator should provide for the establishment of an internal control framework, commensurate with the plan’s circumstance, which addresses the pension plan’s risks.</p>	<ul style="list-style-type: none"> • In 2010 the Board developed and adopted a Risk Management Framework which defines risk and outlines appropriate risk management practices. • Risk management will be achieved through continued development of the Statement of Investment Policies & Procedures, the Funding Policy, and the Risk Management Framework, along with continued training and development of the Board members.
<p>#8: Oversight and compliance The plan administrator should provide for the establishment of appropriate mechanisms to oversee and ensure compliance with the legislative requirements and pension plan documents and administrative policies.</p>	<ul style="list-style-type: none"> • On an annual basis the Board completes an audit of the Plan, prepares the Financial Statements and Annual Report, and files information returns with regulators. • The Board’s Risk Management policy requires that service providers be reviewed annually with a complete in-depth review every fifth year. • The Board completes a performance review of the Director of the Pensions & Disability Administration Department twice a year. • The Administration performs quarterly monitoring of investment performance and compliance with the Statement of Investment Policies & Procedures.
<p>#9: Transparency and accountability The plan administrator should provide for the communication of the governance processes to plan members, beneficiaries and other stakeholders to facilitate transparency and accountability.</p>	<ul style="list-style-type: none"> • The Annual Report of the Plan has been reformatted to provide additional information to members including the number of Board meetings attended and the educational opportunities attended by each trustee. • The Administrative Board communicates with Plan members on a regular basis through quarterly newsletters. • In 2011 the Administration launched a new website independent of the City of Regina to provide more information to members on a timelier basis.

Governance Review

Principle	Board Action
#10: Code of conduct and conflict of interest The plan administrator should provide for the establishment of a code of conduct and a policy to address conflicts of interest.	<ul style="list-style-type: none"> In 2012 the Board will adopt a more comprehensive Code of Conduct policy which shall apply to the Administrative Board, all staff of the Pensions & Disability Administration Department, and all Service Providers engaged by the Administrative Board.
#11: Governance review The plan administrator should conduct a regular review of its plan governance.	<ul style="list-style-type: none"> The Administrative Board is currently working with the City of Regina Administration to develop a process to move the Board to a more autonomous structure.

Education & Training

The Administrative Board of The Regina Police Pension Plan recognizes the importance of education to the successful fulfillment of the fiduciary duty to the members of the Plan. To that end, the Board has developed the Trustee Education Policy based on the following principles:

- (a) Board members are required to make policy decisions to facilitate the administration of the Plan;
- (b) Board members have an obligation to participate in Board meetings in a meaningful way; and
- (c) a unique body of knowledge is required to carry out the roles and responsibilities of the Board.

The Trustee Education Policy requires that, in addition to basic education obtained within the first three years of becoming a Trustee:

- (a) new Trustees must attend a minimum of 20 hours of educational opportunities on an annual basis; and
- (b) senior Trustees must attend a minimum of 30 hours of educational opportunities on an annual basis.

The following Administrative Board members attended conferences and seminars for educational opportunities that were paid by the Fund:

Trustee	Conference/Seminar	Date	Location	Hours
Bernie Eiswirth	Police Pension Plan Working Committee (9 sessions total)	Jan-Mar	Regina, SK	27
	2011 Aon Hewitt Pension Risk Management Seminar	Jun 1	Regina, SK	2.5
	2011 Franklin Templeton Investment Forum	Nov 6-8	Orlando, FL	30
			Total Hours	59.5

Education & Training

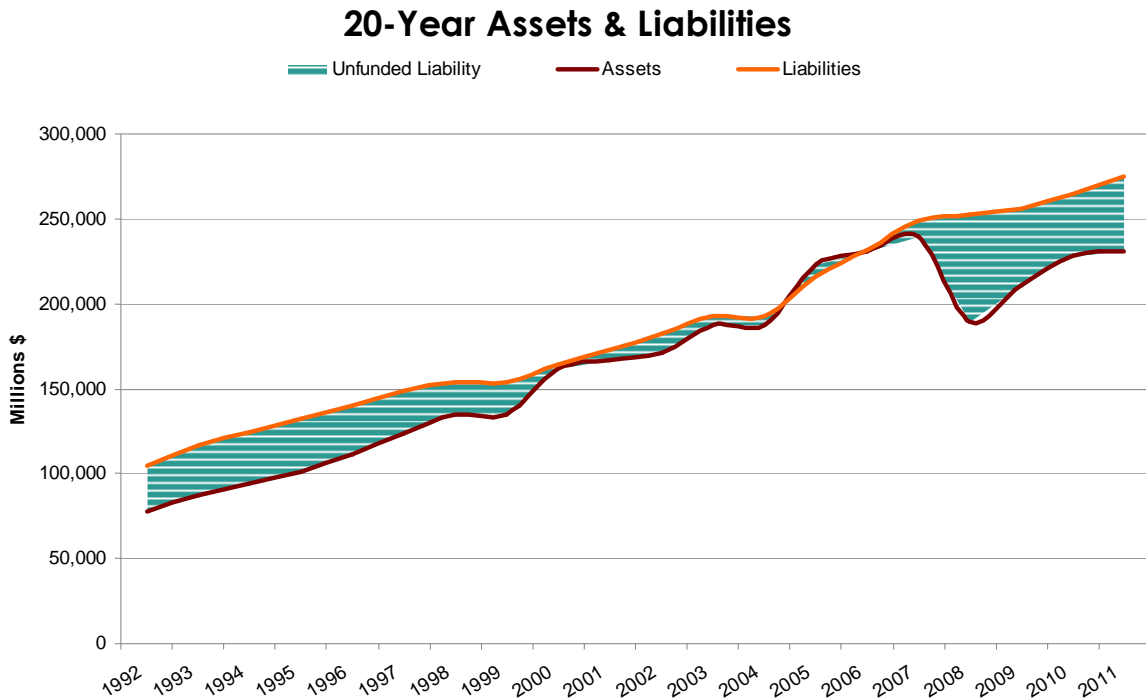
Trustee	Conference/Seminar	Date	Location	Hours	
Councillor Wade Murray	2011 Aon Hewitt Pension Risk Management Seminar	Jun 1	Regina, SK	2.5	
	ACPM 2011 National Conference	Sep 13-15	St. John's, NL	30	
			Total Hours	32.5	
Mayor Pat Fiacco				Total Hours	
				0	
Sergeant Evan Bray	Police Pension Plan Working Committee (9 sessions total)	Jan-Mar	Regina, SK	27	
	2011 Franklin Templeton Investment Forum	Nov 6-8	Orlando, FL	30	
			Total Hours	57	
Inspector Marlo Pritchard	Police Pension Plan Working Committee (9 sessions total)	Jan-Mar	Regina, SK	27	
	CPBI Luncheon with Louis Martel	Jan 13	Regina, SK	2	
	19 th Annual Sask CFA Society Forecast Dinner	Jan 18	Regina, SK	4	
				Total Hours	33
Leslie Shaw	CPBI Luncheon with Louis Martel	Jan 13	Regina, SK	2	
	CPBI Saskatchewan Regional Conference	Apr 20-21	Regina, SK	15	
	CPBI Forum 2011 – The Next Wave	May 18-20	Vancouver, BC	30	
	2011 Aon Hewitt Pension Risk Management Seminar	Jun 1	Regina, SK	2.5	
	Greystone Education Seminar	Oct 13	Regina, SK	1.5	
	CPBI Luncheon – How Well Do Your Members Understand and Value Your Benefit Plans?	Oct 19	Regina, SK	2	
	CPBI Seminar – Benefits, Beyond the Basics	Oct 25-26	Regina, SK	20	
	CPBI Luncheon – Will Baby Boomers Ever Retire?	Nov 16	Regina, SK	2	
				Total Hours	75
	Sergeant Darrin McKechnie	Police Pension Plan Working Committee (9 sessions total)	Jan-Mar	Regina, SK	27
2011 Franklin Templeton Investment Forum		Nov 6-8	Orlando, FL	30	
			Total Hours	57	
Inspector Darren Wilcox	Police Pension Plan Working Committee (9 sessions total)	Jan-Mar	Regina, SK	27	
	CPBI Luncheon with Louis Martel	Jan 13	Regina, SK	2	
	19 th Annual Sask CFA Society Forecast Dinner	Jan 18	Regina, SK	4	
	2011 Franklin Templeton Investment Forum	Nov 6-8	Orlando, FL	30	
			Total Hours	63	

Year End Financial Position

As at December 31, 2011 the Plan had net assets available for benefits of \$231.2 million. Net assets consist of investments at market value of \$232.2 million and accrued income receivable of \$225,000, less accounts payable of \$1.2 million.

Pension obligations were \$274.9 million at December 31, 2011.

