



A DECADE OF
GETTING THINGS DONE
2008 ANNUAL REPORT



Saskatoon Airport Authority

MISSION

The Saskatoon Airport Authority will operate a **world-class airport** and be a **leader and partner in the development of Saskatoon** and Saskatchewan.

VISION

Saskatoon John G. Diefenbaker International Airport will provide the **best airport experience** and **aviation environment in North America.**

A DECADE OF

ACHIEVEMENT

1999:

- Airport turned over to community control; Authority commenced operations as a not-for-profit entity;
- Planning of terminal building upgrading began;
- Main terminal apron restored and expanded;
- Glycol containment system;
- Flight Information Display System (FIDS) screens installed for general public viewing.

2000:

- Nav Canada control tower completed;
- First collective agreement reached.

2001:

- Terminal Building Redevelopment Project started;
- Installation of leading edge technology with the Iris Scan Biometric Security System;
- Saskatoon Shines Reception Centre.

2002:

- Terminal Building Redevelopment Project completed;
- Addition of fourth loading bridge;
- Installation of Blairmore Ring Display.

2003:

- Awarded WestJet's "Airport of the Year";
- Pre-pay parking equipment installed.

2004:

- Downstream "To Go" concession service;
- 3rd line for pre-board screening incorporated;
- Updating of Saskatoon Shines Reception Area;
- 75th Anniversary Celebrations of John G. Diefenbaker Airport.

2005:

- Renovations to check-in area including additional check-in counters;
- Integrated security system for checked bags;
- 5th passenger loading bridge.

2006:

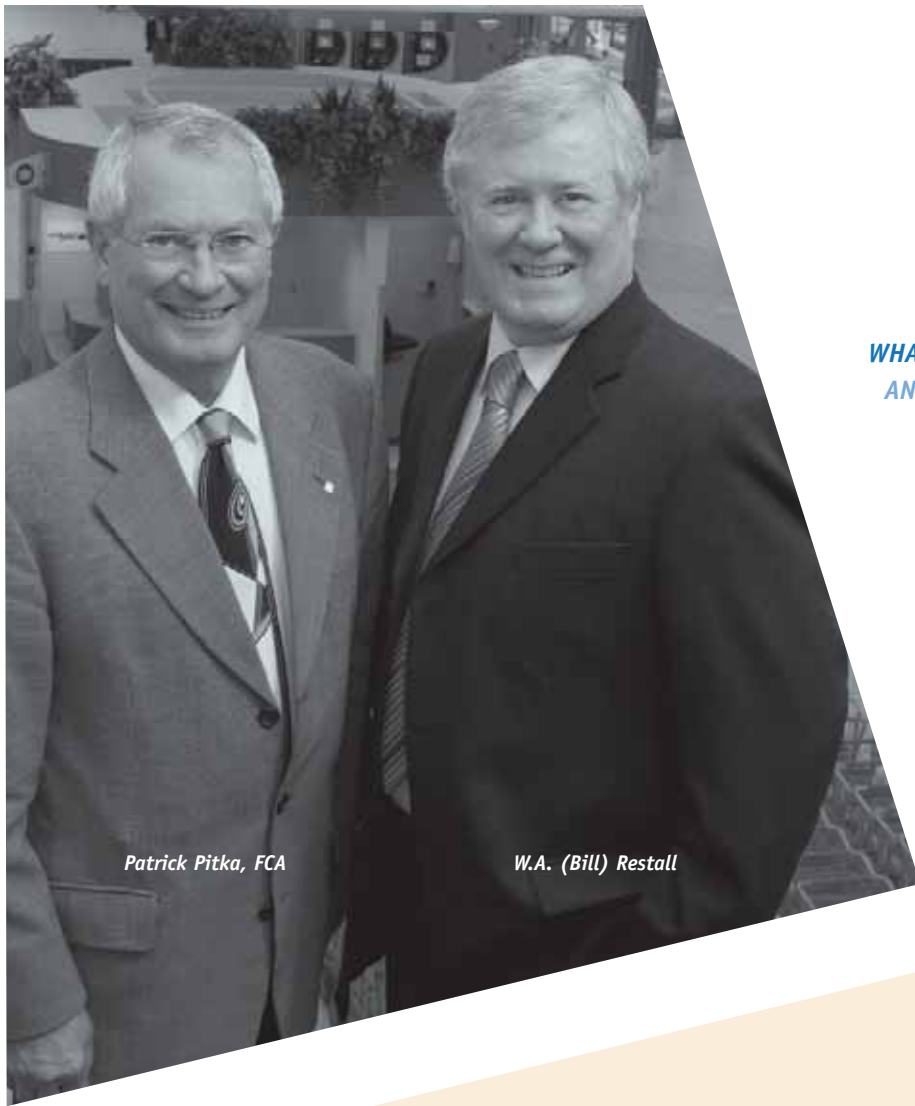
- Parking lot expansion; realignment of road and parking lot;
- Airport Ambassador program expanded to year-round program.

2007:

- Reached one million passengers annually;
- Upgraded runway equipment with new sweepers and snow blowers.

2008:

- Runway 09/27 Restoration Project; initial development of Apron VI and Apron VII;
- 60 continuous months of passenger traffic increases;
- 100,000 passengers in a month;
- New firefighting equipment and fire hall expansion;
- 6th passenger loading bridge installed.



Patrick Pitka, FCA

W.A. (Bill) Restall

WHAT A DIFFERENCE A DECADE MAKES – ESPECIALLY IN MEASURING THE PRIDE AND PROGRESS OF JOHN G. DIEFENBAKER INTERNATIONAL AIRPORT IN SASKATOON.

Ten years ago, local control of airports was an unproven concept. Then, for the first time, airports were allowed to move from the grip of the federal government to the hands and freedom of a local board of directors. Saskatoon was among the first to embrace that opportunity and took over the management of Saskatoon John G. Diefenbaker International Airport on January 1, 1999.

