

Superannuation Plans

***CITY OF SASKATOON
GENERAL SUPERANNUATION PLAN
FINANCIAL STATEMENTS
December 31, 2023***

DRAFT

CITY OF SASKATOON
GENERAL SUPERANNUATION PLAN
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31

(in thousands of dollars)	2023	2022
ASSETS		
Accounts Receivable		
Sponsor's contributions (note 9)	1,628	587
Investment income	11,922	50,383
Unsettled investment sales	267	-
Other	139	128
	<u>13,956</u>	<u>51,098</u>
Investments (note 3)	<u>1,106,121</u>	<u>1,020,681</u>
	<u>1,120,077</u>	<u>1,071,779</u>
LIABILITIES		
Bank Indebtedness	2,146	434
Unsettled Investment Purchases	233	-
Accounts Payable	925	611
	<u>3,304</u>	<u>1,045</u>
NET ASSETS AVAILABLE FOR BENEFITS	1,116,773	1,070,734
Commitments (note 5)		
PENSION OBLIGATIONS (note 6)	<u>969,686</u>	<u>932,074</u>
PENSION SURPLUS (note 6)	<u>147,087</u>	<u>138,660</u>

The accompanying notes are an integral part of the financial statements.

CITY OF SASKATOON
GENERAL SUPERANNUATION PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31

(in thousands of dollars)	2023	2022
INCREASE IN ASSETS		
Investment Income (note 3)	72,501	77,921
Loss in fair value of investments (note 3)	<u>(1,835)</u>	<u>(84,142)</u>
	70,666	(6,221)
Employee Contributions - current and past service	20,599	20,278
Employer Contributions (note 9)	<u>19,962</u>	<u>19,486</u>
	40,561	39,764
	<u>111,227</u>	<u>33,543</u>
DECREASE IN ASSETS		
Retirement Benefits Paid	50,338	48,241
Death Benefits Paid	1,308	592
Refund of Contributions	893	953
Transfers to Other Plans	7,623	5,267
Administration Expenses (notes 8 and 9)	<u>5,026</u>	<u>5,404</u>
	65,188	60,457
CHANGE IN ASSETS AVAILABLE FOR BENEFITS	46,039	(26,914)
NET ASSETS AVAILABLE FOR BENEFITS - BEGINNING OF YEAR	<u>1,070,734</u>	<u>1,097,648</u>
NET ASSETS AVAILABLE FOR BENEFITS - END OF YEAR	<u>1,116,773</u>	<u>1,070,734</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF SASKATOON
GENERAL SUPERANNUATION PLAN
STATEMENT OF CHANGES IN PENSION OBLIGATIONS
FOR THE YEAR ENDED DECEMBER 31**

(in thousands of dollars)	2023	2022
INCREASE IN PENSION OBLIGATIONS		
Interest accrued on benefits	59,611	57,494
Accrued pension benefits	30,196	32,953
Change in actuarial assumptions	14,239	-
	<u>104,046</u>	<u>90,447</u>
DECREASE IN PENSION OBLIGATIONS		
Benefit payments and transfers	60,162	55,052
Change in Plan experience (note 6)	6,272	11,051
Change in actuarial assumptions	-	61,548
	<u>66,434</u>	<u>127,651</u>
NET INCREASE/(DECREASE) IN PENSION OBLIGATIONS	37,612	(37,204)
PENSION OBLIGATIONS - BEGINNING OF YEAR	<u>932,074</u>	<u>969,278</u>
	<u>969,686</u>	<u>932,074</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF SASKATOON
GENERAL SUPERANNUATION PLAN
NOTES TO THE FINANCIAL STATEMENTS
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(in thousands of dollars)**

1. DESCRIPTION OF THE PLAN

The following description of the City of Saskatoon General Superannuation Plan (the "Plan") is a summary only. For more complete information, reference should be made to the Plan Agreement in the City of Saskatoon Bylaw 8226.

(a) General

The Plan is a contributory defined benefit pension plan covering all employees of the City of Saskatoon, except those employees covered under the Police, Firefighters and Seasonal/Part-Time Superannuation Plans, and those members listed in the Plan Bylaw. 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 #0234237.

(b) Funding Policy

The Pension Benefits Act, 1992 (Saskatchewan) requires that the City of Saskatoon, being the Plan sponsor, must fund benefits determined under the Plan. The determination of the value of these benefits is made based on the most recently filed actuarial valuation (see note 6). The Funding Policy is described in note 7.

(c) Service Pensions

A service pension is normally available based on the number of years of contributory service times 1.4% or 2% of a member's average earnings for a determined period; and adjusted to 1.4% for earning eligible for Canada Pension Plan benefits for certain periods of past and future service. Early retirement options are available with reduced benefits in certain circumstances.

(d) Disability Provisions

Periods during which a member is in receipt of worker's compensation, sick bank or long-term disability insurance benefits count as contributory service. Earnings applied in the pension formula include deemed earnings for a member in receipt of such disability benefits.

(e) Death Benefits

In the event of death of an active member before retirement, the Plan provides for payment to the spouse of a married member or the designated beneficiary of a single member, equal to the greater of:

- (i) two times the member's accumulated contributions with interest, or
- (ii) the commuted value of the member's pension earned to the date of death.

(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 all their contributions with interest. Following vesting, the member will also receive the vested portion of the City of Saskatoon's contributions based upon service and earnings to the 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

These financial statements are prepared in accordance with Canadian accounting standards for pension plans as outlined in the Chartered Professional Accountants (CPA) Handbook, Section 4600, Pension Plans. Accounting Standards for Private Enterprises as set out in Part II of the CPA Canada Handbook, have been chosen for accounting policies that do not relate to the Plan's investment portfolio or pension obligations, to the extent that those standards do not conflict with the requirements of Section 4600. These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the Sponsor and Plan members. These financial statements do not portray the funding requirements of the Plan or the benefit security of individual plan members.

These financial statements are presented in the Plan's functional currency, Canadian Dollars. The financial statements were authorized for issue by the Board of Trustees on June 4, 2024.

(b) Valuation of investment assets and liabilities

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

Fair Value Hierarchy

Investment assets 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. See Note 4(vii) for this disclosure.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Trade date accounting

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

(d) Investment income and changes in fair value of investments

Income 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. Dividend income is accrued as of the ex-dividend date.

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

(e) Transaction costs

All transaction costs in respect of purchases and sales of investments are expensed as part of purchase or sale transaction 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.

(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. This valuation for accounting purposes is made as at year end. It uses the projected benefit method prorated on service and best estimate assumptions, as at the valuation date, of various economic and non-economic future events. The differences between the financial statement surplus/deficit resulting from this accounting valuation and the regulatory surplus/deficit resulting from the triennial valuation for funding purposes is explained in note 6.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

In addition, preparation of the financial statements requires the administrator to make accounting judgments that affect the application of Section 4600 and ASPE to the reported amounts of assets and liabilities, and related income and expenses. Areas of significant accounting judgment include the actuarial valuation deficit.

k) Future Standards and Amendments

The following is an overview of accounting standard changes that the Plan will be required to adopt in future years. Management continues to evaluate the impact of these standards on the Plan's financial statements.

4600 Pension Plans –

On November 1, 2023, the AcsB issued amendments to Section 4600. The amendments (i) clarify that a statement of changes in pension obligations is not required for defined contribution pension plans; (ii) provide guidance on determining the split or amalgamation date for pension plans; (iii) provide recognition, measurement, and disclosure guidance on the accounting for guaranteed annuity contracts; (iv) clarify the presentation requirements for combination plans and (v) required additional risk disclosure for interests in master trusts. The amendments are effective for annual financial statements with fiscal years beginning on or after January 1, 2024.

3. INVESTMENTS

Management of Capital

The Plan receives funding from monthly contributions by active members and the Plan Sponsor, and from income earned from its investments. The objective of the Plan is to provide sufficient cash flow to meet current pension payments, and to grow its assets to meet future pension obligations.

The Board of Trustees has established a Statement of Investment Policies & Goals (SIP&G) for managing the Plan's investment assets. Responsibility for enacting and monitoring the policy is delegated to an Investment Committee. The investment managers appointed by the Plan are directed to achieve a satisfactory long-term real rate of return through a diversified portfolio within their mandate, consistent with acceptable risks and prudent management. To achieve this long-term investment goal, the Plan has adopted an asset mix that has a bias to equity investments. Risk is controlled by investing in a well-diversified portfolio of asset classes, including Canadian and foreign equities, as well as by maintaining a substantial fixed-income exposure.

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3. INVESTMENTS (continued)

Taking into consideration the investment and risk philosophy of the Plan, the following asset mix has been established:

Assets (as a % of market value)	Minimum	Benchmark	Maximum
	%	%	%
Equities			
Canadian equities	13	16.5	20
U.S. equities	6.5	8	9.5
Non-North American equities	5	6.5	8
Global equities	10.5	14	17.5
Total Equities		45	
Private Equities	-	5	10
Private Infrastructure Equities	-	10	15
Real Estate	8	10	15
Fixed Income			
Canadian Bonds	10	15	20
Canadian Mortgages	2	6	10
Private Infrastructure Debt	2	4.5	7
Private Debt	2	4.5	7
		30	
Short-term investments	-	-	10
Total Fund		100	

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3. INVESTMENTS (continued)

The following table shows the fair market value and cost of the Plan's investments at year end as well as the investment income earned during the year and the current-year change in fair value, which includes realized and unrealized gains and losses:

	As at and for the year ended December 31, 2023				
	Fair Value	Cost	Current-year change in fair value	Investment Income	Total return
Cash	\$ 1,903	\$ 1,903	\$ -	\$ -	\$ -
Short-term investments	2,987	2,987	4	569	573
	4,890	4,890	4	569	573
<u>Fixed income investments:</u>					
Bond Pooled Funds	168,801	165,166	7,517	5,678	13,195
Mortgage Pooled Funds	63,844	64,519	1,282	2,975	4,257
Private Infrastructure Debt Pooled Funds	36,627	46,074	3,416	1,680	5,096
Private Debt Pooled Funds	46,816	47,559	2,475	1,777	4,252
	316,088	323,318	14,690	12,110	26,800
<u>Equities:</u>					
Canadian equities	213,086	144,474	17,065	5,866	22,931
U.S equities	105,545	117,620	14,287	8,862	23,149
Non-North American equities	88,809	85,961	64,999	9,393	74,392
Global equities	186,687	178,160	(106,342)	27,703	(78,639)
	594,127	526,215	(9,991)	51,824	41,833
Real Estate Pooled Funds	115,349	98,100	(8,289)	4,366	(3,923)
Private Equity Pooled Funds	49,376	36,126	1,009	1,049	2,058
Private Infrastructure Equity	26,291	27,949	742	2,583	3,325
	1,106,121	1,016,598	(1,835)	72,501	70,666

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3. INVESTMENTS (continued)

	As at and for the year ended December 31, 2022				
	Fair Value	Cost	Current-year change in fair value	Investment Income	Total return
Cash	\$ 748	\$ 748	\$ -	\$ -	\$ -
Short-term investments	8,934	8,934	-	949	949
	9,682	9,682	-	949	949
<u>Fixed income investments:</u>					
Bond Pooled Funds	148,832	172,296	(23,983)	5,154	(18,829)
Mortgage Pooled Funds	59,587	61,544	(2,642)	2,042	(600)
Private Infrastructure Debt Pooled Funds	37,162	46,074	(11,526)	2,154	(9,372)
Private Debt Pooled Funds	42,564	46,156	(5,283)	1,223	(4,060)
	288,145	326,070	(43,434)	10,573	(32,861)
<u>Equities:</u>					
Canadian equities	193,860	138,100	(11,677)	5,823	(5,854)
U.S equities	93,936	121,999	(13,268)	6,621	(6,647)
Non-North American equities	73,371	78,066	(19,802)	6,043	(13,759)
Global equities	171,848	202,796	(3,713)	41,502	37,789
	533,015	540,961	(48,460)	59,989	11,529
Real Estate Pooled Funds	120,572	95,034	7,475	3,877	11,352
Private Equity Pooled Funds	45,668	27,279	212	1,241	1,453
Private Infrastructure Equity	23,599	26,017	65	1,292	1,357
	1,020,681	1,025,043	(84,142)	77,921	(6,221)

Cash and short-term investments are primarily securities issued by federal and provincial governments, Canadian chartered banks, and corporations with maturities under one year.

The fair value of fixed income investments 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.

Equities 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 of December 31.

Pooled funds, real estate, and infrastructure funds do not have a quoted price in an active market. Fair value is based on net asset values, obtained from the managers of the funds, which are determined with reference to the fair value of the underlying investments of each fund.

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3. INVESTMENTS (continued)

Investment Returns

The investment managers make day-to-day decisions on whether to buy or sell investments in order to achieve the long-term performance objectives set for the Plan by its Trustees. The Trustees review the investment performance of the Plan in terms of the performance of the benchmark portfolio. The Plan's primary objective is to grow at a rate which exceeds the growth of the Plan's liabilities.

The following is a summary of the Plan's investment performance:

	Annual Return (%)		Rolling Four-Year Return	
	2023	2022	2023	2022
Actual Return	6.2%	-1.1%	6.4%	7.9%
Benchmark Return	12.0%	-5.5%	6.6%	7.7%

The portfolio return is time-weighted rate of return calculation. The benchmark return aggregates the actual market index returns according to the weightings specified in the Investment Policy. The indices used to measure performance are Canadian Equities: TSX Composite Index, TSX Composite Capped Index; US Equities: S&P 500 Index; Global Equities: MSCI ACWI ex-Can Index CAD; EAFE Equities: MSCI EAFE Index CAD; Bonds: FTSE Universe Bond Index; Mortgages: FTSE Short Term Bond Index; Private Fixed Income: FTSE All Corporate Bond Index; Infrastructure Debt: Duration Adj. FTSE Fec. Index + 2.25%; Private Equity: Private Equity Benchmark; Real Estate: CPI + 4%; Infrastructure Equity: CPI + 6%.

4. INVESTMENT RISK

Risk Policy, Credit, Interest Rate, Foreign Currency, Equity Price, and Liquidity Risk

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

The Plan has an above average 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 Plan's investment policy contains specific performance objectives for the fund and for the investment managers. The primary objective is to outperform a benchmark portfolio over moving four-

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4. INVESTMENT RISK (continued)

year periods. The benchmark portfolio includes several key market indices including the S&P/TSX Composite Capped Index, the S&P 500, the S&P 500H, MSCI EAFE Index, IPD Canadian Property Index, 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.

