

Consolidated Financial Statements

City of Saskatoon, Saskatchewan, Canada
Year Ended December 31, 2010

Independent Auditor's Report

His Worship the Mayor and City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Saskatoon, which comprise the Consolidated Statement of Financial Position of the City of Saskatoon ("the City") as at December 31, 2010 and the Consolidated Statements of Operations, Cash Flow and Changes in Net Financial Assets 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 generally accepted accounting principles, 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 of 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 as at December 31, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The current year's supplementary information included in the schedules and appendices is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Deloitte & Touche LLP

Chartered Accountants
Saskatoon, Saskatchewan
July 7, 2011

Consolidated Statement of Financial Position

As at December 31, 2010

(in thousands of dollars)

	2010	2009 (Restated Note 21)
<i>Financial Assets</i>		
Cash and Cash Equivalents (Note 2)	\$ 94,221	\$ 112,597
Taxes Receivable (Note 3)	7,759	7,239
Accounts Receivable and User Charges (Note 3)	109,820	86,421
Loan Receivable (Note 4)	5,103	5,514
Land Inventory for Resale	5,721	13,982
Other Assets (Note 5)	6,209	4,841
Investments (Note 6)	282,952	255,110
Accrued Pension Asset (Note 8)	33,472	45,379
Total Financial Assets	545,257	531,083
<i>Financial Liabilities</i>		
Accounts Payable and Accrued Liabilities (Note 9)	104,240	87,375
Deferred Revenue (Note 10)	160,321	161,187
Long-Term Liabilities (Note 11)	145,510	115,341
Employee Benefits Payable (Note 12)	28,206	25,576
Total Financial Liabilities	438,277	389,479
Total Net Financial Assets	106,980	141,604
<i>Non-Financial Assets</i>		
Prepaid Expenditures	2,954	2,633
Tangible Capital Assets (Note 19)	2,351,630	2,103,240
Inventory of Materials and Supplies	10,010	10,124
Total Non-Financial Assets	2,364,594	2,115,997
Accumulated Surplus (Note 20)	\$ 2,471,574	\$ 2,257,601

Consolidated Statement of Operations

For the Year Ended December 31, 2010

(in thousands of dollars)

	2010	2009 (Restated Note 21)	2010 Budget (Unaudited)
Revenues			
Taxation (Note 7)	\$ 144,696	\$ 136,882	\$ 144,336
Grants in Lieu of Taxes (Note 7)	3,855	4,163	4,453
User Charges	251,077	253,798	250,822
Government Transfers (Note 13)	44,044	39,120	39,496
Investment Income	9,622	10,260	8,364
Contribution from Developers and Others	126,973	56,530	-
Other	75,427	67,305	68,591
Total Revenues	655,694	568,058	516,062
Expenses			
General Government	33,436	36,793	25,973
Transportation	104,034	89,520	97,992
Protection of Persons and Property	113,970	107,450	109,154
Recreation and Culture	89,863	95,268	77,869
Social and Family Services	7,112	4,137	3,051
Planning and Development	37,346	23,022	28,076
Property Purchases and Development	11,471	5,067	-
Saskatoon Light & Power	89,165	88,977	88,563
Environmental Health	62,458	69,984	55,966
Debt Servicing Costs	3,834	3,938	15,773
Total Expenses	552,689	524,156	502,417
Surplus of Revenues over Expenses before Other Capital Contributions (Schedule 6)	103,005	43,902	13,645
Other Capital Contributions			
Government Transfers (Note 13)	54,500	44,600	102,150
Contribution from Developers and Others	56,034	33,285	34,924
Federation of Canadian Municipalities	-	183	-
FCM Green Fund Grant	14	377	-
Western Economic Diversification	420	-	-
Total Other Capital Contributions	110,968	78,445	137,074
Surplus of Revenues over Expenses	213,973	122,347	150,719
Accumulated Surplus, Beginning of Year (Note 21)	2,257,601	2,135,254	
Accumulated Surplus, End of Year	\$ 2,471,574	\$ 2,257,601	

Consolidated Statement of Cash Flow

For the Year Ended December 31, 2010

(in thousands of dollars)

	2010	2009 (Restated Note 21)
<i>Cash Flows from (used in) Operating Activities:</i>		
Excess of Revenues over Expenses	\$ 213,973	\$ 122,347
Changes in Non-Cash Items		
Taxes Receivable	(520)	24
Accounts Receivable and User Charges	(23,399)	20,449
Loan Receivable	411	398
Land Inventory for Resale	8,261	(8,782)
Other Current Assets	(1,368)	326
Accrued Pension Asset	11,907	18,420
Prepaid Expenditures	(321)	(3)
Inventory of Materials and Supplies	114	(538)
Accounts Payable and Accrued Liabilities	16,865	(16,525)
Deferred Revenue	(866)	94,576
Employee Benefits Payable	2,630	4,157
Amortization	70,770	63,822
Total Cash from Operating Activities	298,457	298,671
<i>Cash Flows used in Investing Activities:</i>		
Net Increase in Investments	(27,842)	(104,556)
<i>Cash Flows from (used in) Financing Activities:</i>		
Debtures Issued	44,000	36,620
Long-Term Net Debt Repaid	(13,831)	(10,423)
Total Cash from Financing Activities	30,169	26,197
<i>Cash Flows used for Capital:</i>		
Net Acquisition of Capital Assets	(319,160)	(184,135)
Net Cash used for Capital	(319,160)	(184,135)
Net Increase in Cash and Cash Equivalents	(18,376)	36,177
Cash and Cash Equivalents at Beginning of Period	112,597	76,420
<i>Cash and Cash Equivalents at End of Period</i>	\$ 94,221	\$ 112,597

Consolidated Statement of Changes in Net Financial Assets

For the Year Ended December 31, 2010

(in thousands of dollars)

	2010	2009 (Restated Note 21)
Surplus of Revenues over Expenses	\$ 201,199	\$ 122,347
Net Acquisition of Tangible Capital Assets	(306,386)	(184,135)
Amortization of Tangible Capital Assets	70,770	63,822
Deficit of Capital Expenditures over Expenditures	(235,616)	(120,313)
Net Change in Prepaid Expenses	(321)	(3)
Net Change in Inventory of Materials and Supplies	114	(538)
Deficit of Expenses of other Non-financial Expenditures	(207)	(541)
Increase (Decrease) in Net Financial Assets	(34,624)	1,493
Net Financial Assets, Beginning of Year	141,604	140,111
Net Financial Assets, End of Year	\$ 106,980	\$ 141,604

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

(in thousands of dollars)

1. Accounting Policies

The consolidated financial statements of the City of Saskatoon ("the City") are prepared by management in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (CICA). Significant aspects of the accounting policies adopted by the City are as follows:

a. Basis of Consolidation

i. Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenue, expenditures and fund balances of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their financial affairs and resources to the City and which are owned or controlled by the City, namely:

General Revenue and Capital Funds

Board of Police Commissioners

Wastewater Utility

Storm Water Management Utility

Water Utility

Saskatoon Light & Power

Transit Utility

Mendel Art Gallery

Centennial Auditorium (Operating as TCU Place)

Saskatchewan Place (Operating as Credit Union Centre)

Saskatoon Public Library

Saskatchewan Information and Library Services (SILS)

Reserve Funds

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

(in thousands of dollars)

1. Accounting Policies (continued)

a. Basis of Consolidation (continued)

i. Reporting Entity (continued)

All interfund loans, other than normal trade accounts payable/receivable, have been eliminated through the consolidation. Schedule 6, and supporting Appendices 1 to 7, include only those revenues and expenditures reflected in the City's annual Operating Budget, which is prepared to identify the City's property tax requirements. Excluded from this Schedule are the operations of the Mendel Art Gallery, TCU Place, Credit Union Centre, Saskatoon Public Library, and the Sinking Fund.