Ten years later, the concept has been proven beyond doubt: local airports get things done.

This 10th anniversary provides an opportunity to thank the community and the people who got so much done. This Annual Report recognizes, and says “thank you,” to the legions of volunteers, staff and local leaders who – through 10 exciting years – have established our Airport as a key economic facilitator of our robust economy.

These 10 years, more than anything else, have provided an evolution in understanding the essential relationship between a dynamic airport, a vibrant community and a growing economy. As rapport is built, responsiveness increases and the emerging relationship strengthens and expands. Rather than being stuck in old ways, we learn how to engage in dialogue and to invite the community to talk to us about its aviation needs. Whether the issue is terminal congestion or a need for expanded air service, we can respond and we get things done.

REPORT OF
THE CHAIR AND C.E.O.

As in the decade which preceded it, 2008 was a year when records were set and many things – big things – were done.

Passenger traffic again broke through the million mark, with 1,135,000 people utilizing the Airport in 2008. That represents growth of 9.6% over the previous year. In response to this unprecedented increase in Airport use, long-term planning of terminal and facility improvements is underway and implementation of these improvements, originally scheduled for 2015, will be advanced.

A significant increase in air service to Saskatoon was achieved in 2008, with more than 1,500 seats added on a weekly basis. Expansion of scheduled flights included United Airlines introducing daily service to Denver, Air Canada upgrading to larger aircraft and starting direct Ottawa service, and West Jet offering increased service to Toronto and seasonal direct service to Las Vegas.

Investment in airside infrastructure was the focus of 2008 capital spending, representing the conclusion of a multi-year airside paving program. Reconstruction and restoration of the main runway and major repairs to the secondary runway were successfully completed. New aprons were also constructed allowing access for development of new projects on airport land.

The Airport's success flows from a partnership of public and private sectors, and 2008 was a year of significant investment by businesses. Three new private hangars were built and West Wind Aviation undertook a new hangar development and a major expansion of its base.

The Airport continued to invest for the future in 2008 with upgrading of furniture in the terminal and the addition of a sixth passenger loading bridge. Parking lot signage to aid customers in finding their vehicles was added to the newly expanded parking facility. Behind the scenes, the fire hall was expanded and new emergency response vehicles were acquired.

Getting things done at the Airport is built on a continuing commitment by the Board of Directors to open and transparent governance and reporting. Beginning in 2007, performance has been measured and reported on in

Niels Koehncke





five Key Community Accountabilities: financial viability, security and safety, business gateway, customer experience, and operational integrity. Details on each of these performance measures can be found in this Annual Report.

Solid finances have been a hallmark of the Saskatoon Airport Authority (SAA), enabling the accomplishments of the last 10 years. Again in 2008, the Authority recorded an operating surplus, a strong balance sheet and no debt.

A Board of Directors committed to the community is a continuing theme supporting 10 years of success. This is Chairman Pitka's final year on the Board and of reporting to stakeholders. In addition, thanks are extended to retired Board members Greg Trew and Paul Leier, while we welcome new Board members Cheryl Aramenko, Miles Bean and Andrew Turnbull.

At this 10 year milestone, it is clear local airports, in vibrant communities such as Saskatoon, are the best way to get things done – for aviation, for the economy and for the community as a whole. It is equally clear the SAA is ready to continue getting things done in the year ahead and long into the future.

Patrick W. Pitka
Chairman of the Board

W. A. (Bill) Restall
Chief Executive Officer

KEY COMMUNITY

ACCOUNTABILITIES

Key Community Accountabilities were introduced in 2007 as a means of tracking progress on SAA's strategic goals. The five Key Community Accountabilities are at the core of a commitment by the SAA's Board of Directors to open and transparent governance and reporting.



KEY COMMUNITY ACCOUNTABILITY #1:

FINANCIAL VIABILITY



Niels Koehncke

Success and sustainability of the SAA are built on prudent and professional financial management. Clear and challenging financial objectives are in place, creating a durable organization with the capability to proactively manage the Airport and move forward.

2008 highlights include:

- \$18 million capital program, including runway reconstruction and restoration and construction of new aprons, was completed on time and within budget;
- Increasing passenger traffic continues to drive increasing revenue; and
- Balance sheet remains strong.

10-year highlights include:

- SAA has no debt, despite undertaking major redevelopment of the Terminal Building and significant restoration, improvement and expansion of the Airport facility;
- Airport finances have consistently shown operating surpluses; and
- Airport Improvement Fee (AIF) continues to meet requirements of 10-year capital plan.

KEY COMMUNITY ACCOUNTABILITY #2:

SECURITY/SAFETY



The security and safety of those who travel through the Saskatoon Airport are of paramount concern. Rigorous standards are maintained across a spectrum of facilities, services and programs to ensure passenger and public safety.

2008 highlights include:

- Fire Hall expanded and new emergency response vehicles acquired; and
- Snow removal equipment upgraded.

10-year highlights include:

- Expansion of pre-board screening lines to expedite passenger movement through security screening;
- Installation of state-of-the-art security systems, including scanning of checked luggage and use of microchips with biometric data to identify staff working in secure zones; and
- Installation of video screens at passenger check-in counters and throughout the airport, offering customer information that includes advice on what can be taken through security.

KEY COMMUNITY ACCOUNTABILITY #3:

BUSINESS GATEWAY



In its role as economic facilitator, the Airport stands as both the gateway through which trade and commerce passes, and the first impression visitors have of the local community and economy. To ensure air transportation infrastructure is in place to allow economic expansion, and to increase business activity on Airport lands, SAA is committed to building a successful local and regional economy.

2008 highlights include:

- Significant expansion of air service, totalling more than 1,500 additional seats weekly, including new daily service to Denver by United Airlines, daily Ottawa service by Air Canada, and twice weekly service to Vegas by WestJet;
- Increased availability of charter flights to holiday destinations; and
- Increased private sector investment on Airport lands, including expansion of West Wind Aviation and Kreos Aviation's new dual hangar complex with an itinerant traffic Fixed Base Operation.

