



Auditor's report

To the Athabasca University Governing Council

I have audited the statement of financial position of Athabasca University as at March 31, 2006, and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the University's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 my opinion, these financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Original Signed by Fred J. Dunn, FCA

Edmonton, Alberta
May 12, 2006, except as to Note 18, which is as of June 28, 2006

FCA
Auditor General

The official version of this Report of the Auditor General, and the information the Report covers, is in printed form.

A U F I N A N C I A L S T A T E M E N T S

Athabasca University
 Statement of financial position
 March 31, 2006
 (thousands of dollars)

Assets

Current assets

Cash and short-term investments (Note 3)
 Accounts receivable (Note 4)
 Inventory of course materials
 Prepaid expenses

Non-current investments (Notes 3 and 5)
 Deferred course development costs (Note 6)
 Capital assets (Note 7)

Liabilities and net assets

Current liabilities

Accounts payable and accruals
 Salaries and benefits payable (Note 8)
 Deferred revenue
 Deferred contributions (Note 9)
 Current portion of obligation under capital lease (Note 10)
 Current portion of deferred lease inducement (Note 11))

Obligation under capital lease (Note 10)
 Deferred salaries and benefits payable (Notes 8 and 19)
 Deferred lease inducement (Note 11)
 Unamortized deferred capital contributions (Note 12)
 Unamortized course development contributions (Note 12)

Net assets

Investment in capital assets (Note 7)
 Endowments (Note 14)
 Internally restricted
 Unrestricted

	2006	2005
	\$ 17,250	\$ 19,194
	4,127	3,202
	2,913	2,856
	855	810
	25,145	26,062
	27,374	20,876
	282	370
	21,565	20,092
	\$ 74,366	\$ 67,400
	\$ 2,431	\$ 4,005
	5,840	5,183
	11,185	11,320
	1,550	1,801
	52	49
	97	-
	21,155	22,358
	-	52
	1,985	1,992
	380	-
	13,283	11,891
	282	370
	37,085	36,663
	8,230	8,100
	1,249	1,223
	25,880	19,461
	1,922	1,953
	37,281	30,737
	\$ 74,366	\$ 67,400

Approved on behalf of the Governing Council

(SIGNED) "David J. Burnett"

David J. Burnett, CA, Chair

(SIGNED) "Dr. Frits Pannekoek"

Dr. Frits Pannekoek, President

The accompanying notes are part of these financial statements.

A U F I N A N C I A L S T A T E M E N T S

Athabasca University
 Statement of operations
 For the year ended March 31, 2006
 (thousands of dollars)

	2006	2005
Revenue		
Province of Alberta grants (Note 17)	\$ 30,113	\$ 25,452
Undergraduate student fees	30,516	28,689
Graduate student fees	13,047	12,690
Sales of goods and services	10,040	9,598
Amortization of deferred capital contributions (Note 12)	1,909	913
Interest	1,326	888
Research and other grants	1,000	801
Donations (Note 18)	213	432
Other	96	82
Amortization of deferred course development contributions (Note 12)	88	18
	88,348	79,563
Expenses		
Salaries and benefits	50,893	45,191
Fees and purchased services	11,284	10,307
Materials and supplies	8,075	6,498
Communications and travel	5,538	4,812
Amortization of capital assets	3,877	2,755
Facilities rental	996	947
Insurance, utilities and taxes	672	596
Scholarships	407	167
Amortization of deferred course development costs (Note 6)	88	18
	81,830	71,291
Excess of revenue over expenses	\$ 6,518	\$ 8,272

The accompanying notes are part of these financial statements.