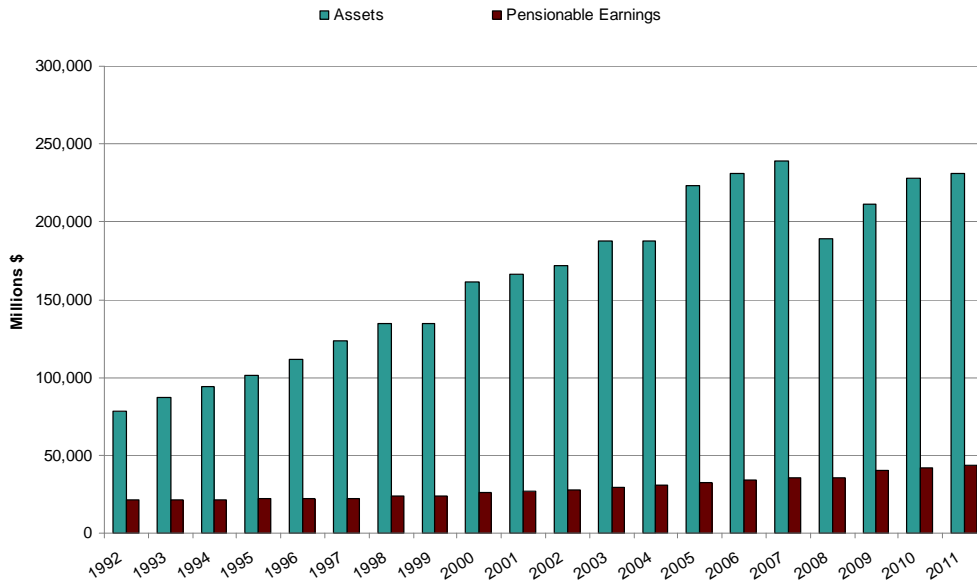
The Plan deficit, as of December 31, 2011, was \$43.6 million.



There are four main factors that contribute to the size of the asset base of the Plan. These factors are the investment income earned over the year, the contributions made to the Plan by the employer and employees, the Plan's administration and investment expenses, and the benefit payments made to pensioners. Investment income, contribution revenues, and benefit payments & expenses over the last ten years are shown below:

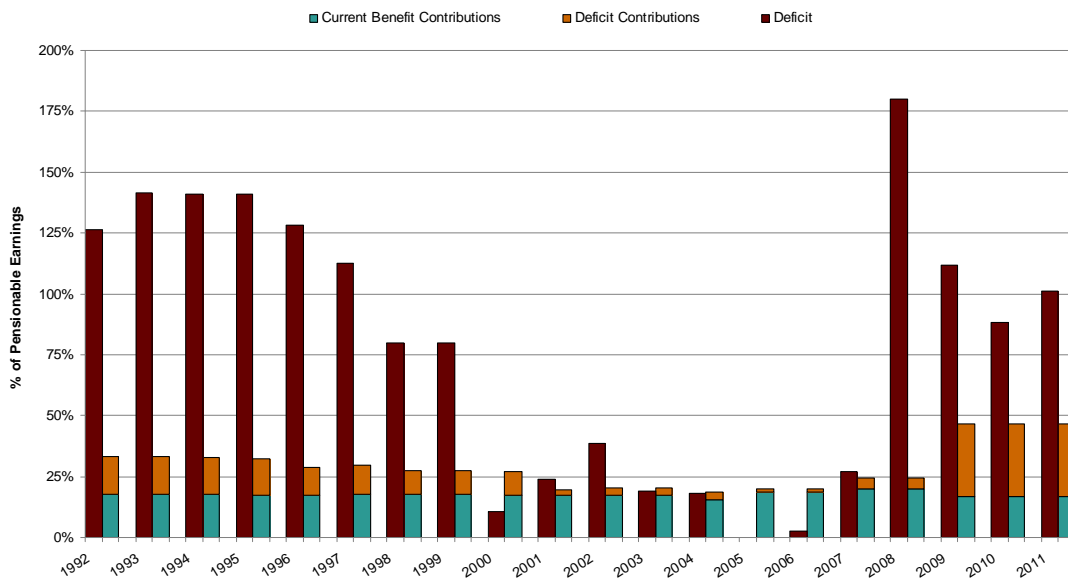
For The Year Ending	Investment Income / (Loss) (\$ Millions)	Revenue From Contributions (\$ Millions)	Benefit Payments & Expenses (\$ Millions)
2011	8.3	11.6	(17.7)
2010	23.0	10.5	(16.4)
2009	31.2	9.9	(15.6)
2008	(45.3)	9.5	(14.7)
2007	5.7	8.6	(14.0)
2006	28.0	8.4	(13.1)
2005	30.0	8.0	(12.3)
2004	21.5	7.7	(11.7)
2003	22.8	6.1	(11.0)
2002	(6.0)	5.7	(10.0)

Assets vs. Pensionable Earnings



As a plan matures and the dollar value of the assets and liabilities increases, fluctuations in the difference between assets and liabilities become harder to recover from. Since liabilities grow at a fairly steady rate, that difference tends to result from changes in the value of the assets. The above chart shows the relationship between assets and pensionable earnings. As plan assets grow in relation to pensionable earnings, fluctuations in the value of assets also grow. In 1992 the Police Plan's assets were 3.6 times pensionable earnings. A 10% reduction in the value of the assets would have resulted in a new unfunded liability equal to approximately 36% of pensionable earnings. In 2011, the Plan's assets were 5.4 times pensionable earnings. A 10% reduction in the Plan's assets would have resulted in a new unfunded liability equal to nearly 54% of pensionable earnings.

Contribution Rates vs. Deficit



The impact of a maturing plan is that deficits become a greater and greater percentage of pensionable earnings. In the 1990's the deficit contributions were equal to between 10% and 15% of pensionable earnings. By 2001 the Plan had recovered such that deficit contributions were equal to only 2% of pensionable earnings and remained below 5% through 2007. Since 2009 the percentage of deficit contributions to pensionable earnings has been 29.50%.

Investment of the Fund

The Police Pension Administrative Board oversees the investments of The Regina Police Pension Plan in accordance with the Statement of Investment Policies & Procedures. The Statement of Investment Policies & Procedures addresses such issues as investment objectives, risk tolerance, asset allocation, permissible asset classes, investment diversification, liquidity requirements, expected rates of return and other issues relevant to the investment process, thereby establishing a framework within which all the investment managers must operate. The primary objectives of the investment policy are to:

- meet the pension obligations as they occur and to ensure the long-term solvency of the Plan;
- achieve a real rate of return in excess of 4.35% over a rolling four-year period; and
- earn the stated performance objective for each asset class over a rolling four-year period.

The investment policy is reviewed annually and updated when necessary to ensure that it continues to meet legal standards and the investment requirements of the membership.

The Regina Police Pension Plan measures investment performance against two primary criteria:

1. A custom benchmark consisting of the indices that best represent each asset class:

Asset Class	Total Fund Benchmark
Canadian Equities	S&P/TSX 300 Index
U.S. Equities	S&P 500 Index (CAD)
Global Equities	MSCI World Index Ex Canada
Private Equities	MSCI World Index (CAD) + 3%
Canadian Long Bonds	DEX Long Bond Index
Real Return Bonds	DEX Real Return Bond Index
Real Estate	IPD Canadian Property Index

The benchmarks for equity and fixed income were selected because all are publicly-traded and readily investible indices. With respect to real estate, an industry-recognized benchmark is used. Private equity is measured against the MSCI World Index +3% to reflect the global nature of the private equity program and the expected long term return over public markets.

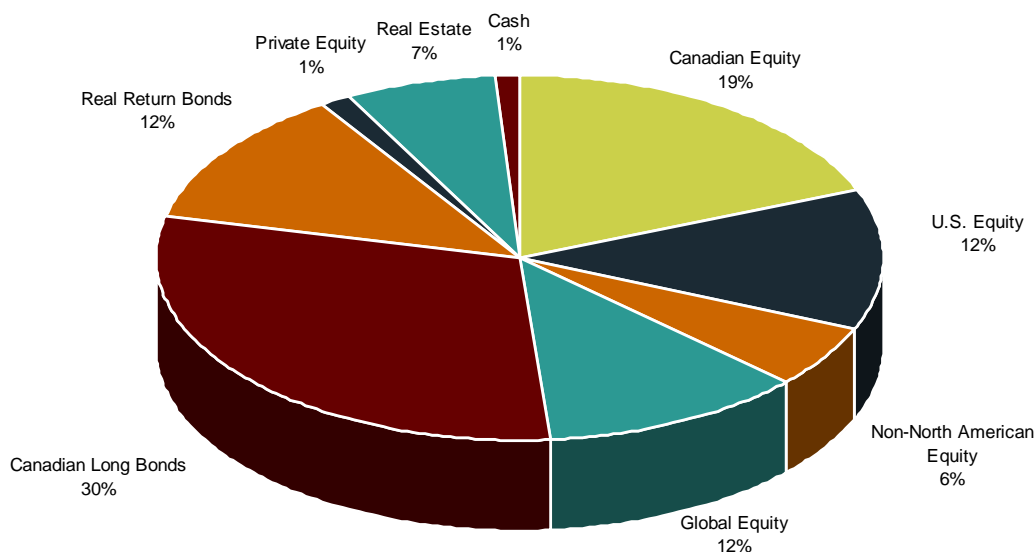
2. Inflation adjusted return of greater than 4.35% (greater than the Consumer Price Index (CPI) by 4.35%).