The Saskatoon Public Library has an interest in the Saskatchewan Information and Library Services Consortium Inc. ("SILS"), which has been proportionately consolidated.

ii. Trust and Pension Funds

Trust funds (see Note 16) and pension funds and their related operations administered by the City are not reflected in the consolidated financial statements.

iii. Accounting for School Board Transactions

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards, are not reflected in the municipal fund balances of these financial statements. Amounts due to/from school boards are reported on the Consolidated Statement of Financial Position as accounts payable/accounts receivable.

b. Basis of Accounting

i. Revenues

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Funds from development charges for services that have not yet been provided at the time the charges are collected are accounted for as deferred revenue until used for the purposes specified. Expenditures are accounted for in the period the goods and services are acquired and a liability is incurred or transfers are due.

ii. Property Tax Revenue

Property tax revenue is based on assessments determined in accordance with Saskatchewan legislation and the formulas, principles and rules in the Saskatchewan Assessment Manual. Tax mill rates are established annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal. A provision has been recorded in Accounts Payable and Accrued Liabilities for potential losses on assessment appeals outstanding as of December 31, 2010.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

(in thousands of dollars)

1. Accounting Policies (continued)

b. Basis of Accounting (continued)

iii. Inventories for Resale

Inventories held for resale are valued at the lower of cost and net realizable value. Cost is determined using average laid in costs. Inventories of materials and supplies represent amounts to be financed in future years as these inventories are consumed.

iv. Land Inventory

Land inventory for resale is recorded at the lower of adjusted cost and net realizable value. Adjusted cost includes amounts for land acquisition and improvements to prepare the land for sale. Land is available for resale when approved for sale by the Land Bank Committee and when all municipal services have been completed.

v. Capital Outlay Financed by Long-Term Liabilities to be Recovered in Future Years

Capital outlay financed by long-term liabilities to be recovered in future years represents the outstanding principal portion of unmatured long-term liabilities for municipal expenditures, less Sinking Fund requirements (see Note 11).

vi. Investments

All investments are recorded at cost less any amounts written off to reflect a permanent decline in value. Premiums and discounts are amortized over the life of the investment. Investment transactions are accounted for at the settlement date. Investment income is recorded on the accrual basis.

vii. Development Charges

The City receives, either from private developers or as a result of the sale of its own developed properties, levies for services which have not yet been provided at the time the levies are collected. These revenues are not recognized until the applicable expenditures for such services are incurred.

viii. Property Development

The City is one of the primary property developers in the municipality. Expenditures relating to the servicing of new subdivisions within the City are charged against the prepaid services account (which forms part of the unexpended capital financing – see Note 20). Proceeds from the sale of lots are credited to the prepaid services, land bank, or Property Realized Reserve for the applicable portion attributable to services or to land. Any property purchased for future land development is funded by the Property Realized Reserve.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

(in thousands of dollars)

1. Accounting Policies (continued)

b. Basis of Accounting (continued)

ix. Government Transfers

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

x. Superannuation Contributions

The City of Saskatoon makes contributions to the General Superannuation, Part-Time and Seasonal Employee Superannuation, Police Superannuation, and Fire and Protective Services Department Superannuation Plans on behalf of its staff. Pension expenditures are recorded based on current service requirements and have been included as an expenditure in the current year.

xi. Use of Estimates

The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have an impact on future periods.

xii. Segmented Reporting

Segmented information on the Consolidated Financial Activities is presented on Schedule 4. It is based on capital and operating services for both utilities and the general City programs, plus information on the Saskatoon Public Library, Mendel Art Gallery, TCU Place and Credit Union Centre.

xiii. Derivative Financial Instruments

The City has entered into two interest rate swap agreements with the Royal Bank of Canada in order to manage the interest rate exposure associated with its Banker's Acceptance loans. The agreements arrange for the exchanging of the floating interest rate cash flows from the underlying debt instruments with fixed interest rate cash flows based on a notional amount. Because the long-term swap agreement effectively and completely hedges the interest costs on the underlying debt obligations, the City is reflecting the obligation as long-term debt.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

(in thousands of dollars)

1. Accounting Policies (continued)

b. Basis of Accounting (continued)

xiv. Tangible Capital Assets

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

Buildings	25 to 50 years
Plants and Facilities	20 to 50 Years
Roadways	20 to 75 years
Underground Networks	50 to 75 years
Electrical Utility	10 to 45 years
Vehicles	4 to 30 years
Traffic Control	15 to 30 years
Machinery and Equipment	5 to 25 years
Land and Land Improvements	20 to indefinite years
Other- Furniture and Fixtures	10 to 20 years
Information and Communication	10 to 15 years

A full years amortization is charged in the year of acquisition and no amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for use.

- (a) **Contribution of tangible capital assets**
Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are recorded as revenue.
- (b) **Leases**
Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risk incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.
- (c) **Land under roads**
Land under roads that is acquired other than by a purchase agreement is valued at a nominal cost.
- (d) **Cultural, historical and works of art**
The City manages and controls various works of art and non-operational historical and cultural assets including buildings, artifacts, paintings and sculptures located at City sites and public display areas. These assets are not recorded as tangible capital assets and are expensed as required.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

(in thousands of dollars)

2. Cash And Cash Equivalents

	Cost		Market	
	2010	2009	2010	2009
Cash	\$ 13,866	\$ 20,517	\$ 13,866	\$ 20,517
Treasury bills, provincial promissory notes, bankers acceptance, commercial paper	80,355	92,080	80,577	92,332
Total	\$ 94,221	\$ 112,597	\$ 94,443	\$ 112,849

Effective interest rates are 0.98 percent to 1.52 percent.

3. Receivables

It is the normal practice of the City to review its accounts receivable on a regular basis and write off, against current operating revenues, any accounts which are considered to be uncollectable. A general allowance of \$1,370 (2009 - \$1,281) for uncollectable taxes is included in the balance of Taxes Receivable.

4. Loan Receivable

City Bylaw No. 8418 was approved by City Council in 2005 to authorize a 15 year loan in the amount of \$10,550 from the City to Saskatoon Soccer Centre Inc. for the construction of the North East Soccer Park, in Forest Park, in Saskatoon. The total annual payment under the loan is shared by Saskatoon Soccer Centre Inc. and the City resulting in an amount receivable from the Saskatoon Soccer Centre Inc. of \$7,037 and a deferred grant of \$3,513 that is amortized over the life of the loan payments. Interest is recognized as earned at 2.80 percent to 4.60 percent over the life of the loan. Security on the loan is by way of an assignment lease against the Henk Ruys Soccer Centre and the North East Soccer Park. The amount receivable and deferred grant as at the end of December 31, 2010 are \$5,103 (2009 - \$5,514).

5. Other Assets

	2010	2009
Deferred Charges	\$ 5,970	\$ 4,536
Other Inventory for Resale	239	305
	\$ 6,209	\$ 4,841

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

(in thousands of dollars)

6. *Investments*

	Cost		Market	
	2010	2009	2010	2009
Federal, provincial, municipal, federal government agency and corporate bonds	\$ 282,952	\$ 255,110	\$ 293,263	\$ 262,483

Maturities are between 2011 - 2020 with effective interest rates of 1.042 percent to 4.098 percent.

7. *Net Taxes Available For Municipal Purposes*

	2010	2009
Taxation Revenue	\$ 281,886	\$ 273,552
Taxes collected on Behalf of Others:		
Saskatoon School Division No. 13	(92,030)	(90,811)
St. Paul's Roman Catholic Separate School Division No. 20	(40,561)	(40,972)
Business Improvement Districts	(744)	(724)
Net taxes available for municipal purposes	\$ 148,551	\$ 141,045
Comprised of:		
Municipal	144,696	136,882
Grants in Lieu of Taxes	3,855	4,163
	\$ 148,551	\$ 141,045

The Education Act and The Cities Act set out the manner in which collection of taxes and trailer license fees are to be submitted to the School Boards and the Business Improvement Districts. As the City is acting as agent only for the collection of such taxes, these amounts are not reflected in the Schedule of Revenue and Expenditures, nor are the Assets, Liabilities, and Fund Balances of these Boards included in the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

(in thousands of dollars)

8. Pension Plans

The City administers four employee pension plans - the General Superannuation Plan, the Police Superannuation Plan, the Fire and Protective Services Department Superannuation Plan, and the Part-Time and Seasonal Employee Superannuation Plan. Combined, these plans provide pension benefits for all eligible staff of the City. General, Police, and Fire Plans are contributory defined benefit plans. The Seasonal Plan is a defined contribution plan. In all Plans, contributions are made by Plan members and the City as stipulated by pension agreements. The defined benefit plans provide for a benefit that is integrated with the Canada Pension Plan, and is based on years of contributory service times a percentage of average earnings as defined by each plan. The Part-Time and Seasonal Employee Superannuation Plan provides a benefit based on the annuity that can be purchased with the funds in an employee's account (i.e. a money purchase plan).