A U F I N A N C I A L S T A T E M E N T S

Athabasca University
Statement of changes in net assets
For the year ended March 31, 2006
(thousands of dollars)

	2005 Balance, beginning of year	Excess of revenue over expenses	Investment in capital assets, internally funded	Amortization of internally funded assets	Endowment contributions net of expenditures (Note 14)	Interfund transfers	2006 Balance, end of year
Internally Restricted							
Operating							
New program development	\$ 5,244	—	—	—	—	\$ 1,491	\$ 6,735
Future student awards	1,348	—	—	—	—	297	1,645
Future employee benefits	869	—	—	—	—	(869)	—
Bridging to retirement	—	—	—	—	—	3,900	3,900
	7,461	—	—	—	—	4,819	12,280
Capital							
Building renovations	2,000	—	—	—	—	1,600	3,600
Investment in systems development	10,000	—	—	—	—	—	10,000
	12,000	—	—	—	—	1,600	13,600
Internally restricted sub-total	19,461	—	—	—	—	6,419	25,880
Investment in capital assets	8,100	—	2,098	(1,968)	—	—	8,230
Endowments	1,223	—	—	—	26	—	1,249
Unrestricted	1,953	6,518	(2,098)	1,968	—	(6,419)	1,922
Total Net Assets	\$ 30,737	\$ 6,518	\$ —	\$ —	\$ 26	\$ —	\$ 37,281

The accompanying notes are part of these financial statements.

A U F I N A N C I A L S T A T E M E N T S

Athabasca University
 Statement of cash flows
 For the year ended March 31, 2006
 (thousands of dollars)

	2006	2005
Cash provided from operating activities:		
Excess of revenue over expenses	\$ 6,518	\$ 8,272
Items not affecting cash flow:		
Amortization of capital assets	3,877	2,755
Transfer to deferred capital contributions (Note 9)	3,301	132
Amortization of deferred course development costs	88	18
Increase (decrease) in deferred salaries and benefits payable	(7)	246
Amortization of deferred course development contributions	(88)	(18)
Equity in joint venture earnings (Note 5)	(103)	(132)
Amortization of deferred lease inducement	(126)	-
Amortization of deferred capital contributions	(1,909)	(913)
	<u>11,551</u>	<u>10,360</u>
Change in non-cash working capital		
Change in current assets, except cash and short-term investments	(1,027)	279
Change in current liabilities, except current portions of obligation under capital lease and deferred lease inducement	(1,303)	3,143
	<u>(2,330)</u>	<u>3,422</u>
	9,221	13,782
Cash used in investing activities:		
Capital asset acquisitions, internally funded	(2,049)	(2,429)
Capital asset acquisitions, externally funded	(3,301)	(267)
Increase in non-current investments	(6,395)	(8,145)
	<u>(11,745)</u>	<u>(10,841)</u>
Cash provided from financing activities:		
Deferred lease inducement (Note 11)	603	-
Endowment contributions, net	26	118
Capital lease payments (Note 10)	(49)	(44)
	<u>580</u>	<u>74</u>
Increase (decrease) in cash and short-term investments	(1,944)	3,015
Cash and short-term investments, beginning of year	19,194	16,179
Cash and short-term investments, end of year	<u>\$ 17,250</u>	<u>\$ 19,194</u>

The accompanying notes are part of these financial statements.

Athabasca University
Notes to the financial statements
Year ended March 31, 2006
(thousands of dollars)

Note 1 Authority and purpose

Athabasca University (the "university") operates under the authority of the Post-Secondary Learning Act, Statutes of Alberta 2003, chapter P-19.5. It is directed by an appointed Governing Council and offers undergraduate and graduate degree programs through distance education. The university is a registered charity and is exempt from the payment of income taxes.

Note 2 Significant accounting policies and reporting practices

(a) General

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these financial statements requires the use of estimates which may vary from actual results. Such estimates, the potential errors in which are, in administration's opinion, within reasonable limits of materiality, have been made using professional judgment and conform to the significant accounting policies summarized below. These significant accounting policies are presented to assist the reader in evaluating these financial statements and, together with the following notes, should be considered an integral part of the financial statements.

(b) Revenue recognition

Government operating grants are recognized as revenue in the period received, or, where the grants relate to a future period, are deferred and recognized in the subsequent period.

Revenue received for the provision of goods and services is recognized in the period in which the goods are provided or the services rendered. Deferred revenue includes course fees received in advance.

