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INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF THE CITY OF SASKATOON DEFINED CONTRIBUTION PLAN FOR SEASONAL AND NON- PERMANENT PART-TIME EMPLOYEES

We have audited the accompanying financial statements of the City of Saskatoon Defined Contribution Plan for Seasonal and Non-Permanent Part-Time Employees, which comprise the statement of net assets available for benefits as at December 31, 2010, and the statement of changes in net assets available for benefits, 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 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 net assets available for benefits of the City of Saskatoon Defined Contribution Plan for Seasonal and Non-Permanent Part-Time Employees as at December 31, 2010, and its financial performance for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte + Touche LLP
Chartered Accountants
Saskatoon, Saskatchewan
June 23, 2011

CITY OF SASKATOON
DEFINED CONTRIBUTION PENSION PLAN FOR SEASONAL
AND NON-PERMANENT PART-TIME EMPLOYEES
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
AS AT DECEMBER 31, 2010
(in thousands of dollars)

	2009	2010
ASSETS		
Investments (Note 3)	<u>\$7,502</u>	<u>\$8,091</u>
Accounts Receivable	<u>11</u>	<u>9</u>
Prepaid Expenditures	<u>1</u>	<u>1</u>
TOTAL ASSETS	<u>7,514</u>	<u>8,101</u>
LIABILITIES		
Bank Indebtedness	9	11
Accounts Payable	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>9</u>	<u>11</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u><u>\$7,505</u></u>	<u><u>\$8,090</u></u>

See accompanying notes to the financial statements

Approved by the Trustees on June 23, 2011

CITY OF SASKATOON
DEFINED CONTRIBUTION PENSION PLAN FOR SEASONAL
AND NON-PERMANENT PART-TIME EMPLOYEES
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2010
(in thousands of dollars)

	2009	2010
INCREASE IN ASSETS		
Interest Income	\$1	\$2
Current period change in market values of investments	<u>1,006</u>	<u>723</u>
Contributions		
Employees	167	168
City of Saskatoon	<u>167</u>	<u>168</u>
	<u>334</u>	<u>336</u>
Total increase in assets	<u>1,341</u>	<u>1,061</u>
DECREASE IN ASSETS		
Administrative Expenses	<u>71</u>	<u>75</u>
Benefits paid		
Death benefits	<u>-</u>	<u>9</u>
Refunds and Transfers		
Refunds of Contributions	6	-
Transfers to other Plans	<u>267</u>	<u>392</u>
	<u>273</u>	<u>392</u>
Total decrease in assets	<u>344</u>	<u>476</u>
NET INCREASE IN ASSETS	997	585
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	<u>6,508</u>	<u>7,505</u>
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	<u><u>\$7,505</u></u>	<u><u>\$8,090</u></u>

See accompanying notes to financial statements

**CITY OF SASKATOON
DEFINED CONTRIBUTION PENSION PLAN FOR
SEASONAL AND NON-PERMANENT PART-TIME EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(in thousands of dollars)**

1. DESCRIPTION OF THE PLAN

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

- (a) **General**
The Plan is a defined contribution pension plan covering certain part-time and seasonal employees of the City of Saskatoon. Under the Plan, contributions are made by the Plan members and the City of Saskatoon. The Plan is registered under The Pension Benefits Act, 1992 (Saskatchewan) registration #0685529.
- (b) **Funding Policy**
The Plan text requires that the City of Saskatoon contribute an amount equal to the amount that the member is required to contribute.
- (c) **Retirement Benefits**
The benefit payable to a member is a life annuity in the form elected by the member that can be purchased by the sum of the amounts in their required account and City of Saskatoon account.
- (d) **Death Benefit**
In the event of the death of an active member prior to retirement, an amount equal to the value of the member's required account plus City of Saskatoon account at date of death is paid to the member's beneficiary.
- (e) **Termination Benefits**
Upon termination of employment, a member may transfer the value of the member required account and the value of the employer account to a Locked-In Retirement Account in accordance with the requirements of The Pension Benefits Act, 1992 (Saskatchewan).
- (f) **Income Taxes**
The Plan is a Registered Pension Trust as defined in the Income Tax Act and is not subject to income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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(in thousands of dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Use of Estimates

These financial statements are prepared by management in accordance with Canadian generally accepted accounting principles. Management makes various estimates and assumptions in determining the reported amounts of assets and liabilities and increases and decreases in assets for each year presented. Actual results could differ from those estimates.

(c) Investments

Investments are stated at market value. Therefore, the values reflected in the statement of net assets available for benefits represent the maximum market and credit exposure to the Plan at that point in time. Investments are accounted for on the trade date.

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.

(d) Financial Instruments

The carrying value of the Plan's cash, accounts receivable and accounts payable approximate fair values because of short-term maturities.