(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 fixed income portfolio, credit exposure is mitigated by establishing a minimum credit quality for debt securities of investment grade (which includes bonds rated AAA, AA, A and BBB or equivalent as rated by an independent rating agency, or a rated internally for mortgages and private debt). A maximum of 6% of the fixed income portfolio is permitted in debt securities rated lower than BBB. 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.

Investment Portfolio Concentration:	2023		2022	
	\$	%	\$	%
Federal securities & guarantees	17,184	5.4%	27,085	9.4%
Provincial securities & guarantees	94,439	29.9%	44,984	15.6%
Corporate securities	199,400	63.1%	195,387	67.8%
Other	5,065	1.6%	20,689	7.2%
	<u>316,088</u>	<u>100.0%</u>	<u>288,145</u>	<u>100.0%</u>
Credit Rating				
AAA	19,496	10.6%	30,398	10.6%
AA	92,829	17.3%	49,738	17.3%
A	75,641	23.5%	67,687	23.5%
BBB	53,673	19.1%	55,286	19.2%
Non-investment grade	8,070	3.5%	9,970	3.5%
Not rated	66,379	26.0%	75,066	26.0%
	<u>316,088</u>	<u>100.0%</u>	<u>288,145</u>	<u>100.0%</u>

(iii) Interest Rate Risk

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

Investments that bear fixed rates of interest are most sensitive to changes in interest rates. The Plan holds 28.6% (2022 – 28.2%) of its assets in investments that bear fixed rates of interest. These investments are held in pooled funds. The fixed income portfolio sensitivity to interest rate changes was estimated using the weighted average duration of the pooled funds' portfolios. The table below illustrates the potential impact on the Plan's net assets if the nominal interest rates changed by 1% (100 basis-points):

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4. INVESTMENT RISK (continued)

	2023	2022
Impact on Value	10.2%	5.92%
Fixed income portfolio Value	\$ 316,088	\$ 288,145
1% increase in rate	(32,252)	(17,045)
1% decrease in rate	32,252	17,045

(iv) 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 US currency is net of investments in pooled funds where the US currency is hedged. On December 31, the Plan's most significant foreign currency exposure was:

Foreign Currency	2023	2022
	Exposure in CAD	
U.S. Dollars	\$ 229,883	\$ 245,659
Euros	52,664	70,034
Pounds Sterling	23,990	28,029
Japanese Yen	15,244	24,306
Swiss Franc	21,089	12,906
Other	23,612	22,672
	<u>\$ 366,482</u>	<u>\$ 403,606</u>

A 1% increase or decrease in the above foreign exchange rates relative to the Canadian Dollar would have the following impact on the fair value of the Plan's investments:

Foreign Currency	2023	2022
	Exposure in CAD	
U.S. Dollars	\$ +/- 2,299	\$ +/- 2,457
Euros	527	700
Pounds Sterling	240	280
Japanese Yen	152	243
Swiss Franc	211	129
	<u>\$ +/- 3,429</u>	<u>\$ +/- 3,809</u>

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4. INVESTMENT RISK (continued)
(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 publicly traded equities which total \$594,127 on December 31, 2023 (2022 - \$533,015). A 1% increase or decrease in the market price of the Plan's publicly traded equities portfolio would impact the fair value of investments as follows:

	December 31			
	2023		2022	
Public Equity Market	Increase	Decrease	Increase	Decrease
Canadian	\$ 2,131	\$ (2,131)	\$ 1,939	\$ (1,939)
U.S.	1,055	(1,055)	939	(939)
Non-North American	888	(888)	734	(734)
Global	1,867	(1,867)	1,718	(1,718)
	\$ 5,941	\$ (5,941)	\$ 5,330	\$ (5,330)

(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, 2023, the Plan has total financial liabilities of \$3,304 (2022 - \$1,045) consisting of accounts payable and bank indebtedness that will generally be settled within 90 days of the year end.

As at December 31, 2023, the Plan held cash and short-term investments totalling \$4,890 (2022 - \$9,862) which are readily available to settle such obligations. Other of the Plan's assets are traded in active markets and can be easily converted to cash to cover such obligations.

**CITY OF SASKATOON
GENERAL SUPERANNUATION PLAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(in thousands of dollars)**

4. INVESTMENT RISK (continued)
(vii) Fair value hierarchy

	Level 1	Level 2	Level 3	Balance as at December 31, 2023
Equities, Real Estate, Private Equity & Private Infrastructure Equity	\$ 205,993	\$ 388,133	\$ 191,017	\$ 785,143
Fixed Income Securities	-	232,645	83,443	316,088
Cash and Short-term Instruments	4,888	2	-	4,890
	\$ 210,881	\$ 620,780	\$ 274,460	\$ 1,106,121

	Level 1	Level 2	Level 3	Balance as at December 31, 2022
Equities, Real Estate, Private Equity & Private Infrastructure Equity	\$ 187,269	\$ 345,746	\$ 189,838	\$ 722,853
Fixed Income Securities	-	208,419	79,728	288,147
Cash and Short-term Instruments	8,186	1,496	-	9,682
	\$ 195,455	\$ 555,661	\$ 269,566	\$ 1,020,681

There were no significant transfers of investments between Level 1 and Level 2 during 2023 or 2022.

Following is a reconciliation of the fair value of investments measured at fair value using Level 3 fair value measurements:

	2023	2022
Fair Value, Beginning of Year	\$ 269,566	\$ 270,183
Transfers to (from) level 3 for purchases	4,702	(10,503)
Investment income, net of fees	8,125	7,012
Current-year change in fair value	(7,935)	2,874
Fair Value, End of Year	\$ 274,458	\$ 269,566

**CITY OF SASKATOON
GENERAL SUPERANNUATION PLAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(in thousands of dollars)**

5. COMMITMENTS

The Plan has committed to enter into investment transactions, which may be funded over the next several years in accordance with the terms and conditions agreed to. As at December 31, 2023, these potential unfunded commitments totalled \$44,937 (2022: \$38,687). The Plan has sufficient liquidity to meet these commitments as they come due.

6. PENSION OBLIGATIONS

An actuarial valuation was prepared as of December 31, 2023, by Aon Hewitt, a firm of consulting actuaries. The last actuarial valuation filed with the Provincial Financial and Consumer Affairs Authority (FCAA) was prepared as of December 31, 2022. The next actuarial valuation required to be filed with FCAA will be prepared as of December 31, 2025.

The Statement of Changes in Pension Obligations displays the actuarial present value of benefits as at December 31, 2023. 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:

	2023	2022
Discount rate	6.4%	6.5%
Salary escalation rate	1.95% for 2022; 3.0% thereafter	1.95% for 2022; 3.00% thereafter
Inflation rate	2.25%	2.25%
Mortality	CPM Private (98% adjusted)	CPM Private (unadjusted)

Changes in actuarial assumptions between 2023 and 2022 resulted in an increase in the pension obligations of \$75,787 (2022 – decrease of \$50,684).

Experience gains and losses represent the change in pension obligations due to the difference between actual economic and demographic experience and expected experience. During 2023, experience losses were \$6,272 (2022 – loss of \$72,599).

The pension obligation is not considered to be a financial instrument; however, the actuarial valuation of the pension obligations is sensitive to changes in long-term interest rates. A 0.5% (50 basis-point) increase or decrease in the discount rate assumption would have the following impact on the value of the pension obligations:

	2023	2022
Pension Obligations	\$ 969,686	\$ 932,074
0.50% increase in rate	(55,548)	(53,113)
0.50% decrease in rate	61,905	59,128

**CITY OF SASKATOON
GENERAL SUPERANNUATION PLAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(in thousands of dollars)**

6. PENSION OBLIGATIONS (continued)

The pension obligations determined by the actuary is the best estimate of the pension obligations as at the date of these financial statements. The resulting actuarial pension surplus or deficit is the difference between the net assets of the pension plan and the pension obligations. Primary differences between the accounting and actuarial figures are attributable to the margin and a smoothing technique applied to the asset values. Provincial regulators require a minimum of 5% margin to be incorporated into the actuarial valuation; neither the margin nor asset value smoothing used to reduce valuation volatility are recognized for financial statement purposes.

Reconciliation of accounting surplus/(deficit) and actuarial valuation surplus/(deficit):

	2023	2022
Actuarial Valuation – Surplus/(Deficit) for funding	\$ 163,659	\$ (5,914)
Actuarial Valuation - Smoothing adjustment	(16,574)	(3,375)
Provision for adverse deviations (Margin)	2	147,949
Financial statements surplus/(deficit)	147,087	138,660

7. FUNDING POLICY

The Plan is jointly funded by active employees, and the City of Saskatoon as Plan Sponsor. The contribution rates are determined on the recommendation of the Plan's Actuary in its actuarial valuation as filed with the Financial and Consumer Affairs Authority of Saskatchewan. The most recent actuarial valuation for funding purposes was prepared by Aon Hewitt as of December 31, 2022, and a copy of this valuation was filed in 2023. The Pension Benefits Act, 1992 (Saskatchewan) requires that an actuarial certificate be filed with Financial and Consumer Affairs Authority at least every three years, or earlier if the plan is significantly amended. The next actuarial valuation that must be filed will be for the year ended December 31, 2025, and must be filed before September 30, 2026.

In accordance with the Plan, and agreements between the employee groups and the Plan Sponsor, employees are required to make contributions to the Plan's Fund and the Plan Sponsor is to make a matching contribution plus all other amounts as are determined necessary by the Actuary to maintain the Fund at a level to meet the minimum funding requirements prescribed by Applicable Legislation.

**CITY OF SASKATOON
GENERAL SUPERANNUATION PLAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(in thousands of dollars)**

7. FUNDING POLICY (continued)

Members may also make certain voluntary contributions and exercise pension buybacks for which the Sponsor has no obligation to match. For the 2023 and 2022 fiscal years and subsequent years the following contribution rates have been recommended:

	Year	Salary below the YMPE *	Salary above the YMPE *
Member contribution rate	2021	8.4%	10.0%
	2022	8.4%	10.0%
	2023	8.4%	10.0%

*The year's maximum pensionable earnings (YMPE) were \$66,600 in 2023 and \$64,900 in 2022.

For 2015 and subsequent years the Plan Sponsor and the employee groups have an Agreement in Principle to allow temporary increases in contribution rates while the employee groups and the Plan Sponsor negotiate benefit changes that will ensure the sustainability of the Plan with a total blended (combined above and below YMPE) contribution rate of 18% to be shared equally between the active members and the Plan Sponsor.

8. ADMINISTRATION EXPENSES

The Plan pays additional administrative expenses on behalf of the Board of Trustees in order to administer the Plan.

	2023	2022
Investment management fees	\$ 4,406	\$ 4,787
Pension administration	287	280
Actuarial fees	160	118
Other administration	173	219
	\$ 5,026	\$ 5,404

9. RELATED PARTIES

The City of Saskatoon is the Plan Sponsor and makes contributions to the Plan matching those of the Plan members. The City also provides administration services to the Plan with the Plan making payment for those services according to a formula set out in the Plan Bylaw. These transactions occurred in the normal course of operations and were measured at the exchange amount, which is the consideration established and agreed to by the related parties. The receivable balance from the sponsor on December 31, 2023, amounts to \$1,628 (2022 - \$587). During the year, the following transactions were recorded between the Plan and the City of Saskatoon:

	2023	2022
Plan Sponsor's contributions	\$ 19,962	\$ 19,486
Administration expenses	287	280

DRAFT Financial Statements of

**THE SASKATOON FIRE FIGHTERS'
PENSION PLAN**

Year ended December 31, 2023

Draft

THE SASKATOON FIRE FIGHTERS' PENSION PLAN

DRAFT Statement of Financial Position
(in thousands of dollars)

As at December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Cash	\$ 1,123	\$ 888
Investments (note 3)	70,211	55,931
Contributions receivable	715	-
GST recoverable	14	8
	<u>72,063</u>	<u>56,827</u>
Liabilities		
Due to City of Saskatoon Fire and Protective Services Department Superannuation Plan (note 4)	\$ 4	\$ 4
Accounts payable and accrued liabilities	99	109
Deferred contributions	1	1
	<u>104</u>	<u>114</u>
Net assets available for benefits	71,959	56,713
Pension obligations (note 5)	60,246	50,916
Surplus	<u>\$ 11,713</u>	<u>\$ 5,797</u>

See accompanying notes to financial statements.

Approved by:

THE SASKATOON FIRE FIGHTERS' PENSION PLAN

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

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Investments:		
Interest income	\$ 233	\$ 11
Dividends and distributions	3,333	3,363
	<u>3,566</u>	<u>3,374</u>
Change in fair value:		
Net realized gain on sale of investments	887	70
Change in net unrealized gains (losses) on investments	3,865	(5,373)
	<u>4,752</u>	<u>(5,303)</u>
Contributions (note 6):		
Employee	4,181	3,575
Employer (note 4)	4,132	3,553
	<u>8,313</u>	<u>7,128</u>
Increase in net assets before expenses and benefits	<u>16,631</u>	<u>5,199</u>
Expenses:		
Investment management fees	345	376
Administration (note 4, 7)	174	180
	<u>519</u>	<u>556</u>
Benefit payments:		
Retirement benefits	785	642
Refunds and transfers:		
Refunds		108
Transfers to other plans	81	130
Transfers from other plans		-
Total expenses, payments and transfers	<u>1,385</u>	<u>1,436</u>
Increase in net assets	<u>15,246</u>	<u>3,763</u>
Net assets available for benefits, beginning of year	56,713	52,950
Net assets available for benefits, end of year	<u>\$ 71,959</u>	<u>\$ 56,713</u>

See accompanying notes to financial statements.

THE SASKATOON FIRE FIGHTERS' PENSION PLAN

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

Year ended December 31, 2023, with comparative figures for 2022

	2023		2022
Pension obligations, beginning of year	\$ 50,916	\$	38,218
Increases in pension obligations:			
Pension benefits accrued	7,116		5,645
Interest on accrued pension benefits	3,080		2,558
Changes in actuarial assumptions	-		4,263
Experience losses	-		1,112
Decreases in pension obligations:			
Benefits paid	(866)		(880)
Pension obligations, end of year	\$ 60,246	\$	50,916

See accompanying notes to financial statements.