Contributions restricted for purposes other than endowment or the acquisition of capital assets are deferred and recognized as revenue in the year that the conditions of the contributions are met. Contributions restricted for the acquisition of capital assets having limited life are initially recorded as deferred capital contributions in the period in which they are received. Deferred capital contributions are transferred to unamortized deferred capital contributions when expended and are amortized to revenue over the useful lives of the related assets. Contributions restricted for the acquisition of non-consumable capital assets (e.g., land) are initially recorded as deferred contributions in the period in which they are received and, when expended, are recognized as direct increases in net assets.

Contributions restricted for the development of courses are deferred and amortized to revenue over five years.

Endowed donations, including investment earnings, are recognized as direct increases in net assets in the period in which they are received. The portion of investment earnings, which, in accordance with agreements with benefactors or the authority provided by Section 76(2)(c) of the Post-Secondary Learning Act, is used to fund scholarships is transferred to investment income.

Donations of goods and services that otherwise would have been purchased are recorded at fair value when a fair value can be reasonably determined; otherwise, they are recorded at nominal value.

Volunteers contribute services to assist the university in carrying out its mission. Such contributed services are not recognized in these financial statements.

Note 2 Significant accounting policies and reporting practices (continued)

(c) Fair value of financial instruments and short-term investments

The carrying values of financial assets and financial liabilities are considered to approximate fair value unless otherwise disclosed. Short-term investments include commercial paper, bonds, and term deposits that mature within one year.

(d) Investments

Current investments are valued at the lower of cost and market value. Non current investments are valued at cost or, when there has been other than a temporary impairment in the value of the investment, at market value, which is considered the new cost. Gains or losses on sales of investments are recognized in the year of disposal. The investment in a joint venture is accounted for using the equity method.

(e) Inventory of course materials

Inventory of course materials is valued at the lower of cost and net realizable value.

(f) Copyrights

The university obtains copyrights on all course materials produced. These copyrights are recorded at a nominal value of one dollar and are included in prepaid expenses.

(g) Deferred course development costs

Costs for the development of special purpose courses sponsored through Curriculum Redevelopment Funding are deferred and amortized over five years from the time development is completed.

(h) Capital assets

Capital asset acquisitions are recorded at cost, except for donated assets, which are recorded at fair value. Except for works of art ¹, capital assets are amortized on a straight-line basis over the estimated useful lives of the assets, as follows:

	Years
Buildings	40
Site improvements	10 – 25
Computing equipment and software	3 – 5
Vehicles, furnishings and other equipment	5 – 10
Leasehold improvements	lesser of 5 years or lease term
Library materials	10

¹ Works of art purchased by the university are recorded at cost and donated works of art are recorded at fair value. All works of art are not amortized. Works of art include sketches, limited edition prints, photographs, sculptures, rare books and original paintings. The works of art are held by the university for public exhibition.

Note 2 Significant accounting policies and reporting practices (continued)**(i) Employee future benefits**

The university participates with other employers in two defined benefit pension plans, the Universities Academic Pension Plan and the Public Service Pension Plan. These pension plans are multi-employer defined benefit pension plans that provide pensions for the university's participating employees, based on years of service and earnings.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on contribution rates that are expected to provide for benefits payable under the respective pension plan. The university does not record its portion of the pension plans' deficits or surpluses.

The university's other defined benefit plans consist of an Administrative Leave Plan and a Flexible Benefit Plan. The cost of benefits earned by employees in these plans is actuarially determined using the projected benefit method prorated on service and management's best estimate of salary escalation. Net actuarial gains (losses) are recognized immediately.

(j) Deferred lease inducement

One of the university's operating leases for premises provides for a lease inducement. This inducement has been deferred and is being recorded as a reduction of rent expense over the term of the lease.

(k) Internally restricted net assets

The university has designated internally restricted net assets for future operating and capital needs. These amounts are not available for other purposes without the approval of Governing Council.