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

Total invested assets of The Regina Police Pension Plan (including accrued income) at December 31, 2011 were \$232.4 million.

The Plan's assets are invested across several asset classes and with multiple investment managers to reduce the overall risk to the Plan. By spreading the investments out among different types of assets, different geographical areas and different investment styles, the overall risk to the Plan is reduced and the returns of the Plan become less volatile.

Asset Class Allocation (12/31/2011)



The table below provides the current asset allocation policy of The Regina Police Pension Plan. The actual allocation at December 31, 2011 was 48.73% to the Equity Pool, 42.03% to the Fixed Income Pool, and 8.25% to Alternatives. The remaining 0.99% was held in Cash.

Asset Class	Total Fund	Actual % Allocation	Min %	Target % Allocation*	Max %
Equity Pool:					
Canadian Equities	S&P/TSX 300 Index	18.99	15	20	30
U.S. Equities	S&P 500 Index (CAD)	12.44	9	12	15
Non-North American Equities	MSCI EAFE (CAD)	5.64	3	6	9
Global Equities	MSCI World Ex Canada	11.66	9	12	15
Total Equity Pool:		48.73		50	
Fixed Income Pool:					
Canadian Long Bonds	DEX Long Bond Index	29.90	15	30	35
Real Return Bonds	DEX Real Return Bond Index	12.13	5	10	15
Total Fixed Income Pool:		42.03		40	
Alternatives:					
Private Equity	MSCI World Index (CAD) + 3%	1.41	0	5	10
Real Estate	IPD Canadian Property Index	6.84	3	5	7
Total Alternatives:		8.25		10	
Cash:		0.99	n/a	n/a	n/a
Total Fund:		100.0		100	

*Target Allocation is based on the Interim Asset Mix effective January 1, 2011.

As the performance of individual managers and markets move the assets in the fund away from the normal strategic positions, the assets are rebalanced to bring the fund back within the parameters of the current strategic asset allocation policy set by the Administrative Board. Such rebalancing is achieved through directed cash flow or by actively transferring funds among managers when specified trigger points are reached.

Investment of the Fund

The actual management and asset allocation structure of The Regina Police Pension Plan as at December 31, 2011 is shown below:

Asset Class	Manager	Start Date	Amount* (\$ in Thousands)	% Of Holdings
Equity Pool:				
Canadian Equities	Greystone Managed Investments	1998	21,721	9.35
	Scheer Rowlett & Associates	2008	22,406	9.64
U.S. Equities	TD Asset Management	1998	28,910	12.44
Non-North American Equities	Pictet Asset Management	2008	13,109	5.64
Global Equities	Franklin Templeton Investments Corp.	1992	27,107	11.66
	Total Equity Pool:		113,253	48.73
Fixed Income Pool:				
Canadian Long Bonds	TD Asset Management	1998	69,489	29.90
Real Return Bonds	Internal	n/a	28,192	12.13
	Total Fixed Income Pool:		97,681	42.03
Alternatives:				
Private Equities	NorthLeaf Capital Partners	2010	1,110	0.48
	Hamilton Lane	2011	2,177	0.93
Real Estate	Greystone Managed Investments	1998	15,910	6.84
	Total Alternatives:		19,197	8.25
Cash:	n/a	n/a	2,301	0.99
Total Fund:			232,432	100.00

*Amount includes small cash balances held by each manager within their investment portfolio as well as accrued income.

Investment Results

Investment Overview

The first quarter of 2011 saw improvements in economic data and the continued advancement of the recovery that began in 2009. Losses in subsequent quarters wiped out the market recovery that had been building and raised concerns over a double-dip recession.

There were a multitude of factors contributing to the disappointing results as concern grew that the Global economy may be slowing at a pace greater than anticipated. Economic indicators released during the second quarter brought disappointing news to the markets. Unemployment remained high and while industrial production has risen, consumer sales and sentiment grew at a much slower pace. The ongoing sovereign debt crisis in Europe received the most attention while the U.S. Government continued to deal with its own problems as it tried to work toward a long term debt solution while still trying to revive its sluggish economy. A massive earthquake and subsequent tsunami in Japan affected global supply and inflation continues to be a concern for both developed and emerging markets.

U.S. Equity markets saw both the best-performing first quarter since 1998 and the worst-performing quarter since the fourth quarter of 2008. Overall 2011 saw the second lowest annual return for U.S. Equity since 2003 with only 2008, which was impacted by the financial crisis, being worse. Canadian Equity markets provided negative returns for six consecutive months through the second and third quarters. European markets saw a sharp decline in the third quarter with financial stocks being hit particularly hard and valuations driven down to levels last seen during the 2008 economic crisis. Even though developed markets had gains in three of four quarters in 2011, they were not enough to offset the sharp declines in the third quarter.

Investment Results

The fourth quarter saw gains in all markets and most economic indicators do not yet suggest that we are in a recession. There still seems to be a meaningful chance that we will avoid falling into another recession.

Fund Results

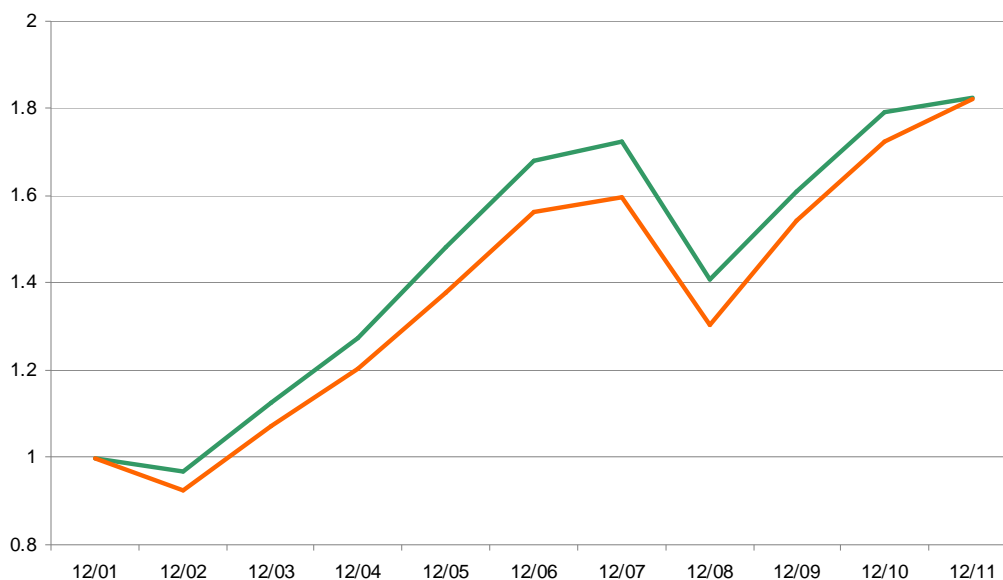
2011 was another transitional year for the portfolios of the Plan as work to implement the recommendations from 2009's Asset/Liability Study continued. Through most of 2011 the transition to holding a larger percentage of the portfolio in assets that better reflect the Plan's liabilities continued as did the investment in private equity. The benchmark used to measure investment performance is set annually; therefore, there will be some variance from the benchmark during the transition period. On a total fund basis The Regina Police Pension Plan trailed the investment return of the custom benchmark by -2.21% with a return of 3.55%. On an inflation adjusted basis, the investments of the Plan exceeded the Consumer Price Index by 1.25%, yet underperformed the 4.35% adjusted return required by the Statement of Investment Policies & Procedures by -3.10%.

Over a rolling four-year period the annualized investment return stands at 2.06%, trailing the benchmark by -1.31% and falling short of the inflation adjusted target by -4.09%. Strong returns over the two and three-year periods provided returns that exceeded the inflation adjusted target, despite being below the custom benchmark. It is important to remember that pension assets are invested for the long haul, to meet obligations that are 30 years or more into the future. Over the last 20 years, the Plan has achieved an annualized return net of inflation of 6.21%, meeting the stated objectives of the portfolio.

