

DRAFT Financial Statements of

**CITY OF SASKATOON
FIRE AND PROTECTIVE SERVICES
DEPARTMENT SUPERANNUATION PLAN**

Year ended December 31, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the City of Saskatoon Fire and Protective Services Department Superannuation Plan

We have audited the accompanying financial statements of the City of Saskatoon Fire and Protective Services Department Superannuation Plan, which comprise the statement of financial position as at December 31, 2013, and the statement of changes in net assets available for benefits and the statement of changes in pension obligation 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 Fire and Protective Services Department Superannuation Plan as at December 31, 2013, and the changes in its net assets available for benefits and the changes in pension obligation for the year then ended in accordance with Canadian accounting standards for pension plans.

Chartered Accountants
Saskatoon, Saskatchewan
June 13, 2014

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES DEPARTMENT SUPERANNUATION PLAN

DRAFT Statement of Financial Position
(in thousands of dollars)

As at December 31, 2013, with comparative figures for 2012

	2013	2012
Assets		
Cash	\$ 329	\$ –
Investments (note 4)	142,057	123,125
Accrued investment income	329	420
Contributions receivable:		
Employee	87	–
Employer	182	179
GST recoverable	14	6
Prepaid expenses	1	–
	142,999	123,730
Liabilities		
Accounts payable and accrued liabilities	\$ 93	\$ 76
Bank indebtedness	667	677
	760	753
Net assets available for benefits	142,239	122,977
Pension obligations (note 5)	142,955	137,193
Deficit	\$ (716)	\$ (14,216)

See accompanying notes to financial statements.

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES DEPARTMENT SUPERANNUATION PLAN

DRAFT Statement of Changes in Net Assets Available for Benefits
(in thousands of dollars)

Year ended December 31, 2013, with comparative figures for 2012

	2013	2012
Investments:		
Interest income	\$ 1,400	\$ 1,333
Dividends and distributions	2,249	2,557
	3,649	3,890
Change in fair value:		
Net realized gain on sale of investments	3,604	2,247
Change in net unrealized gains on investments	14,293	6,209
	17,897	8,456
Contributions:		
Employee	2,733	2,230
Employer	2,252	2,211
Transfer from other plans	313	135
	5,298	4,576
Increase in net assets before expenses and benefits	26,844	16,922
Expenses:		
Investment management fees	327	301
Administration (note 7)	238	173
	565	474
Benefit payments:		
Retirement benefits	6,936	6,930
Refunds and transfers:		
Termination benefits	81	678
Total expenses, payments and transfers	7,582	8,082
Increase in net assets	19,262	8,840
Net assets available for benefits, beginning of year	122,977	114,137
Net assets available for benefits, end of year	\$ 142,239	\$ 122,977

See accompanying notes to financial statements.

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES DEPARTMENT SUPERANNUATION PLAN

DRAFT Statement of Changes in Pension Obligations
(in thousands of dollars)

Year ended December 31, 2013, with comparative figures for 2012

	2013	2012
Pension obligations, beginning of year	\$ 137,193	\$ 134,047
Increases in pension obligations:		
Pension benefits accrued	3,451	3,810
Interest on accrued pension benefits	9,015	8,528
Experience losses	–	2,751
Decreases in pension obligations:		
Benefits paid	(6,704)	(7,473)
Changes in actuarial assumptions	–	(4,470)
Pension obligations, end of year	\$ 142,955	\$ 137,193

See accompanying notes to financial statements.