Draft

THE SASKATOON FIRE FIGHTERS' PENSION PLAN

DRAFT Notes to Financial Statements
(in thousands of dollars)

Year ended December 31, 2023

1. Description of the plan:

The following description of the Saskatoon Fire Fighters' Pension Plan (the "Plan") is a summary only. For more information, reference should be made the Plan Agreement.

a) General:

The Plan is a contributory target benefit plan covering all uniformed employees of the City of Saskatoon Fire 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 #1287580.

b) Funding policy:

The Plan requires that members contribute to the Plan at a fixed rate of 9.0% of earnings, which is matched equally by Sponsor contributions. In no case shall the fixed rate contributions exceed 9.5% for either the members or the Sponsor. Any funding requirement over this amount will result in benefit adjustments to reduce the cost of the Plan. The Plan does provide for automatic indexation of pensions in pay, but these may be adjusted based on the funded status of the Plan.

The determination of the Plan's funding requirements 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 1.60% of the best continuous 120 months' average earnings multiplied by the number of years of contributory service accrued on or after January 1, 2016.

d) Disability provisions:

Periods during which a member is in receipt of long-term disability insurance benefits provided by the Sponsor count as contributory service. A member may elect to retire for reasons of ill health without reduction in his/her earned pension any time after age 50, with a minimum of 2 years of continuous service, 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 commuted value of the member's earned pension, will be paid to the member's spouse, if married, or designated beneficiary, if single.

THE SASKATOON FIRE FIGHTERS' PENSION PLAN

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

1. Description of the plan (continued):

f) Normal and optional forms of pension:

The normal form of pension for a member without a spouse at retirement is a lifetime pension paid at the end of each month guaranteed for 10 years (120 monthly payments). In the event of the member's death before the guarantee period has expired, the commuted value of the remaining monthly payments shall be paid as a single lump sum payment to the member's last-named beneficiary or estate. In the event of the member's death after the guarantee period has expired, all payments shall cease with the payment immediately following the member's date of death.

The normal form of pension for a member with a spouse at retirement is a lifetime Joint and Survivor pension paid at the end of each month reducing to 60% upon the member's death with payments guaranteed for 5 years (60 monthly payments). In the event of the member's death before the guarantee period has expired, the full pension payment amount will continue to the member's spouse up to the end of the guarantee period. Thereafter, a reduced monthly pension equal to 60% of the member's pension will be payable to the member's spouse for their lifetime. In the event of the death of both the member and their spouse before the guarantee period has expired, the commuted value of the remaining payments shall be paid to the member's last-named beneficiary or estate. In the event of the death of both the member and their spouse after the guarantee period has expired, all payments shall cease with the payment immediately following the last survivor's date of death.

Optional forms are available subject to an actuarial equivalent adjustment from the applicable normal form. The optional form of pension available for a member without a spouse at retirement is a lifetime pension paid at the end of each month guaranteed for 15 years (180 monthly payments). The optional forms of pension for a member with a spouse at retirement is a lifetime Joint and Survivor pension paid at the end of each month reducing to 60%, 75% or 100% upon the member's death with payments guaranteed for 5, 10 or 15 years.

g) Termination benefits:

A member is vested upon the earlier of:

1. Completion of two years of continuous employment; or
2. Attaining age 60.

In the event of termination of employment before the member is vested, the member will be entitled to receive an amount equal to the member's accumulated required contributions with interest. A member will have the option to receive their accumulated required contributions with interest as a taxable lump-sum cash refund, as a transfer to their Registered Retirement Savings Plan (RRSP) or as a transfer to their new employer's Registered Pension Plan (RPP).

THE SASKATOON FIRE FIGHTERS' PENSION PLAN

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

1. Description of the plan (continued):

g) Termination benefits (continued):

In the event of termination of employment after the member has become vested but before they are eligible to retire and receive a monthly pension, the member will be entitled to receive the commuted value of their earned pension. A member will have the option to receive the commuted value of their earned pension as a transfer to a Locked-In Retirement Account (LIRA) or as a transfer to their new employer's RPP.

For members who are vested, the excess of the member's accumulated contributions with interest lump-sum over 50% of the commuted value of their earned pension is payable as a taxable cash refund or as a transfer to their RRSP.

h) Income taxes:

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

2. Material accounting policies:

(a) Basis of presentation:

These financial statements are prepared in accordance with Canadian accounting standards for pension plans. For matters not addressed in Canadian accounting standards for pension plans, International Financial Reporting Standards ("IFRS") have been adopted. 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.

The financial statements were authorized for issue by the Board of Trustees on June 13, 2024.

THE SASKATOON FIRE FIGHTERS' PENSION PLAN

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

2. Material accounting policies (continued):

(b) Financial assets:

On initial recognition, financial assets are classified as measured at amortized cost ("AC"), fair value through other comprehensive income ("FVOCI") or fair value through profit and loss ("FVTPL"). The Plan's financial assets comprise of cash and investments.

Cash consists of balances held with financial institutions which have an initial term to maturity of three months or less and are classified as amortized cost. The cash balances are held with banks with high credit ratings. Accordingly, the credit exposure to the Plan is nominal.

Investments are classified as FVTPL and carried at fair value in the statement of financial position.

(c) Fair value measurement:

Fair value is the amount for which an asset can be exchanged between knowledgeable, willing parties in an arm's length transaction. If a 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 3 (e) (viii) for this disclosure.

THE SASKATOON FIRE FIGHTERS' PENSION PLAN

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

2. Material accounting policies (continued):

(d) Trade date accounting:

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

(e) Investment income and changes in fair value of investments:

Interest and dividends from investments are recorded separately from the change in fair value of such investments as investment income in the Statement of Changes in Net Assets Available for Benefits. Interest, dividends, and distributions from pooled funds are recorded on an accrual basis.

Realized and unrealized gains and losses are determined using the average cost basis.

(f) 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.

(g) 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.

(h) 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.

(i) Benefits:

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

THE SASKATOON FIRE FIGHTERS' PENSION PLAN

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

2. Material accounting policies (continued):

(j) 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 surplus 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.

(k) 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.

(l) Adoption of new and revised accounting standards:

Effective January 1, 2023, the Plan adopted the amendments to IAS1 and IFRS Practice Statement 2 Making Materiality Judgements. These amendments provide useful accounting policy disclosures which include:

- i. Disclosure of material accounting policies rather than significant accounting policies;
- ii. Clarifying accounting policies related to immaterial transactions, other events or conditions are themselves immaterial therefore, need not be disclosed; and
- iii. Clarifying that not all accounting policies related to material transactions, other events or conditions are themselves material to a Plan's financial statements.

The nature of these amendments did not have a material impact on the financial statements.

Also adopted on January 1, 2023, were amendments to IAS 8 Definition of Accounting Estimates. The amendments introduce a new definition for accounting estimates, clarifying that there are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that the Plan develops an accounting estimate to achieve the objective set out by an accounting policy. The nature of these amendments did not have a material impact on the financial statements.

THE SASKATOON FIRE FIGHTERS' PENSION PLAN

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

2. Material accounting policies (continued):

(m) Amendments to standards and interpretations not yet adopted:

The Accounting Standards Board issued amendments to section 4600, Pension Plans which are effective for annual periods beginning on or after January 1, 2024, with earlier application permitted. Management is reviewing the amendments but does not believe they will have a material impact on these financial statements.

3. Investments:

RBC Investor Services Trust is the custodian of the Plan. Leith Wheeler Investment Counsel Ltd., Burgundy Asset Management Ltd., Walter Scott Global Investment Management, and TD Asset Management Inc. act as the investment managers for the Plan.

Investments are stated at fair value. The Plan's investments consist of the following:

(a) Money market instruments:

	2023	2022
Canadian short-term investments	\$ 624	\$ 1

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

(b) Real estate fund:

	2023	2022
Greystone Real Estate Fund Inc.	\$ 7,213	\$ 7,220

The real estate fund units are valued using the total appraised value of the individual properties. The working capital and underlying mortgages of each property are fair value-based and are combined with the appraised value of real estate properties to determine the fair value of the real estate investments.

THE SASKATOON FIRE FIGHTERS' PENSION PLAN

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

3. Investments (continued):

(c) Bonds and debentures:

	2023	2022
Pooled fixed income funds	\$ 8,745	\$ -

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.

(d) Equities and pooled funds:

	2023	2022
Canadian pooled equity funds	\$ 5,770	\$ 5,353
U.S. pooled equity funds	11,692	9,220
Foreign pooled equity funds	36,167	34,137
Total equities and pooled funds	\$ 53,629	\$ 48,710

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.

THE SASKATOON FIRE FIGHTERS' PENSION PLAN

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

3. Investments (continued):

(e) 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 benefit reductions and excessive volatility in annual rates of return. Due to the fixed rate of funding contributions, Plan members primarily bear the risk and rewards of investment experience as shortfalls in investment may trigger benefit reductions, while favorable investment performance may result in benefit increases.

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, real estate and 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 by manager and manager style within most asset classes.

The Plan has moderate to moderately high risk tolerance, due to the fact that initially all members of the Plan are active employees. 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 achieve a minimum annualized rate of return of 3.75 percentage points in excess of the Canadian Consumer Index. The 3.75% 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 i.e. over ten years or more.

The Plan's investment policy contains specific performance objectives for the Plan and for the investment managers. The primary objective is to earn a rate of return that exceeds the rate of return on a benchmark portfolio. 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 FTSE TMX Canada Universe Bond Index and FTSE TMX Canada 91-day T-Bills. A secondary objective is to exceed the benchmark index in each of the asset classes in which the investment managers invest.

THE SASKATOON FIRE FIGHTERS' PENSION PLAN

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

3. Investments (continued):

(e) Financial risk management (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 Procedures. 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 Procedures to 10% of the value of the individual equity and bond portfolios as well as the total portfolio level. At December 31, 2023, the Plan's credit risk exposure was \$1,123 (2022 - \$888).

(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, 2023, the Plan's foreign currency exposure was \$46,747 (2022 - \$42,320).

	2023	2022
U.S. dolar	\$ 25,491	\$ 20,745
Euro	5,434	4,928
British pound	3,279	2,827
Japanese yen	3,956	3,937
Swiss franc	1,939	2,232
Hong Kong dollar	1,261	1,844
Other	5,387	5,809
	<u>\$ 46,747</u>	<u>\$ 42,320</u>

THE SASKATOON FIRE FIGHTERS' PENSION PLAN

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

3. Investments (continued):

(e) Financial risk management (continued):

(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, 2023, the Plan's exposure to interest rate risk was \$1,123 (2022 - \$889).

	2023	2022
Cash and short term investments	\$ 1,123	\$ 889
	\$ 1,123	\$ 889

The Plan holds approximately 1.8% (2022 - 1.6%) of its investments in cash and fixed income securities and 98.4% (2022 - 98.4%) in equities and alternatives and equity pooled funds at December 31, 2023.

(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 \$53,629 (2022 - \$48,710) at December 31, 2023.

(vi) Real estate risk:

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

(vii) Liquidity risk:

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

As at December 31, 2023, the Plan has other liabilities of \$99 (2022 - \$109). Other liabilities relate to accounts payable and accrued liabilities and will generally be settled within 90 days of the year end. As at December 31, 2023, the Plan held cash and money market instruments totaling \$1,123 (2022 - \$889) which are readily available to settle such obligations.

The Plan's Statement of Investment Policies and Procedures 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.

THE SASKATOON FIRE FIGHTERS' PENSION PLAN

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

3. Investments (continued):

(e) Financial risk management (continued):

(viii) Fair value hierarchy:

	Level 1	Level 2	Level 3	December 31, 2023
Real estate fund	\$ -	\$ -	\$ 7,213	\$ 7,213
Bonds and debentures	-	8,745	-	8,745
Short-term investments	-	624	-	624
Equities and pooled funds	-	53,629	-	53,629
	\$ -	\$ 62,998	\$ 7,213	\$ 70,211

	Level 1	Level 2	Level 3	December 31, 2022
Real estate fund	\$ -	\$ -	\$ 7,220	\$ 7,220
Short-term investments	-	1	-	1
Equities and pooled funds	-	48,710	-	48,710
	\$ -	\$ 48,711	\$ 7,220	\$ 55,931

There were no significant transfers of investments between levels during the year.

The following table reconciles movement in the Plan's Level 3 fair value measurements:

	2023 Real estate fund
Balance, beginning of year	\$ 7,220
Gain included in the Statement of Changes in Net Assets Available for Benefits	(7)
Balance, end of year	\$ 7,213

	2022 Real estate fund
Balance, beginning of year	\$ 6,022
Acquisitions	700
Gain included in the Statement of Changes in Net Assets Available for Benefits	498
Balance, end of year	\$ 7,220

THE SASKATOON FIRE FIGHTERS' PENSION PLAN

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

4. Related party transactions:

During the year, the Plan received contributions from the City of Saskatoon, employer of plan members, in the amount of \$4,132 (2022 - \$3,553) and paid administrative fees to the City of Saskatoon of \$30 (2022 - \$19). Contributions receivable at December 31, 2023 includes \$357 (2022 - \$ nil) owing from the City of Saskatoon. The Plan has an amount due for administrative expenses of \$10 (2022 - nil) to the City of Saskatoon. The Plan also had administrative fees paid on its behalf by The City of Saskatoon Fire and Protective Services Department Superannuation Plan in the amount of \$4 (2022 - \$4). These transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

5. Pension obligations:

An actuarial valuation was prepared as of December 31, 2021 by AON Hewitt, a firm of consulting actuaries. The pension obligation reflected on the Statement of Changes in Pension Obligations as at December 31, 2023 is based on the 2021 valuation, extrapolated to December 31, 2023.

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:

	2023	2022
Expected return on plan assets	5.70%	6.30%
Inflation rate	2.25%	2.25%
Rate of compensation increase (including inflation component)	3.25%	3.25%
Discount rate per annum for all members	5.70%	5.70%
Average remaining service period of active employee	13.7 years	13.7 years

Mortality rate assumption is based on the 2014 CPM Combined table with the MI-2017 improvement scale for the actuarial valuation as it closely reflects actual experience of the Plan.

Changes in actuarial assumptions, including mortality assumptions and discount rates, between 2022 and 2023 had a \$nil (2022 - \$4,263) effect on the increase in pension obligation.

The pension obligation is not considered to be a financial instrument; however, the actuarial valuation of the pension obligations is sensitive to changes in long-term interest rates. A 0.50% (50 basis-point) increase or decrease in the discount rate assumption would have the following impact on the value of the pension obligations:

	2023	2022
Pension obligations	\$ 60,246	\$ 50,916
0.50% increase in rate	(5,546)	(4,687)
0.50% decrease in rate	6,386	5,397

THE SASKATOON FIRE FIGHTERS' PENSION PLAN

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

5. Pension obligations (continued):

Experience gains and losses represent the change in pension obligations due to the difference between actual economic and demographic experience and expected experience. During 2023, experience losses were \$nil (2022 - \$1,112). The excess of net assets available for benefits relative to pension obligations results in the Plan being in a surplus position of \$11,713 as at December 31, 2023 (2022 – surplus position of \$5,797).