The accrued pension asset reflects the three main plans – the Retirement Plan for Employees of the City of Saskatoon Board of Police Commissioners, the Retirement Plan for Employees of the Fire and Protective Services Department of the City of Saskatoon, and the General Superannuation Plan for City of Saskatoon employees not covered by the Police and Fire and Protective Services Departments' Superannuation Plans. The General Plan provides for partial inflation protection on benefits accrued to December 31, 2000. Fire and Police plans have provided for partial ad hoc indexing from time to time in the past when deemed affordable through surpluses. The latest increase for eligible retired members of the Fire and General Plan was granted January 1, 2008 and January 1, 2010, respectively. The latest increase for retired members of the Police Plan was granted July 1, 2010. The average age of the 3,128 employees accruing service under the Plans is 43.24 years. There are 35 former employees who are entitled to deferred pension benefits. At present, the Plans provide benefits for 1,465 retirees and surviving spouses; benefit payments were \$39 million in 2010.

Employees make contributions in accordance with the following: General Pension 7.9 percent of salary; Fire Pension 7.7 percent of salary; and Police Pension 7.0 percent of salary while the City contributes an equal amount. In 2010, total contributions for current service were \$31 million. A separate pension fund is maintained for each Plan. Pension fund assets are invested entirely in marketable investments of organizations external to the City. The accrued benefit asset at December 31 includes the following components:

	2010	2009
Accrued benefit obligation	\$ (909,599)	\$ (891,829)
Pension fund assets		
Marketable securities	890,104	869,287
	(19,495)	(22,542)
Unamortized actuarial losses	52,967	67,921
Accrued benefit asset	33,472	45,379
Net carrying value of accrued benefit asset	\$ 33,472	\$ 45,379

Actuarial valuations for accounting purposes are performed at least triennially using the projected benefit method prorated on services. The most recent valuations were prepared by AON Consulting as at December 31, 2009. The accrued benefit obligations shown for 2010 is based on an extrapolation of the 2009 valuations. There is a net unamortized actuarial loss to be amortized on a straight-line basis over the expected average remaining service life of the related employee groups applicable to each of the Plans (13.33 years on average).

The actuarial valuations were based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases, and employee turnover and mortality. The assumptions used represent the City's best estimates.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

(in thousands of dollars)

8. Pension Plans (continued)

The expected inflation rate is 3.25 percent for the General Plan and 3.0 percent for the Fire and Police Plan. The discount rate used to determine the accrued benefit obligation is 6.75 percent for the General Plan, 6.50 percent for the Police Plan and 6.45 percent for the Fire Plan.

Pension fund assets are valued using a market-related value which amortizes realized and unrealized gains and losses over a five-year period. The expected rate of return on General Plan assets is 6.75, 6.50 percent for the Police Plan assets and 6.45 percent for the Fire Plan assets. The actual rate of return on Plan assets in 2010 was 3.69 percent. The market value of assets at January 1, 2010 and December 31, 2010 was \$791,112 and \$850,144 respectively.

The total expenditures related to pensions in 2010 include the following components:

	2010	2009
Current period benefit cost	\$ 36,142	\$ 33,216
Less: Employee contributions	(15,517)	(14,125)
Amortization of actuarial (gain) loss	7,114	11,023
Pension expenditure	27,739	30,114
Interest cost on the average accrued benefit obligation	55,562	52,453
Expected return on average pension plan assets	(56,144)	(50,165)
Pension interest expenditure	(582)	2,288
Total expenditures related to pensions	\$ 27,157	\$ 32,402

9. Accounts Payable

Included in liabilities is \$5,914 (2009 - \$2,786) of the estimated total landfill closure and post closure care expenditures of \$5,925. The balance is included under Reserves (Landfill Reserve). The estimated liability for these expenditures is recognized as the landfill site's capacity is used and the reported liability represents the portion of the estimated total expenditures recognized as at December 31, 2010, based on the cumulative capacity used at that date, compared to the total estimated landfill capacity. Estimated total expenditures represent the sum of the discounted future cash flows for closure and post closure care activities discounted at the City's average long-term borrowing rate of 3.89 percent.

Landfill closure and post closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection, and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a forty-year period using the best information available to management. Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The estimated remaining capacity of the landfill is 58.00 percent of its total estimated capacity and its estimated remaining life is 40 years. The period for post closure care is estimated to be 40 years.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

(in thousands of dollars)

10. Deferred Revenue

	2010	2009 (Restated Note 21)
Development Charges	\$ 29,915	\$ 25,639
Government Transfers	120,399	115,380
Ticket Sales and Other	10,007	20,168
	\$ 160,321	\$ 161,187

11. Long-Term Liabilities

a. Debt

Year Repayable	2010	2009
2010	\$ -	\$ 13,827
2011	18,142	14,352
2012	18,821	14,907
2013	17,225	13,183
2014	14,639	10,465
2015	15,179	10,868
2016	13,259	8,808
2017	13,732	9,135
2018	14,220	9,473
2019	10,767	5,865
2020	7,099	2,031
2021	997	997
2022	1,042	1,042
2023	190	190
2024	198	198
Total Debt	\$ 145,510	\$ 115,341

Interest rates range from 1.81 percent to 5.625 percent. All long-term debt instruments have been issued in Canadian Funds.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

(in thousands of dollars)

11. Long-Term Liabilities (continued)

b. Derivative Financial Instruments:

	2010	2009
Royal Bank Banker's Acceptance Loan - offering rate plus spread of 0.20% revolves quarterly at progressively smaller amounts until October 2013 (offering rate at December 31, 2010 was 1.27929%)	\$ 9,195	12,094
	(notional amount equal to above)	
Royal Bank Bankers' Acceptance Loan - offering rate plus spread of 0.20%, revolves quarterly at progressively smaller amounts until October 2018 (offering rate at December 31, 2010 was 1.27929%)	\$ 26,651	29,429
	(notional amount equal to above)	
Total	\$ 35,846	41,523

c. Regulations

The regulations under The Cities Act require that individual debenture issue bylaws be submitted, reviewed, and approved by the Saskatchewan Municipal Board ("SMB") with the exception that an urban municipality with a population greater than 30,000 can apply to the SMB for a debt limit. The City's debt limit is \$414,000 as approved by the SMB.

12. Employee Benefits Payable

Vacation leave is credited to employees on a monthly basis based on contractual obligations. Such credits are accumulated from the period April 1 to March 31 and may not be taken in advance. Therefore, credits earned from April 1, 2010 to December 31, 2010 would normally be available to employees after April 1, 2011.

