CITY OF SASKATOON
DEFINED CONTRIBUTION PENSION PLAN FOR SEASONAL AND NON-PERMANENT PART-TIME EMPLOYEES

FINANCIAL STATEMENTS

December 31, 2012

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the City of Saskatoon Defined Contribution Pension Plan for Seasonal and Non-Permanent Part-Time Employees

We have audited the accompanying financial statements of the City of Saskatoon Defined Contribution Pension Plan for Seasonal and Non-Permanent Part-Time Employees, which comprise the statement of financial position as at December 31, 2012, and the statement of changes in net assets available for benefits 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 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 audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the City of Saskatoon Defined Contribution Pension Plan for Seasonal and Non-Permanent Part-Time Employees as at December 31, 2012, and the changes in its net assets available for benefits for the year then ended in accordance with Canadian accounting standards for pension plans.

Deloitte LLP

Chartered Accountants
Saskatoon, Saskatchewan
June 11, 2013

CITY OF SASKATOON
DEFINED CONTRIBUTION PENSION PLAN
FOR SEASONAL AND NON-PERMANENT PART-TIME EMPLOYEES
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2012
(in thousands of dollars)

	2012	2011
ASSETS		
Investments (Note 3)	$7,906	$7,432
Receivables		
Accounts Receivable	13	11
Prepaid Expenditures	1	1
TOTAL ASSETS	$7,920	$7,444
LIABILITIES		
Bank Indebtedness	3	18
Accounts Payable	0	0
TOTAL LIABILITIES	3	18
NET ASSETS AVAILABLE FOR BENEFITS	$7,917	$7,426

See accompanying notes to the financial statements

Approved by the Trustees

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CITY OF SASKATOON
DEFINED CONTRIBUTION PENSION PLAN
FOR SEASONAL AND NON-PERMANENT PART-TIME EMPLOYEES
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2012
(in thousands of dollars)

	2012	2011
INCREASE IN ASSETS		
Interest Income	2	2
Current period change in fair values of investments (Note 5)	599	-
Contributions		
Employees	247	184
City of Saskatoon	247	184
	494	368
Total increase in assets	1,095	370
DECREASE IN ASSETS		
Current period change in fair values of investments (Note 5)	0	265
Administrative Expenses	78	77
Benefits paid		
Death benefits	138	-
Refunds and Transfers		
Refunds of Contributions	9	8
Transfers to other Plans	379	684
	388	692
Total decrease in assets	604	1,034
INCREASE (DECREASE) IN NET ASSETS AVAILABLE FOR BENEFITS	491	(664)
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	7,426	8,090
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	7,917	7,426

See accompanying notes to financial statements

CITY OF SASKATOON
DEFINED CONTRIBUTION PENSION PLAN FOR
SEASONAL AND NON-PERMANENT PART-TIME EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(in thousands of dollars)

1. DESCRIPTION OF THE PLAN

The following description of the City of Saskatoon Defined Contribution Pension Plan for Seasonal and Non-Permanent Part-Time Employees (the "Plan") is a summary only. For more information, reference should be made to the Plan Agreement.

(a) General

The Plan is a defined contribution pension plan covering certain part-time and seasonal employees of the City of Saskatoon. Under the Plan, contributions are made by the Plan members and the City of Saskatoon. The Plan is registered under The Pension Benefits Act,1992 (Saskatchewan) registration #0685529.

(b) Funding Policy

The Plan text requires that the City of Saskatoon contribute an amount equal to the amount that the member is required to contribute.

(c) Retirement Benefits

The benefit payable to a member is a life annuity in the form elected by the member that can be purchased by the sum of the amounts in their required account and City of Saskatoon account.

(d) Death Benefit

In the event of the death of an active member prior to retirement, an amount equal to the value of the member's required account plus City of Saskatoon account at date of death is paid to the member's beneficiary.

(e) Termination Benefits

Upon termination of employment, a member may transfer the value of the member required account and the value of the employer account to a Locked-In Retirement Account in accordance with the requirements of The Pension Benefits Act, 1992 (Saskatchewan).

(f) Income Taxes

The Plan is a Registered Pension Trust as defined in the Income Tax Act and is not subject to income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

These financial statements are prepared in accordance with Canadian accounting standards for pension plans. 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 Sponsor and Plan members. These financial statements do not portray the funding requirements of the Plan or the benefit security of individual plan members.

The Plan is a defined contribution plan. For a defined contribution pension plan, pension benefits are determined by the sponsor's and employees' contributions and the performance of the plan. Actuarial valuations are not required as the pension obligation equals the net assets available for benefits.