6. Funding policy:

The most recent actuarial valuation for funding purposes was prepared by AON Hewitt as of December 31, 2021 and a copy of this valuation was filed with the Financial and Consumer Affairs Authority of Saskatchewan on September 28, 2022. This valuation disclosed a going concern surplus of \$4,925. This valuation disclosed that the current fixed contribution rate of 18% is sufficient to meet the Plan's funding needs, including margin, on a going concern basis. The effective date of the next actuarial valuation is expected to be December 31, 2024.

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:

	2023	2022
Actuarial fees	\$ 67	\$ 100
Administrative expenses	88	61
Custodian fee	19	19
	\$ 174	\$ 180

8. Capital management:

The plan receives new capital from employee and employer contributions. The Plan also benefits from income and market value increases on its invested capital. The Plan's capital is invested in a number of asset classes as disclosed in Note 3. In the Plan, investment decisions are delegated to several different investment management firm through a number of different investment mandates as defined in the Plan's Statement of Investment Policies and Procedures.

DRAFT Financial Statements of

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

Year ended December 31, 2023

Draft

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES DEPARTMENT SUPERANNUATION PLAN

DRAFT Statement of Financial Position
(in thousands of dollars)

As at December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Cash	\$ 81	\$ 403
Investments (note 3)	172,206	165,292
Contributions receivable (note 4)	126	129
Due from The Saskatoon Fire Fighters' Pension Plan (note 4)	4	4
Accrued investment income	28	28
GST recoverable	38	25
	172,483	165,881
Liabilities		
Accounts payable and accrued liabilities	\$ 208	\$ 336
Bank indebtedness	1,749	592
	1,957	928
Net assets available for benefits	170,526	164,953
Pension obligations (note 5)	195,000	197,179
Deficiency	\$ (24,474)	\$ (32,226)

See accompanying notes to financial statements.

Approved by:

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, 2023, with comparative information for 2022

	2023	2022
Investments:		
Interest income	\$ 2,783	\$ 1,926
Dividends and distributions	5,742	6,468
Other income	15	5
	<u>8,540</u>	<u>8,399</u>
Change in fair value:		
Net realized gain on sale of investments	2,350	2,856
Change in net unrealized gains (losses) on investments	6,586	(21,647)
	<u>8,936</u>	<u>(18,791)</u>
Contributions (note 6):		
Employer (note 4)	1,514	1,545
	<u>1,514</u>	<u>1,545</u>
Increase (decrease) in net assets before expenses and benefits	<u>18,990</u>	<u>(8,847)</u>
Expenses:		
Investment management fees	922	1,051
Administration (note 4 and 7)	192	189
	<u>1,114</u>	<u>1,240</u>
Benefit payments:		
Retirement benefits	11,772	11,483
Refunds and transfers:		
Transfer to other plans	531	1,806
Total expenses, payments and transfers	<u>13,417</u>	<u>14,529</u>
Increase (decrease) in net assets	<u>5,573</u>	<u>(23,376)</u>
Net assets available for benefits, beginning of year	164,953	188,329
Net assets available for benefits, end of year	<u>\$ 170,526</u>	<u>\$ 164,953</u>

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, 2023, with comparative information for 2022

	2023	2022
Pension obligations, beginning of year	\$ 197,179	\$ 181,009
Increases in pension obligations:		
Interest on accrued pension benefits	10,124	10,375
Changes in actuarial assumptions	-	14,484
Experience losses	-	4,600
Decreases in pension obligations:		
Benefits paid and transfers	(12,303)	(13,289)
Pension obligations, end of year	\$ 195,000	\$ 197,179

See accompanying notes to financial statements.

Draft

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES DEPARTMENT SUPERANNUATION PLAN

DRAFT Notes to Financial Statements

Year ended December 31, 2023

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 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. Effective for January 1, 2016 the Plan was amended to close the Plan to new entrants, freeze pensionable service in the Plan, and **cease member contributions** (see note 6).

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 5). Effective January 1, 2016 the Plan was amended to change the cost sharing arrangement in the Plan such that the City of Saskatoon assumes full responsibility for all past and future deficits in the Plan (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/her earned pension any time after age 50 or completion of 25 years of continuous service.

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES DEPARTMENT SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Description of the plan (continued):

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. If the member was eligible for an unreduced pension benefit at the time of death, the member's spouse may elect to receive the death benefit in the form of a lifetime pension from the Plan.

f) Survivors' pensions:

The normal form of pension for a single member at retirement provides that payments will be made to the member for the member's lifetime and shall include a guarantee that payments shall be made for at least 60 months. If the member dies before receiving 60 monthly payments, the commuted value of the remaining monthly payments shall be paid as a single lump sum payment to the member's designated beneficiary.

If the member has a spouse on the date of retirement, the normal form of pension is a monthly payment payable to the member for the member's lifetime with the first 60 monthly payments guaranteed. After the member's death and after 60 monthly payments have been made, the surviving spouse receives 60% of the member's pension for the remainder of the surviving spouse's lifetime. If the member and the member's spouse die before receiving 60 monthly payments, the commuted value of the remaining monthly payments shall be paid as a single lump sum payment to the member's designated beneficiary.

g) Termination benefits:

A member is vested upon the earlier of:

1. Completion of two years of continuous employment; or
2. Attaining age 60.

In the event of termination of employment before the member is vested, the member will be entitled to receive an amount equal to the member's accumulated required contributions with interest. A member will have the option to receive their accumulated required contributions with interest as a taxable lump-sum cash refund, as a transfer to their Registered Retirement Savings Plan (RRSP) or as a transfer to their new employer's Registered Pension Plan (RPP).

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES DEPARTMENT SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Description of the plan (continued):

(g) Termination benefits (continued):

In the event of termination of employment after the member has become vested but before they are eligible to retire and receive a monthly pension, the member will be entitled to receive the commuted value of their earned pension. A member will have the option to receive the commuted value of their earned pension as a transfer to a Locked-In Retirement Account (LIRA) or as a transfer to their new employer's RPP.

For members who are vested, the excess of the member's accumulated contributions with interest lump-sum over 50% of the commuted value of their earned pension is payable as a taxable cash refund or as a transfer to their RRSP.

h) Income taxes:

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

2. Material accounting policies:

(a) Basis of presentation:

These financial statements are prepared in accordance with Canadian accounting standards for pension plans. For matters not addressed in Canadian accounting standards for pension plans, International Financial Reporting Standards ("IFRS") have been adopted. 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.

The financial statements were authorized for issue by the Board of Trustees on June 13, 2024.

(b) Financial assets:

On initial recognition, financial assets are classified as measured at amortized cost ("AC"), fair value through other comprehensive income ("FVOCI") or fair value through profit and loss ("FVTPL"). The Plan's financial assets comprise of cash and investments.

Cash consists of balances held with financial institutions which have an initial term to maturity of three months or less and are classified as amortized cost. The cash balances are held with banks with high credit ratings. Accordingly the credit exposure to the Plan is nominal.

Investments are classified as FVTPL and carried at fair value in the statement of financial position.

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES DEPARTMENT SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Material accounting policies (continued):

(c) Fair value measurement:

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 a 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 3 (f) (viii) for this disclosure.

(d) Trade date accounting:

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

(e) Investment income 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 an accrual basis.

Realized and unrealized gains and losses are determined using the average cost basis.

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES DEPARTMENT SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Material accounting policies (continued):

(f) 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.

(g) 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.

(h) 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.

(i) Benefits:

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

(j) 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.

(k) 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.

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES DEPARTMENT SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Material accounting policies (continued):

(l) Adoption of new and revised accounting standards:

Effective January 1, 2023, the Plan adopted the amendments to IAS1 and IFRS Practice Statement 2 Making Materiality Judgements. These amendments provide useful accounting policy disclosures which include:

- i. Disclosure of material accounting policies rather than significant accounting policies;
- ii. Clarifying accounting policies related to immaterial transactions, other events or conditions are themselves immaterial therefore, need not be disclosed; and
- iii. Clarifying that not all accounting policies related to material transactions, other events or conditions are themselves material to a Plan's financial statements.

The nature of these amendments did not have a material impact on the financial statements.

Also adopted on January 1, 2023, were amendments to IAS 8 Definition of Accounting Estimates. The amendments introduce a new definition for accounting estimates, clarifying that there are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that the Plan develops an accounting estimate to achieve the objective set out by an accounting policy. The nature of these amendments did not have a material impact on the financial statements.

(m) Amendments to standards and interpretations not yet adopted:

The Accounting Standards Board issued amendments to section 4600, Pension Plans which are effective for annual periods beginning on or after January 1, 2024, with earlier application permitted. Management is reviewing the amendments but does not believe they will have a material impact on these financial statements.

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES DEPARTMENT SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2023

3. Investments:

RBC Investor Services Trust is the custodian of the Plan. Leith Wheeler Investment Counsel Ltd., Burgundy Asset Management Ltd., Walter Scott Global Investment Management, Westpen Properties Ltd. and Barrow, Hanley, Mewhinny & Strauss act as the investment managers for the Plan.

Investments are stated at fair value. The Plan's investments consist of the following:

(a) Money market instruments:

	2023	2022
Canadian short-term investments	\$ 3,641	\$ 1,850

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

(b) Real estate fund:

	2023	2022
Greystone Real Estate Fund Inc.	\$ 21,571	\$ 21,591

The real estate fund units are valued using the total appraised value of the individual properties. The working capital and underlying mortgages of each property are fair value-based and are combined with the appraised value of real estate properties to determine the fair value of the real estate investments.

(c) Bonds and debentures:

	2023	2022
Pooled fixed income funds	\$ 42,491	\$ 39,116

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.

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES DEPARTMENT SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2023

3. Investments (continued):

(d) Equities and pooled funds:

	2023	2022
Canadian common stocks	\$ 20,078	\$ 19,550
Canadian pooled equity funds	1,803	1,602
U.S. pooled equity funds	16,729	16,371
Foreign pooled equity funds	50,477	50,961
Total equities and pooled funds	\$89,087	\$88,484

Common stocks represent equity 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 year end.

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.

(e) Other Assets:

	2023	2022
Canadian Balanced Fund	\$ 15,416	\$ 14,251

The Canadian balanced fund is comprised of investments to provide a combination of capital growth and modest income by investing primarily in Canadian equities, bonds, and short-term debt securities.

(f) 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.

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES DEPARTMENT SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2023

3. Investments (continued):

(f) Financial risk management (continued):

(i) Risk policy (continued):

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 achieve a minimum annualized rate of return of 4.05 percentage points in excess of the Canadian Consumer Price Index. This 4.05% 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 outperform 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 managers invest.

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES DEPARTMENT SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2023

3. Investments (continued):

(f) Financial risk management (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) and other credit risk:

	2023	2022
Pooled fixed income funds	\$ 42,491	\$ 39,116
Cash	81	403
Money market instruments	3,641	1,850

(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, 2023, the Plan's foreign currency exposure was \$65,662 (2022 - \$65,651).

	2023	2022
U.S. dollars	\$ 35,896	\$ 35,048
Euro	7,608	6,952
Japanese yen	4,589	4,057
British pound	5,549	5,473
Swiss franc	2,712	3,249
Hong Kong dollar	1,768	2,634
Other	7,540	8,238
	\$ 65,662	\$ 65,651

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES DEPARTMENT SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2023

3. Investments (continued):

(f) Financial risk management (continued):

(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, 2023, the Plan's exposure to interest rate risk was \$46,212 (2022 - \$41,369).

	2023	2022
Cash and short-term investments	\$ 3,722	\$ 2,253
Bonds and debentures	42,491	39,116
	\$ 46,212	\$ 41,369

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% (100 basis points) increase in interest rates.

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

	2023	2022
Leith Wheeler bonds	7.2%	6.0%

The Plan holds approximately 27% (2022 – 25.0%) of its investments in fixed income securities and 64% (2022 – 66%) in equities and equity pooled funds at December 31, 2023.

(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.

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES DEPARTMENT SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2023

3. Investments (continued):

(f) Financial risk management (continued):

(v) Equity price risk (continued):

The investment portfolio is directly exposed to equity price risk in respect of its equities which total \$89,087 at December 31, 2023 (2022 - \$88,484).

(vi) Real estate risk:

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

(vii) Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. As at December 31, 2023, the Plan has other liabilities of \$1,957 (2022 - \$928). Other liabilities relate to accounts payable and accrued liabilities and bank indebtedness and will generally be settled within 90 days of the year end. As at December 31, 2023, the Plan held cash and money market instruments totaling \$3,722 (2022 - \$2,253) which are readily available to settle such obligations.

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.

(viii) Fair value hierarchy:

	Level 1	Level 2	Level 3	December 31, 2023
Money Market instruments	\$ -	\$ 3,641	\$ -	\$ 3,641
Real estate fund	-	-	21,571	21,571
Bonds and debentures	-	42,491	-	42,491
Equities and pooled funds	20,078	69,009	-	89,087
Other Assets	-	-	15,416	15,416
	\$ 20,078	\$ 115,141	\$ 36,987	\$ 172,206

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES DEPARTMENT SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2023

3. Investments (continued):

(f) Financial risk management (continued):

(viii) Fair value hierarchy (continued):

	Level 1	Level 2	Level 3	December 31, 2022
Money Market instruments	\$ -	\$ 1,850	\$ -	\$ 1,850
Real estate fund	-	-	21,591	21,591
Bonds and debentures	-	39,116	-	39,116
Equities and pooled funds	19,550	68,934	-	88,484
Other Assets	-	-	14,251	14,251
	\$ 19,550	\$ 109,900	\$ 35,842	\$ 165,292

There were no significant transfers of investments between levels during the year.