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES DEPARTMENT SUPERANNUATION PLAN

DRAFT Notes to Financial Statements

Year ended December 31, 2013

1. Description of the plan:

The following description of the City of Saskatoon Fire and Protective Services Department Superannuation Plan (the "Plan") is a summary only. For more information, reference should be made to the Plan Agreement.

a) General:

The Plan is a contributory defined benefit pension plan covering all uniformed employees of the City of Saskatoon Fire and Protective Services Department. Under the Plan, contributions are made by the Plan members and the City of Saskatoon (the "Sponsor"). The Plan is registered under The Pension Benefits Act, 1992 (Saskatchewan) registration #0308262.

b) Funding policy:

The Plan requires that the City of Saskatoon and the members equally fund benefits determined under the Plan. The determination of the value of these benefits is made on the basis of the most recently filed actuarial valuation (see note 6).

c) Service pensions:

A service pension is normally available based on 1.4% of the portion of the final earnings which are not in excess of the average Year's Maximum Pensionable Earnings (YMPE) in the year of retirement and the previous two years, multiplied by the number of years of contributory service, subject to a maximum of 35 years; plus 2% of the portion of the final earnings in excess of the average YMPE multiplied by the number of years of contributory service subject to a maximum of 35 years.

d) Disability provisions:

Periods during which a member is in receipt of long-term disability insurance benefits provided by the City of Saskatoon count as contributory service. A member may elect to retire for reasons of ill health without reduction in his earned pension any time after age 50 or completion of 25 years of continuous service.

e) Death benefits:

In the event of the death of an active member prior to retirement, an amount equal to the greater of two times the member's accumulated contributions with interest, or the commuted value of the member's earned pension, will be paid to the member's spouse, if married, or designated beneficiary, if single.

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES DEPARTMENT SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2013

1. Description of the plan (continued):

f) Survivors' pensions:

The normal form of pension provides that payments will be made to the member for the member's lifetime with 60% of the pension otherwise payable continuing to the surviving spouse upon the member's death. In any event, payments to the member and spouse are guaranteed to be made for at least 60 months.

g) Termination benefits:

Upon termination of employment prior to becoming vested, a member will receive a refund of his/her own contributions with interest. Following vesting, the member will also receive the vested portion of the City of Saskatoon contributions based upon service and earnings to date of termination. Vesting occurs once a member completes two years of service.

h) Income taxes:

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

2. 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 a 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 requirement of the Plan or the benefit security of individual plan members.

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES

DEPARTMENT SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2013

2. Significant accounting policies (continued):

(b) Valuation of investment assets:

Investment assets are stated at their fair values in the Statement of Financial Position. Fair value is the amount for which an asset can be exchanged 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. The 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 and investment liabilities 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).

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. The Plan determines whether transfers between levels have occurred at the end of each reporting period. See note 4 (d) (vii) for this disclosure.

(c) Trade date accounting:

Purchases and sales of financial instruments are recorded on their trade dates.

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES

DEPARTMENT SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2013

2. Significant accounting policies (continued):

- (d) Interest and dividends on investments and changes in fair value of investments :

Interest and dividends from investments in money market instruments, bonds, equities, and pooled funds 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. Interest, dividends, and distributions from pooled funds are recorded on the accrual basis.

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 part of investment management fees 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 value 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.

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES

DEPARTMENT SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2013

2. Significant accounting policies (continued):

(i) Pension obligations:

The value of accrued pension benefits payable in the future to members and changes therein during the year are based on an actuarial valuation prepared by an independent firm of actuaries. The valuation for accounting purposes is made as at year end. It uses the projected benefit method pro-rated on service and best estimate assumptions, as at the valuation dates, of various economic and non-economic future events. The differences between the financial statement deficit resulting from this accounting valuation and the regulatory deficit resulting from the triennial valuation for funding purposes (see Note 1 (b) above) is explained in Note 6.

(j) 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 recorded pension obligations and the fair value of investment assets. Actual results could differ from those presented.

3. New accounting standards:

(a) Standards adopted in the current year:

IFRS 13, *Fair Value Measurement* (IFRS 13)

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. As a result, the Plan has included additional disclosures in this regard (see note 4).

In accordance with the transitional provisions of IFRS 13, the Plan has applied the new fair value measurement guidelines prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Plan's assets and liabilities.