The City operates a number of Sick Leave Benefit Plans as stipulated within agreements with the various Unions and Associations of employees. These plans are based on the accumulation of sick leave credits to a specified maximum, or are guaranteed long-term disability plans. For those Unions with accumulated sick leave plans, the employee is entitled to a cash payment under specified circumstances, including retirements, based upon a formula stipulated in the union agreements.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

(in thousands of dollars)

12. Employee Benefits Payable (continued)

Employee benefits payable are recorded as financial liabilities on the Consolidated Statement of Financial Position, offset by a reduction in fund balances. The total of these liabilities is as follows:

	2010	2009
a) Vacation leave accrual	\$ 16,900	\$ 15,875
b) Sick leave credits	11,306	9,701
	\$ 28,206	\$ 25,576

13. Government Transfers

The following transfers have been included in revenues:

	2010	2009
Operating Transfers		
Federal	\$ 6,856	\$ 3,082
Provincial	37,188	36,038
	44,044	39,120
Capital Transfers		
Federal	52,775	17,958
Provincial	1,725	26,642
	54,500	44,600
	\$ 98,544	\$ 83,720

14. Contingencies

a. Lawsuits

Various lawsuits and claims are pending by and against the City. Provisions have been made for any claims that are likely and the amount of the potential loss can be reasonably estimated. It is the opinion of management that final determination of any remaining claims will not materially affect the financial position of the City.

b. Contractual Obligations

The City has not entered into any long-term contractual obligations, the recognition of which would materially affect these financial statements.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

(in thousands of dollars)

15. Property Realized Reserve

The Property Realized Reserve, which is included on Schedule 3, is reported net of all withdrawals. This practice does not recognize the value of assets for property purchased but not yet sold, or repayable advances of funds. At December 31, 2010, the gross value of the Property Realized Reserve is estimated to be \$66,892 (2009 - \$64,517) itemized as follows:

	2010	2009 (Restated Note 21)
Gross Value of Reserve, December 31	\$ 66,892	\$ 64,517
Advances Repayable from Future Revenue Fund Provisions	(6,612)	(6,648)
Property Purchased from Reserve and not yet re-sold (at estimated cost)	(45,900)	(38,686)
Net Balance of Reserve, December 31	\$ 14,380	\$ 19,183

16. Trust Funds

The City administers two trust funds, the Cemetery Perpetual Care Fund and the Group Insurance Trust Fund. The reserve balances in these trusts are \$3,206 (2009 - \$3,162) and \$893 (2009 - \$194) respectively.

17. Expenditures By Object

The following is a summary of the expenses reported on the Consolidated Statement of Operations by object of expenses:

	2010	2009 (Restated Note 21)
Wages and Benefits	\$ 226,462	\$ 216,753
Contracted and General Services	139,549	120,891
Heating, Lighting, Power, Water, and Telephone	82,721	81,662
Materials, Goods and Supplies	21,627	20,539
Finance Charges	5,368	14,192
Donations, Grants and Subsidies	6,192	6,297
Amortization	70,770	63,822
	\$ 552,689	\$ 524,156

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

(in thousands of dollars)

18. Comparative Figures

a. Reclassified to conform with current year

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

19. Tangible Capital Assets

	Net Book Value	
	2010	2009 (Restated Note 21)
Land	\$ 214,636	\$ 218,095
Land Improvements	124,544	50,571
Buildings	126,783	116,108
Roadways	590,081	566,857
Plant and Facilities	74,065	75,907
Underground Networks	634,360	575,457
Electrical Utility	163,463	166,667
Machinery and Equipment	9,354	5,389
Traffic Control	6,134	6,104
Vehicles	51,231	46,316
Other	13,684	13,949
	2,008,335	1,841,420
Assets under Construction	343,295	261,820
	\$ 2,351,630	\$ 2,103,240

For additional information, see the Consolidated Schedule of Tangible Capital Assets (Schedule 5).

Interest capitalized was \$701. Contributed assets totaled \$34,945 and were capitalized at their fair value at the time of receipt.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

(in thousands of dollars)

20. Accumulated Surplus

	2010	2009 (Restated Note 21)
Fund Balances		
Funds to offset taxation or user charges in future years (Schedule 1)	\$ 6,734	\$ 25,244
Unexpended capital financing (Schedule 2)	211,025	233,686
Reserves (Schedule 3)	53,831	14,841
	\$ 271,590	\$ 273,771
Net Investment in Tangible Capital Assets		
Tangible Capital Assets (Schedule 5)	2,351,630	2,103,240
Capital outlay financed by long-term liabilities to be recovered in future years (Note 1b(v))	(131,103)	(97,701)
Capital outlay financed by internal investments	(20,543)	(21,709)
	2,199,984	1,983,830
Total Accumulated Surplus	\$ 2,471,574	\$ 2,257,601

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2010

(in thousands of dollars)

21. Restatement of Prior Years

As a result of the City of Saskatoon implementing the new Public Sector Accounting Board's Tangible Capital Asset section 3150, it was determined that certain assets related to land for resale were capitalized as Tangible Capital Assets and were also included in Land Inventory for Resale. In addition, a review of the capital expenses for 2010 determined that there were amounts included in Assets under Construction that should have been reported as expenses in prior years rather than as Tangible Capital Assets. Both items required correction in 2010 and required corrections are outlined below.

The Accumulated Surplus has been restated as follows:

2008 Accumulated Surplus, as originally reported	\$ 2,175,080
Decrease in Tangible Capital Assets	(7,750)
Decrease in Land Inventory for Resale	(32,076)
<hr/>	
<u>2008 Accumulated Surplus, as restated</u>	<u>2,135,254</u>
2009 Accumulated Surplus, as originally reported	2,322,552
2008 Adjustment for Tangible Capital Assets	(7,750)
2008 Adjustment for Land Inventory or Resale	(32,076)
Decrease in Tangible Capital Assets	(5,024)
Decrease in Land Inventory for Resale	(20,101)
<hr/>	
<u>2009 Accumulated Surplus, as restated</u>	<u>\$ 2,257,601</u>

Schedule 1 - Schedule of Funds to Offset Taxation or User Charges in Future Years

For the Year Ended December 31, 2010

(in thousands of dollars)

	2010	2009
Balance, Beginning of Year	\$ 25,244	\$ 38,075
Transfer (to) from Revenue Stabilization Reserve	(272)	398
Transfer from Building Permit/Inspection Reserve	-	844
Transfer to Land Bank program	(3,000)	-
Transfer to capital projects	(244)	-
Software licenses	(89)	-
Transfer to Meewasin Valley Authority	(50)	-
Increase in Employee Benefit Payables	(2,630)	(4,157)
Decrease in Accrued Pension Asset	(11,907)	(18,420)
(Increase) Decrease in Landfill Closure/Post Closure Care Liability	(3,128)	3,303
Increase in accrued long term debt principal	2,390	1,546
Surplus for the Year (Schedule 6)	420	3,655
<i>Balance, End of Year</i>	\$ 6,734	\$ 25,244

Schedule 2 - Schedule of Capital Operations

For the Year Ended December 31, 2010

(in thousands of dollars)

	2010	2009	2010 Budget (Unaudited)
Source of Funds			
Province of Saskatchewan	\$ 365	\$ 310	\$ 41,255
Saskatchewan Water Corporation	-	279	-
Municipal Economic Enhancement Program	-	22,012	-
Federal Gas Tax Program	6,997	8,113	-
Canada Strategic Infrastructure Fund	-	2,682	-
Municipal Rural Infrastructure Fund	-	223	-
Provincial Building Communities Program	216	747	1,516
Provincial Community Shares Program	-	1,453	-
Government of Canada	17	70	-
Cultural Capitals of Canada Program	-	172	-
Transport Canada	-	11	-
Federal Transit Funding Program	5,688	6,795	2,475
Federal Gateway and Border Crossings	29,603	-	35,855
Federal Asia Pacific Fund	-	-	9,000
Building Canada Fund (FED)	2,011	-	10,181
Federal Infrastructure Stimulus Fund	8,058	343	-
Recreational Infrastructure Canada (FED)	371	-	-
Recreational Infrastructure Canada (Prov)	763	-	-
Building Canada Fund (PROV)	373	-	1,868
Federation of Canadian Municipalities	-	183	-
FCM Green Fund Grant	14	377	-
Green Municipal Fund Federation of Canadian Municipalities	-	2,303	-
Canada Mortgage and Housing Corporation Municipal Infrastructure Lending Program	44,000	33,190	-
Internal Borrowing	-	22,563	-
Taxation	4,051	3,970	2,550
Utility Contribution	7,892	6,175	3,295
Borrowing	-	(300)	45,401
Contributions from Developers Benefitting Property Owners and Other Users	20,622	23,541	34,924
Appropriations			
Operating Surplus	144	-	-
Reserves	163,450	159,675	137,139
Western Economic Diversification	409	193	-
	295,044	295,080	325,459

Schedule 2 - Schedule of Capital Operations

For the Year Ended December 31, 2010

(in thousands of dollars)