A Statement of Changes in Pension Obligations has not been provided, since the change in the pension obligation for the year is equal to the change in net assets available for benefits for that year.

(b) Valuation of investment assets and liabilities

Investment assets and liabilities are stated at their fair values in the Statement of Financial Position. Fair value is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If the financial instrument has a quoted price in an active market, the quoted price is the fair value of the financial instrument. If the market for a financial instrument is not active, fair value is established by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, that technique is used. A valuation technique incorporates all factors that market participants would consider in setting a price. Fair value is estimated on the basis of the results of a valuation technique that makes maximum use of market inputs, and relies as little as possible on entity-specific inputs.

Fair Value Hierarchy

Investment assets are classified and disclosed in one of the following categories reflecting the significance of inputs used in making the fair value measurement:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Hierarchy (continued)

If different levels of inputs are used to measure the fair value of an investment, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. See Note 3 vii) for this disclosure.

(c) Trade date accounting
Purchases and sales of financial instruments are recorded on their trade dates.

(d) Interest and dividends on investments and changes in fair values of investments
Interest and dividends from investments are recorded separately from the change in fair value of such investments as investment income in the Statement of Changes in Net Assets Available for Benefits.

The change in fair values of investments includes both the realized gains and losses on the sale of investments during the year and the unrealized gains and losses on investments at the end of the year. The realized and unrealized gains and losses are determined using the average cost basis.

(e) Transaction costs
All transaction costs in respect of purchases and sales of investments are recorded as expenses in the Statement of Changes in Net Assets Available for Benefits.

(f) Foreign Exchange
Transactions denominated in foreign currencies are translated into Canadian dollars at the rates of exchange in effect on the dates of the transactions. At each reporting date, the market value of foreign currency denominated assets and liabilities is translated using the rates of exchange at that date. The resulting gains and losses from changes in these rates are recorded as part of the change in fair values of investments in the Statement of Changes in Net Assets Available for Benefits.

(g) Contributions
Contributions due to the Plan are recorded on an accrual basis. Transfers to the Plan and purchases of prior service are recorded when cash is received.

(h) Benefits
Payments of pensions, refunds and transfers out of the Plan are recorded in the period in which they are paid.

(i) Use of Estimates
Preparation of the financial statements requires management to make estimates and assumptions, based on the information available as at the date of the financial statements, which affect the reported values of assets and liabilities, and related income and expenses. Such estimates and assumptions affect primarily the value of investments. Actual results could differ from those presented.

(in thousands of dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Future accounting changes

The following accounting standard has been issued, but is not yet effective. Management of the Plan have not yet determined the effect of this standard on the financial statements of the Plan.

IFRS 13, Fair Value Measurement

The Plan is required to adopt IFRS 13, Fair Value Measurement, for fiscal years beginning on or after January 1, 2013 for the measurement of its investment assets and investment liabilities. IFRS 13 is a comprehensive standard on how to measure fair values. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement requires an entity to determine the following; (1) the particular asset or liability being measured; (2) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a standalone basis; (3) the market in which an orderly transaction would take place for the asset or liability; (4) and the appropriate valuation technique(s) to use when measuring fair value. The technique(s) should maximize the use of relevant observable inputs and minimize unobservable inputs. Those inputs should be consistent with the inputs a market participant would use when pricing the asset or liability, and the entity is to disclose those valuation techniques and inputs used to develop the fair value measurements.

3. INVESTMENTS

(a) The investment management duties for the Plan are performed by Integra Capital Management Corporation. CIBC Melon Trust acts as the custodian of the investment accounts and BMO GRS performs the record keeping functions and are responsible for the member booklets, retirement tools, member records, website access, member statements, etc. Plan participants are able to direct their investments to the Integra funds they choose whereas the contributions made by the City are invested in the Integra Balanced Fund.

(b) Investments consist of units held in various investment funds (the “Funds”). These Funds include:

	2012	2011
Integra Growth Allocation Fund (Lifecycle #1)	**$ 59**	$ 49
Integra Strategic Allocation Fund (Lifecycle #2)	**85**	79
Integra Conservative Allocation Fund (Lifecycle #3)	**13**	10
Integra Balanced Fund	**7,471**	7,048
Integra U.S. Value Growth Fund	**14**	12
Integra Canadian Value Growth Fund	**106**	94
Integra International Equity Fund	**22**	20
Integra Bond Fund	**24**	34
Integra Short-Term Investment Fund	**24**	4
5-Year GIC’s	**88**	82
	$ 7,906	$ 7,432

3. INVESTMENTS (continued)

i) Risk Management
The investment objective of most of the Plan is to achieve a long-term superior rate of return with moderate risk and also to provide long-term capital appreciation and income through a constant mix of stocks and bonds while managing short-term preservation of capital.