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES DEPARTMENT SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2013

3. New accounting standards (continued):

(b) Future accounting changes:

IAS 32, *Financial Instruments: Presentation* (IAS 32)

In December 2011, the IASB issued amendments to IAS 32. The amendment is effective for periods beginning on or after January 1, 2014 and is to be applied retrospectively. The amendment clarifies matters regarding offsetting financial assets and financial liabilities as well as related disclosure requirements. The Plan intends to adopt the amendments to IAS 32 in its financial statements for the annual reporting period beginning January 1, 2014 and does not expect the amendments to have a material impact on the financial statements.

4. Investments:

RBC Investor Services Trust is the custodian of the Plan. Jarislowsky Fraser Limited, Leith Wheeler Investment Counsel Ltd. and Westpen Properties Ltd. act as the investment managers for the Plan.

Investments are stated at fair value. Therefore, the values reflected in the Statement of Financial Position represent the maximum market and credit exposure to the Plan as of the reporting date.

(a) Money market instruments:

	2013	2012
Canadian short-term investments	\$ 321	\$ 260
U.S. short-term investments	386	718
Total money market instruments	\$ 707	\$ 978

Money market instruments are primarily securities issued by Federal and Provincial governments, Canadian Chartered Banks, and Canadian corporations with maturities under one year.

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES

DEPARTMENT SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2013

4. Investments (continued):

(b) Bonds and debentures:

	2013	2012
Government and government guaranteed	\$ 16,863	\$ 13,058
Corporate	23,321	21,474
Pooled fixed income funds	663	-
Total bonds and debentures	\$ 40,847	\$ 34,532

The fair value of these instruments is based on quoted bid prices in an active market, when available. When quoted market prices in an active market are not available, the fair value is based on a valuation technique, being the present value of the principal and interest receivable discounted at appropriate market interest rates.

(c) Equities:

	2013	2012
Canadian common stocks	\$ 38,920	\$ 33,461
Canadian real estate pooled funds	13,095	12,217
Canadian pooled equity funds	3,301	2,996
U.S. common stocks	12,797	10,715
U.S. pooled equity funds	11,042	9,470
Foreign pooled equity funds	21,348	18,756
Total equities	\$ 100,503	\$ 87,615

Common stocks represent securities issued by entities that are traded on the TSX or other stock exchanges. Fair value is based on the quoted bid prices as at December 31.

Pooled funds do not have a quoted price in active markets. Fair value is based on net asset values, obtained from the managers of the funds, which are determined with references to the fair value of the underlying listed investments of each fund.

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES

DEPARTMENT SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2013

4. Investments (continued):

(d) Financial risk management:

(i) Risk policy:

The value of the Plan's assets is affected by short-term changes in interest rates and equity markets. Interest rate changes directly impact the value of fixed income securities. Interest rates, along with inflation and salary escalation, also impact the Plan's pension obligations. The Plan manages these risks through the establishment of an appropriate asset mix. The investment policy of the Plan states that the Plan's assets should be prudently managed to assist in avoiding actuarial deficits and excessive volatility in annual rates of return.

The Plan's risk philosophy is that in order to achieve long-term investment goals, the Plan must invest in assets that have uncertain returns, such as Canadian equities, foreign equities and non-government bonds. The Plan has adopted an asset mix that has a bias to equity investments. The Board of Trustees has attempted to reduce the overall level of risk by diversifying the asset classes and further diversifying within each individual asset class.

The Plan has moderate to moderately high risk tolerance. As a result, an investment philosophy with an equity bias has been adopted. The overall risk posture of the Plan is influenced by demographics as well as the funded position of the Plan.

The long-term investment goal of the Plan is to exceed the actuarial real rate of return assumption of 3.45% with a minimum annualized rate of return target of four and one-quarter percentage points in excess of the Canadian Consumer Index. The 4.45% real return objective, is consistent with the overall investment risk level that the Plan could assume in order to meet the pension obligations of the Plan, and normally will be assessed over longer time periods.