	2010	2009	2010 Budget (Unaudited)
<i>Expenditures</i>			
General Government	4,900	3,707	6,602
Protection of Persons and Property	6,425	6,188	8,767
Transportation	167,370	56,710	195,865
Environmental Health	80,045	65,928	65,820
Social and Family Services	4,103	1,352	50
Planning and Development	24,065	22,929	17,944
Recreation and Culture	9,045	12,564	14,689
Property Purchases and Development	11,292	5,067	-
Saskatoon Light & Power Expansion and Replacements	10,460	14,100	15,722
	317,705	188,545	325,459
Increase in Unexpended Capital Financing	(22,661)	106,535	-
Unexpended Capital Financing, Beginning of Year	233,686	127,151	-
<i>Unexpended Capital Financing, End of Year</i>	\$ 211,025	\$ 233,686	\$ -

Schedule 3 - Schedule of Reserves

For the Year Ended December 31, 2010

(in thousands of dollars)

	2010	2009 (Restated Note 21)
Replacement		
Albert Community Centre	\$ 16	\$ 30
Automated Garbage Containers	115	(97)
Access Transit	148	1
Boards:		
TCU Place Repl Res	(469)	(530)
Saskatoon Public Library Repl Res	2,966	2,659
Mendel Art Gallery Repl Res	121	121
Credit Union Centre Repl Res	652	449
Buildings and Ground Equipment	33	122
Bus Replacement	1,237	1,559
Civic Vehicles and Equipment	351	111
Saskatoon Light & Power	3,558	3,999
Computer Equipment	297	682
Grounds Maintenance Equip Acquisition	25	-
Fire Equipment	398	302
Fire Apparatus	(736)	(169)
Infrastructure Replacement:		
Surface Improvements	(1,526)	(10,551)
Water and Sewer Replacement	(18,694)	(28,176)
Parks	(1,925)	(350)
Storm Water Management	(600)	(2,092)
Landfill	32	693
Leisure Service Equipment	220	232
Photocopy Machine	175	415
Police - Vehicle/Radio	974	862
Radio Trunking	176	176
Wastewater Collection/Treatment	222	79
Water Utility	397	1,786
Weigh Scales	181	181
Balance, End of Year	(11,656)	(27,506)
Future Expenditures		
Animal Services	53	67
Animal Trading - Zoo	54	50
Access Transit Stabilization	-	245

Schedule 3 - Schedule of Reserves

For the Year Ended December 31, 2010

(in thousands of dollars)

	2010	2009 (Restated Note 21)
Affordable Housing - Capital	-	65
Affordable Housing - Operating	4,038	5,615
Boards:		
TCU Place Fut Exp Res	462	375
Saskatoon Public Library Fut Exp Res	12,643	11,396
Mendel Art Gallery Fut Exp Res	349	394
Credit Union Centre Fut Exp Res	760	(684)
Bridge Major Repairs	96	654
Building Permits/Inspections	2,369	2,193
Corporate Capital	(501)	-
Campsite	163	120
Civic Buildings Comprehensive Maintenance	1,192	4,140
Civic Hospitality	100	76
Community Support Grant	101	87
Corporate Information Systems Development	572	519
Cosmo Stabilization	60	80
Dedicated Lands	735	1,506
Dedicated Roadways	619	1,525
Downtown Housing	211	196
Errors and Omissions	199	100
Saskatoon Light & Power Distribution Extension	(2,389)	206
Saskatoon Light & Power Revenue Stabilization	478	-
Fire Department Uniforms	502	536
Forestry Farm Park and Zoo Capital	210	110
Forestry Farm Park Development	102	95
Forestry Farm Auditorium	21	15
General Voting	97	32
Golf Course Capital	135	4
Golf Course Stabilization	200	240
Heritage Fund	273	262
Holiday Park Golf Course Development	479	407
Insurance Deductible	567	321
Interest Stabilization	546	747
Land Bank	(1,162)	(36,673)
Land Operations	2,851	2,692
Neighbourhood Park Enhancement	497	253

Schedule 3 - Schedule of Reserves

For the Year Ended December 31, 2010

(in thousands of dollars)

	2010	2009 (Restated Note 21)
Parking Facilities	808	865
Pest Control	68	68
Police Facilities Major Repair	490	343
Police Equipment	30	69
Planning Levy	330	198
Prepaid Services	10,996	6,427
Property Realized	14,380	19,183
Public Works Building	33	26
Reserve for Capital Expenditures	764	298
Revenue Stabilization	3,281	3,000
Sinking Fund	805	754
Snow & Ice Acquisition	310	45
Special Events	238	25
Sports Participation	76	73
Storm Water Management Utility Stabilization	321	820
Streetscape	3,154	2,766
Sundry	5,051	4,678
Traffic Noise Attenuation	162	(409)
Traffic Safety	418	77
Transit Capital	87	132
Transportation Infrastructure Expansion	(6,282)	2,154
Urban Development Agreement	3	154
Vehicle and Equipment Acquisition	174	178
Waste Minimization	(173)	(247)
Wastewater Collection/Treatment Capital	1,100	441
Water Capital Projects	767	2,052
Weather	250	-
SIGI Reserve (Saskatchewan Infrastructure Growth Initiative)	164	211
Balance, End of Year	65,487	42,347
Total Reserves, End of Year	\$ 53,831	\$ 14,841

Schedule 4 - Schedule of Financial Activities by Segment

For the Year Ended December 31, 2009

(in thousands of dollars)

	General Operating	Utility Operating	General Capital	Utility Capital	Library	Mendel	TCU Place	Credit Union Centre	Consolidation Adjustments	2009 (Restated Note 21)
Revenues										
Taxation	\$ 121,990	\$ -	\$ 3,970	\$ -	\$ 13,917	\$ -	\$ -	\$ -	(2,995)	\$ 136,882
Grants in Lieu of Taxes	26,651	-	-	-	-	-	-	-	(22,488)	4,163
User Charges	21,456	228,887	-	-	366	443	10,714	29,925	(37,993)	253,798
FCM Green Fund Grant	-	-	-	377	-	-	-	-	-	377
Federation of Canadian Municipalities	-	-	-	183	-	-	-	-	-	183
Government Transfers	37,816	38	18,922	24,289	634	632	-	-	1,389	83,720
Green Municipal Fund Federation of Canadian Municipalities	-	-	-	2,303	-	-	-	-	(2,303)	-
Canada Mortgage and Housing Corporation Municipal Infrastructure Lending Program	-	-	-	33,190	-	-	-	-	(33,190)	-
Investment Income	7,406	-	-	-	-	-	40	49	2,765	10,260
Contribution from Developers	-	-	52,268	348	-	-	-	-	37,199	89,815
Other	63,165	-	-	-	488	7	-	-	3,645	67,305
Internal Borrowing	-	-	22,563	-	-	-	-	-	(22,563)	-
From Reserves	-	-	111,886	47,489	-	-	-	-	(159,375)	-
Utility Contribution	-	-	-	6,175	-	-	-	-	(6,175)	-
Total Revenues	278,484	228,925	209,609	114,354	15,405	1,082	10,754	29,974	(242,084)	646,503
Expenses										
General Government	28,079	2	3,832	-	-	-	-	-	4,880	36,793
Protection of Persons and Property	108,630	-	6,361	-	-	-	-	-	(7,541)	107,450
Transportation	60,735	34,476	25,946	14,200	-	-	-	-	(45,837)	89,520
Environmental Health	6,480	72,819	19,205	41,486	-	-	-	-	(70,006)	69,984
Social and Family Services	2,315	-	1,390	-	-	-	-	-	432	4,137
Planning and Development	18,722	-	23,020	-	-	-	-	-	(18,720)	23,022

Schedule 4 - Schedule of Financial Activities by Segment

For the Year Ended December 31, 2009

(in thousands of dollars)

	General Operating	Utility Operating	General Capital	Utility Capital	Library	Mendel	TCU Place	Credit Union Centre	Consolidation Adjustments	2009 (Restated Note 21)
Recreation and Culture	38,757	-	24,926	-	16,075	1,114	11,055	30,537	(27,196)	95,268
Property Purchases and Development	2,935	-	35,116	-	-	-	-	-	(32,984)	5,067
Saskatoon Light & Power	-	122,292	-	14,476	-	-	-	-	(47,791)	88,977
Debt Servicing Costs	6,280	1,885	-	-	-	-	-	-	(4,227)	3,938
Total Expenses	272,933	231,474	139,796	70,162	16,075	1,114	11,055	30,537	(248,990)	524,156
Surplus (Deficit) of Revenues over Expenses \$	5,551 \$	(2,549) \$	69,813 \$	44,192 \$	(670) \$	(32) \$	(301) \$	(563) \$	6,906 \$	122,347