Note 3 Cash and investments

Cash and investments consist of bank account balances, money market investments and other investments, as follows:

	2006				2005	
	Current cash and short-term investments	Non-current investments	Total		Total	
			Carrying value	Market	Carrying value	Market
Monetary investments ¹						
Bank balances	\$ 5,160	\$ –	\$ 5,160	\$ 5,160	\$ 7,296	\$ 7,296
Money market investments ²	12,090	27,058	39,148	39,148	32,483	32,483
	17,250	27,058	44,308	44,308	39,779	39,779
Other investments ³	–	316	316	316	291	291
Total	\$ 17,250	\$ 27,374	\$ 44,624	\$ 44,624	\$ 40,070	\$ 40,070
Total 2005	\$ 19,194	\$ 20,876	\$ 40,070	\$ 40,070		

- ¹ The carrying value of monetary investments is a close approximation of market value.
- ² Money market investments are purchased at a discount and are rated at R-1 or better (rated by Dominion Bond Rating Service). At March 31, 2006, the investments held have an average effective yield of 3.76% (2005 – 2.598%) and mature within 90 days.
- ³ Other investments are recorded at the lower of carrying value and estimated market value and include the shares of two private companies and a joint venture interest (Note 5).
- ⁴ Non-current money market investments include endowments of \$1,249 (2005 – \$1,223), which must be held for perpetuity, amounts held for deferred salaries and benefits payable of \$1,985 (2005 – \$1,992), and certain internally restricted net assets totaling \$23,824 (2005 – \$17,370).

Note 4 Accounts receivable

Accounts receivable include \$1,626 (2005 – \$406) in grants due from the Province of Alberta and \$553 (2005 – \$138) in recoverable expenses and equity distribution from Campus Alberta Applied Psychology: Counselling Initiative joint venture.

A U N I V E R S I T Y O F A L B E R T A F I N A N C I A L S T A T E M E N T S

Note 5 Interest in joint venture

The university has a one-third joint venture interest in the Campus Alberta Applied Psychology: Counselling Initiative. Three Alberta universities have formed the joint venture to develop and deliver this collaborative graduate degree.

The university's share of the joint venture's assets, liabilities and equity is:

	2006	2005
Current assets	\$ 581	\$ 458
Capital assets	3	3
	<u>\$ 584</u>	<u>\$ 461</u>
Current liabilities	\$ 265	\$ 167
Unamortized deferred capital contributions	1	3
Investment in capital assets	2	—
	<u>268</u>	<u>170</u>
Joint venture interest		
Opening balance	291	217
Net distribution	(80)	(58)
Excess of revenues over expenses		
Revenues	\$ 675	\$ 598
Expenses	570	466
	<u>316</u>	<u>291</u>
	<u>\$ 584</u>	<u>\$ 461</u>

Note 6 Deferred course development costs

	2006	2005
Balance, beginning of year	\$ 370	\$ 318
Costs incurred during the year	—	70
	<u>370</u>	<u>388</u>
Amount amortized during the year	(88)	(18)
Balance, end of year	<u>\$ 282</u>	<u>\$ 370</u>

A U F I N A N C I A L S T A T E M E N T S

Note 7 Capital assets and investment in capital assets

	2006			2005 ²		
	Cost ¹	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Land	\$ 1,565	\$ —	\$ 1,565	\$ 1,565	\$ —	\$ 1,565
Buildings and site improvements	25,747	14,372	11,375	25,369	13,635	11,734
Leasehold improvements	2,128	1,172	956	1,401	955	446
Furnishings, equipment and software (Note 10)	22,095	15,600	6,495	19,090	13,955	5,135
Library materials	5,074	4,520	554	5,069	4,477	592
Works of art	620	—	620	620	—	620
	<u>\$ 57,229</u>	<u>\$ 35,664</u>	<u>21,565</u>	<u>\$ 53,114</u>	<u>\$ 33,022</u>	<u>20,092</u>
Unamortized deferred capital contributions related to capital assets (Note 12)			(13,283)			(11,891)
Obligation under capital lease (Note 10)			(52)			(101)
Investment in capital assets			<u>\$ 8,230</u>			<u>\$ 8,100</u>

¹ Capital acquisitions during the year include an in-kind donation of software in the amount of \$3,100 (2005 – \$0) (Note 18). This software includes licensed rights for non-operational use of a comprehensive business process application, and access to a series of training modules, all for educational purposes.

