



**2005 - 2006
ANNUAL REPORT**

The Public Trustee



The Honourable John Harvard
Lieutenant-Governor of Manitoba

MAY IT PLEASE YOUR HONOUR:

It is my privilege to present for the information of Your Honour the Annual Report of
The Public Trustee for the fiscal year ending March 31, 2006.

Respectfully submitted,

Honourable Gord Mackintosh
Minister of Justice
Attorney General



Deputy Minister of Justice
and Deputy Attorney-General

Room 110
Legislative Building
Winnipeg, MB R3C 0V8

The Honourable Gord Mackintosh
Minister of Justice
and Attorney-General
104 Legislative Building
Winnipeg, Manitoba R3C 0V8

Dear Minister:

I am pleased to submit for your consideration the Annual Report of The Public Trustee Special Operating Agency for the fiscal year ending March 31, 2006.

The results of the 2005/2006 fiscal year indicate that the SOA continues to be effective in meeting client needs and in its planning for the future.

The Advisory Board is pleased with the success of The Public Trustee and encouraged by the ongoing commitment of its employees.

All of which is respectfully submitted,

Ron Perozzo, Q.C.
Deputy Minister of Justice
Deputy Attorney General

Manitoba



The Public Trustee

155 Carlton St Suite 500
Winnipeg MB R3C 5R9
CANADA

Ron Perozzo, Q.C.
Deputy Minister of Justice and
Deputy Attorney General
110 Legislative Building
Winnipeg, Manitoba R3C 0V8

Dear Sir:

In accordance with the provisions of Section 19 of *The Public Trustee Act* and the requirements of a Special Operating Agency, I submit the Annual Report of The Public Trustee for the fiscal year ending March 31, 2006.

Yours truly,

M. ANNE BOLTON, Q.C.
Public Trustee



Message from The Public Trustee

I am pleased to present the Annual Report of The Public Trustee's activity and achievements during 2005/2006. In addition to following our statutory mandate, we have made some developments in critical areas to respond to society's changing needs. During this year, our colleagues in the field and the general public have helped us realize the need for expanded public education.

We have allocated extra resources to education for the general public, and in particular education for seniors. We have reached out to other organizations in the community and in particular to the Manitoba Bar Association, the Winnipeg Foundation and some rural community Foundations to co-host public education initiatives for all Manitobans entitled "*Will Week – Estate Planning for your Future*". We have also developed education for children, who at the time of their transition to adulthood, find themselves in receipt of trust monies.

I acknowledge with pride the dedication and energy of our staff who work tirelessly to serve the clients, estates, and children who need us. These staff execute their duties in a spirit of professionalism and deliver respectful service to their clients and the public.

May I also recognize the significant contribution made by our Advisory Board members and our External Investment Committee. Our Advisory Board members guide us on major issues regarding our operation, activities, and mandate. Our External Investment Committee gives us wise counsel on financial issues, and in particular our Common Fund.

As we review our accomplishments over the year, I realize how many advancements we have made. I say this with the realization that our vision for future years must always encompass the changing needs of those we serve.

M. ANNE BOLTON, Q.C.
Public Trustee

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PROFILE OF THE PUBLIC TRUSTEE

The Public Trustee (PT) provides services for a fee to the people of Manitoba in accordance with its statutory mandate and existing policies. The PT operates with a high level of accounting, legal and professional expertise, which is necessary for the management of approximately 5,397 clients, estates and trusts. Assets under administration are currently valued at approximately \$177 million.

THE MISSION OF THE PT IS:

TO PROTECT THE INTERESTS OF MANITOBANS BY PROVIDING PROFESSIONAL AND COST-EFFECTIVE TRUSTEE SERVICES OF LAST RESORT THAT MEET THE NEEDS OF ITS CLIENTS

THE PRINCIPLES BY WHICH WE OPERATE TO ACHIEVE OUR MISSION ARE:

- Our service is client focused;
- Our service is cost effective; and
- Services that must be provided by statutory mandate are provided and if fees cannot be charged, the costs are covered by the revenue earned in other areas of our operation.

STATUTORY MANDATE

The PT is statutorily mandated to provide the following services to Manitobans:

- a) Acts as Committee for mentally incompetent persons under *The Mental Health Act*;
- b) Acts as Substitute Decision-Maker for adults living with a mental disability under *The Vulnerable Persons Living With a Mental Disability Act*;
- c) Gives or refuses consent to psychiatric treatment for mentally incompetent patients who cannot give or refuse consent themselves, and who have no other proxy or relative able to consent;
- d) Acts as Official Administrator for the province;
- e) Acts as Official Guardian for the province;
- f) Acts as litigation guardian for children and mentally incompetent persons who have no one else competent to represent their interests;
- g) Administers trust funds for children, and for adults with mental disabilities;
- h) Reviews all infant (children's) settlements; and
- i) Reviews all applications for private committeehip.

OTHER SERVICES

The PT has the discretion to accept Powers of Attorney from mentally competent Manitobans who have estates of \$250,000.00 or less, and who require assistance administering their financial affairs.