Schedule 4 - Schedule of Financial Activities by Segment

For the Year Ended December 31, 2010

(in thousands of dollars)

	General Operating	Utility Operating	General Capital	Utility Capital	Library	Mendel	TCU Place	Credit Union Centre	Consolidation Adjustments	2010
Taxation	\$ 130,035	\$ -	\$ 4,051	\$ -	\$ 14,661	\$ -	\$ -	\$ -	(4,051)	144,696
Grant in lieu	27,880	-	-	-	-	-	-	-	(24,025)	3,855
User Charges	23,780	235,800	-	-	358	484	11,414	18,757	(39,516)	251,077
FCM Green Fund Grant	-	-	-	14	-	-	-	-	-	14
Government Transfers	42,318	-	37,211	17,252	800	734	-	-	229	98,544
Canada Mortgage and Housing Corporation Municipal Infrastructure Lending Program	-	-	44,000	-	-	-	-	-	(44,000)	-
Investment Income	9,131	-	-	-	-	-	13	38	440	9,622
Contribution from Developers	-	-	10,526	1,835	-	-	-	-	170,646	183,007
Other	71,682	-	-	-	209	60	-	(8)	3,484	75,427
Western Economic Diversification	-	-	409	-	-	-	-	-	11	420
From Reserves	-	-	156,099	7,495	-	-	-	-	(163,594)	-
Utility Contribution	-	-	-	7,892	-	-	-	-	(7,892)	-
Total Revenues	304,826	235,800	252,296	34,488	16,028	1,278	11,427	18,787	(108,268)	766,662
General Government	41,893	-	4,978	-	-	-	-	-	(13,435)	33,436
Protection of Persons and Property	116,534	-	6,527	-	-	-	-	-	(9,091)	113,970
Transportation	53,735	33,788	160,298	9,726	-	-	-	-	(153,513)	104,034
Environmental Health	14,775	69,425	13,618	67,697	-	-	-	-	(103,057)	62,458
Social and Family Services	2,790	-	4,168	-	-	-	-	-	154	7,112
Planning and Development	26,876	-	24,446	-	-	-	-	-	(13,976)	37,346
Recreation and Culture	38,504	-	10,229	-	16,391	3,321	12,577	18,802	(9,961)	89,863
Property Purchases and Development	-	-	11,471	-	-	-	-	-	-	11,471
Saskatoon Light & Power	-	128,769	2,333	8,294	-	-	-	-	(50,231)	89,165
Debt Servicing Costs	8,946	1,539	-	-	-	-	-	-	(6,651)	3,834

Schedule 4 - Schedule of Financial Activities by Segment

For the Year Ended December 31, 2010

(in thousands of dollars)

	General Operating	Utility Operating	General Capital	Utility Capital	Library	Mendel	TCU Place	Credit Union Centre	Consolidation Adjustments	2010
Total Expenses	304,053	233,521	238,068	85,717	16,391	3,321	12,577	18,802	(359,761)	552,689
Surplus (Deficit) of Revenues over Expenses	\$ 773	\$ 2,279	\$ 14,228	\$(51,229)	\$(363)	\$(2,043)	\$(1,150)	\$(15)	\$ 251,493	\$ 213,973

Schedule 5 - Consolidated Schedule of Tangible Capital Assets

For the Year Ended December 31, 2010

(in thousands of dollars)

	Cost				Accumulated Amortization					Net Book Value	
	Opening Balance (Restated Note 21)	Additions	Disposals	Write-Downs	Balance End of Year	Accumulated Amortization Beginning of Year	Accumulated Amortization on Disposals	Amortization	Accumulated Amortization End of Year	2010	2009 (Restated Note 21)
Land	\$ 218,095	\$ 9,110	\$ 12,569	\$ -	\$ 214,636	\$ -	\$ -	\$ -	\$ -	\$ 214,636	218,095
Land improvements	127,850	81,814	-	(242)	209,422	77,279	-	7,599	84,878	124,544	50,571
Buildings	197,404	15,445	-	-	212,849	81,296	-	4,770	86,066	126,783	116,108
Roadways	969,677	49,894	-	-	1,019,571	402,820	-	26,670	429,490	590,081	566,857
Plant and Facilities	137,133	1,117	-	-	138,250	61,226	-	2,959	64,185	74,065	75,907
Underground Networks	805,260	70,421	-	-	875,681	229,803	-	11,518	241,321	634,360	575,457
Electrical Utility	273,093	4,995	1,409	-	276,679	106,426	689	7,479	113,216	163,463	166,667
Machinery and Equipment - cost	12,360	4,979	43	(82)	17,214	6,971	29	918	7,860	9,354	5,389
Traffic Control	14,002	515	-	-	14,517	7,898	-	485	8,383	6,134	6,104
Vehicles	110,317	11,142	2,936	-	118,523	64,001	2,610	5,901	67,292	51,231	46,316
Other property, plant and equipment	69,923	2,206	-	-	72,129	55,974	-	2,471	58,445	13,684	13,949
Assets under Construction	261,820	189,242	107,767	-	343,295	-	-	-	-	343,295	261,820
Total	\$ 3,196,934	\$ 440,880	\$ 124,724	\$ (324)	\$ 3,512,766	\$ 1,093,694	\$ 3,328	\$ 70,770	\$ 1,161,136	\$ 2,351,630	2,103,240

Schedule 6 - Schedule of Revenues and Expenditures

For the Year Ended December 31, 2010

(in thousands of dollars)

	2010	2010 Budget 2009 (Unaudited)	
Revenues			
Taxation	\$ 130,035	\$ 122,523	\$ 129,750
Grants in Lieu of Taxes	27,880	26,651	28,371
General Revenues	67,329	63,020	65,977
User Fees	37,264	28,946	34,696
Transfers from Other Governments (Grants)	42,318	37,816	38,189
Total Revenues for the Year (Appendix 1)	304,826	278,956	296,983
Expenditures			
General Government	41,246	40,773	42,273
Public Safety	113,172	101,722	110,687
Transportation	52,897	49,572	52,589
Environmental Protection & Sustainable Development	24,206	18,108	21,825
Recreation, Social and Cultural Services	57,312	52,979	57,017
Debt Servicing Costs	15,573	12,147	12,592
Total Expenditures for the Year (Appendix 2)	304,406	275,301	296,983
Surplus	\$ 420	\$ 3,655	-

Appendix 1 - Schedule of Revenues

For the Year Ended December 31, 2010

(in thousands of dollars)

	2010	2010 Budget 2009 (Unaudited)	
<i>Taxation</i>			
Property Levy	\$ 129,761	\$ 122,256	\$ 129,467
Municipal Services Agreement	139	142	149
Trailer Occupancy	74	64	78
Amusement	61	61	56
	130,035	122,523	129,750
<i>Grants in Lieu of Taxes</i>			
Senior Governments and Agencies	3,855	4,163	4,160
Own Utilites - Saskatoon Light & Power	17,280	16,332	23,918
Own Utilities-Water	3,890	3,329	-
Own Utilites-Wastewater	2,481	2,365	-
Own Utilities-Transit	125	183	-
Land Bank Program	249	279	293
	27,880	26,651	28,371
<i>General Revenues</i>			
R.M. of Corman Park	75	60	60
Provincial Government	838	788	826
Licence and Permits	5,350	4,527	4,172
Fines and Penalties	6,070	5,888	5,937
Automated Enforcement Fines	1,504	1,017	1,247
Property Rentals	1,132	1,356	1,088
Franchise Fees	17,164	18,062	18,210
Interest Earnings	9,131	7,406	8,330
Tax Penalties	1,072	994	980
Other Revenue	120	140	265
Utility Return on Investment	21,780	19,504	21,780
Administration Recovery	2,000	1,952	2,000
Soccer Centre Tax Agreement & Other Grant	93	76	82
Land Bank Distribution	1,000	1,250	1,000
	67,329	63,020	65,977
<i>User Fees</i>			
Legal Fees	169	144	143
Tax Searches and Enforcement	161	159	175
Police	1,137	871	813