Investment Returns	Annualized Rate Of Return (%)				
	1 yr	2 yr	3 yr	4 yr	5 yr
Total Fund	3.55	7.27	10.47	2.06	2.13
Total Fund Benchmark	5.76	8.71	11.82	3.37	3.11
Excess Return (%)	-2.21	-1.44	-1.35	-1.31	-0.98
Annualized CPI	2.30	2.35	2.00	1.80	1.92
Inflation Adjusted Return	1.25	4.92	8.47	0.26	0.21
Excess Return (> CPI+ 4.35%)	-3.10	0.57	4.12	-4.09	-4.14

10-Year Growth of \$1

— Total Fund — Total Benchmark

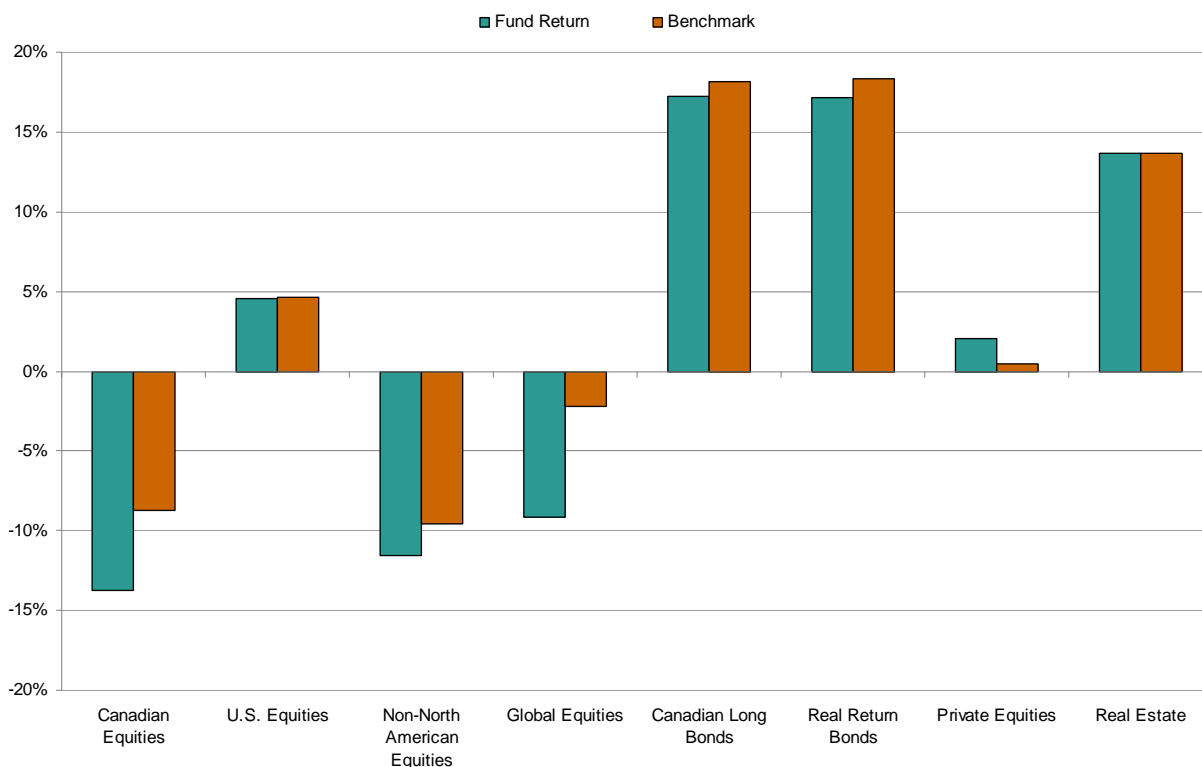


Investment Results

The following table shows the gross rate of return achieved by the various asset classes over the one through five year periods ended December 31, 2011. The applicable benchmark performance for each asset class is also noted.

Asset Class	Annualized Rate Of Return (%)				
	1 yr	2 yr	3 yr	4 yr	5 yr
Equity Pool:					
Canadian Equities	-13.72	0.42	10.28	-3.38	-1.17
Benchmark: S&P/TSX 300 Index	-8.71	3.62	13.18	-0.72	1.30
U.S. Equities	4.54	6.78	7.39	-0.50	-3.47
Benchmark: S&P 500 Index	4.64	6.83	7.92	-0.18	-2.64
Non-North American Equities	-11.58	-3.06	4.42	n/a	n/a
Benchmark: MSCI EAFE (CAD)	-9.55	-3.68	1.43	n/a	n/a
Global Equities	-9.13	-3.35	3.01	-6.81	-5.69
Benchmark: MSCI World Ex Canada	-2.24	1.82	5.26	-4.54	-4.69
Total Equity Pool:	-8.10	1.12	8.26	-3.38	-2.58
Fixed Income Pool:					
Canadian Long Bonds	17.21	14.89	11.49	9.00	7.86
Benchmark: DEX Long Bond Index	18.13	15.29	11.93	9.54	8.29
Real Return Bonds	17.15	13.74	13.49	10.08	8.35
Benchmark: DEX Real Return Bond Index	18.35	14.66	14.61	10.88	8.96
Total Fixed Income Pool:	17.51	14.55	12.34	9.85	8.49
Alternatives:					
Private Equities	2.06	n/a	n/a	n/a	n/a
Benchmark: MSCI World (CAD) + 3%	0.48	n/a	n/a	n/a	n/a
Real Estate	13.68	11.16	6.09	7.86	10.52
Benchmark: IPD Canadian Property Index	13.66	9.50	5.17	5.98	7.95
Total Alternatives:	11.96	10.27	5.52	7.43	10.17
Cash:					
Cash	1.00	0.77	0.56	0.89	1.45
Benchmark: 91 Day Canadian T-Bill (CAD)	1.00	0.77	0.72	1.36	1.97
Total Cash:					
Total Fund:	3.55	7.27	10.47	2.06	2.13

2011 Asset Class Returns

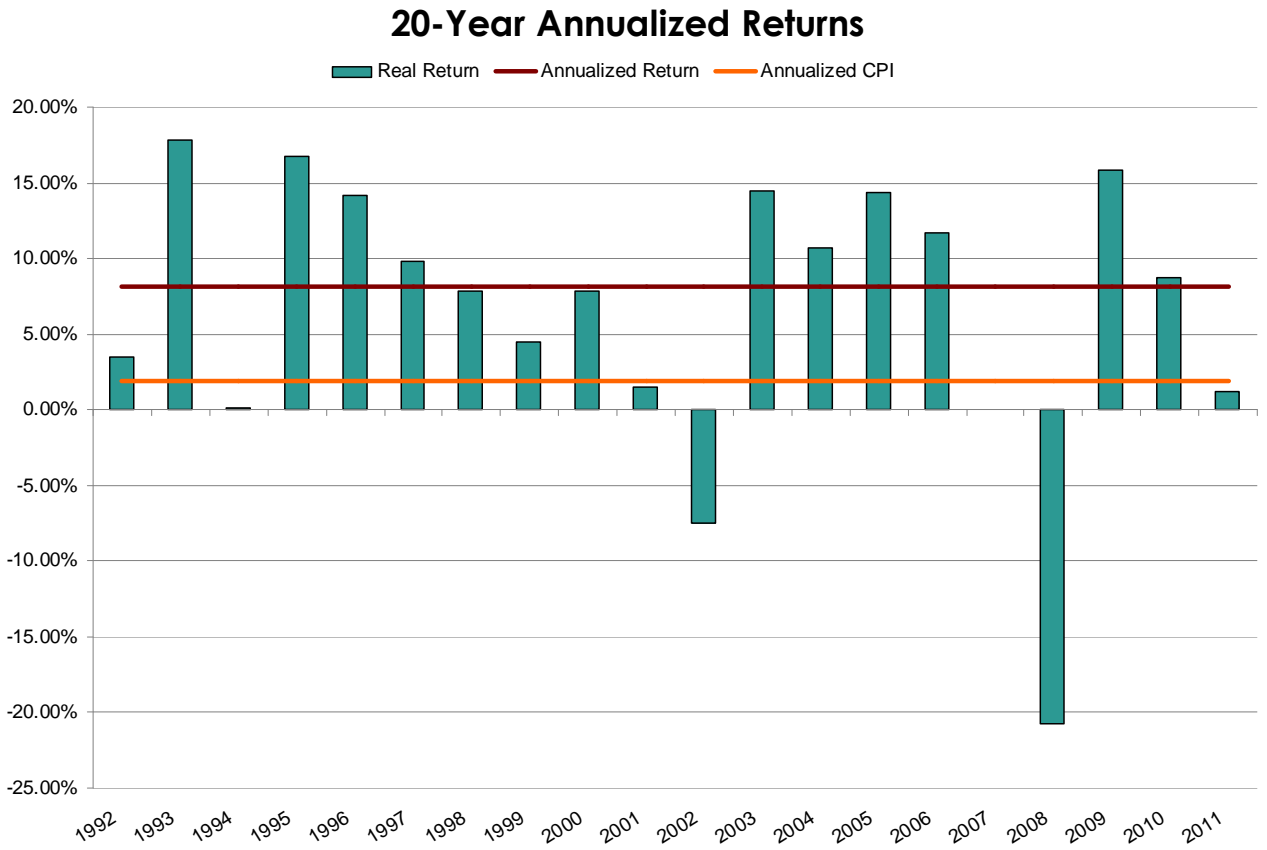


Historical Total Returns

While investment performance is measured and reviewed quarterly, it is important to maintain a longer-term perspective due to the nature of the liabilities of the Plan. This applies when reviewing the 2011 performance in relation to a longer investment horizon and considering the effects of inflation over time. The annual investment returns of The Regina Police Pension Plan for the last twenty years are as follows:

Annual Rate Of Return							
Year	Nominal Return	CPI	Real Return	Year	Nominal Return	CPI	Real Return
2011	3.55%	2.30%	1.25%	2001	2.20%	0.70%	1.50%
2010	11.12%	2.40%	8.72%	2000	11.00%	3.20%	7.80%
2009	17.17%	1.30%	15.87%	1999	7.10%	2.60%	4.50%
2008	-19.50%	1.20%	-20.70%	1998	8.80%	1.00%	7.80%
2007	2.40%	2.40%	0.00%	1997	10.50%	0.70%	9.80%
2006	13.40%	1.70%	11.70%	1996	16.40%	2.20%	14.20%
2005	16.50%	2.10%	14.40%	1995	18.40%	1.70%	16.70%
2004	12.80%	2.10%	10.70%	1994	0.30%	0.20%	0.10%
2003	16.60%	2.10%	14.50%	1993	19.50%	1.70%	17.80%
2002	-3.70%	3.80%	-7.50%	1992	5.60%	2.10%	3.50%

- (1) Nominal Return is the actual rate of return earned in the year.
- (2) The CPI (Consumer Price Index) is published monthly by Statistics Canada. The rate of change provides a measure of inflation.
- (3) Real Return is the return earned after accounting for the effect of inflation.
- (4) Annualized Return is the return earned after the effect of inflation is removed, over a specific time period.



Pension Plan Expenses

Description	2011 (\$ in Thousands)
Actuarial Services:	
Aon Hewitt	155
Audit Services:	
Deloitte & Touche LLP	10
Custodial & Performance Management Fees:	
Northern Trust Corporation	124
Investment Manager Fees:	
Greystone Managed Investments	196
TD Asset Management	25
Franklin Templeton Investments Corp.	218
Pictet Asset Management	86
Sheer Rowlett and Associates	68
	593
Legal Services:	
McDougall Gauley	10
	10
Other Administrative Expenses:	
Pensions & Disability - Salaries & Benefits	192
Aon/Hewitt Associates	48
SaskCentral	25
CPAS	17
City of Regina	15
Conferences, Seminars and Travel	12
Government of Saskatchewan	3
SaskTel	2
Stonefield Systems Group	2
Other Administrative Expenses	6
	322
Total for the Plan:	1,214

Independent Auditor's Report

We have audited the accompanying financial statements of the Regina Police Pension Plan, which comprise the statements of financial position as at December 31, 2011 and December 31, 2010, and the statements of changes in net assets available for benefits and the statements of changes in pension obligations for the years 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 accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Regina Police Pension Plan as at December 31, 2011 and December 31, 2010, and the changes in its net assets available for benefits and changes in its pension obligations for the years then ended in accordance with Canadian accounting standards for pension plans.



Chartered Accountants

April 26, 2012
Regina, Saskatchewan

Member of Deloitte Touche Tohmatsu

Audited Financial Statements

STATEMENT OF FINANCIAL POSITION (in thousands of dollars)

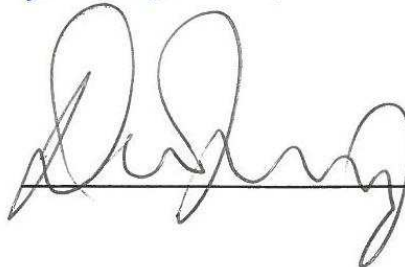
As at December 31, 2011

	December 31 2011	December 31 2010	January 1 2010
ASSETS			
Investments – Note 4	232,207	228,992	211,438
Accrued Income Receivable	225	219	264
	232,432	229,211	211,702
LIABILITIES			
Accounts Payable	1,192	1,070	602
Net Assets Available for Benefits	231,240	228,141	211,100
PENSION OBLIGATIONS AND DEFICIT			
Pension Obligations – Note 6	274,868	264,936	268,646
Deficit	(43,628)	(36,795)	(57,546)
Pension Obligations and Deficit	231,240	228,141	211,100

See accompanying notes

APPROVED BY:

 Board Member

 Board Member

Audited Financial Statements

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS (in thousands of dollars)

For the Year Ended December 31, 2011

	December 31 2011	December 31 2010
INCREASE IN NET ASSETS		
Investment Income – Note 7	9,261	7,960
Increase in Fair Value of Investments	-	15,066
Contributions – Note 8		
Member Contributions	5,689	5,149
Employer Contributions	5,876	5,312
	20,826	33,487
DECREASE IN NET ASSETS		
Decrease in Fair Value of Investments	920	-
Benefit Payments	15,238	14,733
Pension Refunds – Note 9	355	553
Administration Expenses – Note 12	1,214	1,160
	17,727	16,446
Net Increase for the Year	3,099	17,041
Net Assets Available for Benefits, Beginning of Year	228,141	211,100
Net Assets Available for Benefits, End of Year	231,240	228,141

See accompanying notes

Audited Financial Statements

STATEMENT OF CHANGES IN PENSION OBLIGATIONS (in thousands of dollars)

For the Year Ended December 31, 2011

	December 31 2011	December 31 2010
INCREASE IN PENSION OBLIGATIONS		
Interest Accrued on Benefits	17,876	17,231
Accrual of Pension Benefits	7,649	8,178
Experience Losses	-	2,968
	25,525	28,377
DECREASE IN PENSION OBLIGATIONS		
Change in Assumptions – Note 6	-	16,801
Benefit Payments	15,238	14,733
Pension Refunds – Note 9	355	553
	15,593	32,087
Net Increase (Decrease) for the Year	9,932	(3,710)
Pension Obligations, Beginning of Year	264,936	268,646
Pension Obligations, End of Year	274,868	264,936

See accompanying notes

NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2011

1. Description of Plan

The Regina Police Pension Plan (the “Plan”) is a contributory defined benefit pension plan covering all eligible employees of the Regina Board of Police Commissioners (the “Commission”). The following description is a summary only. For more complete information, reference should be made to the Plan text.

(a) Funding Policy

Members contributions are 11.33% on earnings up to the year's maximum pensionable earnings (“YMPE”) and 12.83% on earnings over the YMPE. Employer contributions are 11.83% on a member's earnings up to the YMPE and 13.33% on earnings over the YMPE.

A portion of the members' and employer's regular contributions, estimated at \$3,490 in 2011 (\$1,894 in 2010) is being applied to meet the Plan's obligation under *The Pension Benefits Act, 1992* (Saskatchewan) to liquidate the unfunded liabilities on a going concern and solvency basis as disclosed in the 2009 actuarial valuation of the Plan.

(b) Benefits

Retirement pensions are based on the number of years of service multiplied by 1.26% to 2% of the best three years average salary.

Termination and survivor benefits are also available under the Plan.

The Plan also provides for payment of lump sum benefits when a member dies or ceases to be employed by the Commission, subject to lock-in provisions.

(c) Income Taxes

The Plan is a registered pension plan as defined in the *Income Tax Act* and is not subject to income taxes. Retirement allowances paid from the Plan are subject to deductions that are withheld by the City of Regina and remitted to the Canada Revenue Agency.

2. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for pension plans as outlined in Part IV of the CICA Handbook, Section 4600, Pension Plans. For matters not addressed in Section 4600, IFRS (International Financial Reporting Standards) have been followed. These financial statements are presented in the Plan's functional currency, Canadian Dollars. The financial statements were authorized and issued by the Plan's Administrative Board on April 26, 2012.

NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2011

2. Summary of Significant Accounting Policies (continued)

The Plan's statements were previously prepared in accordance with CICA Handbook Section 4100 and while there are differences between the sections, there were no differences that affected the financial position of the Plan.

The following policies are considered to be significant:

(a) Basis of Presentation of Financial Statements

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the Plan sponsor and Plan members. They are prepared to assist Plan members and others in reviewing the activities of the Plan for the fiscal period, but they do not portray the funding requirements of the Plan or the benefit security of individual Plan members.

(b) Investments

Investments in equities are recorded at fair value which is determined using year-end market prices from recognized security dealers. Investments in private equity are recorded at fair value based on the values supplied by the investment manager. Investments in bonds are recorded at fair value which is determined based on quotes from industry standard sources. Transactions are recorded as of the trade date.

Pooled funds are recorded at fair value based on the net asset value per unit determined by the investment manager with reference to the underlying investments' year-end market prices. Short-term investments are recorded at cost which together with accrued interest income approximates fair value.

Investments denominated in foreign currency are translated at the exchange rate in effect at year-end.

(c) Investment Income and Transaction Costs

Included in investment income are interest and dividend income. Interest income is recorded on the accrual basis. Dividend income from equity securities is recognized as entitlement arises.

Changes in fair value of investments include realized and unrealized gains and losses. Realized gains and losses from the sale of investments are calculated using a weighted average cost basis and are reflected in earnings as incurred. The change in fair value of investments includes the change in unrealized fair value of investments held at year end. Transaction costs are recognized in the statement of changes in net assets available for benefits in the period incurred.

NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2011

2. Summary of Significant Accounting Policies (continued)

(d) Foreign Exchange

Foreign investment purchases, sales and income are recorded in Canadian dollars at exchange rates in effect at the transaction date. Foreign denominated investments and accrued income are translated at year end exchange rates. The unrealized gains and losses arising from the transaction are included in the statement of changes in net assets available for benefits as part of the change in fair value of investments.

(e) Contributions

Contributions are accounted for on the accrual basis.

(f) Use of Estimates and Judgements

The preparation of financial statements in conformity with Canadian accounting standards for pension plans requires management to make estimates and use assumptions that affect the reported amounts of asset and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Significant estimates subject to estimates and assumptions include the valuation of investments and the determination of the pension obligations.

(g) Future Accounting Policy Changes

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2011, and have not been applied in preparing these financial statements. In particular, the following new and amended standards which become effective for annual periods beginning on or after January 1, 2013:

- IFRS 9 Financial Instruments
- IFRS 12, Disclosure of Interests in Other Entities
- IFRS 13, Fair Value Measurement

The extent of the impact on adoption of these standards is not known at this time, but is not expected to be material.

3. Fair Value of Financial Instruments

The following table summarizes the inputs used as of December 31, 2011 in valuing the Plan's investments at fair values.

Audited Financial Statements

NOTES TO THE FINANCIAL STATEMENTS (in thousands of dollars)

For the Year Ended December 31, 2011

3. Fair Value of Financial Instruments (continued)

December 31, 2011				
Asset Class	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Equities	56,393	56,016	2,626	115,035
Fixed Income	-	97,622	-	97,622
Real Estate Pooled Fund	-	-	15,909	15,909
Cash & Short-Term	3,641	-	-	3,641
Total Investments	60,034	153,638	18,535	232,207

December 31, 2010				
Asset Class	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Equities	74,015	54,614	187	128,816
Fixed Income	-	82,689	-	82,689
Real Estate Pooled Fund	-	-	14,001	14,001
Cash & Short-Term	3,486	-	-	3,486
Total Investments	77,501	137,303	14,188	228,992

January 1, 2010				
Asset Class	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Equities	77,814	51,806	-	129,620
Fixed Income	-	54,677	12,394	67,071
Real Estate Pooled Fund	-	-	13,266	13,266
Cash & Short-Term	1,074	369	38	1,481
Total Investments	78,888	106,852	25,698	211,438

Audited Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2011

3. Fair Value of Financial Instruments (continued)

- (a) Short-term investments are recorded at cost, which together with accrued interest income, approximates fair value.
- (b) Bonds and debentures, real return bonds and public equities are valued at year-end quoted market prices, where available.
- (c) For public equities the quoted market prices are based on exchange prices while bonds and real return bonds are based on quotes from industry standard sources such as brokers and trade reporting services.
- (d) For private equity investments where quoted market prices are not available, various methods are used by the external managers to determine fair value including the use of: discounted cash flows, earnings multiples, prevailing market rates for instruments with similar characteristics, or other pricing models as appropriate.
- (e) Pooled funds are valued based on the net asset value provided by the pooled fund administrator using closing bid prices.

Fair value measurements of investment assets are based on inputs from one or more levels of a fair value hierarchy as follows:

Level 1: Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities traded in active markets. Level 1 primarily includes publicly listed equity investments.

Level 2: Fair value is based upon valuation methods that make use of inputs, other than quoted prices within Level 1, that are observable by market participants either directly through quoted prices for similar but not identical assets or indirectly through observable market information used in valuation models. Level 2 primarily includes debt securities not traded on a public market and public equities not traded in an active market.

Level 3: Fair value is based upon valuation methods where inputs that are based on non-observable market data have a significant impact on the valuation. Level 3 primarily includes real estate pooled funds and private equity investments.

During the year ended December 31, 2011, the reconciliation of investments measured at fair value using unobservable inputs (level 3) is presented as follows:

Reconciliation	2011	2010
Beginning Balance, January 1	14,188	25,698
Purchases	2,858	2,925
Return of Capital	(390)	(14,425)
Change in unrealized gains/(losses)	1,879	(10)
Ending Balance, December 31	18,535	14,188

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3. Fair Value of Financial Instruments (continued)

For the Plan's financial assets and liabilities other than its investments and pension obligations, consisting of accrued income receivable and accounts payable, the carrying value approximates fair value given the short-term nature of these items. The pension obligations are long term in nature and there is no market for settling these pension obligations.

4. Investments

The investment objectives of the Plan are to ensure the Plan has sufficient assets to optimize the risk/return relationship of the Plan and to generate sufficient cash flows to meet pension benefits payments. Due to the long-term horizon of the Plan's benefits, the Plan takes a long-term investment perspective.

Asset Class	December 31, 2011		December 31, 2010		January 1, 2010	
	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost
Short Term Investments	214	214	295	295	300	300
Fixed Income	97,622	75,472	82,689	69,175	67,071	57,647
Canadian Equities	43,520	41,179	61,223	47,415	65,820	56,134
U.S. Equities	28,909	27,617	28,403	27,741	26,173	27,334
Non-North American Equities	12,873	13,983	12,792	12,469	n/a	n/a
Global Equities	27,107	30,963	26,211	26,821	37,627	38,092
Private Equities	2,626	2,654	187	192	-	-
Real Estate Pooled Fund	15,909	12,963	14,001	12,971	13,266	12,232
Cash	3,427	3,427	3,191	3,191	1,181	1,181
Total Investments	232,207	208,472	228,992	200,270	211,438	192,920

The investments held by the Plan are subject to *The Pension Benefits Act, 1992* (Saskatchewan) and its regulations. Investment concentration in any one investee or related group of investees is limited to no more than 10% of the total book value of the Plan's assets or no more than 30% of the votes that may be cast to elect the directors of the investee. Prior to the beginning of the year, an expected return is established based on an average of industry forecasts for return and volatility; however, during the year, investment management performance is evaluated based on established benchmarks described in Note 5.

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4. Investments (continued)

To achieve its long term investment goal, the Board has adopted the following asset mix which includes equity for returns and a well-diversified portfolio of assets:

Asset Class		Minimum %	Benchmark %	Maximum %
Equities	Canadian Equities	12	15	18
	U.S. Equities	4	6	8
	Global Equities	19	24	29
	Private Equity	5	10	15
Fixed Income	Long Bonds	25	30	35
	Real Return Bonds	5	10	15
Alternatives	Real Estate	3	5	7
Total Portfolio			100	

In general and subject to the restrictions noted below, the Plan may invest in any of the following asset classes and investment instruments. The Plan's assets may be invested through in-house investment activities or through external investment managers including without limitation, mutual funds, pooled funds, segregated funds, unit trusts, limited partnerships, and similar vehicles as described in the regulations of the *Pension Benefits Standards Act, 1993*.

Cash and Short Term Investments

The Plan may invest in cash and short term investments which consist of cash on hand, Canadian and U.S. money market securities, such as treasury bills issued by the federal and provincial governments and their agencies, obligations of trust companies and Canadian and foreign banks chartered to operate in Canada, including bankers' acceptances, commercial paper, term deposits and contracts with life insurance companies.

Equities

Asset Class	Target (%)	December 31, 2011			
		Actual (%)	Actual (\$)	Segregated (%)	Pooled (%)
Canadian Equities	36.3	37.8	43,520	37.8	-
U.S. Equities	21.8	25.1	28,909	-	25.1
Non-North American Equities	10.9	11.2	12,873	11.2	-
Global Equities	21.8	23.6	27,107	-	23.6
Private Equities	9.2	2.3	2,626	-	2.3
Total	100.0	100.0	115,035	49.0	51.0

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4. Investments (continued)

Asset Class	December 31, 2010				
	Target (%)	Actual (%)	Actual (\$)	Segregated (%)	Pooled (%)
Canadian Equities	45.5	47.5	61,223	47.5	-
U.S. Equities	21.8	22.2	28,403	-	22.2
Non-North American Equities	10.9	9.9	12,792	9.9	-
Global Equities	21.8	20.3	26,211	-	20.3
Private Equities	-	0.1	187	-	0.1
Total	100.0	100.0	128,816	57.4	42.6

Asset Class	January 1, 2010				
	Target (%)	Actual (%)	Actual (\$)	Segregated (%)	Pooled (%)
Canadian Equities	45.5	50.8	65,820	50.8	-
U.S. Equities	21.8	20.2	26,173	-	20.2
Non-North American Equities	10.9	9.4	12,230	9.4	-
Global Equities	21.8	19.6	25,397	-	19.6
Private Equities	-	-	-	-	-
Total	100.0	100.0	129,620	60.2	39.8

Equities consist of both publicly traded shares and private equity investments. Privately held equity investments are made through limited partnership vehicles. Non-North American equities refers to investments outside of Canada and the United States. Global equities refer to investments held in a global equity pooled fund which has a portfolio of securities from around the world, excluding Canada. The Plan may invest in any of the following: common and convertible preferred stock listed on a recognized exchange, securities convertible or exchangeable into common or convertible preferred stock, rights, warrants and special warrants for common or convertible preferred stock, instalment receipts, private placements equities, American and global depository receipts, publicly traded investment trusts and/or index replicating vehicles.