² Some prior year amounts have been reclassified to conform to the current year presentation.

Note 8 Salaries and benefits payable

	2006	2005
Administrative Leave Plan	\$ 1,480	\$ 1,310
Flexible Benefit Plan	1,083	1,011
Other defined benefit plans (Note 19)	2,563	2,321
Salaries and wages	2,217	2,168
Vacation pay	1,588	1,497
Professional development funds	1,457	1,189
Total salaries and benefits payable	<u>7,825</u>	<u>7,175</u>
Current portion of salaries and benefits payable	<u>(5,840)</u>	<u>(5,183)</u>
Deferred salaries and benefits payable	<u>\$ 1,985</u>	<u>\$ 1,992</u>

Deferred salaries and benefits payable are the long-term accrued benefit obligations of the Administrative Leave Plan and Flexible Benefit Plan.

Note 9 Deferred contributions

Deferred contributions represent unspent restricted grants and donations. Changes in the deferred contributions balances are as follows:

	2006	2005
Balance, beginning of year	\$ 1,801	\$ 2,431
Grants received	2,296	1,420
Donations received subject to external restrictions (Note 18)	3,119	-
Transfer to deferred capital contributions (Note 13)	(3,301)	(132)
Transfer to unamortized deferred course development contributions (Note 12)	-	(70)
Amount recognized as revenue	(2,365)	(1,848)
Balance, end of year	\$ 1,550	\$ 1,801
The balance consists of funds restricted from:		
Province of Alberta		
Access	\$ 292	\$ 906
Learning Enhancement	-	21
Centennial Rebate	110	-
Facilities Planning	152	-
Intellectual Infrastructure	-	13
Infrastructure Maintenance	47	4
Innovation and Science	130	211
Health and Wellness	30	40
Sponsored research special projects	789	606
	\$ 1,550	\$ 1,801

Note 10 Obligation under capital lease

The university leases certain equipment under agreements, which are classified as capital leases. Costs and accumulated amortization of such assets totaled \$1,210 and \$870 respectively (2005 – \$1,210 and \$718) and are included in furnishings, equipment and software (Note 7).

Future minimum capital lease payments are as follows:

	2006	2005
2006	\$ -	\$ 54
2007	53	53
Total future minimum lease payments	53	107
Less amount representing implicit interest at 8%	(4)	(12)
Net future minimum lease payments	49	95
Plus accrued interest	3	6
Total capital lease payable	52	101
Less current portion and accrued interest	(52)	(49)
Long term obligation under capital lease	\$ -	\$ 52

A U N I V E R S I T Y F I N A N C I A L S T A T E M E N T S

Note 11 Deferred lease inducement

During the year the university received a lease inducement under an agreement for leased premises. The inducement has been deferred and is being applied as a reduction of rent expense over the term of the lease as follows:

2007	\$ 97
2008	117
2009	117
2010	117
2011	29
Total unamortized deferred lease inducement	477
Less: current portion	(97)
Long term portion of deferred lease inducement	<u>\$ 380</u>

Note 12 Unamortized deferred capital and deferred course development contributions

	2006			2005
	Related to			Total
	Capital assets	Deferred course development	Total	
Balance, beginning of year	\$ 11,891	\$ 370	\$ 12,261	\$ 12,855
Transfer from				
Deferred capital contributions (Note 13)	3,301	-	3,301	267
Deferred contributions (Note 9)	-	-	-	70
	15,192	370	15,562	13,192
Amortized to revenue	(1,909)	(88)	(1,997)	(931)
Balance, end of year	<u>\$ 13,283</u>	<u>\$ 282</u>	<u>\$ 13,565</u>	<u>\$ 12,261</u>