The following table reconciles the Plan's Level 3 fair value measurements from December 31, 2022 to December 31, 2023:

	Real Estate	Other Assets	December 31, 2023
Balance, beginning of year	\$ 21,591	\$ 14,251	\$ 35,842
Gain (loss) included in the Statement of Changes in Net Assets Available for Benefits	(20)	1,164	1,144
	\$ 21,571	\$ 15,415	\$ 36,986

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES DEPARTMENT SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2023

3. Investments (continued):

(f) Financial risk management (continued):

(viii) Fair value hierarchy (continued)

	Real Estate	Other Assets	December 31, 2022
Balance, beginning of year	\$ 20,102	\$ 14,342	\$ 34,444
Security transfer	-	704	704
Gain (loss) included in the Statement of Changes in Net Assets Available for Benefits	1,489	(795)	694
	\$ 21,591	\$ 14,251	\$ 35,842

4. Related party transactions:

During the year, the Plan received unfunded liability contributions from the City of Saskatoon, employer of Plan members, in the amount of \$1,514 (2022 - \$1,545) and paid administrative fees to the City of Saskatoon of \$27 (2022 - \$16). Included in contributions receivable is \$126 (2022 - \$129) owing from City of Saskatoon. The Plan has an amount due for administrative expenses of \$10 (2022 - nil) to the City of Saskatoon. The plan also paid administrative fees on behalf of The Saskatoon Fire Fighters' Pension Plan in the amount of \$4 (2022 - \$4) that is receivable at December 31, 2023.

These transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES DEPARTMENT SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2023

5. Pension obligations:

An actuarial valuation was prepared as of December 31, 2021 by AON Hewitt, a firm of consulting actuaries. The pension obligation reflected on the Statement of Changes in Pension Obligations as at December 31, 2023 is based on the 2021 valuation extrapolated to December 31, 2023.

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:

	2023	2022
Expected return on plan assets	5.30%	5.95%
Inflation rate	2.25%	2.25%
Rate of compensation increase (including inflation component)	3.25%	3.25%
Discount rate per annum for all members	5.30%	5.30%
Average remaining service period of active employees	12.2 years	12.2 years

Changes in actuarial assumptions, including mortality assumptions and discount rates, between 2022 and 2023 had a \$nil (2022 - \$14,484) effect on the increase in pension obligation.

The pension obligation is not considered to be a financial instrument; however, the actuarial valuation of the pension obligations is sensitive to changes in long-term interest rates. A 0.50% (50 basis-point) increase or decrease in the discount rate assumption would have the following impact on the value of the pension obligations:

	2023	2022
Pension obligations	\$ 195,000	\$ 197,179
0.50% increase in rate	(11,762)	(11,893)
0.50% decrease in rate	13,120	13,226

Experience gains and losses represent the change in pension obligations due to the difference between actual economic and demographic experience and expected experience. During 2023, experience losses were \$0 (2022 - \$4,600).

The deficiency of net assets available for benefits relative to pension obligations results in the Plan being in a deficit position of \$24,474 as at December 31, 2023 (2022 – deficit position of \$32,226).

CITY OF SASKATOON FIRE AND PROTECTIVE SERVICES DEPARTMENT SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2023

6. Funding policy:

Effective for January 1, 2016 the Plan was amended to close the Plan to new entrants, freeze pensionable service in the Plan, cease member contributions and change the cost sharing arrangement in the Plan such that the City of Saskatoon assumes full responsibility for all past and future deficits in the Plan. No additional contributions are made by the Plan members.

The most recent actuarial valuation for funding purposes was prepared by AON Hewitt as of December 31, 2021 and a copy of this valuation was filed with the Financial and Consumer Affairs Authority of Saskatchewan on September 28, 2022. This valuation disclosed a going concern unfunded liability of \$40,608. Commencing on January 1, 2017, the City of Saskatoon is required to make minimum contributions to the Plan of 3.5% of pensionable earnings to fund the deficit for the remaining period of January 1, 2022 through December 31, 2056. These contributions are required to be made until the next funding recommendation is certified. The effective date of the next actuarial valuation is expected to be December 31, 2024.

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:

	2023	2022
Actuarial fee	\$ 56	\$ 88
Bank interest	45	21
Administrative expenses	64	51
Custodian fee	27	29
	\$ 192	\$ 189

8. Capital management:

The plan receives new capital from employee and employer contributions. The Plan also benefits from income and market value increases on its invested capital. The Plan's capital is invested in a number of asset classes as disclosed in Note 3. In the Plan, investment decisions are delegated to several different investment management firm through a number of different investment mandates as defined in the Plan's Statement of Investment Policies and Procedures.

DRAFT Financial Statements of

**THE SASKATOON POLICE
PENSION PLAN**

Year ended December 31, 2023

Draft

THE SASKATOON POLICE PENSION PLAN

DRAFT Statement of Financial Position
(in thousands of dollars)

As at December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Cash	\$ 5,759	\$ 8,300
Investments (note 3)	113,993	85,413
Due from City of Saskatoon Police Services Superannuation Plan (note 4)	5	8
GST recoverable	17	10
	<u>\$ 119,774</u>	<u>\$ 93,730</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 162	\$ 90
Deferred contributions	22	22
	<u>184</u>	<u>112</u>
Net assets available for benefits	119,590	93,618
Pension obligations (note 5)	81,090	78,983
	<u>\$ 38,500</u>	<u>\$ 14,635</u>

See accompanying notes to financial statements.

Approved by:

THE SASKATOON POLICE PENSION PLAN

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

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Investment income:		
Interest income	\$ 455	\$ 126
Dividends and distributions	2,642	8,115
	3,097	8,241
Change in fair value:		
Net realized gain on sale of investments	257	157
Change in net unrealized gains (losses) on investments	11,775	(15,903)
	12,032	(15,746)
Contributions (note 6):		
Employee	6,478	6,561
Employer (note 4)	6,142	6,378
	12,620	12,939
Increase in net assets before expenses and benefits	27,749	5,434
Expenses:		
Investment management fees	465	481
Administration (note 4 and 7)	265	210
	730	691
Benefit payments:		
Retirement benefits	845	465
Refunds and transfers:		
Refunds	42	92
Transfers to other plans	160	108
Total expenses, payments and transfers	1,777	1,356
Increase in net assets	25,972	4,078
Net assets available for benefits, beginning of year	93,618	89,540
Net assets available for benefits, end of year	\$ 119,590	\$ 93,618

See accompanying notes to financial statements.

THE SASKATOON POLICE PENSION PLAN

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

Year ended December 31, 2023, with comparative figures for 2022

	2023	2022
Pension obligations, beginning of year	\$ 78,983	\$ 64,433
Increases in pension obligations:		
Pension benefits accrued	10,578	10,843
Interest on accrued pension benefits	5,109	4,345
Changes in actuarial assumptions	(12,625)	1,360
Decreases in pension obligations:		
Benefits paid	(1,047)	(665)
Experience gains (losses)	92	(1,333)
Pension obligations, end of year	\$ 81,090	\$ 78,983

See accompanying notes to financial statements.

THE SASKATOON POLICE PENSION PLAN

DRAFT Notes to Financial Statements
(in thousands of dollars)

Year ended December 31, 2023

1. Description of the plan:

The following description of the Saskatoon Police Pension 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 target benefit plan covering all members of the Saskatoon Police Association and executive officers, employed by the Board of Police Commissioners. Under the Plan, contributions are made by the Plan members and the Board of Police Commissioners (the "Sponsor"). The Plan is registered under *The Pension Benefits Act, 1992* (Saskatchewan) registration #1287689.

b) Funding policy:

The Plan requires that members contribute to the Plan at a fixed rate of 9.0% of earnings, which is matched equally by Sponsor contributions. In no case shall the fixed rate contributions exceed 9.5% for either the members or the Sponsor. Any funding requirement over this amount will result in benefit adjustments to reduce the cost of the Plan. The Plan does provide for automatic indexation of pensions in pay, but these may be adjusted based on the funded status of the Plan.

The determination of the Plan's funding requirements is made on the basis of the most recently filed valuation (see note 6).

c) Service pensions:

A service pension is normally available based on 1.75% of the best continuous 240 months' average earnings multiplied by the number of years of contributory service accrued on or after January 1, 2016.

d) Disability provisions:

Periods during which a member is in receipt of workers' compensation, sick bank, or long-term disability insurance benefits count as contributory service. Earnings applied in the pension formula include deemed earnings for a member in receipt of such disability benefits.

e) Death benefits:

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

THE SASKATOON POLICE PENSION PLAN

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

1. Description of the plan (continued):

f) Normal and optional forms of pension:

The normal form of pension for a member without a spouse at retirement is a lifetime pension paid on the first day of each month guaranteed for 10 years (120 monthly payments). In the event of the member's death before the guarantee period has expired, the commuted value of the remaining monthly payments shall be paid as a single lump sum payment to the member's last-named beneficiary or estate. In the event of the member's death after the guarantee period has expired, all payments shall cease with the payment immediately preceding the member's date of death.

The normal form of pension for a member with a spouse at retirement is a lifetime Joint and Survivor pension paid on the first day of each month reducing to 66 2/3% upon the member's death with payments guaranteed for 5 years (60 monthly payments). In the event of the member's death before the guarantee period has expired, the full pension payment amount will continue to the member's spouse up to the end of the guarantee period. Thereafter, a reduced monthly pension equal to 66 2/3% of the member's pension will be payable to the member's spouse for their lifetime. In the event of the death of both the member and their spouse before the guarantee period has expired, the commuted value of the remaining payments shall be paid to the member's last-named beneficiary or estate. In the event of the death of both the member and their spouse after the guarantee period has expired, all payments shall cease with the payment immediately preceding the last survivor's date of death.

Optional forms are available subject to an actuarial equivalent adjustment from the applicable normal form. The optional form of pension available for a member without a spouse at retirement is a lifetime pension paid on the first day of each month guaranteed for 15 years (180 monthly payments). The optional forms of pension for a member with a spouse at retirement is a lifetime Joint and Survivor pension paid on the first day of each month reducing to 66 2/3%, 75% or 100% upon the member's death with payments guaranteed for 5, 10 or 15 years.

g) Termination benefits:

A member is vested upon the earlier of:

1. Completion of two years of continuous employment; or
2. Attaining age 60.

In the event of termination of employment before the member is vested, the member will be entitled to receive an amount equal to the member's accumulated required contributions with interest. A member will have the option to receive their accumulated required contributions with interest as a taxable lump-sum cash refund, as a transfer to their Registered Retirement

THE SASKATOON POLICE PENSION PLAN

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

1. Description of the plan (continued):

g) Termination benefits (continued):

Savings Plan (RRSP) or as a transfer to their new employer's Registered Pension Plan (RPP).

In the event of termination of employment after the member has become vested but before they are eligible to retire and receive a monthly pension, the member will be entitled to receive the commuted value of their earned pension. A member will have the option to receive the commuted value of their earned pension as a transfer to a Locked-In Retirement Account (LIRA) or as a transfer to their new employer's RPP.

For members who are vested, the excess of the member's accumulated contributions with interest lump-sum over 50% of the commuted value of their earned pension is payable as a taxable cash refund or as a transfer to their RRSP.

f) Income taxes:

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

2. Material accounting policies:

(a) Basis of presentation:

These financial statements are prepared in accordance with Canadian accounting standards for pension plans. For matters not addressed in Canadian accounting standards for pension plans, International Financial Reporting Standards ("IFRS") have been adopted. 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 requirements of the Plan or the benefit security of individual plan members.

The financial statements were authorized for issue by the Investment Committee on June 11, 2024.

(b) Financial assets:

On initial recognition, financial assets are classified as measured at amortized cost ("AC"), fair value through other comprehensive income ("FVOCI") or fair value through profit and loss ("FVTPL"). The Plan's financial assets comprise of cash and investments.

Cash consists of balances held with financial institutions which have an initial term to maturity of three months or less and are classified as amortized cost. The cash balances are held with banks with high credit ratings. Accordingly, the credit exposure to the Plan is nominal.

Investments are classified as FVTPL and carried at fair value in the statement of financial position.

THE SASKATOON POLICE PENSION PLAN

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

2. Material accounting policies (continued):

(c) Fair value measurement:

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

Fair value hierarchy

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

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

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 3 (d) (viii) for this disclosure.

(d) Trade date accounting:

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

THE SASKATOON POLICE PENSION PLAN

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

2. Material accounting policies (continued):

- (e) Investment income and changes in fair value of investments:

Interest and dividends from investments are recorded separately from the change in fair value of such investments as investment income in the Statement of Changes in Net Assets Available for Benefits. Interest, dividends and distributions from pooled funds are recorded on an accrual basis.

Realized and unrealized gains and losses are determined using the average cost basis.

- (f) 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.

- (g) 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.

- (h) 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.

- (i) Benefits:

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

THE SASKATOON POLICE PENSION PLAN

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

2. Material accounting policies (continued):

(j) 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. This 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 date, of various economic and non-economic future events. The differences between the financial statement surplus 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.

(k) 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 value of assets and liabilities, and related income and expenses. Such estimates and assumptions affect primarily the fair value of investments and pension obligations. Actual results could differ from those presented.

(l) Adoption of new and revised accounting standards:

Effective January 1, 2023, the Plan adopted the amendments to IAS1 and IFRS Practice Statement 2 Making Materiality Judgements. These amendments provide useful accounting policy disclosures which include:

- i. Disclosure of material accounting policies rather than significant accounting policies;
- ii. Clarifying accounting policies related to immaterial transactions, other events or conditions are themselves immaterial therefore, need not be disclosed; and
- iii. Clarifying that not all accounting policies related to material transactions, other events or conditions are themselves material to a Plan's financial statements.

The nature of these amendments did not have a material impact on the financial statements.

Also adopted on January 1, 2023, were amendments to IAS 8 Definition of Accounting Estimates. The amendments introduce a new definition for accounting estimates, clarifying that there are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that the Plan develops an accounting estimate to achieve the objective set out by an accounting policy. The nature of these amendments did not have a material impact on the financial statements.

THE SASKATOON POLICE PENSION PLAN

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

2. Material accounting policies (continued):

(m) Amendments to standards and interpretations not yet adopted:

The Accounting Standards Board issued amendments to section 4600, Pension Plans which are effective for annual periods beginning on or after January 1, 2024, with earlier application permitted. Management is reviewing the amendments but does not believe they will have a material impact on these financial statements.

3. Investments:

RBC Investor Services Trust is the custodian of the Plan. RBC Global Asset Management Inc., Bona Vista Asset Management Ltd., JP Morgan Asset Management Inc., Burgundy Asset Management Ltd., Alberta Treasury Branch Wealth, TD Asset Management Inc., Mawer Investment Management Ltd., and State Street Global Advisors Ltd. act as the investment managers for the Plan.