(e) Investment transactions and Income Recognition

Investment transactions are recorded as of the trade date. Realized gains and losses and unrealized appreciation or depreciation of investments are reflected in the change in market value. The Plan follows the accrual method for the recording of income and expenses.

(f) Future Changes in Accounting Policies

In April 2010, the CICA issued Section 4600, Pension Plans, replacing Section 4100, Pension Plans. The new Section will be applicable to financial statements relating to fiscal years beginning on or after January 1, 2011. Accordingly, the Plan will adopt the new standards for its fiscal year beginning January 1, 2011. It establishes requirements for measurement and presentation of information in general purpose financial statements of pension plans, as well as financial statement disclosures. The Plan is currently evaluating the impact of the adoption of this new Section on its financial statements.

3. INVESTMENTS

(a) The investment management duties for the Plan are performed by Integra Capital Management Corporation. CIBC Melon Trust acts as the custodian of the investment accounts and BMO GRS performs the record keeping functions and are responsible for the member booklets, retirement tools, member records, website access, member statements, etc.

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3. INVESTMENTS (continued)

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

- Integra Growth Allocation Fund
- Integra Conservative Allocation Fund
- Integra Diversified Fund
- Integra Strategic Allocation Fund
- Integra U.S. Value Growth Fund
- Integra Canadian Value Growth Fund
- Integra International Equity Fund
- Integra Bond Fund
- Analytic Core U.S. Equity Fund
- Integra Short-Term Investment Fund
- 5-Year GIC's

i) Risk Management

The investment objectives of most of the Funds (excepting those mentioned in the succeeding paragraphs) are to achieve a long-term superior rate of return with moderate risk and also to provide long-term capital appreciation and income through a constant mix of stocks and bonds while managing short-term preservation of capital. To achieve their objectives, the Funds invest in a number of underlying funds that have holdings in a range of different asset classes and in some cases, investing directly in equities and fixed income instruments issued from around the world.

Some Funds employ a passive investment strategy whereby investments in the underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility, asset class diversification and investment styles.

The Integra U.S. Value Growth Fund's objective is to achieve long-term investment returns through a portfolio of U.S. equities which are sufficiently diversified to minimize investment risk. This fund invests primarily in American companies with a minimum market capitalization of \$1 billion.

The Analytic Core U.S. Equity Fund invests in a portfolio of U.S. equities traded on the Standard & Poor's 500 Composite Index Depository Receipts.

The Integra International Equity Fund invests in a portfolio of international equities, which are sufficiently diversified to minimize investment risk.

The Integra Bond Fund is designed for the conservative investor who is seeking a higher level of income than a money market fund normally provides, while seeking to preserve investment capital. To meet this objective, the Fund primarily invests in a broad range of Canadian Government and high-quality corporate bonds with longer terms to maturity than those held in money market type funds.

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3. INVESTMENTS (continued)

i) Risk Management (continued)

The objective of the 5-year GIC fund is to provide a guaranteed rate of return over a fixed time period. The investment is designed for the conservative, short-term investor whose biggest concern is preservation of capital

The Integra Short-Term Investment Fund's objective is to provide both interest-generated income and liquidity while still preserving investment capital. To meet this objective, the Fund primarily invests in highly liquid, senior investment grade money market instruments, such as treasury bills issued by Canada's federal and provincial governments.

Most of the underlying funds may enter into securities lending transactions. Securities lending transactions will be used in conjunction with the underlying funds' other investment strategies in a manner considered most appropriate by Integra Capital Limited to achieve the underlying funds' investment objectives and to enhance the underlying funds' returns.

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

ii) Credit Risk

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

iii) Counterparty Credit Risk

Counterparty credit risk primarily emanates from the use of over-the-counter derivatives. This risk is minimized by selecting counterparties who have a minimum A credit rating. Ongoing monitoring of credit events/rating developments occurs to ensure the sustainable credit quality of the counterparty. Various factors are considered in the assessment process including fundamental components of the counterparty's profile (such as capital adequacy, asset quality, profitability and liquidity) and credit ratings assigned to the counterparty.

iv) Currency Risk

Changes in the value of the Canadian dollar compared to foreign currencies will affect the value, in Canadian dollars, of any foreign securities held in any of the Funds. From time to time, the Funds may manage currency risk through foreign currency hedging strategies. The table below indicates the currencies to which the Funds had exposure on trading monetary assets and liabilities as at December 31, 2010.