10-year highlights include:

- Businesses such as Purolator, and numerous general and commercial aviation businesses, either establishing or expanding new operations at the Airport;
- Established reputation as a low-cost airport, through aggressive control of Airport fees; and
- Air Service Campaigns to promote increased use of air service and Airport.

KEY COMMUNITY ACCOUNTABILITY #4:

CUSTOMER EXPERIENCE



When passenger and guests visit the Saskatoon Airport an enjoyable experience is the objective. Continually improving customer service and the range of amenities available to the public represents a core value of SAA.

2008 highlights include:

- A sixth passenger loading bridge was added;
- More comfortable seating provided with installation of upgraded furniture in the terminal; and
- Parking lot expansion, including directional signage to guide customers to their vehicles, was completed.

10-year highlights include:

- Massive \$25 million expansion and redevelopment of Terminal Building;
- Addition of a Customer Service Manager to the Airport executive and extensive customer service programs to create the best possible Airport experience; and
- The Volunteer Ambassador Program, a year-round program mobilizing volunteers to provide information and assistance to Airport visitors.

KEY COMMUNITY ACCOUNTABILITY #5:

OPERATIONAL INTEGRITY



Throughout SAA operations, which encompass issues of corporate social responsibility such as consultation and environmental stewardship, governance and ethical conduct of daily business, integrity of all aspects of Airport management is monitored, maintained and continuously improved.

2008 highlights include:

- Design and planning of major terminal and main apron expansion advanced to allow construction to proceed ahead of schedule to meet growth demand;
- Major remediation of contaminated fueling location completed; and
- Airport Risk Management program finalized.

10-year highlights include:

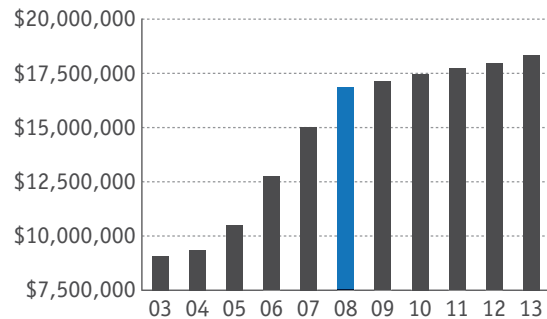
- Completion of an Airport Master Plan;
- Development of emergency planning and preparedness exercises; and
- Development of organizational structure and succession plan.

HISTORICAL ANALYSIS &

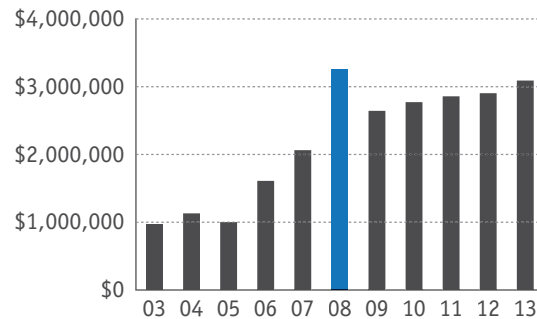
FIVE-YEAR FORECASTS

The following charts offer an analysis of the key performance indicators for the Saskatoon Airport and its stakeholders both historically and in anticipation of what the future may hold.