Investments are stated at fair value. The Plan's investments consist of the following:

a) Real estate fund:

	2023	2022
Greystone Real Estate Fund Inc	\$9,536	\$9,545

The real estate fund units are valued using the total appraised value of the individual properties. The working capital and underlying mortgages of each property are fair value-based and are combined with the appraised value of real estate properties to determine the fair value of the real estate investments.

b) Equities and pooled funds:

	2023	2022
Canadian pooled equity funds	\$ 30,045	\$ 20,336
Foreign pooled equity funds	59,180	49,860
Total equities and pooled funds	\$ 89,225	\$ 70,196

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

THE SASKATOON POLICE PENSION PLAN

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

3. Investments (continued):

c) Bonds and debentures:

	2023	2022
Pooled fixed income funds	\$ 15,232	\$ 5,672

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.

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 benefit reductions and excessive volatility in annual rates of return. Due to the fixed rate of funding contributions, Plan members primarily bear the risk and rewards of investment experience as shortfalls in investment may trigger benefit reductions, while favorable investment performance may result in benefit increases.

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, real estate and 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 by manager and manager style within most asset classes.

The Plan has relatively high risk tolerance, due to the fact that initially all members of the Plan are active employees. 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 achieve a minimum annualized rate of return of 6.25 percentage points. The 6.25% 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 (over ten years or more).

THE SASKATOON POLICE PENSION PLAN

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

3. Investments (continued):

d) Financial risk management (continued):

i) Risk policy (continued):

The Plan's investment policy contains specific performance objectives for the Plan and for the investment managers. The primary objective is to earn a rate of return that exceeds the rate of return on a benchmark portfolio. 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 FTSE TMX Canada Universe Bond Index and FTSE TMX Canada 91-day T-Bills. A secondary objective is to exceed the benchmark index in each of the asset classes in which the investment managers invest.

(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 Procedures. 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 Procedures to 10% of the value of the individual equity and bond portfolios as well as the total portfolio level. At December 31, 2023, the Plan's credit risk exposure was \$20,990 (2022 - \$12,737).

THE SASKATOON POLICE PENSION PLAN

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

3. Investments (continued):

(iii) Foreign currency risk:

The Plan is exposed to foreign currency risk through holding 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 the market value of the bond portfolio. The exposure to U.S. currency is net of investments in pooled funds where U.S. currency is hedged.

At December 31, 2023, the Plan's foreign currency exposure was \$58,686 (2022 - \$49,658).

	2023	2022
U.S. dollar	\$ 20,886	\$ 17,737
Euro	11,584	10,700
Japanese yen	5,408	4,633
British pound	5,841	4,314
Swiss franc	602	881
Hong Kong dollar	353	133
Other	14,012	11,260
	\$ 58,686	\$ 49,658

(iv) Interest rate risk:

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

At December 31, 2023, the Plan's interest-bearing financial instruments totaled \$20,990 (2022 - \$12,737).

	2023	2022
Cash	\$ 5,759	\$ 7,065
Bonds and debentures	15,231	5,672
	\$ 20,990	\$ 12,737

The Plan holds approximately 16.5% (2022 – 13.8%) of its investments in fixed income securities, and 83.5% (2022 – 86.2%) in equities and real estate funds at December 31, 2023.

THE SASKATOON POLICE PENSION PLAN

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

3. Investments (continued):

(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 \$89,225 (2022 - \$70,196) at December 31, 2023.

(vi) Real estate risk:

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

(vii) Liquidity risk:

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

As at December 31, 2023, the Plan has other liabilities of \$162 (2022 - \$90). Other liabilities relate to accounts payable and accrued liabilities and will generally be settled within 90 days of the year end.

As at December 31, 2023, the Plan held cash and money market instruments totaling \$5,759 (2022 - \$8,300) which are readily available to settle such obligations.

The Plan's Statement of Investment Policies and Procedures 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.

THE SASKATOON POLICE PENSION PLAN

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

3. Investments (continued):

(viii) Fair value hierarchy:

		Level 1	Level 2	Level 3	Balance as at December 31, 2023
Real estate fund	\$	- \$	- \$	9,536 \$	9,536
Bonds and debentures		-	15,231	-	15,231
Equities and pooled funds		-	89,226	-	89,226
	\$	- \$	104,457 \$	9,536 \$	113,993

		Level 1	Level 2	Level 3	Balance as at December 31, 2022
Real estate fund	\$	- \$	- \$	9,545 \$	9,545
Bonds and debentures		-	5,672	-	5,672
Equities and pooled funds		-	70,196	-	70,196
	\$	- \$	75,868 \$	9,545 \$	85,413

There were no significant transfers of investments between levels during the year.

THE SASKATOON POLICE PENSION PLAN

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

3. Investments (continued):

(viii) Fair value hierarchy (continued):

The following table reconciles movement in the Plan's Level 3 fair value measurements:

	2023 Real Estate Fund
Balance, beginning of year	\$ 9,545
Gain included in the Statement of Changes in Net Assets Available for Benefits	(9)
Balance, end of year	\$ 9,536

	2022 Real Estate Fund
Balance, beginning of year	\$ 8,887
Gain included in the Statement of Changes in Net Assets Available for Benefits	658
Balance, end of year	\$ 9,545

4. Related party transactions:

During the year, the Plan received contributions and buybacks from the City of Saskatoon, employer of plan members, in the amount of \$6,142 (2022 - \$6,332) and \$nil (2022 - \$46) respectively. Additionally, the plan paid administrative fees to the City of Saskatoon of \$54 (2022 - \$32). Contributions receivable at December 31, 2023 includes \$22 (2022 - \$22) owing from the City of Saskatoon. The Plan also paid administrative fees on behalf of The City of Saskatoon Police Services Superannuation Plan in the amount of \$5 (2022 - \$8) that is receivable at December 31, 2023. The Plan has an amount due for administrative expenses of \$10 (2022 - \$nil) to the City of Saskatoon.

These transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

THE SASKATOON POLICE PENSION PLAN

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

5. Pension obligations:

An actuarial valuation was prepared as of December 31, 2021 by AON Hewitt, a firm of consulting actuaries. The pension obligations reflected in the Statement of Changes in Pension Obligations as at December 31, 2023 is based on the 2021 valuation extrapolated to December 31, 2023.

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:

	2023	2022
Expected return on plan assets	6.10%	6.25%
Inflation rate	2.25%	2.25%
Rate of compensation increase (including inflation component)	3.25%	3.25%
Discount rate per annum for all members	6.90%	6.10%
Average remaining service period of active employees	12.2 years	12.3 years

Mortality rate assumption is based on the 2014 CPM Combined table with the MI-2017 improvement scale for the actuarial valuation as it closely reflects actual experience of the Plan.

Changes in actuarial assumptions, including mortality assumptions and discount rates, between 2022 and 2023 had a \$12,625 decrease (2022 - \$1,360 increase) effect on the pension obligation.

The pension obligation is not considered to be a financial instrument; however, the actuarial valuation of the pension obligations is sensitive to changes in long-term interest rates. A 0.50% (50 basis-point) increase or decrease in the discount rate assumption would have the following impact on the value of the pension obligations:

	2023	2022
Pension obligations	\$ 81,090	\$ 78,983
0.50% increase in rate	(6,818)	(7,247)
0.50% decrease in rate	7,795	(8,321)

Experience gains and losses represent the change in pension obligations due to the difference between actual economic and demographic experience and expected experience. During 2023, experience gains were \$92 (2022 - \$1,333 loss).

The excess of net assets available for benefits relative to the pension obligations results in the Plan being in a surplus position of \$38,500 as at December 31, 2023 (2022 - \$14,635).

THE SASKATOON POLICE PENSION PLAN

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

6. Funding policy:

The Plan requires that members contribute to the Plan at a fixed rate of 9.0% of pensionable earnings, which is matched equally by the Sponsor contributions. In no case shall the fixed rate contributions exceed 9.5% for either the members or the Sponsor. Any funding requirement over this amount will result in benefit adjustments to reduce the cost of the Plan.

The most recent actuarial valuation for funding purposes was prepared by AON Hewitt as of December 31, 2021 and a copy of this valuation was filed with the Financial and Consumer Affairs Authority of Saskatchewan on September 28, 2022. This valuation disclosed a going concern surplus of \$16,166. This valuation disclosed that the current fixed contribution rate of 18% is sufficient to meet the Plan's funding needs, including margin, on a going concern basis. The effective date of the next actuarial valuation is expected to be December 31, 2024.

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:

	2023	2022
Administrative expenses	\$ 124	\$ 89
Actuarial fees	124	104
Custodial fees	17	16
Bank interest	-	1
	\$ 265	\$ 210

8. Capital management:

The plan receives new capital from employee and employer contributions. The Plan also benefits from income and market value increases on its invested capital. The Plan's capital is invested in a number of asset classes as disclosed in Note 3. In the Plan, investment decision are delegated to several different investment management firms through a number of different investment mandates as defined in the Plan's Statement of Investment Policies and Procedures.

DRAFT Financial Statements of

**CITY OF SASKATOON POLICE SERVICES
SUPERANNUATION PLAN**

Year ended December 31, 2023

Draft

CITY OF SASKATOON POLICE SERVICES SUPERANNUATION PLAN

DRAFT Statement of Financial Position
(in thousands of dollars)

As at December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Cash	\$ -	\$ 5
Investments (note 3)	362,572	338,866
Contributions receivable (note 4)	154	145
GST recoverable	67	46
	\$ 362,793	\$ 339,062
Liabilities		
Accounts payable and accrued liabilities	\$ 537	\$ 426
Due to The Saskatoon Police Pension Plan (note 4)	5	8
Bank indebtedness	2,096	551
	\$ 2,638	\$ 985
Net assets available for benefits	360,155	338,077
Pension obligations (note 5)	350,667	352,383
Surplus (deficit)	\$ 9,488	\$ (14,306)

See accompanying notes to financial statements.

Approved by:

CITY OF SASKATOON POLICE SERVICES SUPERANNUATION PLAN

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

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Investment income:		
Interest income	\$ 5,076	\$ 4,385
Dividends and distributions	7,067	28,299
	<u>12,143</u>	<u>32,684</u>
Change in fair value:		
Net realized gains on sale of investments	5,096	99
Change in net unrealized gains (losses) on investments	25,067	(60,522)
	<u>30,163</u>	<u>(60,423)</u>
Contributions (note 6):		
Employer (note 4)	1,849	1,744
	<u>1,849</u>	<u>1,744</u>
Increase (decrease) in net assets before expenses and benefits	<u>44,155</u>	<u>(25,995)</u>
Expenses:		
Investment management fees	1,937	1,931
Administration (note 4 and 7)	274	231
	<u>2,211</u>	<u>2,162</u>
Benefit payments:		
Retirement benefits	19,543	17,429
Refunds and transfers:		
Refunds	44	48
Transfers to other plans:	279	710
Total expenses, payments and transfers	<u>22,077</u>	<u>20,349</u>
Increase (decrease) in net assets	<u>22,078</u>	<u>(46,344)</u>
Net assets available for benefits, beginning of year	338,077	384,421
Net assets available for benefits, end of year	<u>\$ 360,155</u>	<u>\$ 338,077</u>

See accompanying notes to financial statements.

CITY OF SASKATOON POLICE SERVICES SUPERANNUATION PLAN

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

Year ended December 31, 2023, with comparative figures for 2022

	2023	2022
Pension obligations, beginning of year	\$ 352,383	\$ 326,038
Increases in pension obligations:		
Interest on accrued pension benefits	18,150	19,017
Change in actuarial assumptions	-	28,796
Decreases in pension obligations:		
Benefits paid	(19,866)	(18,187)
Plan experience	-	(3,281)
Pension obligations, end of year	\$ 350,667	\$ 352,383

See accompanying notes to financial statements.

Draft

CITY OF SASKATOON POLICE SERVICES SUPERANNUATION PLAN

DRAFT Notes to Financial Statements
(in thousands of dollars)

Year ended December 31, 2023

1. Description of the plan:

The following description of the City of Saskatoon Police Services 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 police employees of the City of Saskatoon Police Services. Under the Plan, contributions are made by the Plan members and the Board of Police Commissioners (the "Sponsor"). The Plan is registered under The Pension Benefits Act, 1992 (Saskatchewan) registration #0206102.

b) Funding policy:

The Pension Benefits Act, 1992 (Saskatchewan) requires that the Board of Police Commissioners, being the Plan sponsor, must fund benefits determined under the Plan. The determination of the value of these benefits is made on the basis of the most recently filed valuation (see note 5).

c) Service pensions:

A service pension is normally available based on 2% of final earnings multiplied by the pensionable service, subject to a maximum of 35 years, adjusted for Canada Pension Plan benefits for periods of past service from 1990 to 1994 inclusive.

d) Disability benefit:

Periods in which a member is in receipt of Workers' Compensation, sick bank, or long-term disability insurance benefits count as contributory service.

Participants who become disabled may retire at any time provided they have completed 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 pension earned to the date of death will be paid to the member's beneficiary.

CITY OF SASKATOON POLICE SERVICES SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

1. Description of the plan – continued:

f) Normal and option forms of pension:

The normal form of pension for a member without a spouse at retirement is a lifetime pension paid on the first day of each month guaranteed for 15 years (180 monthly payments). In the event of the member's death before the guarantee period has expired, the commuted value of the remaining monthly payments shall be paid as a single lump sum payment to the member's last-named beneficiary or estate. In the event of the member's death after the guarantee period has expired, all payments shall cease with the payment immediately preceding the member's date of death.

The normal form of pension for a member with a spouse at retirement is a lifetime Joint and Survivor pension paid on the first day of each month reducing to 66 2/3% upon the member's death with payments guaranteed for 5 years (60 monthly payments). In the event of the member's death before the guarantee period has expired, the full pension payment amount will continue to the member's spouse up to the end of the guarantee period. Thereafter, a reduced monthly pension equal to 66 2/3% of the member's pension will be payable to the member's spouse for their lifetime. In the event of the death of both the member and their spouse before the guarantee period has expired, the commuted value of the remaining payments shall be paid to the member's last-named beneficiary or estate. In the event of the death of both the member and their spouse after the guarantee period has expired, all payments shall cease with the payment immediately preceding the last survivor's date of death.