The Plan's investment policy contains specific performance objectives for the Plan and for the investment managers. The primary objective is to out perform a benchmark portfolio over moving four year periods. The benchmark portfolio includes several key market indices including the S&P/TSX Composite Capped Index, the S&P 500, the MSCI EAFE Index, the Investment Property Databank, the DEX Universe Bond Index and 91-day T-Bills. A secondary objective is to exceed the benchmark index in each of the asset classes in which the investment manager invests.

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES

DEPARTMENT SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2013

4. Investments (continued):

(ii) Credit risk:

Credit risk arises from the potential for an investee to fail or default on its contractual obligations to the Plan. The Plan manages these risks through credit quality limits defined in the Plan's Statement of Investment Policies and Goals. Within the bond portfolio, credit exposure is mitigated by establishing a minimum credit quality for corporate bonds of investment grade (which include bonds rated AAA, AA, A and BBB or equivalent as rated by an independent rating agency). Bonds rated BBB may not be purchased if the purchase would raise the holdings in bonds rated BBB or lower to more than 20% of the market value of the bond portfolio. In addition to ensuring diversification by major asset class, exposure to individual corporate entities is also restricted within the Plan's Statement of Investment Policies and Goals to 10% of the value of individual equity and bond portfolios as well as at the total portfolio level.

Exposure to bond sectors (credit risk):

	2013	2012
Federal	\$ 7,397	\$ 6,657
Provincial	9,067	5,921
Municipal	399	588
Corporate	23,321	21,366
Pooled	663	-
	<u>\$ 40,847</u>	<u>\$ 34,532</u>

(iii) Foreign currency risk:

The Plan is exposed to foreign currency risk through holding of foreign equities where the investment values may fluctuate due to changes in foreign exchange rates. The Plan manages and estimates the foreign currency risk by focusing on equity distribution by country invested in. The policy limits foreign currency exposure of bond investments to 10% of market value of the bond portfolio. The exposure to U.S. currency is net of investments in the pooled fund where the U.S. currency is hedged. At December 31, 2013, the Plan's foreign currency exposure was \$45,178 (2012 - \$39,177).

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES

DEPARTMENT SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2013

4. Investments (continued):

	2013	2012
U.S. dollar	\$ 23,839	\$ 21,017
Euro	6,520	5,325
British pound	4,788	4,425
Japanese yen	3,084	2,582
Swiss franc	1,847	1,553
Hong Kong dollar	847	1,020
Other	4,253	3,255
	\$ 45,178	\$ 39,177

(iv) Interest rate risk:

Interest rate risk refers to the adverse consequence of interest rate changes on the Plan's cash flows, financial position and income. This risk is the differences arising from differences in the timing and amount of cash flows related to the Plan's assets and liabilities.

At December 31, 2013, the Plan's exposure to interest rate risk was \$41,883 (2012 - \$35,510).

	2013	2012
Cash and short term investments	\$ 1,036	\$ 978
Bonds and debentures	40,847	34,532
	\$ 41,883	\$ 35,510

Modified duration is a measurement of the sensitivity of the price of a fixed income investment to a change in interest rate. All else being equal, the market value of a fixed income investment with a duration of 6 years would be expected to decrease by 6% for every 1% increase in interest rates.

The modified duration of the Plan's bonds is as follows:

	2013	2012
Leith Wheeler bonds	6.53 %	6.64 %
Jarislawsky Fraser bonds	5.92 %	6.43 %
Weighted average	6.23 %	6.53 %

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES

DEPARTMENT SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2013

4. Investments (continued):

The Plan holds approximately 29.3% (2012 - 28.8%) of its investments in fixed income securities and 70.7% (2012 - 71.2%) in equities and equity pooled funds at December 31, 2013.

(v) Equity price risk:

Equity price risk is the risk that the fair value or future cash flows of an equity investment will fluctuate because of changes in market prices (other than those arising from interest rate risk or 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 equities which total \$100,503 at December 31, 2013 (2012 - \$87,615).