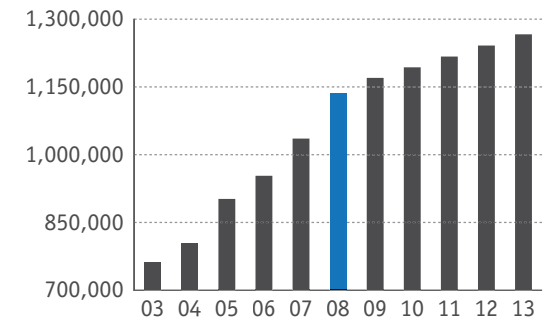
AIRPORT REVENUE



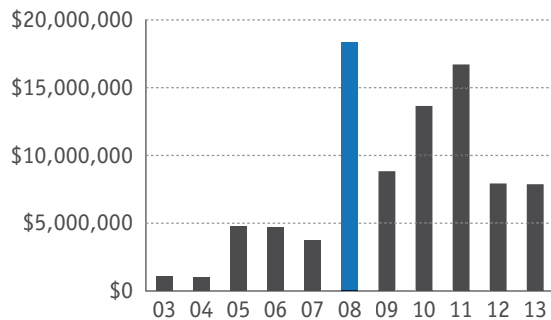
GENERAL FUND OPERATING PROFIT



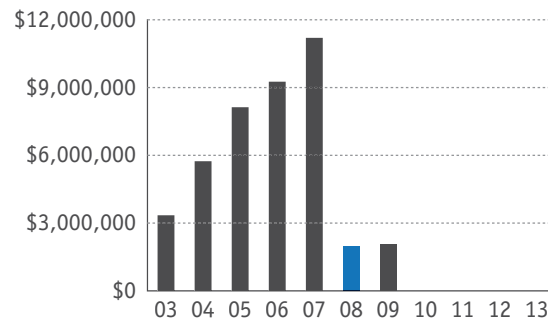
ANNUAL PASSENGER TRAFFIC



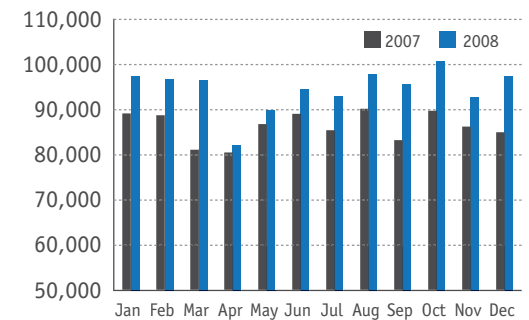
CAPITAL EXPENDITURES



CASH RESOURCES



MONTHLY PASSENGER TRAFFIC



A DECADE OF BUILDING AN
EXTENDED FAMILY

**Saskatoon Airport Authority
Retirees/Departures**

Judie Arnold
Executive Assistant
1999-2008

William Balcombe
Airport Facilities Officer
1999-2008

Roger Biddle
Mechanic
1999-2005

Jerry Carriere
Building Maintenance Mechanic
1999-2001

Arnold Derksen
Airfield Maintenance Specialist
WINTER SEASONAL 1998-2004

Janet Dunn
Accounts Payable/Pass Office
1999-2006

Quentin Harder
Airfield Maintenance Specialist
WINTER SEASONAL 2004-2005

Derwin Hein
Airfield Maintenance Specialist
WINTER SEASONAL 1999-2001

John Janzen
Airfield Maintenance Specialist
WINTER SEASONAL 1999-2002

Dana Kadlak-Brick
Term Marketing Research
2003-2005

Robert Lahoda
Electrician
1999-2008

CURRENT EMPLOYEES



Jim Fischer
Seasonal Airfield
Maintenance Specialist



Shannon Schlosser
Executive Assistant



Don Bartsch
Supervisor Mobile Surface



Blair Daviduke
Airfield Maintenance
Specialist



Pam Oakenfold
Human Resources
Administrator



Peter Rempel
Airfield Maintenance
Specialist



Gary Rhodes
Building Maintenance
Mechanic

Emile Lalonde
Airfield Maintenance Specialist
1999-2008

Dave McCullough
Mechanic
2005-2006

Douglas Reid
Manager Resources & Commercial Svcs.
1999

Andrea Sargent
Operations Clerk
2006-2008

Kevin Schatkoske
Airfield Maintenance Specialist
WINTER SEASONAL 2005-2006

Joe Skakun
Airfield Maintenance Specialist
WINTER SEASONAL 2007-2008

Rick Sobie
Airfield Maintenance Specialist
WINTER SEASONAL 1999

Henry Wall
Manager Operations
1999-2003

Chris Weninger
Airfield Maintenance Specialist
WINTER SEASONAL 2002-2007

Vincent Wong
Supv. Mobile Maintenance
1999

Saskatoon Airport Authority Students

Brianne Baranieski
SUMMER 2003-2007

Brita Baranieski
SUMMER 1999-2001

Erin Bland
SUMMER 2002-2005

Aaron Bourassa
SUMMER 2008

Shawn Bourassa
SUMMER 2008

Ryan Brownlee
SUMMER 2001-2002

Priscila Clayton
SUMMER 1999

Sarah Dauk
SUMMER 2003-2004

Melissa Domoslai
SUMMER 2006

Shawn Dukart
AVIATION SUMMER STUDENT 2002



Julie Ward
Operations Clerk



Clive Stromberg
Airport Operations Officer



Douglas Fahlgren
Manager Operations



Norman Domoslai
Electrician



Richard Jasieniuk
Airport Operations Officer

Maxine Montgomery
Manager Customer Service,
Communications & Marketing



John Tarasiuk
Carpenter

Andre Farden
AVIATION SUMMER STUDENT 2003

Candice Fentie
SUMMER 2000-2002

Donald Fentie
SUMMER 2002-2003

Christopher Goldfinch
AVIATION SUMMER STUDENT 2002

Shannon Gordon
SUMMER 2001-2003

Kevin Haubrich
SUMMER 2004-2007

Kristy Jackson
SUMMER 2000

Ryan Lahoda
SUMMER 2001-2002

Wade Lahoda
SUMMER 2001-2002

Patricia Little
SUMMER 2007

Leon Mazyn
AVIATION SUMMER STUDENT 2003

Stephen Miazga
SUMMER 2006-2008

Andrew Restall
SUMMER 2004-2008

Cassandra Restall
SUMMER 2006-2008

Julene Restall
SUMMER 2002-2004

Karlie Stroh
SUMMER 1999-2000

Jennifer Stromberg
SUMMER 2002-2005

Joshua Stromberg
SUMMER 2004-2006

Amy Tarasiuk
SUMMER 2003-2006

Erin Tarasiuk
SUMMER 1999-2000

Kathryn Tatham
SUMMER 1999-2000

Clayton Waldbauer
SUMMER 2007-2008

Kelsey Yurach
SUMMER 1999-2001

John Zabos
SUMMER 2007-2008

**Saskatoon Airport Authority
Board of Directors – Retirees/
Departures**

W. John Brennan
DIRECTOR: January 1999
to November 2000

Wayne Brownlee
DIRECTOR: January 1999
to April 2005

CURRENT EMPLOYEES



Larry Klassen
Seasonal Airfield
Maintenance Specialist



Drew Britz
Chief Financial Officer



Roman Domashovitz
Seasonal Airfield
Maintenance Specialist



Shelley Moser
Lease/Contract
Administration



Ayold Elgersma
Electrician



Don Rowe
Building Maintenance
Mechanic



Rose Mallow
Accounts Receivable/Computer
Services

Blair Davidson
DIRECTOR: January 1999
to December 2002

Henry Dayday
DIRECTOR: January 2003 to April 2005

David Eckmire
Deceased
DIRECTOR: January 1999 to May 2003

Silas Halyk
DIRECTOR: January 1999
to January 2003

Daniel Konkin
DIRECTOR: January 2001
to January 2003

Michael Laliberte
DIRECTOR: January 1999
to December 2001

Susan Lamb
DIRECTOR: January 1999
to December 2002

Betty-Anne Latrace-Henderson
DIRECTOR: January 1999 to April 2005

Paul Leier