Appendix 1 - Schedule of Revenues

For the Year Ended December 31, 2010

(in thousands of dollars)

	2010	2010 Budget 2009 (Unaudited)	
Fire	149	186	132
Engineering	595	574	610
Parking	5,177	4,467	5,365
Solid Waste Management	4,805	3,624	4,727
Environmental Protection	147	71	142
Transportation	196	184	244
Cemetery	849	797	903
Planning	348	271	349
Tourist Campsite	536	462	417
Forestry Farm Park	618	638	604
Kinsmen Park Rides	110	120	146
Albert Community Centre	140	140	112
Marr Residence	-	-	1
Swimming Pools	321	280	325
Golf Courses	2,700	2,877	2,856
Skating Rinks	1,853	1,722	1,769
Rentals	4,713	4,052	4,747
Programming	5,226	4,171	4,574
Ball Fields	28	37	38
Outdoor Sports Fields	231	227	233
Land Administration Fee	6,998	2,856	5,183
River Landing	57	16	88
	37,264	28,946	34,696

Transfers from Other Governments (Grants)

Federal:

Police	1,311	732	475
Community Development	100	74	81
City Clerk's - Special Programs	4	-	10
Gas Tax Program	4,979	1,942	2,038

Provincial:

Revenue Sharing	29,233	29,233	29,230
West Nile Virus Control	241	273	-
Police - Special Programs	4,633	4,231	4,635
Fire - Special Programs	96	93	96
Access Transit	756	679	785

Appendix 1 - Schedule of Revenues

For the Year Ended December 31, 2010

(in thousands of dollars)

	2010	2010 Budget 2009 (Unaudited)	
Community Development	45	130	61
Urban Connector Grant	805	394	720
Street Lighting	57	-	-
Social Development	35	35	35
Dutch Elm Disease	23	-	23
	42,318	37,816	38,189
<i>Total Revenues</i>	\$ 304,826	\$ 278,956	\$ 296,983

Appendix 2 - Schedule of Expenditures

For the Year Ended December 31, 2010

(in thousands of dollars)

	2010	2009	2010 Budget (Unaudited)
<i>General Government</i>			
Legislative	\$ 1,214	\$ 1,221	\$ 1,378
Administrative	14,631	14,686	15,186
Financial	18,666	18,762	17,425
Assessment	2,603	2,591	2,817
Administrative Facilities	3,720	3,503	4,557
General Payroll Costs	171	(228)	906
Tax Discounts	19	90	85
Vehicle & Equipment Services	222	148	(81)
	41,246	40,773	42,273
<i>Public Safety</i>			
Police	68,052	62,012	66,989
Province of Saskatchewan - Court Costs	1,248	1,094	1,211
Automated Enforcement Costs	1,504	1,017	1,247
Fire	35,979	32,192	36,195
Emergency Measures	187	178	202
Inspections	4,060	3,497	3,038
Crime Prevention Through Environmental Design	120	-	120
Animal and Pest Control	2,022	1,732	1,685
	113,172	101,722	110,687
<i>Transportation</i>			
Engineering	3,560	3,104	3,853
Roads and Streets	4,403	3,213	4,440
Drainage and Snow Removal	7,606	6,606	7,248
Street Cleaning	2,494	2,184	1,987
Bridges, Crossings, Subways	509	399	633
Street Lighting	5,218	4,721	5,282
Transportation Services	3,319	3,719	3,674
Parking	4,176	3,455	4,384
Transit Operations-Excludes Surplus	18,356	18,975	17,754
Access Transit	3,256	3,196	3,334
	52,897	49,572	52,589

Appendix 2 - Schedule of Expenditures

For the Year Ended December 31, 2010

(in thousands of dollars)

	2010	2009	2010 Budget (Unaudited)
<i>Environmental Protection & Sustainable Development</i>			
Environmental Protection	1,378	1,018	1,193
Waste Collection and Disposal	10,083	8,589	9,503
Planning	3,509	3,433	3,613
Economic Development	2,123	2,084	2,196
Business Improvement Districts	108	108	108
Urban Design	7	21	28
Land Management	6,998	2,855	5,184
	24,206	18,108	21,825
<i>Recreation, Social and Cultural Services</i>			
Administration	2,419	2,112	2,473
Cemetery	1,075	962	1,049
Burial of Indigents	49	29	28
Social Housing Facilitation	109	101	160
White Buffalo Youth Lodge	123	119	123
Safer City	51	51	57
Detoxification Centre	100	100	100
Grants	1,078	1,111	1,106
Social Development	160	151	153
Buildings and Grounds Maintenance	12,105	11,052	12,310
Tourist Campsite	536	463	417
Tourism Saskatoon	391	372	391
Meewasin Valley Authority	679	679	679
Forestry Farm Park	2,082	2,037	2,128
Community Services	2,851	2,751	2,949
Kinsmen Park Rides	193	172	182
Albert Community Center	209	215	221
Marr Residence	14	11	19
Swimming Pools	1,746	1,680	1,838
Golf Courses	2,700	2,877	2,856
Skating Rinks	2,097	1,959	2,066
Race Relations	98	87	101
Recreation/Competitive Facilities			

Appendix 2 - Schedule of Expenditures

For the Year Ended December 31, 2010

(in thousands of dollars)

	2010	2009	2010 Budget (Unaudited)
Rentals	8,910	8,249	8,732
Programming	8,234	7,097	7,927
Ballfields	239	262	250
Outdoor Sports Fields	344	314	344
Boards:			
Credit Union Centre	455	509	455
TCU Place	1,910	1,415	1,433
Mendel Art Gallery	2,146	2,065	2,146
River Landing	173	88	203
Building Maintenance	405	488	562
Program Development	1,803	1,707	1,731
Subsidy-Minor Sports	1,294	1,260	1,294
Wanuskewin Heritage Park	184	184	184
Special Events	350	250	350
	57,312	52,979	57,017
<i>Debt Servicing Costs</i>			
Debt Charges	15,241	10,992	12,264
Interest Paid to Utilites	168	995	169
Banking Services	164	160	159
	15,573	12,147	12,592
<i>Total Expenditures</i>	\$ 304,406	\$ 275,301	\$ 296,983

Appendix 3 - Water Utility Statement of Revenues and Expenditures

For the Year Ended December 31, 2010

(in thousands of dollars)

	2010	2009	2010 Budget (Unaudited)
Revenues			
Metered	\$ 36,541	\$ 34,807	\$ 40,385
Infrastructure Levy	3,561	3,811	3,986
Miscellaneous	117	115	133
Fire Protection Charge	627	603	603
Late Payment Penalties	145	130	129
	40,991	39,466	45,236
Expenditures			
General	7,335	6,571	7,306
Laboratory	368	408	433
Treatment and Pumping	7,842	8,293	8,859
Buildings and Grounds	559	732	797
Meters	1,057	1,177	1,232
Watermains	5,421	6,110	5,370
Hydrants	862	988	921
Services	2,441	1,817	1,715
Contribution to Capital Reserves	6,443	9,000	8,078
Debt Charges	10,263	6,997	10,525
	42,591	42,093	45,236
Deficit Before Transfer from Reserve	(1,600)	(2,627)	-
Transfer from Stabilization Reserve	1,600	2,615	-
Deficit	\$ -	\$ (12)	-

Appendix 4 - Wastewater Utility Statement of Revenues and Expenditures

For the Year Ended December 31, 2010

(in thousands of dollars)

	2010	2009	2010 Budget (Unaudited)
Revenues			
Metered	\$ 24,250	\$ 25,721	\$ 26,297
Infrastructure Levy	4,918	5,263	5,505
Late Payment Penalties	97	87	86
Miscellaneous	816	661	597
Flood Protection Levy	3,470	3,415	3,300
	33,551	35,147	35,785
Expenditures			
General	4,893	4,589	4,947
Laboratory	420	450	514
Lift Stations	1,095	870	1,038
Pollution Control Plant	5,455	5,536	6,095
Sludge Handling and Disposal	1,993	1,697	2,093
Sewer Engineering	251	265	342
Sewer Inspections	280	331	451
Sewer Maintenance	2,862	2,163	2,762
Service Connections	1,806	2,150	2,146
Contribution to Capital Reserves	10,666	13,610	11,554
Debt Charges	3,830	2,954	3,843
	33,551	34,615	35,785
Surplus Before Transfer to Reserve	-	532	-
Transfer to Stabilization Reserve	-	(532)	-
Surplus (Deficit)	\$ -	\$ -	-