The Plan holds equity investments in Canada, the United States and International markets through a combination of separately managed accounts and pooled funds. The dividend yield on those accounts was 2.37% at the end of 2011 (2010 – 2.30%). The Plan reinvests those earnings and does not rely upon them to fund benefit payments.

During 2010, the Plan developed a strategy to move into private equity investments through limited partnership arrangements, and entered into agreements with Northleaf Capital Partners and Hamilton Lane for commitments up to \$10,000. At December 31, 2011, the fair value of private equities placed with Northleaf was \$921, and with Hamilton Lane was \$1,705. As at December 31, 2011, the commitment amount was \$7,000 for Northleaf and \$7 million for Hamilton Lane. Subsequent to year end, an additional \$3,000 commitment was made with Northleaf. The Plan's investment strategy limits private equity investments to a maximum of 10% of the Plan's assets.

Private equity managers use various methods to determine market value including the use of: discounted cash flows, earnings multiples, prevailing market rates for instruments with similar characteristics, or other pricing models as appropriate.

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4. Investments (continued)

Fixed Income

Bond Type	Fair Value (\$)	December 31, 2011	
		Portfolio Weight (%)	Weighted Average Term to Maturity
Federal	47,438	48.6	19.5
Federal Agency	578	0.6	10.2
Provincial	31,759	32.5	23.0
Municipal	1,638	1.7	24.0
Corporate	16,209	16.6	23.2
Portfolio	97,622	100.0	21.3

Bond Type	Fair Value (\$)	December 31, 2010	
		Portfolio Weight (%)	Weighted Average Term to Maturity
Federal	41,918	50.7	18.1
Federal Agency	1,179	1.4	14.1
Provincial	26,389	31.9	22.7
Municipal	714	0.9	23.9
Corporate	12,489	15.1	21.8
Portfolio	82,689	100.0	20.0

Bond Type	Fair Value (\$)	January 1, 2010	
		Portfolio Weight (%)	Weighted Average Term to Maturity
Federal	32,556	48.5	16.8
Federal Agency	1,770	2.6	10.8
Provincial	13,058	19.5	21.3
Municipal	307	0.5	18.5
Corporate	19,380	28.9	18.6
Portfolio	67,071	100.0	19.2

The Plan invests in Canadian bonds via a pooled fund and a portfolio of Real Return Bonds managed in-house. The pooled fund holds some cash and cash equivalents at all times.

Canadian bonds consist of government and corporate bonds and debentures. The Statement of Investment Policies and Procedures permits investment in all bonds, debentures, notes, non-convertible preferred stock, real return bonds and other debt instruments of Canadian issuers whether denominated and payable in Canadian dollars or a foreign currency including mortgage-backed securities, guaranteed under the National Housing Act (Canada), asset backed securities, term deposits and guaranteed investment certificates. It also permits investment in private placement of bonds that are rated by a recognized rating agency.

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For the Year Ended December 31, 2011

4. Investments (continued)

The Statement of Investment Policies and Procedures requires bonds to meet minimum standards. Only bonds of issuers rated BBB or higher are held in the portfolio. Currently, there are two bond portfolios:

- the TD Asset Management Long Bond Pooled Fund Trust, which invests in bonds and debentures rated BBB or higher in a manner that replicates the characteristics of the DEX Long Bond Index; and
- a portfolio of Government of Canada Real Return Bonds.

Bonds are valued using the current trading prices as of year-end.

Real Estate Pooled Fund

In prior years, the Plan invested directly in Canadian commercial property. During 2010, these real estate investments were transferred into the Greystone Real Estate pooled fund. At December 31, 2011 the Plan's real estate investment was valued at \$15,909 (2010 - \$14,001), based on the net asset value of the pooled fund units as determined by the investment manager.

5. Investment Risk

Risk Management relates to the understanding and active management of risks associated with all areas of the business and associated operating environment. Investments are primarily exposed to foreign currency, interest rate volatility, market, and credit risk. Investments held by the Plan are subject to *The Pension Benefits Act, 1992* (Saskatchewan) and *The Pension Benefits Standards Regulations, 1993*. As required under that legislation, the Plan has set formal policies and procedures that establish an asset mix among equity, fixed income and real estate investments; requires diversification of investments within categories; and sets limits on the size of exposure to individual investments.

Market Risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market. The Plan's policy is to invest in a diversified portfolio of investments, based on criteria established in the Statement of Investment Policies and Procedures. The target asset mix is defined in Note 4. The Plan also uses investment managers with differing investment styles to further address risk.

The impact on the net assets of the Fund due to a 10% change in the respective benchmark stock index using a three year historical measure of the sensitivity of the returns relative to the returns of the benchmark stock index, as of December 31, 2011 would result in an increase/decrease of 8.6% (2010 - 8.3%) in the value of the portfolio.

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5. Investment Risk (continued)

Credit Risk

Credit risk refers to the potential for counterparties to default on their contractual obligation to the Plan. Credit risk is mitigated by entering into contracts with counterparties that are considered high quality. Quality is determined via the following credit rating agencies: DBRS, Standard and Poor's and Moody's Investor Service.

Maximum credit risk consists of:

Asset Class	December 31, 2011 Fair Value	December 31, 2010 Fair Value	January 1, 2010 Fair Value
Fixed Income	97,622	82,689	67,071
Short Term Investments	214	295	300
Cash and Equivalents	3,427	3,191	1,181
Total Portfolio	101,263	86,175	68,552

Bond Rating	December 31, 2011		December 31, 2010		January 1, 2010	
	Fair Value (\$)	Portion of Bonds (%)	Fair Value (\$)	Portion of Bonds (%)	Fair Value (\$)	Portion of Bonds (%)
AAA	51,274	50.6	45,901	53.3	31,006	45.3
AA	18,954	18.7	15,439	17.9	6,093	8.9
A	27,608	27.3	21,349	24.8	6,747	9.8
BBB	-	-	-	-	542	0.8
Not Rated	3,427	3.4	3,486	4.0	24,164	35.2
Total Portfolio	101,263	100.0	86,175	100.0	68,552	100.0

The Plan participates in a securities lending program which lends certain plan securities to third parties for a fee. For securities loaned, the Plan receives a fee and the borrower provides readily marketable securities of higher value as collateral. Management believes the securities held as collateral mitigate the credit risk associated with the program. At December 31, 2011 the Plan had securities with a fair value of \$27,400 (2010 – \$39,400) loaned out with collateral of \$28,600 (2010 – \$41,400).

Interest Rate Risk

Interest rate risk refers to the effect on the market value of the Plan's investments due to fluctuation of interest rates. The risk arises from the potential variation in the timing and amount of cash flows related to the Plan's assets and liabilities. Due to the indexing of benefit entitlements and the relatively long duration of pension benefits, the Plan's liabilities are influenced by inflation and long-term rates of return. Alternatively, asset values are affected more by equity markets and short-term changes in interest rates. The fixed income portfolio has guidelines on duration and distribution which are designed to mitigate the risk of interest rate volatility.

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5. Investment Risk (continued)

Duration	December 31, 2011		December 31, 2010		January 1, 2010	
	Total Exposure (\$)	Portion of Fixed Income (%)	Total Exposure (\$)	Portion of Fixed Income (%)	Total Exposure (\$)	Portion of Fixed Income (%)
< 1 year	3,640	3.6	3,486	4.1	2,627	3.8
1 – < 5 years	1	-	-	-	14,093	20.6
5 – < 10 years	938	0.9	412	0.5	1,290	1.9
10 – < 20 years	40,570	40.1	36,224	42.0	22,225	32.4
> 20 years	56,114	55.4	46,053	53.4	28,317	41.3
Total Portfolio	101,263	100.0	86,175	100.0	68,552	100.0

At December 31, 2011 a 1% increase/decrease in interest rates would result in a 12% change in the value of the Plan's fixed income portfolio or \$12,173 (2010 - \$10,298).

Foreign Currency Risk

Foreign currency exposure arises from the Plan holding investments denominated in currencies other than the Canadian Dollar. Fluctuations in the relative value of the Canadian Dollar against these foreign currencies can result in a positive or negative effect on the fair value of the investments. The Plan manages foreign currency risk by limiting investment in foreign securities. The Board has adopted a non-hedge policy benchmark.