DIRECTOR: April 2005 to April 2008

Don Maranda
DIRECTOR: December 1999
to January 2001

Gary Merasty
DIRECTOR: January 2003
to February 2006

Russell Mirasty
DIRECTOR: July 2006
to April 2007

Sandra Peters
DIRECTOR: January 1999
to December 2002

Shirley Ryan
DIRECTOR: January 1999
to December 2002

Reginald Stevens
DIRECTOR: January 2001
to December 2002

E. Robert Stromberg
CHAIR: January 1999 to April 2005

Fraser Sutherland
DIRECTOR: January 1999 to April 2007

Greg Trew
DIRECTOR: January 1999 to July 2000
and January 2001 to April 2008



Lory Sproxtion
Manager Facilities



Guy LeBlanc
Mechanic



Kyla Gillings
Operations Clerk



Tim Bradbury
Airfield Maintenance
Specialist

Stephen Palmer
Airfield Maintenance
Specialist

Barry Haubrich
Airfield Maintenance
Specialist



Dale Cameron
Airfield Maintenance
Specialist



William (Bill) Restall
President & CEO

MEMBERS OF THE
BOARD

(l-r) Nancy Hopkins Q.C., Cheryl Aramenko, Patrick Pitka FCA, Ben Robb, Miles Bean, Karim Nasser, Andrew Turnbull, Janet Keim, Tom Coates.

(inset l-r) Daphne Arnason FCA, Ron Waldman, Peter MacKinnon Q.C.



AUDITORS' REPORT

TO THE MEMBERS OF SASKATOON AIRPORT AUTHORITY

We have audited the statement of financial position of the Saskatoon Airport Authority as at December 31, 2008 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. In accordance with the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the prior year.



Chartered Accountants
Saskatoon, Saskatchewan
January 30, 2009

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

Saskatoon Airport Authority – year ended December 31, 2008


	General Fund	Capital Fund	2008 Total	2007 Total
REVENUE				
Aircraft landing fees	\$ 2,658,848	\$ -	\$ 2,658,848	\$ 2,222,173
General terminal fees	1,724,286	-	1,724,286	1,523,734
Concessions	1,915,175	-	1,915,175	1,708,032
Car parking	2,447,745	-	2,447,745	1,850,130
Space rental	763,504	-	763,504	709,044
Land rental	475,104	-	475,104	464,836
Loading bridge fees	604,285	-	604,285	535,810
Other revenue	262,888	-	262,888	277,189
Airport improvement fee (Note 6)	-	5,100,410	5,100,410	4,697,059
Investment income	-	200,978	200,978	365,973
Amortization of deferred contributions	-	682,596	682,596	682,596
	<u>10,851,835</u>	<u>5,983,984</u>	<u>16,835,819</u>	<u>15,036,576</u>
EXPENDITURES				
Salaries and benefits	2,004,336	-	2,004,336	1,912,105
Operational and professional services	2,907,818	-	2,907,818	2,812,182
General and administrative expenses	1,141,142	-	1,141,142	1,120,996
Property taxes	641,301	-	641,301	612,625
Utilities	555,918	-	555,918	511,473
Federal government rent	345,739	-	345,739	258,274
Depreciation and amortization	-	2,150,285	2,150,285	1,834,288
Loss on disposals	-	15,582	15,582	-
	<u>7,596,254</u>	<u>2,165,867</u>	<u>9,762,121</u>	<u>9,061,943</u>
EXCESS OF REVENUE OVER EXPENDITURES	3,255,581	3,818,117	7,073,698	5,974,633
FUND BALANCES, BEGINNING OF YEAR	695,276	31,156,933	31,852,209	25,877,576
INTERFUND TRANSFERS (Note 7)	(3,000,000)	3,000,000	-	-
FUND BALANCES, END OF YEAR	<u>\$ 950,857</u>	<u>\$ 37,975,050</u>	<u>\$ 38,925,907</u>	<u>\$ 31,852,209</u>

STATEMENT OF FINANCIAL POSITION

Saskatoon Airport Authority – as at December 31, 2008

	General Fund	Capital Fund	2008 Total	2007 Total
CURRENT ASSETS				
Cash	\$ 485,943	\$ 1,774,534	\$ 2,260,477	\$ 6,492,417
Short-term investments (Note 3)	-	337,754	337,754	5,325,557
Accounts receivable	708,692	370,840	1,079,532	1,138,756
Consumable supplies	193,906	-	193,906	155,742
Prepaid expenses	162,234	-	162,234	122,462
	<u>1,550,775</u>	<u>2,483,128</u>	<u>4,033,903</u>	<u>13,234,934</u>
ACCRUED PENSION BENEFIT ASSET (Note 9)	619,000	-	619,000	360,000
PROPERTY, PLANT AND EQUIPMENT (Note 4)	-	45,674,404	45,674,404	29,549,760
	<u>\$ 2,169,775</u>	<u>\$ 48,157,532</u>	<u>\$ 50,327,307</u>	<u>\$ 43,144,694</u>
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	\$ 742,295	\$ 731,118	\$ 1,473,413	\$ 720,100
Security deposits	237,080	637,716	874,796	836,076
Deferred revenue	44,343	-	44,343	44,405
	<u>1,023,718</u>	<u>1,368,834</u>	<u>2,392,552</u>	<u>1,600,581</u>
OTHER LONG-TERM LIABILITIES	195,200	-	195,200	195,660
DEFERRED CONTRIBUTIONS (Note 5)	-	8,813,648	8,813,648	9,496,244
	<u>1,218,918</u>	<u>10,182,482</u>	<u>11,401,400</u>	<u>11,292,485</u>
FUND BALANCES	950,857	37,975,050	38,925,907	31,852,209
	<u>\$ 2,169,775</u>	<u>\$ 48,157,532</u>	<u>\$ 50,327,307</u>	<u>\$ 43,144,694</u>