To assist with managing risk, Integra Capital Management Corporation (the “Manager”) also maintains a governance structure that oversees the Fund’s investment activities and monitors compliance with the Fund’s stated investment strategy and securities regulations. In some cases, the Funds are advised by ‘sub-advisors’.

ii) Credit Risk
Credit risk on financial instruments is the risk of a loss occurring as a result of the default of an issuer on its obligation to a Fund. Credit risk is managed by dealing with issuers that are believed to be creditworthy and by regular monitoring of credit exposures. Additionally, credit risk is reduced by diversification of issuer, industry and geography.

The investment portfolio of the Plan is directly exposed to credit risk in respect of its money market instruments and bonds within each fund and its receivables.

iii) Foreign Exchange Risk
Changes in the value of the Canadian dollar compared to foreign currencies will affect the value, in Canadian dollars, of any foreign securities held in any of the Funds.

iv) Interest Rate Risk
Changes in market interest rates expose fixed income securities such as bonds, treasury bills, commercial paper, bankers acceptances and short-term income securities to interest rate risk. Funds that hold income investments are exposed to this risk since changes in prevailing market interest rates will affect the value of fixed income securities.

v) Equity Price Risk
Equity price risk is the risk that the fair value or future cash flows on an equity investment will fluctuate because of changes in market prices (other than those arising from interest rate risk and foreign currency risk), whether those changes are caused by factors specific to the individual equity instrument, or factors affecting similar equity instruments traded in the market.

The investment portfolio is directly exposed to equity price risk in respect of its investment in stocks.

(in thousands of dollars)

3. INVESTMENTS (continued)

vi) Liquidity Risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Plan's Statement of Investment Policies and Goals sets out requirements for the Plan to maintain an adequate amount of liquid assets with varying maturities in order to ensure that the Plan can meet all of its financial obligations as they fall due.

As at December 31, 2012, the Plan holds mutual funds of $7,818 (2011 - $7,350). Unit holders of the Funds may redeem their units on each valuation date, and therefore, the Plan's investments in these Funds are traded in active markets and can be readily disposed of.

(vii) Fair Value Hierarchy

	Level 1	Level 2	Level 3	Balance as at December 31, 2012
Integra Growth Allocation Fund	$ 59	$ -	$ -	$ 59
Integra Strategic Allocation Fund	85	-	-	85
Integra Conservative Allocation Fund	13	-	-	13
Integra Balanced Fund	7,471	-	-	7,471
Integra U.S. Value Growth Fund	14	-	-	14
Integra Canadian Value Growth Fund	106	-	-	106
Integra International Equity Fund	22	-	-	22
Integra Bond Fund	24	-	-	24
Integra Short Term Investment Fund	24	-	-	24
5-Year GIC's	-	**88**	-	88
	$ 7,818	**$ 88**	**$ -**	**$ 7,906**

	Level 1	Level 2	Level 3	Balance as at December 31, 2011
Integra Growth Allocation Fund	$ 49	$ -	$ -	$ 49
Integra Strategic Allocation Fund	79	-	-	79
Integra Conservative Allocation Fund	10	-	-	10
Integra Balanced Fund	7,048	-	-	7,048
Integra U.S. Value Growth Fund	12	-	-	12
Integra Canadian Value Growth Fund	94	-	-	94
Integra International Equity Fund	20	-	-	20
Integra Bond Fund	34	-	-	34
Integra Short Term Investment Fund	4	-	-	4
5-Year GIC's	-	**82**	-	82
	$ 7,350	**$ 82**	**$ -**	**$ 7,432**

There were no transfers of investments between Level 1 and Level 2 during 2012 or 2011.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(in thousands of dollars)

4. FUNDING POLICY

In accordance with the Plan Agreement, employees are required to contribute 4.8% of the part of salary which is less than the earnings ceiling under the Canada Pension Plan (CPP) and 6.4% of the excess salary. The City of Saskatoon is required to match the employee contribution.

5. CHANGE IN MARKET VALUES OF INVESTMENTS

	2012	2011
Realized gain on investments	**$ 220**	$194
Change in unrealized (depreciation) appreciation of investments	**379**	(459)
Total change in market values of investments for the year	**$599**	$(265)