Optional forms are available subject to an actuarial equivalent adjustment from the applicable normal form. There are no optional forms of pension available for a member without a spouse at retirement. The optional forms of pension for a member with a spouse at retirement is a lifetime Joint and Survivor pension paid on the first day of each month reducing to 66 2/3%, 75% or 100% upon the member's death with payments guaranteed for 10 or 15 years.

g) Termination benefits:

A member is vested upon the earlier of:

1. Completion of two years of continuous employment; or
2. Attaining age 60.

In the event of termination of employment before the member is vested, the member will be entitled to receive an amount equal to the member's accumulated required contributions with interest. A member will have the option to receive their accumulated required contributions with interest as a taxable lump-sum cash refund, as a transfer to their Registered Retirement Savings Plan (RRSP) or as a transfer to their new employer's Registered Pension Plan (RPP).

CITY OF SASKATOON POLICE SERVICES SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

1. Description of the plan – continued:

g) Termination benefits (continued):

In the event of termination of employment after the member has become vested but before they are eligible to retire and receive a monthly pension, the member will be entitled to receive the commuted value of their earned pension. A member will have the option to receive the commuted value of their earned pension as a transfer to a Locked-In Retirement Account (LIRA) or as a transfer to their new employer's RPP.

For members who are vested, the excess of the member's accumulated contributions with interest lump-sum over 50% of the commuted value of their earned pension is payable as a taxable cash refund or as a transfer to their RRSP.

h) Income taxes:

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

2. Material accounting policies:

(a) Basis of presentation:

These financial statements are prepared in accordance with Canadian accounting standards for pension plans. For matters not addressed in Canadian accounting standards for pension plans, International Financial Reporting Standards ("IFRS") have been adopted. 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 requirements of the Plan or the benefit security of individual plan members.

The financial statements were authorized for issue by the Investment Committee on June 11, 2024.

(b) Financial assets:

On initial recognition, financial assets are classified as measured at amortized cost ("AC"), fair value through other comprehensive income ("FVOCI") or fair value through profit and loss ("FVTPL"). The Plan's financial assets comprise of cash and investments.

Cash consists of balances held with financial institutions which have an initial term to maturity of three months or less and are classified as amortized cost. The cash balances are held with banks with high credit ratings. Accordingly the credit exposure to the Plan is nominal.

Investments are classified as FVTPL and carried at fair value in the statement of financial position.

CITY OF SASKATOON POLICE SERVICES SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

2. Material accounting policies – continued:

(c) Fair value measurement:

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

Fair value hierarchy

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

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

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 3 (g) (viii) for this disclosure.

(d) Trade date accounting:

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

(e) Investment income and changes in fair value of investments:

Interest and dividends from investments are recorded separately from the change in fair value of such investments as investment income in the Statement of Changes in Net Assets Available for Benefits. Interest, dividends and distributions from pooled funds are recorded on an accrual basis.

Realized and unrealized gains and losses are determined using the average cost basis.

CITY OF SASKATOON POLICE SERVICES SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

2. Material accounting policies – continued:

(f) 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.

(g) 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.

(h) 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.

(i) Benefits:

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

(j) 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. This 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 date, of various economic and non-economic future events. The differences between the financial statement surplus 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.

(k) 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 value of assets and liabilities, and related income and expenses. Such estimates and assumptions affect primarily the value of investments and pension obligations. Actual results could differ from those presented.

CITY OF SASKATOON POLICE SERVICES SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

2. Material accounting policies – continued:

(l) Adoption of new and revised accounting standards:

Effective January 1, 2023, the Plan adopted the amendments to IAS1 and IFRS Practice Statement 2 Making Materiality Judgements. These amendments provide useful accounting policy disclosures which include:

- i. Disclosure of material accounting policies rather than significant accounting policies;
- ii. Clarifying accounting policies related to immaterial transactions, other events or conditions are themselves immaterial therefore, need not be disclosed; and
- iii. Clarifying that not all accounting policies related to material transactions, other events or conditions are themselves material to a Plan's financial statements.

The nature of these amendments did not have a material impact on the financial statements.

Also adopted on January 1, 2023, were amendments to IAS 8 Definition of Accounting Estimates. The amendments introduce a new definition for accounting estimates, clarifying that there are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that the Plan develops an accounting estimate to achieve the objective set out by an accounting policy. The nature of these amendments did not have a material impact on the financial statements.

(m) Amendments to standards and interpretations not yet adopted:

The Accounting Standards Board issued amendments to section 4600, Pension Plans which are effective for annual periods beginning on or after January 1, 2024, with earlier application permitted. Management is reviewing the amendments but does not believe they will have a material impact on these financial statements.

3. Investments:

RBC Investor Services Trust is the custodian of the Plan. RBC Global Asset Management Inc., Burgundy Asset Management Ltd., TD Asset Management Inc., State Street Global Advisors Ltd., Fidelity Institutional Asset Management, Alberta Treasury Branch Wealth, Arrowstreet Capital, and Mawer Investment Management Ltd. act as the investment managers for the Plan.

CITY OF SASKATOON POLICE SERVICES SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

3. Investments - Continued:

Investments are stated at fair value. The Plan's investments consist of the following:

a) Money market investments:

	2023	2022
Canadian short-term investments	\$ 2,357	\$ 1,919

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

b) Real estate fund:

	2023	2022
Greystone Real Estate Fund Inc.	\$ 55,388	\$ 55,440

The real estate fund units are valued using the total appraised value of the individual properties. The working capital and underlying mortgages of each property are fair value-based and are combined with the appraised value of real estate properties to determine the fair value of the real estate investments.

c) Bonds and debentures:

	2023	2022
Pooled fixed income funds	\$ 95,057	\$ 78,565

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.

CITY OF SASKATOON POLICE SERVICES SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

3. Investments - Continued:

d) Equities and pooled funds:

	2023	2022
Canadian pooled equity funds	\$ 55,606	\$ 48,636
Foreign pooled equity funds	130,032	131,958
Total equities and pooled funds	\$ 185,638	\$ 180,594

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

e) Mortgages:

	2023	2022
Bona Vista Mortgage Fund "B"	\$ -	\$ 39
	\$ -	\$ 39

Mortgages are secured by real estate and represent one to five year loans made at commercial rates to individuals and corporations, amortized over periods ranging from ten to twenty-five years. Mortgages are valued using current market yields. Fair value is based on a valuation technique, being the present value of the principal and interest receivable discounted at appropriate market interest rates.

f) Other Assets:

	2023	2022
Canadian Balanced Funds	\$ 24,132	\$ 22,309
	\$ 24,132	\$ 22,309

The Canadian balanced fund is comprised of investments to provide a combination of capital growth and modest income by investing primarily in Canadian equities, bonds, and short-term debt securities.

CITY OF SASKATOON POLICE SERVICES SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

3. Investments - Continued:

g) 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 moderate to moderately high risk tolerance. As a result, an investment philosophy with an equity bias has been adopted. The Board of Police Commissioners attempts to reduce the overall level of risk by diversifying the asset classes and further diversifying within each individual asset class. 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 achieve a minimum annualized return of 3.75 percentage points in excess of the Canadian Consumer Price Index. This 3.75% 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 outperform a benchmark portfolio over moving four-year periods. The benchmark portfolio includes several key market indices such as the S&P/TSX Composite, the S&P 500 Hedged, MSCI EAFE, the DEX Universe Bond Index, the Investment Property Databank, the DEX Mortgage and 91-day T-Bills. A second objective is to equal or exceed market returns over moving four-year periods. A third objective, as previously mentioned, is to achieve a minimum real rate of return of 3.75%; that is, the Canadian Consumer Price Index plus 3.75% over moving four-year periods.

CITY OF SASKATOON POLICE SERVICES SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

3. Investments - Continued:

g) Financial risk management (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's primary source of credit risk arises from its bond portfolio. 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 includes bonds rated AAA, AA, A and BBB or equivalent as rated by an independent rating agency). A maximum of 10% of the bond portfolio is permitted in the lower credit quality BBB bonds, with the remaining 90% required to be in bonds rated A or higher. 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) and other credit risk:

	2023	2022
Pooled fixed income funds	\$ 95,057	\$ 78,565
(Bank indebtedness) Cash	(2,096)	5
Money market instruments	2,357	1,919

(iii) Foreign currency risk:

The Plan is exposed to foreign currency risk through holding foreign equities where the investment values may fluctuate due to changes in foreign exchange rates. The Plan manages and estimates 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 US currency is net of investments in pooled funds where US currency is hedged. At December 31, 2023, the Plan's foreign currency exposure was \$128,858 (2022 - \$131,358).

	2023	2022
U.S. dollar	\$ 49,527	\$ 52,700
Euro	23,579	25,784
Japanese yen	11,948	12,726
British pound	11,302	9,241
Swiss franc	1,180	2,178
Hong Kong dollar	775	276
Other	30,547	28,452
	\$ 128,858	\$ 131,358

CITY OF SASKATOON POLICE SERVICES SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

3. Investments - Continued:

g) Financial risk management (continued)

(iv) Interest rate risk:

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

At December 31, 2023, the Plan's interest-bearing financial instruments totaled \$94,946 (2022 - \$80,489).

	2023	2022
Cash and short term investments	\$ (111)	\$ 1,924
Bonds and debentures	95,057	78,565
	\$ 94,946	\$ 80,489

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.

(iv) Interest rate risk (continued):

The modified duration of the Plan's fixed income investments is as follows:

	2023	2022
Bona Vista bonds	7.31%	7.09%
Fidelity bonds	7.31%	7.32%
Short term investments	0.25%	0.25%
Weighted average of bonds	7.31%	7.24%
Weighted average including short term investments	7.30%	7.07%

The Plan holds approximately 26.4% (2022 – 23.8%) of its investments in fixed income securities, 51.6% (2022 – 53.3%) in equities and 22.1% (2022 – 23.0%) in alternatives at December 31, 2023.

CITY OF SASKATOON POLICE SERVICES SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

3. Investments – continued:

g) Financial risk management (continued)

(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 \$185,638 at December 31, 2023 (2022 - \$180,594).

(vi) Real estate risk:

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

(vii) Liquidity risk:

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

(vii) Liquidity risk (continued):

As at December 31, 2023, the Plan has other liabilities of \$2,638 (2022 - \$985). Other liabilities relate to accounts payable and accrued liabilities and bank indebtedness and will generally be settled within 90 days of the year end.

As at December 31, 2023, the Plan held money market instruments totaling \$2,357 (2022 - \$1,924) which are readily available to settle such obligations.

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.

CITY OF SASKATOON POLICE SERVICES SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

3. Investments – continued:

g) Financial risk management (continued)

(viii) Fair value hierarchy:

	Level 1	Level 2	Level 3	Balance as at December 31, 2023
Money market investments	\$ -	\$ 2,357	\$ -	\$ 2,357
Real estate fund	-	-	55,388	55,388
Bonds and debentures	-	95,057	-	95,057
Equities and pooled funds	-	185,638	-	185,638
Mortgages	-	-	-	-
Other Assets	-	-	24,132	24,132
	\$ -	\$ 283,052	\$ 79,520	\$ 362,572

	Level 1	Level 2	Level 3	Balance as at December 31, 2022
Money market investments	\$ -	\$ 1,919	\$ -	\$ 1,919
Real estate fund	-	-	55,440	55,440
Bonds and debentures	-	78,565	-	78,565
Equities and pooled funds	-	180,594	-	180,594
Mortgages	-	-	39	39
Other Assets	-	-	22,309	22,309
	\$ -	\$ 261,078	\$ 77,788	\$ 338,866

There were no significant transfers of investments between levels during the year.

CITY OF SASKATOON POLICE SERVICES SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

3. Investments – continued:

g) Financial risk management (continued)

(viii) Fair value hierarchy (continued):

The following table reconciles the Plan's Level 3 fair value measurements from December 31, 2022 to December 31, 2023:

	Mortgages	Other Assets	Real Estate fund	December 31, 2023
Balance, beginning of year	\$ 39	\$ 22,309	\$ 55,440	\$ 77,788
Acquisitions	-	1,823	-	1,823
Sales	(39)	-	-	(39)
Gain (loss) included in the Statement of Changes in Net Assets Available for Benefits	-	-	(52)	(52)
	\$ -	\$ 24,132	\$ 55,388	\$ 79,520
	Mortgages	Other Assets	Real Estate fund	December 31, 2022
Balance, beginning of year	\$ 69	\$ 22,363	\$ 51,617	\$ 74,049
Acquisitions	-	1,102	-	1,102
Sales	(30)	-	-	(30)
Gain (loss) included in the Statement of Changes in Net Assets Available for Benefits	-	(1,156)	3,823	2,667
	\$ 39	\$ 22,309	\$ 55,440	\$ 77,788

CITY OF SASKATOON POLICE SERVICES SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

4. Related party transactions:

During the year, the Plan received unfunded liability contributions from the City of Saskatoon, employer of plan members, in the amount of \$1,849 (2022 - \$1,744) and paid administrative fees of \$51 (2022 - \$19). Contributions receivable at December 31, 2023 includes \$154 (2022 - \$145) owing from the City of Saskatoon. The Plan has an amount due for administrative expenses of \$20 (2022 – nil) to the City of Saskatoon. The Saskatoon Police Pension Plan also paid administrative fees to the City of Saskatoon on the Plan's behalf in the amount of \$5 (2022 – \$8) payable at December 31, 2023. These transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

5. Pension obligations:

An actuarial valuation was prepared as of December 31, 2021 by AON Hewitt, a firm of consulting actuaries. The pension obligations reflected in the Statement of Changes in Pension Obligations as at December 31, 2023 is based on the 2021 valuation extrapolated to December 31, 2023.

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:

	2023	2022
Expected return on plan assets	5.30%	6.00%
Inflation rate	2.25%	2.25%
Rate of compensation increase (including inflation component)	3.25%	3.25%
Discount rate per annum for all members	5.30%	5.30%
Average remaining service period of active employees	12.0 years	12.0 years

Mortality rate assumption is based on the 2014 CPM Combined table with the MI-2017 improvement scale for the actuarial valuation as it closely reflects actual experience of the Plan.

Changes in actuarial assumptions, including mortality assumptions and discount rates, resulted in a change in pension obligations of \$nil (2022 – increase of \$28,796).

The pension obligation is not considered to be a financial instrument; however, the actuarial valuation of the pension obligations is sensitive to changes in long-term interest rates. A 0.50% (50 basis-point) increase or decrease in the discount rate assumption would have the following impact on the value of the pension obligations:

	2023	2022
Pension obligation	\$ 350,667	\$ 352,383
0.50% increase in rate	(21,675)	(21,781)
0.50% decrease in rate	24,211	24,329

CITY OF SASKATOON POLICE SERVICES SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

5. Pension obligations (continued):

Experience gains and losses represent the change in pension obligations due to the difference between actual economic and demographic experience and expected experience. During 2023, experience gains were \$nil (2022 - \$3,281).