Note 13 Deferred capital contributions

Deferred capital contributions represent capital funding received from external sources that remain unspent at March 31. Changes in the deferred capital contributions balances are as follows:

	2006	2005
Balance, beginning of year	\$ -	\$ 135
Transfer from deferred contributions (Note 9)		
Donation in-kind	3,100	-
Cash	201	132
	3,301	132
Transfers to unamortized deferred capital contributions (Note 12)	(3,301)	(267)
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>

A U F I N A N C I A L S T A T E M E N T S

Note 14 Endowments

Endowments consist of externally restricted donations, the principal of which is required to be maintained intact. The use of the investment income is internally restricted as endowments must first be adjusted annually for inflation.

	2006				2005
	Capital contributions	Capitalized earnings	Increase (decrease) in expendable earnings	Total	Total
Endowments, beginning of year	\$ 1,189	\$ 15	\$ 19	\$ 1,223	\$ 1,089
Donations received (Note 18)	–	–	–	–	100
Transfer from internally restricted net assets	–	–	–	–	16
Investment earnings	–	25	10	35	25
Scholarships funded and administrative fees	–	–	(9)	(9)	(7)
Endowments, end of year	\$ 1,189	\$ 40	\$ 20	\$ 1,249	\$ 1,223

Note 15 Budget

The budget, as approved by the Governing Council on March 23, 2005, is presented together with actual revenue and expenses for the year.

	Actual	Budget
Revenue		
Province of Alberta grants	\$ 30,113	\$ 26,037
Undergraduate student fees	30,516	29,991
Graduate student fees	13,047	12,656
Sales of goods and services	10,040	9,332
Amortization of deferred capital and deferred course development contributions	1,997	832
Interest	1,326	790
Other	1,309	2,226
	88,348	81,864
Expenses		
Salaries and benefits	50,893	55,044
Fees and purchased services	11,284	10,759
Materials and supplies	8,075	8,284
Communications and travel	5,538	4,733
Amortization of capital assets and deferred course development costs	3,965	3,203
Facilities rental, insurance, utilities and taxes	1,668	1,646
Scholarships	407	287
	81,830	83,956
Revenue over (under) expenses	\$ 6,518	\$ (2,092)

Note 16 Operating lease commitments

The university is committed to operating leases expiring no later than 2012 for facilities and equipment, with the following minimum annual payments:

2007	\$ 926
2008	\$ 577
2009	\$ 312
2010	\$ 315
2011	\$ 137
2012	\$ 10

The university is also required to pay a pro rata share of operating expenditures of the facilities.

Note 17 Related party transactions

The university operates under the authority and statutes of the Province of Alberta. Transactions between the university and the Province of Alberta are summarized below.

	2006	2005
Operating grant	\$ 22,366	\$ 20,425
Access funding	4,551	3,728
Infrastructure	142	150
Other	1,454	353
Total contributions	28,513	24,656
Change in deferred contributions and other accruals from Provincial sources	1,600	796
Province of Alberta grants revenue	\$ 30,113	\$ 25,452

The university offered certain courses at provincial post-secondary institutions. The revenue for these courses amounted to \$1,553 (2005 – \$1,564).

Note 18 Donations

Donations were received during the year as follows:

	2006			2005
	Cash	In-kind ²	Total	Total
Amount recognized as revenue	\$ 138	\$ 75	\$ 213	\$ 432
Transfers to deferred contributions (Note 9)	19	3,100	3,119	–
Transfer to endowments (Note 14)	–	–	–	100
Total donations received¹	\$ 157	\$ 3,175	\$ 3,332	\$ 532

¹ In addition, the university received a \$100 matching grant from the Province of Alberta which is not recorded as a donation but as a grant.

² Includes in-kind donations of \$3,100 for capital software (Note 7) and \$75 for professional services.

Note 19 Employee future benefits

The university participates in the Universities Academic Pension Plan and the Public Service Pension Plan, which are multi-employer plans. Employer contributions of \$2,925 (2005 – \$2,392) for the year are expensed in these financial statements.