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3. INVESTMENTS (continued)

iv) Currency Risk (continued)

Currency	Integra Growth Allocation	Integra Conservative Allocation	Integra Diversified	Integra Strategic Allocation
U.S. Dollar	26.5%	10.8%	10.8%	15.5%
Euro Currency Unit	5.1%	1.3%	2.7%	3.1%
Japanese Yen	5.8%	2.0%	2.3%	3.5%
British Pound	3.8%	1.8%	2.0%	2.3%
Swiss Franc	2.0%	1.2%	1.4%	1.2%
Australian Dollar	1.6%	0.8%	0.9%	1.0%
All Other Currencies	5.0%	1.9%	5.8%	3.0%

Currency	Integra U.S. Value Growth	Integra Canadian Value Growth	Integra International Equity	Integra Bond
U.S. Dollar	100.0%	0.0%	5.3%	0.0%
Euro Currency Unit	0.0%	0.0%	13.2%	0.0%
Japanese Yen	0.0%	0.0%	24.1%	0.0%
British Pound	0.0%	0.0%	18.0%	0.0%
Swiss Franc	0.0%	0.0%	11.9%	0.0%
Australian Dollar	0.0%	0.0%	8.0%	0.0%
All Other Currencies	0.0%	0.0%	19.5%	0.0%

Currency	Analytic Core U.S. Equity	Integra Short-Term Investment	5-Year GIC
U.S. Dollar	100.0%	0.0%	0.0%
Euro Currency Unit	0.0%	0.0%	0.0%
Japanese Yen	0.0%	0.0%	0.0%
British Pound	0.0%	0.0%	0.0%
Swiss Franc	0.0%	0.0%	0.0%
Australian Dollar	0.0%	0.0%	0.0%
All Other Currencies	0.0%	0.0%	0.0%

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3. INVESTMENTS (continued)

v) Interest Rate Risk

Changes in market interest rates expose fixed income securities such as bonds, treasury bills, commercial paper, bankers acceptances and short-term income securities to interest rate risk. Funds that hold income investments are exposed to this risk since changes in prevailing market interest rates will affect the value of fixed income securities. The table below summarizes exposure to interest rate risk for Integra's funds:

Integra Fund	Less Than 1 Yr	1 - 3 Years	3 - 5 Years	More Than 5 Years
Diversified	\$7,538	\$60,324	\$67,323	\$159,890
Conservative Allocation	92	635	788	2,519
Growth Allocation	76	527	653	2,090
Strategic Allocation	146	1,009	1,251	4,001
Bond Fund	9,464	24,744	30,527	98,163

The majority of the financial assets and liabilities of the Canadian Value Growth Fund, the International Equity Fund, the U.S. Value Growth Fund and the Analytic Core U. S. Equity Fund are non-interest bearing. Accordingly, these funds are not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

Integra's Short-Term Investment Fund is exposed to interest rate risk. If interest rates rise, there is potential for this fund to decline in value.

The 5-Year GIC's are offered through Sun Life Financial, which reviews and sets the interest rates each business day (if they have changed from the previous day). The interest rates provided under this plan are equal to Sun Life's internally generated rate plus a premium of 0.25%.

vi) Liquidity Risk

Unit holders may redeem their units on each valuation date. Therefore, the underlying funds held by the Fund invest in securities that are traded in active markets and can be readily disposed of. The underlying funds retain sufficient cash and cash equivalent positions to maintain liquidity.

vii) Other Market Risk

Other market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. With the exception of the Integra Short-Term Investment Fund and the 5-Year GIC Fund, all securities present a risk of loss of capital. In some instances, the Sub-Advisors moderate this risk through a careful selection of investment strategies and selection of securities and other financial instruments within the parameters of the investment strategy developed by the Manager of the Fund.

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(in thousands of dollars)**

3. INVESTMENTS (continued)

(viii) Valuation Risk

The Plan is exposed to valuation risk through holding investments that may not be subject to objective valuation measurements. In accordance with CICA Section 3862, the Plan evaluates that risk by monitoring the levels of valuation available for investments based on 3 valuation levels.

Level 1 values are based on quoted price (unadjusted) in active markets for identical assets or liabilities that the Plan has the ability to access at the measurement date.

Level 2 values are based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 values are used when there is no objective valuation method available and cost or some other subjective quoted price is used.

	Quoted Prices In Active Markets (Level 1)	Significant Observable Valuation (Level 2)	Significant Unobservable Valuation (Level 3)
Integra Growth Allocation Fund	\$ 50	\$ -	\$ -
Integra Conservative Allocation Fund	9	-	-
Integra Diversified Fund	6,125	1,599	-
Integra Strategic Allocation Fund	77	-	-
Integra U.S. Value Growth Fund	10	-	-
Integra Canadian Value Growth Fund	117	1	-
Integra International Equity Fund	20	-	-
Integra Bond Fund	-	21	-
Analytic Core U.S. Equity Fund	1	-	-
Integra Short Term Investment Fund	-	3	-
5-Year GIC	-	58	-
Total Market Value	<u>\$6,409</u>	<u>\$1,682</u>	<u>\$ -</u>

4. FUNDING POLICY

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