Asset Class		December 31, 2011 Fair Value (CAD)	December 31, 2010 Fair Value (CAD)	January 1, 2010 Fair Value (CAD)
Canadian	Equities	43,520	61,223	65,820
	Fixed Income	97,622	82,689	67,071
	Real Estate	15,909	14,001	13,266
	Cash and Short Term	3,641	3,486	1,580
Total Canadian		160,692	161,399	147,737
Foreign	Equities	71,515	67,593	63,701
Total Portfolio		232,207	228,992	211,438

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5. Investment Risk (continued)

The assets of the Plan can be further broken down as follows, along with the correlating effect on the entire portfolio of a 10% increase in selected currencies relative to Canadian dollars:

December 31, 2011				
	Portfolio		Effect	
Currency	Total Exposure (CAD)	Portion of Assets (%)	(%)	(\$)
USD	39,785	17.1	(1.6)	(3,699)
EUR	11,305	4.9	0.3	575
GBP	5,781	2.5	(0.6)	(1,505)
YEN	4,773	2.1	(0.6)	(1,481)
CHF	3,428	1.5	-	(117)
Other *	6,443	2.8	-	-
Total Portfolio	71,515	30.9		

December 31, 2010				
	Portfolio		Effect	
Currency	Total Exposure (CAD)	Portion of Assets (%)	(%)	(\$)
USD	37,620	16.4	(1.5)	(3,445)
EUR	11,733	5.1	0.2	436
GBP	4,925	2.2	(0.6)	(1,427)
YEN	4,762	2.1	(0.6)	(1,420)
CHF	2,690	1.2	-	(19)
Other *	5,863	2.4	-	-
Total Portfolio	67,593	29.4		

January 1, 2010				
	Portfolio		Effect	
Currency	Total Exposure (CAD)	Portion of Assets (%)	(%)	(\$)
USD	33,190	15.8	(1.3)	(2,816)
EUR	14,954	7.1	(0.1)	(204)
GBP	5,071	2.4	(0.8)	(1,580)
YEN	3,518	1.7	(0.6)	(1,171)
CHF	-	-	0.2	428
Other *	6,968	3.3	-	-
Total Portfolio	63,701	30.3		

* 'Other' includes small investments in over ten different currencies, each representing less than 1% of the total portfolio. Changes in these underlying currencies would have a nominal effect on the Plan.

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For the Year Ended December 31, 2011

5. Investment Risk (continued)

As 17.1 % of the Plan's assets are held in US dollars this is the most significant foreign currency risk that the Plan faces. Based on the current non-hedged policy, a 10% change in the US exchange rate will result in a 1.6% change in the value of the portfolio. As of December 31, 2011 a 10% increase in the value of the US dollar, relative to the Canadian Dollar, would have resulted in a \$3,699 loss in the value of the Plan's investments (2010 - \$3,400 loss).

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Plan maintains an adequate amount of liquid assets with varying maturities in order to ensure the Plan can meet all of its financial obligations as they fall due. Liquidity risk is managed by limiting the Plan's exposure to illiquid assets through positive net cash inflows from member contributions in most months.

Real Estate Risk

Risk in the real estate portfolio is mitigated through diversification across geography and property type. Risk is further minimized by regularly scheduled appraisals of all properties and by limited use of leverage both at the individual property and portfolio level.

6. Pension Obligations

The present value of pension obligations is determined using the projected accrued benefit actuarial cost method prorated on service and reflects management's best estimates of future investment performance, salary escalation, age at retirement and future pension indexing up to the rate of inflation. Aon Consulting Inc. is the appointed actuary for the Plan. The actuarial value of the pension obligations has been determined as of December 31, 2011 by extrapolating the figures from December 31, 2009, the date of the last actuarial valuation.

Because the Plan has a solvency deficiency, there is a requirement for a solvency deficiency holdback to be withheld from payouts of commuted value for a period of five years. Solvency deficiency holdbacks owing as of December 31, 2011 totalled \$57 (2010 - \$15).

The assumptions used in the valuation were developed with reference to expected long-term market conditions. Significant long-term assumptions used in the valuation were:

Assumption	December 31, 2011 Rate (%)	December 31, 2010 Rate (%)	January 1, 2010 Rate (%)
Inflation Rate	2.5	2.5	2.5
Discount Rate	6.85	6.85	6.5
Rate of Salary Increase	3.8 - 4.4	3.8 - 4.4	3.5

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6. Pension Obligations (continued)

As the Plan benefits are based on final highest average consecutive three years earnings the pension obligation is sensitive to changes in the assumed real rate of pensionable earnings increases which impacts future benefits and the assumed real rate of return on plan assets, which is used in the discounting of these future benefits.

A 50 basis point change in the following assumptions (with no change in other assumptions) would have the following approximate effects on the accrued pension obligations.

50 Basis Point Decrease/Increase	Approximate Effect on Pension Obligations
Real rate of pensionable earnings increases	+3,000/-2,200
Real return on plan assets and discount rate	-15,700/+ 17,300

7. Investment Income

Investment Income	2011 Total	2010 Total
Cash and Short Term Investments	56	32
Bond Interest	6,315	3,775
Real Estate Pooled Fund Income	-	1,174
Dividend Income	2,890	2,975
Foreign Exchange	-	4
Total	9,261	7,960

8. Contributions

Member Contributions	2011 Total	2010 Total
Current Service Contributions from Members	3,952	4,202
Special Contributions from Members	1,737	947
	5,689	5,149
Employer Contributions	Total	Total
Current Service Contributions from Employers	4,139	4,365
Special Contributions from Employers	1,737	947
	5,876	5,312

Current service contributions are funded by the employer and members, with the employer paying one half of one percent more. For 2011, members' contributions are 11.33% on earnings up to the year's maximum pensionable earnings ("YMPE") and 12.83% on earnings over the YMPE. Employer contributions are 11.83% on earnings up to YMPE and 13.33% on earnings over YMPE.

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8. Contributions (continued)

A portion of contributions, estimated at \$1,737 (2010 - \$947) each from both employer and members for 2011 is being applied to meet the Plan's obligation under *The Pension Benefits Act, 1992* (Saskatchewan) to liquidate the unfunded liability as disclosed in the 2009 actuarial valuation of the Plan.

The Plan does not have provisions for transfers in or purchases of past service.

9. Pension Refunds

	2011 Total	2010 Total
Refund Payments		
Termination Benefit Payments	242	553
Death Benefit Payments	113	-
Total	355	553

10. Related Party Transactions

	December 31, 2011 Total	December 31, 2010 Total
Related Party Transactions		
Accounts Payable include the following amounts due to:		
Regina Civic Employees' Superannuation and Benefit Plan	-	6
City of Regina	995	878
	995	884
Expenditures include the following amounts paid to:		
City of Regina	15	21

11. Actuarial Valuations

Actuarial valuations are required at a minimum every three years to determine the funding requirements of the Plan. The valuations are performed on both a going-concern basis and on a solvency (plan termination) basis. The actuarial methods and assumptions used to determine the Plan's obligations and the amounts disclosed in the Plan's financial statements are the same as disclosed in the statutory going concern actuarial valuation. However, the statutory solvency basis is not the same and the amounts disclosed are different.

The most recent actuarial valuation that has been filed with regulatory authorities was prepared as at December 31, 2009 by Aon Consulting Inc. and disclosed a going-concern unfunded liability of \$23,828. On a solvency basis, the actuarial valuation as at December 31, 2009 disclosed that the Plan had a deficiency of \$40,441.

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11. Actuarial Valuations (continued)

Since the Plan has a going-concern unfunded liability and a solvency deficiency, contributions are required in addition to the current service costs to fund these deficiencies. Based on the December 31, 2009 actuarial valuation, going concern unfunded liability special payments required to fund the going concern unfunded liabilities in accordance with the actuaries' recommendations are:

Monthly payments of \$242 to December 31, 2017;
Monthly payments of \$205 to April 30, 2020; and
Monthly payments of \$113 to December 31, 2024.

These payments have been implemented as a portion of the members' and employer's contribution rates. For 2011, the rate is 7.3% (2010 – 4.4%) of pensionable earnings, shared on an equal basis between members and the employer. Solvency deficiency special payments required to fund the solvency deficiency in accordance with the actuaries' recommendations are monthly payments of \$742 to December 31, 2014. Effective September 11, 2009, an amendment was made to *The Pension Benefits Regulations, 1993* permitting a three year moratorium on solvency deficiency payments arising from valuations performed for 2008, 2009 and 2010. The Administrative Board of the Regina Police Pension Plan filed an election for relief from solvency deficiency payments with the Saskatchewan Superintendent of Pensions, consequently, no solvency deficiency payments will be made relating to the 2009 valuation for the period 2010 through 2012.

The next actuarial valuation must be performed as of December 31, 2012.

12. Administration Expenses

Administration Expenses	2011 Total	2010 Total
Actuarial Services	155	89
Audit Services	10	10
Custodial and Portfolio Measurement Fees	124	114
Investment Manager Fees	593	618
Legal Services	10	25
Other Administration Expenses	322	304
Total	1,214	1,160

13. Capital Management

The Plan receives new capital from member and employer contributions. The Plan also benefits from income and market value increases on its invested capital. The Plan's capital is invested in a number of asset classes including short-term investments, bonds, equities and real estate. The Board has delegated the operational investment decisions to a number of different investment management firms through a number of different investment mandates as defined in the Plan's Statement of Investment Policy and Procedures.