Effective January 1, 2005, the Universities Academic Pension Plan contribution rates for employees are 8.675% (employer 9.675%) of earnings up to the year's maximum pensionable earnings (YMPE) under the Canada Pension Plan and 11.075% (employer 12.075%) of earnings above YMPE.

At December 31, 2005, the Universities Academic Pension Plan reported an actuarial deficiency of \$537,415 (2004 – \$643,979). This deficiency is being funded by contributions from employees and employers. In addition, the Province of Alberta is contributing 1.25% (2004 – 1.25%) of pensionable salary toward the actuarial deficiency for pre-1992 service in accordance with the funding plan adopted in 1992. At December 31, 2005, the university's participating employees comprised 4.7% of the total active membership.

Since September 1, 2004, the Public Service Pension Plan contribution rates for each of employees and employers are 6.17% of earnings up to the YMPE and 8.81% of earnings above YMPE. While contribution rates have remained unchanged for two years, management expects rate increases in 2006.

At December 31, 2005, the Public Service Pension Plan reported an actuarial deficiency of \$187,704 (2004 – \$450,068). This deficiency is being funded by contributions from employees and employers. The portion of the actuarial deficiency for pre-2003 service is to be eliminated by December 31, 2017. At December 31, 2005, the university's participating employees comprised 0.6% of the total active membership.

The university's other defined benefit plans, consisting of an Administrative Leave Plan and a Flexible Benefit Plan, have no plan assets. The university has provided for these plans by accruing a benefit obligation of \$2,563 (2005 – \$2,321) in salaries and benefits payable (Note 8).

The significant actuarial assumptions adopted in measuring the university's accrued benefit obligations for the other defined benefit plans are as follows:

	2006	2005
Discount rate and rate of return		
Administrative Leave Plan	4.5%	3.5%
Flexible Benefit Plan	4.75%	5.25%
Rate of compensation increase		
First year	6%	6%
Subsequent years	6%	6%
Average remaining service period of active employees		
Administrative Leave Plan	7 years	3 years
Flexible Benefit Plan	13 years	12 years
Retirement age	60 years	60 years

During the year, the university paid benefits from its other defined benefit plans totaling \$243 (2005 – \$313). Employee future benefit costs recognized in the year are \$816 (2005 – \$644).

A U F I N A N C I A L S T A T E M E N T S

Note 20 Salary and benefits disclosure

	2006				2005		
	Base salary ¹	Cash benefits ²	Non-cash benefits ³	Totals	Number of individuals	Totals	Number of individuals
Governing Council							
Chair of Governing Council	\$ -	\$ -	\$ -	\$ -	1	\$ -	1
Governing Council members	-	-	-	-	15	-	16
Executive Officers							
President	259	-	47	306	1	265	1
Vice-Presidents							
Academic	161	-	27	188	1	181	1
Finance & Administration	175	-	27	202	1	181	1
Executive Director							
External Relations	109	-	24	133	1	161	1
Chief Information Officer	130	-	26	156	1	138	1
Associate Vice-Presidents							
Academic	117	-	25	142	1	140	1
Research	136	-	27	163	1	155	1
Increase in Administrative Leave Plan accruals⁴							
President				40		39	
Vice Presidents							
Academic				40		1	
Finance & Administration				37		42	
Executive Director							
External Relations				19		22	
Chief Information Officer				28		21	
Associate Vice-Presidents							
Academic				26		15	
Research				-		-	

¹ Base salary is pensionable and includes pay for vacation time taken.

² Cash benefits include lump sum payments and any other direct cash remuneration that are non-pensionable.

³ Non-cash benefits include the employer's share of all employee benefits and contribution payments made on behalf of employees for pension, health care, dental, vision, group life insurance, accidental death and dismemberment insurance, and long and short-term disability plans. In addition, non-cash benefits include tuition and travel insurance paid on behalf of employees.

⁴ Administrative Leave Plan accrual amounts include the current service cost, the related net actuarial gains or losses, and adjustments for past service accrued at current salary rates.