APPROVED BY THE BOARD

Director 
 Patrick W. Pitka

Director 
 Daphne Arnason

STATEMENT OF CASH FLOWS

Saskatoon Airport Authority – year ended December 31, 2008

	<i>General Fund</i>	<i>Capital Fund</i>	<i>2008 Total</i>	<i>2007 Total</i>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES				
Excess of revenue over expenditures	\$ 3,255,581	\$ 3,818,117	\$ 7,073,698	\$ 5,974,633
Adjustments for				
Depreciation and amortization	-	2,150,285	2,150,285	1,834,288
Amortization of deferred contributions	-	(682,596)	(682,596)	(682,596)
Change in market value of investments	-	-	-	98,813
Loss on sale of property, plant and equipment	-	15,582	15,582	-
Changes in non-cash working capital				
Accounts receivable	117,925	(58,701)	59,224	(225,719)
Consumable supplies	(38,164)	-	(38,164)	(28,431)
Prepaid expenses	(39,772)	-	(39,772)	7,809
Accrued pension benefit asset	(259,000)	-	(259,000)	(172,000)
Accounts payable and accrued liabilities	199,552	553,761	753,313	(907,215)
Security deposits	18,185	20,535	38,720	406,924
Deferred revenue	(62)	-	(62)	10,590
Other long-term liabilities	(460)	-	(460)	19,910
	<u>3,253,785</u>	<u>5,816,983</u>	<u>9,070,768</u>	<u>6,337,006</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES				
Proceeds on sale of property, plant and equipment	-	71,063	71,063	-
Purchase of property, plant and equipment	-	(18,361,574)	(18,361,574)	(3,778,597)
	<u>-</u>	<u>(18,290,511)</u>	<u>(18,290,511)</u>	<u>(3,778,597)</u>
NET INCREASE (DECREASE) IN CASH	3,253,785	(12,473,528)	(9,219,743)	2,558,409
CASH POSITION, BEGINNING OF YEAR	232,158	11,585,816	11,817,974	9,259,565
INTERFUND TRANSFERS (Note 7)	(3,000,000)	3,000,000	-	-
CASH POSITION, END OF YEAR	<u>\$ 485,943</u>	<u>\$ 2,112,288</u>	<u>\$ 2,598,231</u>	<u>\$ 11,817,974</u>
CASH AND CASH EQUIVALENTS				
Cash	\$ 485,943	\$ 1,774,534	\$ 2,260,477	\$ 6,492,417
Short-term investments	-	337,754	337,754	5,325,557
	<u>\$ 485,943</u>	<u>\$ 2,112,288</u>	<u>\$ 2,598,231</u>	<u>\$ 11,817,974</u>

NOTES TO THE FINANCIAL STATEMENTS

Saskatoon Airport Authority – year ended December 31, 2008

1. NATURE OF BUSINESS

The Saskatoon Airport Authority (the “Authority”) was incorporated without share capital under Part II of the Canada Corporations Act. The Authority has operated Saskatoon John G. Diefenbaker International Airport since January 1, 1999 under a lease from the Government of Canada. All earnings of the Authority are retained and reinvested in airport operations and development.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Fund Accounting

Saskatoon Airport Authority follows the restricted fund method for contributions.

The General Fund accounts for the Authority’s operating activities. This fund reports unrestricted resources.

The Capital Fund reports the assets, liabilities, revenues and expenditures as allocated by the Board of Directors to the Authority’s property, plant and equipment, expansion and renovation projects.

Use of Estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Financial Instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below:

- Cash and short-term investments are classified as financial assets held for trading and are measured at fair value. Fair value fluctuations in these assets including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in investment income.
- Accounts receivable are classified as loans and receivables and are recorded at amortized cost using the effective interest method.
- Accounts payable and accrued liabilities and other long-term liabilities are classified as other liabilities and measured at amortized cost using the effective interest method.

Transaction costs related to held for trading financial assets are expensed as incurred. Transaction costs related to other liabilities and loans and receivables are netted against the carrying value of the asset or liability and are then recognized over the expected life of the instrument using the effective interest method.

The Authority uses the effective interest method to recognize interest income or expense which includes transaction costs or fees, premiums or discounts earned or incurred for financial instruments.

Derivative Instruments – Embedded Derivatives

The Authority selected January 1, 2003 as the transition date for embedded derivatives, as such only contracts or financial instruments entered into or modified after the transition date were examined for embedded derivatives. As at December 31, 2008, the Authority does not have any outstanding contracts or financial instruments with embedded derivatives that require bifurcation.

Consumable Supplies

Inventories of consumable supplies are recorded at the lower of cost and estimated replacement cost.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost and, when put in use, depreciation and amortization is provided for on the following basis:

<i>Paved surfaces and land improvements</i>	<i>25 years straight line</i>
<i>Buildings</i>	<i>20 years straight line</i>
<i>Vehicles, machinery and equipment</i>	<i>10 years straight line</i>
<i>Computer equipment</i>	<i>2 years straight line</i>
<i>Computer software</i>	<i>1 year straight line</i>

Income Taxes

The Authority is exempt from federal and provincial income tax and capital tax.

Revenue Recognition

Revenues are recorded when the services are performed, the facilities are utilized or the amounts are earned pursuant to the related agreements, and collection is reasonably assured. The Airport Improvement Fee ("AIF") revenue is recognized when passengers embark.

The Government of Canada agreed to provide financial assistance for use toward capital projects including the modernization of the Air Terminal facility and integration of the outbound baggage security systems. In 1999 and 2005, the Authority received contributions of \$9,651,944 and \$4,000,000 respectively for capital projects (see Note 5).

The contributions are accounted for under the deferral method whereby the contributions are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired property, plant and equipment. The annual amount recognized as revenue is based on a 20-year, straight-line amortization of the contributions.

Ground Lease

The Authority accounts for its ground lease with Transport Canada as an operating lease.