Appendix 5 - Storm Water Management Utility Statement of Revenues and Expenditures

For the Year Ended December 31, 2010

(in thousands of dollars)

	2010	2010 Budget 2009 (Unaudited)	
Revenues			
Metered	\$ 3,389	\$ 3,337	\$ 3,365
Late Payment Penalties	10	9	9
	3,399	3,346	3,374
Expenditures			
General	278	209	343
Storm Sewer Engineering	200	217	207
Storm Sewer Maintenance	1,564	1,219	921
Drainage	400	444	403
Contribution to Capital Reserves	1,456	1,456	1,500
	3,898	3,545	3,374
Deficit Before Transfer from Reserve	(499)	(199)	-
Transfer from Stabilization Reserve	499	199	-
Surplus (Deficit)	\$ -	\$ -	-

Appendix 6 - Saskatoon Light and Power Utility Statement of Revenues and Expenditures

For the Year Ended December 31, 2010

(in thousands of dollars)

	2010	2009	2010 Budget (Unaudited)
<i>Revenues</i>			
Metered	\$ 115,179	\$ 108,801	\$ 116,119
Municipal Surcharge	11,517	10,879	11,612
Service Connection Fee	427	418	450
Miscellaneous	504	471	532
Prov of Sask-Urban Connector Grant	-	38	-
Tax Collection Commission	2	2	2
Late Payment Penalties	242	216	215
	127,871	120,825	128,930
<i>Expenditures</i>			
General	22,022	20,668	22,038
Power Purchased	67,116	65,929	69,367
Buildings and Grounds	577	682	620
Poles, Lines, and Feeders	4,004	3,744	3,612
Substations	896	720	751
Street Lighting	1,228	1,130	878
Meters	1,012	1,084	1,036
System Operations	125	102	124
Provision for Capital Extension	2,739	1,713	2,717
Provision for Capital Replacement	5,894	5,777	6,007
	105,613	101,549	107,150
Surplus Before Transfer (to) from Reserve	22,258	19,276	21,780
Transfer (to) from Stabilization Reserve	(478)	243	-
<i>Surplus</i>	\$ 21,780	\$ 19,519	\$ 21,780

Appendix 7 - Transit Utility Statement of Revenues and Expenditures

For the Year Ended December 31, 2010

(in thousands of dollars)

	2010	2010 Budget 2009 (Unaudited)	
Revenues			
Mail Carriers	\$ 10	\$ 10	10
Passes	6,135	5,656	6,081
Cash Fares	1,967	2,090	2,341
Ticket Sales	1,719	1,651	1,956
Charter	821	882	818
Senior Citizens' Passes	412	376	405
General Services Operating Allowance	17,754	18,488	17,754
Advertising	513	489	472
Province of Saskatchewan	657	499	539
	29,988	30,141	30,376
Expenditures			
General	2,444	2,430	2,522
Transportation			
Planning	336	335	395
Operating	14,389	13,869	14,016
Supervision	1,927	1,761	1,614
Customer Services	555	598	596
Equipment Servicing	7,587	8,225	7,770
Equipment Repair	413	436	528
Stores	174	155	170
Buildings	1,015	1,071	1,015
Contribution to Capital Reserves	1,750	1,750	1,750
	30,590	30,630	30,376
Deficit Before Transfer from Reserve	(602)	(489)	-
Deficit	\$ (602)	(489)	-

Trust Funds

City of Saskatoon, Saskatchewan, Canada
Year Ended December 31, 2010

Independent Auditor's Report

His Worship the Mayor and City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the Trust Funds of the City of Saskatoon, which comprise the balance sheet as at December 31, 2010, and the Statement of Changes in Net Assets 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 generally accepted accounting principles, 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 of 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 Trust Funds of the City of Saskatoon as at December 31, 2010 and the changes in net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte + Touche LLP

Chartered Accountants
Saskatoon, Saskatchewan
July 7, 2011

Trust Funds-Balance Sheet

As at December 31, 2010 (in Thousands Of Dollars)

	2009 (Restated Note 4)		2010	
	Total	Cemetery Perpetual Care	Group Insurance Trust	Total
<i>Assets</i>				
Cash and Cash Equivalents	\$ 264	\$ 290	\$ 892	\$ 1,182
Accounts Receivable	11	15	-	15
Accrued Interest	19	16	3	19
Investments (Note 2)	3,100	2,957	-	2,957
	\$ 3,394	\$ 3,278	\$ 895	\$ 4,173
<i>Liabilities and Net Assets</i>				
Accounts Payable	\$ 38	\$ 72	\$ 2	\$ 74
Net Assets	3,356	3,206	893	4,099
	\$ 3,394	\$ 3,278	\$ 895	\$ 4,173

Trust Funds-Statement of Changes in Net Assets

For the Year Ended December 31, 2010 (in thousands of dollars)

	2009 (Restated Note 4)		2010	
	Total	Cemetery Perpetual Care	Group Insurance Trust	Total
<i>Increase in Net Assets</i>				
Sale of Cemetery Plots	\$ 79	\$ 89	\$ -	\$ 89
Interest Earned	192	172	5	177
Transfer from Revenue Fund	-	-	697	697
	271	261	702	963
<i>Decrease in Assets</i>				
Transfer to Revenue Fund	18	217	-	217
Disbursements	-	-	3	3

Trust Funds-Statement of Changes in Net Assets

For the Year Ended December 31, 2010 (in thousands of dollars)

	2009 (Restated Note 4)	2010		
	Total	Cemetery Perpetual Care	Group Insurance Trust	Total
	18	217	3	220
Increase in Net Assets (Note 4)	253	44	699	743
Net Assets, Beginning of Year	3,103	3,162	194	3,356
<i>Net Assets, End of Year</i>	\$ 3,356	\$ 3,206	\$ 893	\$ 4,099

Trust Funds - Notes to the Financial Statements

For the Year Ended December 31, 2010 (in thousands of dollars)

1. Accounting Policies

Basis of Accounting

A) Trust Funds

The Trust Funds operate on the accrual basis of accounting. Any interest earned but not received as at December 31 has been recorded in Accrued Interest.

2. Investments

A) Trust Funds

The total of investments of \$2,957 (2009 - \$3,100) recorded on the Balance Sheet at cost, have a market value of \$3,462 (2009 - \$3,441) at December 31. Investments consist of provincial promissory notes and federal, provincial, municipal government, and corporate bonds with an effective interest rate ranging from 0.921 percent to 6.064 percent.

3. Fund Purpose

A) Group Insurance Trust Fund

Premiums are shared equally between the employer and the employee. Surpluses are generated when premiums exceed administration charges and claims payments by the carrier. A portion of the accumulated funds are used to reduce both the employer's and employee's premiums. In the event of a surplus, under the terms of the Underwriting Agreement, the claims Fluctuation Reserve held by the Group Insurance Trust Fund for 2010 must be at least 25 percent of premiums paid, or \$244.

B) Cemetery Perpetual Care Trust Fund

The Perpetual Care Fund is intended to provide the necessary annual funding for the maintenance services to the cemetery in perpetuity.

Trust Funds - Notes to the Financial Statements

For the Year Ended December 31, 2010 (in thousands of dollars)

4. Restatement of Prior Year

The Increase in Net Assets has been restated as follows:

Increase in Net Assets, as originally reported	\$	208
Adjustment to Interest Earned		10
Adjustment to Transfer to Revenue Fund		35
Increase in Net Assets, as restated	\$	253

During the year it was determined that the interest earned and investments were misstated by \$45 due to errors in the calculation of amortization of premiums and discounts on the investments. It was also noted that interest earned and the transfer to the revenue fund were misstated by \$35.