(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, 2013, the Plan has other liabilities of \$760 (2012 - \$753). Other liabilities relate to accounts payable and bank indebtedness and will generally be settled within 90 days of the year end.

As at December 31, 2013, the Plan held cash and money market instruments totaling \$1,036 (2012 - \$978) which are readily available to settle such obligations.

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES

DEPARTMENT SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2013

4. Investments (continued):

(vii) Fair value hierarchy:

		Level 1	Level 2	Level 3	Balance as at December 31, 2013
Equities	\$	51,717	\$ 35,691	\$ 13,095	\$ 100,503
Bonds and debentures		-	40,847	-	40,847
Short-term investments		-	707	-	707
	\$	51,717	\$ 77,245	\$ 13,095	\$ 142,057

		Level 1	Level 2	Level 3	Balance as at December 31, 2012
Equities		54,498	20,900	12,217	87,615
Bonds and debentures		-	34,532	-	34,532
Short-term investments		-	978	-	978
	\$	54,498	\$ 56,410	\$ 12,217	\$ 123,125

There were no significant transfers of investments between Level 1 and Level 2 during 2013 and 2012.

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES

DEPARTMENT SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2013

4. Investments (continued):

The following table reconciles the Plan's Level 3 fair value measurements from December 31, 2012 to December 31, 2013:

	Equities
Balance, beginning of year	\$ 12,217
Gain (loss) included in the Statement of Changes in Net Assets Available for Benefits	878
Balance, end of year	\$ 13,095

5. Pension obligations:

An actuarial valuation was prepared as of December 31, 2012 by AON Hewitt, a firm of consulting actuaries. The pension obligation reflected on the Statement of Changes in Pension Obligations as at December 31, 2013 is based on an extrapolation of the 2012 valuation.

The assumptions used in determining the actuarial value of accrued pension benefits were developed by reference to expected long-term market conditions. Significant long-term actuarial assumptions used in the valuation were:

	2013	2012
Expected return on plan assets	6.65 %	6.65 %
Inflation rate	2.50 %	2.50 %
Rate of compensation increase (including inflation component)	3.50 %	3.50 %
Discount rate per annum for all members	6.65 %	6.65 %
Average remaining service period of active employees	15.0 years	15.0 years

Changes in actuarial assumptions between 2011 and 2012 resulted in a decrease in pension obligation of \$4,470. In 2013, there were no further changes to actuarial assumptions.

Experience gains and losses represent the change in pension obligations due to the difference between actual economic and demographic experience and expected experience. During 2013, experience losses were \$nil (2012 - \$2,751)

The deficiency of net assets available for benefits relative to pension obligations results in the Plan being in a deficit position of \$716 as at December 31, 2013 (2012 - \$14,216).

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES DEPARTMENT SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2013

6. Funding policy:

In accordance with the Plan Agreement, employees are required to contribute 7.7% of their salary. The City of Saskatoon is required to match employee contributions. Any costs over the 7.7% matching contribution rate will be shared equally between the employees and the City of Saskatoon.

The most recent actuarial valuation for funding purposes was prepared by AON Hewitt as of December 31, 2012 and a copy of this valuation was filed with the Financial and Consumer Affairs Authority of Saskatchewan. This valuation disclosed a going concern unfunded liability of \$7,813. The effective date of the next actuarial valuation is expected to be December 31, 2015.

The Pension Benefits Act, 1992 (Saskatchewan) requires that an actuarial certificate be filed with the Financial and Consumer Affairs Authority of Saskatchewan at least every three years or earlier if the plan is significantly amended.

7. Administration expenses:

	2013	2012
Actuarial fee	\$ 124	\$ 34
Administrative expenses	67	94
Custodian fee	35	30
Bank interest	12	15
	<hr/>	<hr/>
	\$ 238	\$ 173