Changes in Accounting Policies

The Authority adopted the following recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook:

Financial Instruments

Section 3862, Financial instruments – Disclosures and Section 3863, Financial instruments – Presentation. Section 3862 requires the disclosure of information about: a) the significance of financial instruments for the entity's financial position and performance and b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The required disclosures are included in note 10. Section 3863 contains standards for presentation of financial instruments and non-financial derivatives. The adoption of this Section had no impact on the financial statements.

Capital Disclosures

The Company adopted the recommendations of CICA Handbook Section 1535, Capital Disclosures. This section requires the disclosure of information about how the Authority defines and manages capital. The required disclosures are included in Note 7.

Inventories

The Authority adopted the recommendations of CICA Handbook Section 3031 on inventories which provides guidance on the determination of cost of inventories and its subsequent recognition as an expense, and includes additional disclosure requirements. This accounting policy, which was adopted as of January 1, 2008, had no impact on the financial statements of the Authority.

3. SHORT-TERM INVESTMENTS

	2008		2007	
	Cost	Fair Value	Cost	Fair Value
Investment cash	\$ 9,617	\$ 9,617	\$ 132,410	\$ 132,410
Bonds	282,135	285,402	4,085,341	4,133,499
Equities	60,978	42,735	1,057,679	1,059,648
	<u>\$ 352,730</u>	<u>\$ 337,754</u>	<u>\$ 5,275,430</u>	<u>\$ 5,325,557</u>

4. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Depreciation	Net Book Value	
			2008	2007
Buildings	\$ 25,228,635	\$ 7,153,536	\$ 18,075,099	\$ 18,208,721
Paved surfaces and land improvements	24,150,147	1,580,773	22,569,374	8,413,463
Vehicles, machinery and equipment	7,021,264	2,035,602	4,985,662	2,904,654
Computer equipment	121,289	101,945	19,344	21,250
Computer software	57,394	32,469	24,925	1,672
	<u>\$ 56,578,729</u>	<u>\$ 10,904,325</u>	<u>\$ 45,674,404</u>	<u>\$ 29,549,760</u>

5. DEFERRED CONTRIBUTIONS

	2008	2007
Balance, beginning of year	\$ 9,496,244	\$ 10,178,840
Less: Current year amortization	(682,596)	(682,596)
	<u>\$ 8,813,648</u>	<u>\$ 9,496,244</u>

6. AIRPORT IMPROVEMENT FEE (AIF)

The Authority has an agreement with the Air Transport Association of Canada and certain of the air carriers serving Saskatoon John G. Diefenbaker International Airport for the collection of an Airport Improvement Fee (AIF). The AIF charged is \$5 per local boarded passenger for travel to destinations within Saskatchewan and \$10 for destinations outside of Saskatchewan. The AIF is collected by the air carriers and the portion of the fee earned and reported by the Authority is net of the 7% handling fee retained by the air carriers. The Board of Directors has internally restricted the Authority's share of the AIF revenues in the Capital Fund to pay for the capital and related financing costs of major airport infrastructure development.

7. CAPITAL MANAGEMENT

The Authority's objectives when managing capital are to safeguard the entity's ability to operate and develop Saskatoon John G. Diefenbaker International Airport in a high quality manner while maintaining reasonable rates and charges for its users. The Authority meets this objective by generating adequate resources from operations to eliminate the need for any long-term debt financing.

The Authority determines the amount of capital that may be required by monitoring the long-term airport infrastructure development plans to meet the needs of passengers, tenants and other airport users and stakeholders. The Authority maintains and manages an internally restricted Capital Fund in anticipation of those plans.

As a result of the operational performance, the Authority has allocated \$3,000,000 (2007 – \$2,000,000) from the General Fund to the Capital Fund.

8. LEASE COMMITMENT

The Saskatoon Airport Authority has a 60 year lease of the Saskatoon airport facilities with Transport Canada which expires in 2059, with an option to renew for an additional 20 years. At the end of the renewal term, unless otherwise extended, the Authority is obligated to return control of the airport to the landlord. The Authority began to pay rent on January 1, 2006. The rent is calculated based on a formula reflecting annual gross revenues less government contributions, with the first \$5 million exempt from the calculation. The formula is applied at a rate of 1% of adjusted gross revenues in excess of \$5 million and 5% of adjusted gross revenues in excess of \$10 million.

9. EMPLOYEE FUTURE BENEFITS

The Authority sponsors and funds a pension plan (the Authority's Plan) on behalf of its employees, which has defined benefit and defined contribution components. The defined benefit component is for employees who were employees of the Authority on the date of transfer including former Transport Canada employees, some of whom transferred their entitlements under the Public Service Superannuation Plan to the Authority's Plan. The cost of the defined benefit component of the pension plan is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, salary adjustments and retirement ages.

Based on the most recent actuarial determination of pension plan benefits completed as at January 1, 2008 and extrapolated to December 31, the status of the defined benefit component of the pension plan is as follows:

	2008	2007
Fair value of plan assets	\$ 5,204,000	\$ 6,012,000
Accrued pension obligation	4,537,000	5,772,000
Funded status - plan surplus	667,000	240,000
Unamortized transitional obligation	72,000	128,000
Unamortized net actuarial gain	(120,000)	(8,000)
Accrued pension benefit asset	<u>\$ 619,000</u>	<u>\$ 360,000</u>

The Authority is making additional payments to eliminate the plan deficit in accordance with the requirements of the Pension Benefits Standards Act. In addition, the Authority is committed to maintaining sufficient cash resources to fund the balance of any actuarially determined plan deficit.

The significant economic assumptions used by the Authority's actuaries in measuring the Authority's accrued benefit obligations are as follows:

	2008	2007
Discount rate	7.50%	5.60%
Expected rate of return on plan assets	7.00%	7.00%
Rate of compensation increases	3.00%	3.00%

The net expense for the Authority's pension benefit plans is as follows:

	2008	2007
Defined benefit pension plan component	\$ 133,312	\$ 177,950
Defined contribution pension plan component	24,003	15,961

Other information about the Authority's defined benefit plan is as follows:

	2008	2007
Employer contributions	\$ 402,000	\$ 350,000
Employees' contribution	52,000	53,000
Benefits paid	73,000	60,134

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Authority, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: credit risk and market risk (interest rate risk and other price risk).