The amount of net assets available for benefits relative to the pension obligations results in the Plan being in a surplus position of \$9,488 as at December 31, 2023 (2022 – deficit of \$14,306).

6. Funding policy:

Effective for January 1, 2016 the Plan was amended to close the Plan to new entrants, freeze pensionable service in the Plan, cease member contributions and change the cost sharing arrangement in the Plan such that the Board of Police Commissioners assumes full responsibility for all past and future deficits in the Plan. No additional contributions are made by the plan members.

The most recent actuarial valuation for funding purposes was prepared by AON Hewitt as of December 31, 2021 and a copy of the valuation was filed with the Financial and Consumer Affairs Authority of Saskatchewan on September 28, 2022. This valuation disclosed a going concern unfunded liability of \$44,548. Commencing on January 1, 2017, the Board of Police Commissioners will be required to make minimum contributions to the Plan of 2.6% of pensionable earnings to fund the deficit through the remaining period of January 1, 2023 through December 31, 2056. These contributions are required to be made until the next funding recommendation is certified. The effective date of the next actuarial valuation is expected to be December 31, 2024.

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:

	2023	2022
Actuarial fee	\$ 94	\$ 107
Bank interest	52	41
Administrative expenses	96	50
Custodial fees	32	33
Total administration expenses	\$ 274	\$ 231

CITY OF SASKATOON POLICE SERVICES SUPERANNUATION PLAN

DRAFT Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

8. Capital management:

The plan receives new capital from employee and employer contributions. The Plan also benefits from income and market value increases on its invested capital. The Plan's capital is invested in a number of asset classes as disclosed in Note 3. In the Plan, investment decision are delegated to several different investment management firms through a number of different investment mandates as defined in the Plan's Statement of Investment Policies and Procedures.

Draft

DRAFT Financial Statements of

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

Year ended December 31, 2023

Draft

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

DRAFT Statement of Financial Position
(in thousands of dollars)

As at December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Investments (note 3)	\$ 13,013	\$ 12,414
Contributions receivable		
Employee	11	8
Employer (note 4)	11	8
GST recoverable	5	4
	\$ 13,040	\$ 12,434
Liabilities		
Accounts payable and accrued liabilities	\$ 16	\$ 7
Bank indebtedness	243	190
Due to the Saskatoon General Superannuation Plan (note 4)	1	1
	260	198
Net assets available for benefits	\$ 12,780	\$ 12,236

See accompanying notes to financial statements.

Approved by:

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

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

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Investments:		
Investment income and net realized gain on investments	\$ 297	\$ 219
Change in fair value:		
Change in net unrealized gains/(losses) on investments	806	(1,258)
	1,103	(1,039)
Contributions (note 5):		
Employee contributions	534	547
Employer contributions (note 4)	535	547
	1,069	1,094
Increase in net assets before expenses and benefits	2,172	56
Expenses:		
Investment management fees	47	52
Administration	59	30
	106	82
Refunds and transfers:		
Termination benefits	1,522	950
	1,522	950
Total expenses, payments and transfers	1,628	1,032
Increase in net assets	544	(977)
Net assets available for benefits, beginning of year	12,236	13,213
Net assets available for benefits, end of year	\$ 12,780	\$ 12,236

See accompanying notes to financial statements.

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

DRAFT Notes to Financial Statements
(in thousands of dollars)

Year ended December 31, 2023

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 the Plan Agreement.

a) General:

The Plan is a defined contribution pension plan covering certain non-permanent 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 "Sponsor"). The Plan is registered under The Pension Benefits Act, 1992 (Saskatchewan) registration #06885529.

b) Funding policy:

The Plan requires that the City of Saskatoon contribute an amount equal to the amount that the member is required to contribute as disclosed in note 5.

c) Retirement benefits:

The benefit payable to a member is a life annuity provided by the sum of the amounts in their required account and City of Saskatoon account at the date of retirement in the form elected by the member that can be purchased from an insurance company.

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 the 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 sponsor 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 (Canada) and is not subject to income taxes.

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

DRAFT Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

2. Material accounting policies:

(a) Basis of presentation:

These financial statements are prepared in accordance with Canadian accounting standards for pension plans. For matters not addressed in Canadian accounting standards for pension plans, International Financial Reporting Standards (“IFRS”) have been adopted. 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.

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

The financial statements were authorized for issue by the Board of Trustees on June 18, 2024.

(b) Financial assets:

On initial recognition, financial assets are classified as measured at amortized cost (“AC”), fair value through other comprehensive income (“FVOCI”) or fair value through profit and loss (“FVTPL”). The Plan's financial assets are comprised of cash and investments.

Cash consists of balances held with financial institutions which have an initial term to maturity of three months or less and are classified as amortized cost. The cash balances are held with banks with high credit ratings. Accordingly, the credit exposure to the Plan is nominal.

Investments are classified as FVTPL and carried at fair value in the statement of financial position.

(c) Fair value measurement:

Fair value is the amount for which an asset can be exchanged between knowledgeable, willing parties in an arm's length transaction. If a 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

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

DRAFT Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

2. Material accounting policies (continued):

(c) Fair value measurement (continued):

substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, that technique is used. A valuation technique incorporates all factors that market participants would consider in setting a price. Fair value is estimated on the basis of the results of a valuation technique that makes maximum use of market inputs, and relies as little as possible on entity-specific inputs.

Fair value hierarchy

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

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- 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. See note 3 (g) for this disclosure.

(d) Trade date accounting:

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

(e) Investment income and changes in fair value of investments:

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

Realized and unrealized gains and losses are determined using the average cost basis.

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

DRAFT Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

2. Material accounting policies (continued):

(f) Foreign exchange:

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

(g) Contributions:

Contributions due to the Plan are recorded on an accrual basis. Transfers to the Plan and purchases of prior service, if any, are recorded when cash is received.

(h) Benefits:

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

(i) Use of estimates:

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

(l) Adoption of new and revised accounting standards:

Effective January 1, 2023, the Plan adopted the amendments to IAS1 and IFRS Practice Statement 2 Making Materiality Judgements. These amendments provide useful accounting policy disclosures which include:

- i. Disclosure of material accounting policies rather than significant accounting policies;
- ii. Clarifying accounting policies related to immaterial transactions, other events or conditions are themselves immaterial therefore, need not be disclosed; and
- iii. Clarifying that not all accounting policies related to material transactions, other events or conditions are themselves material to a Plan's financial statements.

The nature of these amendments did not have a material impact on the financial statements.

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

DRAFT Notes to Financial Statements (continued)

(in thousands of dollars)

Year ended December 31, 2023

2. Material accounting policies (continued):

(l) Adoption of new and revised accounting standards (continued):

Also adopted on January 1, 2023, were amendments to IAS 8 Definition of Accounting Estimates. The amendments introduce a new definition for accounting estimates, clarifying that there are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that the Plan develops an accounting estimate to achieve the objective set out by an accounting policy. The nature of these amendments did not have a material impact on the financial statements.

(m) Amendments to standards and interpretations not yet adopted:

The Accounting Standards Board issued amendments to section 4600, Pension Plans which are effective for annual periods beginning on or after January 1, 2024, with earlier application permitted. Management is reviewing the amendments but does not believe they will have a material impact on these financial statements.

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

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

3. Investments:

iA Financial Group acts as the custodian of the investment accounts. They also perform the record keeping function and are responsible for the member booklets, retirement tools, member records, website access, member statements, etc. iA Financial Group is also the investment manager for the Bond Fund and the Balanced Fund, Jarislowsky Fraser Global Investment Management is the investment manager for the Canadian Equity Fund, PIMCO is the investment manager for the Core Plus Long Term Bond Fund and Beutel, Goodman & Company Limited is the investment manager for the Canadian Dividend Fund. Beginning in 2021, up until age 55, Plan participants are able to direct their contribution to the fund(s) of their choice whereas the contributions made by the City of Saskatoon are invested in the Diversified Fund. Once Plan participants reach age 55 they have the option to direct their contributions plus the City of Saskatoon contributions to the fund(s) of their choice.

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

	2023 Pre Age 55	2023 Post Age 55	2023	2022
Guaranteed Income Investments	\$ 68	\$ 148	\$ 216	\$ 204
Short Term Bond Fund	77	354	431	409
Bond Fund	73	4	77	73
Core Plus Long-Term Bond Fund	18	5	23	15
Diversified Fund	11,435	223	11,658	11,178
Balanced Fund	13	22	35	12
Canadian Dividend Fund	34	23	57	31
Canadian Equity Growth Fund	55	24	79	51
Canadian Equity Fund	264	1	265	219
Fidelity True North R	22	1	23	57
International Equity Fund	57	2	59	54
U.S. Equity Fund	88	2	90	111
	\$ 12,204	\$ 809	\$ 13,013	\$ 12,414

a) Risk management:

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

The Investment Managers also maintain governance structures that oversee the Funds' investment activities and monitor compliance with the Funds' stated investment strategies and securities regulations. In some cases, the Funds are advised by "sub-advisors".

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

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

3. Investments (continued):

b) Credit risk:

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

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

c) Foreign currency risk:

The Plan is exposed to foreign currency risk through any foreign securities held within the Funds where the investment values may fluctuate due to changes in foreign exchange rates.

d) 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 fixed income investments are exposed to this risk since changes in prevailing market interest rates will affect the value of fixed income securities.

e) 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 and foreign currency risk), whether those changes are caused by factors specific to the individual equity instrument, or factors affecting similar equity instruments traded in the market.

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

f) Liquidity risk:

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

As at December 31, 2023, the Plan holds mutual funds of \$661 (2022 - \$611) within the post age 55 group and \$12,136 (2022 - \$11,599) within the pre age 55 group. Unit holders of the Funds may redeem their units on each valuation date, and therefore, the Plan's investments in these Funds are traded in active markets and can be readily disposed of.

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

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

3. Investments (continued):

g) Fair value hierarchy – Post Age 55:

	Level 1	Level 2	Level 3	Balance at December 31, 2023
Guaranteed Income Investments	\$ -	\$ 148	\$ -	\$ 148
Short-term Bond Fund	354	-	-	354
Bond Fund	4	-	-	4
Core Plus Long Term Bond Fund	5	-	-	5
Diversified Fund	223	-	-	223
Balanced Fund	22	-	-	22
Canadian Dividend Fund	23	-	-	23
Canadian Equity Growth Fund	24	-	-	24
Canadian Equity Fund	1	-	-	1
Fidelity True North R	1	-	-	1
International Equity Fund	2	-	-	2
U.S. Equity Fund	2	-	-	2
	\$ 661	\$ 148	\$ -	\$ 809

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

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

3. Investments (continued):

g) Fair value hierarchy – Post Age 55:

	Level 1	Level 2	Level 3	Balance at December 31, 2022
Guaranteed Income Investments	\$ -	\$ 139	\$ -	\$ 139
Short-term Bond Fund	319	-	-	319
Diversified Fund	264	-	-	264
Balanced Fund	3	-	-	3
Canadian Dividend Fund	4	-	-	4
Canadian Equity Growth Fund	2	-	-	2
Canadian Equity Fund	2	-	-	2
Fidelity True North R	5	-	-	5
International Equity Fund	6	-	-	6
U.S. Equity Fund	6	-	-	6
	\$ 611	\$ 139	\$ -	\$ 750

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

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

3. Investments (continued):

g) Fair value hierarchy – Pre Age 55:

	Level 1	Level 2	Level 3	Balance at December 31, 2023
Guaranteed Income Investments	\$ -	\$ 68	\$ -	\$ 68
Short-term Bond Fund	77	-	-	77
Bond Fund	73	-	-	73
Core Plus Long-Term Bond Fund	18	-	-	18
Diversified Fund	11,435	-	-	11,435
Balanced Fund	13	-	-	13
Canadian Dividend Fund	34	-	-	34
Canadian Equity Growth Fund	55	-	-	55
Canadian Equity Fund	264	-	-	264
Fidelity True North R	22	-	-	22
International Equity Fund	57	-	-	57
U.S. Equity Fund	88	-	-	88
	\$ 12,136	\$ 68	\$ -	\$ 12,204

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

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

3. Investments (continued):

g) Fair value hierarchy – Pre Age 55:

	Level 1	Level 2	Level 3	Balance at December 31, 2022
Guaranteed Income Investments	\$ -	\$ 65	\$ -	\$ 65
Short-term Bond Fund	90	-	-	90
Bond Fund	73	-	-	73
Core Plus Long Term Bond Fund	15	-	-	15
Diversified Fund	10,914	-	-	10,914
Balanced Fund	9	-	-	9
Canadian Dividend Fund	27	-	-	27
Canadian Equity Growth Fund	49	-	-	49
Canadian Equity Fund	217	-	-	217
Fidelity True North R	52	-	-	52
International Equity Fund	48	-	-	48
U.S. Equity Fund	105	-	-	105
	\$ 11,599	\$ 65	\$ -	\$ 11,664

There were no significant transfers of investments between Level 1 and Level 2 during 2022 and 2023.

4. Related party transactions:

During the year, the Plan received contributions from the City of Saskatoon, employer of plan members, in the amount of \$535 (2022 - \$547). The plan paid administrative fees to the City of Saskatoon of \$20 (2022 - nil). Contributions receivable at December 31, 2023 includes \$11 (2022 - \$8) owing from the City of Saskatoon. The Plan has an amount due for administrative expenses of \$10 (2022 – nil) to the City of Saskatoon.

The Plan has an amount due of \$1 (2022 – \$1) to The Saskatoon General Superannuation Plan, an entity under common control, which is non-interest bearing and has no fixed terms of repayment.

These transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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

Notes to Financial Statements (continued)
(in thousands of dollars)

Year ended December 31, 2023

5. Funding policy:

In accordance with the Plan Agreement, employees are required to contribute 5.8% of the portion of salary which is less than the earning ceiling under the Canada Pension Plan (CPP) and 7.4% of the excess salary. The City of Saskatoon is required to match employee contributions.

6. Administration expenses:

	2023	2022
Administrative expenses	\$ 46	\$ 24
Bank interest	13	6
Total administration expenses	\$ 59	\$ 30

7. Capital management:

The plan receives new capital from employee and employer contributions. The Plan also benefits from income and market value increases on its invested capital. The Plan's capital is invested in a number of asset classes as disclosed in Note 3. In the Plan, investment decisions are delegated to several different investment management firm through a number of different investment mandates as defined in the Plan's Statement of Investment Policies and Procedures.