Credit Risk

The Authority's principal financial assets are cash, short-term investments, and accounts receivable, which are subject to credit risk. The carrying amounts of financial assets on the statement of financial position represent the Authority's maximum credit exposure at the balance sheet date.

The Authority's credit risk is primarily attributable to its trade receivables. The amounts disclosed in the statement of financial position are net of allowance for doubtful accounts, estimated by management of the Authority based on previous experience and its assessment of the current economic environment. The Authority does not have significant exposure to any individual customer and has not incurred any significant bad debts during the year. The credit risk on cash and short-term investments is limited because the counterparties are chartered banks with high credit ratings assigned by national credit-rating agencies.

Interest Rate Risk

The interest-bearing, short-term investments have a limited exposure to interest rate risk due to their short-term maturity.

Fair Values

The fair values of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying values due to their short-term maturity.

The fair value of short-term investments is based on quoted market prices.

REQUIRED DECLARATIONS

1. COMPLIANCE WITH THE CODE OF CONDUCT

The Saskatoon Airport Authority has established and maintains a comprehensive Code of Conduct for Directors, Members, Officers and Employees. In accordance with the provisions of the lease agreement with the Government of Canada, the Saskatoon Airport Authority confirms that it has complied with this Code of Conduct.

2. COMPENSATION OF DIRECTORS AND OFFICERS

The compensation paid to the Directors of the Saskatoon Airport Authority for the year ending December 31, 2008 was:

Pitka, Pat (Chair)	\$ 21,500
Aramenko, Cheryl (appointed in 2008)	\$ 7,200
Arnason, Daphne	\$ 11,400
Bean, Miles (appointed in 2008)	\$ 7,200
Coates, Tom	\$ 11,700
Hopkins, Nancy	\$ 11,700
Keim, Janet	\$ 11,700
Leier, Paul (retired in 2008)	\$ 4,500
MacKinnon, Peter.....	\$ 10,600
Nasser, Karim	\$ 11,400
Robb, Ben.....	\$ 11,700
Trew, Greg (retired in 2008)	\$ 4,800
Turnbull, Andrew (appointed in 2008).....	\$ 7,200
Waldman, Ron	\$ 11,400

The total remuneration paid to the Chief Executive Officer, Chief Financial Officer, Manager Operations, Manager Facilities and the Manager of Customer Service, Communications and Marketing of the Saskatoon Airport Authority was \$499,400.

The base salary range for the officers is \$60,000 to \$155,000.

3. COMPETITIVE TENDERING

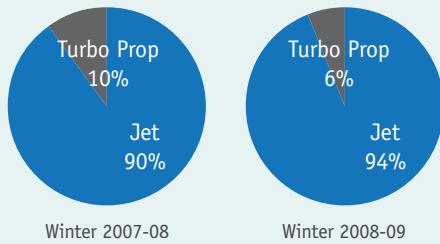
The Saskatoon Airport Authority is committed to doing business locally and in a competitive fashion. To that end, with the exception of those items referred to below, the Authority sought competitive bids on all contracts exceeding \$75,000.

During 2008, the Authority awarded a contract for the provision of an aircraft passenger loading bridge totaling \$504,230 without a public, competitive bid. There was only one supplier able to supply a bridge compatible with the existing aircraft passenger loading bridges used by the Authority.

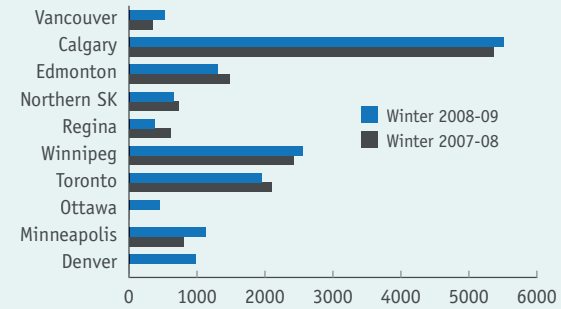
During 2008, the Authority awarded a contract for the purchase of a snow blower totalling \$355,147 without a public, competitive bid. The purchase maintained a standard fleet of snow removal equipment to achieve operational efficiencies.

STATISTICAL HIGHLIGHTS

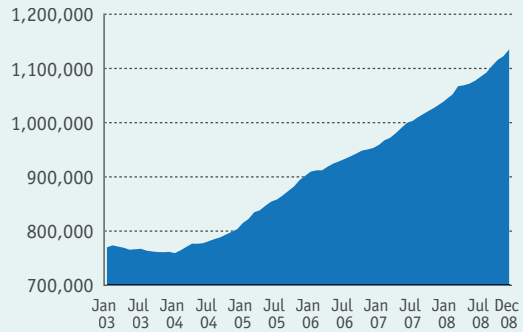
WEEKLY DEPARTING SEATS
by Aircraft Category



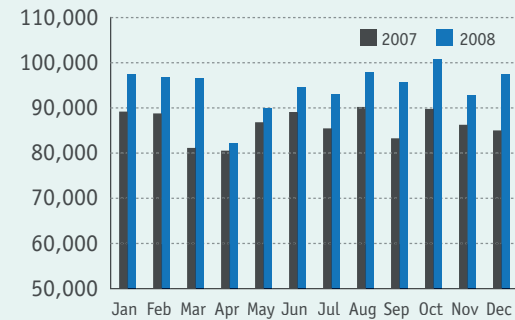
WEEKLY DEPARTING SEATS
by First Stop Destination



ROLLING 12-MONTH PASSENGER VOLUME



MONTHLY PASSENGER TRAFFIC





Saskatoon Airport Authority

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