THE PUBLIC TRUSTEE ADVISORY BOARD

The PT provides a business plan and quarterly reports to its Advisory Board. The Board was established by The Public Trustee Operating Charter for review and consultation on short and long-term strategic planning, management, and operating issues of concern to the private and public sectors. Its members are appointed by the Minister of Justice and it is chaired by the Deputy Minister. The Board meets quarterly to provide advice to The PT on its direction, the annual business plan and its financial reporting requirements.

CHAIR	Ron Perozzo, Q.C. Deputy Minister of Justice and Deputy Attorney General	
MEMBERS	M. Anne Bolton, Q.C. Public Trustee	ex officio
	David Sallans Chief Financial Officer Public Trustee	ex officio
	Doreen Kelly General Counsel The College of Physicians & Surgeons of Manitoba	Private Sector Representative
	John Elcomb Regional Senior Manager CIBC Trust	Private Sector Representative
	Marcia Thomson Assistant Deputy Minister Healthy Living Department of Health	Client Representative
	Gisela Rempel Assistant Deputy Minister Services for Persons with Disabilities, Employment and Income Assistance Department of Family Services & Housing	Client Representative
	Brian Stephenson Inspector Public Trustee	Employee Representative

THE PUBLIC TRUSTEE

CREATION OF THE PUBLIC TRUSTEE

The Public Trustee is a corporation sole. It was created by the enactment of *The Public Trustee Act* on February 1, 1973. The PT has a corporate seal and perpetual succession and functions separately from government. It is capable of suing or being sued on behalf of its clients, or the trusts and estates which it administers. *The Public Trustee Act* requires that the Auditor General audit the books and accounts of The PT. As well, the Act requires that an annual report be filed including an audited balance sheet and an audited statement of receipts and expenditures for the fiscal year. Since its inception, The PT has charged fees for its services in order to meet its salary and operating expenditures.

The current Public Trustee is M. Anne Bolton, Q.C. who was appointed by Order in Council effective April 16, 2000.

SPECIAL OPERATING AGENCY STATUS

Effective April 1, 1996 The PT commenced operation as a Special Operating Agency (SOA). Prior to this conversion, The PT had been operating on a full cost recovery (revenue) basis. The advantages of SOA status have assisted The PT to increase its services. These advantages include:

- the flexibility to hire staff as required to provide service levels appropriate to the fees charged;
- the ability to carry forward surpluses to subsequent years; and
- the ability to plan on a long-term basis.

The increased management authority and more rigorous planning and reporting requirements afforded by Special Operating Agency status have assisted The PT in increasing the quality of services to its clients.

The PT remains a branch within the Department of Justice of the Province of Manitoba and is accountable to the Deputy Minister and the Minister for operational performance. The PT is accountable to Treasury Board for its financial performance. The PT operates outside the Consolidated Fund under the Special Operating Agencies Financing Authority, which holds title to The PT's assets, provides financing for operations and is responsible for The PT's liabilities. Accountability is supported by The PT's compliance with its Operating Charter, transfer agreement, management agreement, applicable General Manual of Administration Policies and by *The Special Operating Agencies Financing Authority Act*.

THE PUBLIC TRUSTEE - ORGANIZATION

The PT's staff are assigned in 6 distinct sections:

Administration:

This section is responsible for the administration of the entire program. It is composed of:

- The Public Trustee (1 - permanent)
- Internal Auditor (1 - permanent)
- Systems Analyst (1 - permanent)
- Administrative Assistant (.5 - permanent)

Client Administration:

This section manages the personal and financial affairs of vulnerable persons and mentally incompetent adults. The Winnipeg office is composed of:

- Deputy Public Trustee (1 - permanent)
- Senior Client Administration Officer (1 - permanent)
- Client Administration Officers (13 - permanent) (1 term)
- Administrative Assistants (11.5 - permanent) (1 term)
- Deceased Estates Clerk (1 - permanent)
- Clerk (.35 term)

The Brandon office is composed of:

- Client Administration Officer (1 - permanent)
- Administrative Assistant (1 - permanent)
- Clerk (.25 - term)

Estates and Trusts Administration:

This section administers deceased estates, and adult and children's trusts. This section is composed of:

- Manager, Estates and Trusts (1 - permanent)
- Estates Officers (5 - permanent)
- Administrative Assistants (3 - permanent)
- Trust Administration Clerk (1 - permanent)

Financial Administration:

This section manages the financial administration services for all clients, estates and trusts, the Common Fund, and the revenues and operating budget of the office.

This section is composed of:

- Chief Financial Officer (1 - permanent)
- Senior Accountant (1 - permanent)
- Accountant (1 - permanent)
- Investment Officer (1 - permanent)
- Senior Systems Analyst (1 - permanent)
- Senior Application Developer (1 - permanent)
- Accounting Staff (14 - permanent)
- Accounting Staff (1.5 - term)

Legal:

This section has several mandates including:

1. providing the necessary legal representation for clients, estates, and trusts;
2. ensuring the protection of rights and assets;
3. fulfilling statutory duties as required and providing advice to the Court as required; and
4. providing advice to The Public Trustee.

This section is composed of:

- Senior Counsel (1- permanent)
- Legal Counsel (2 - permanent)
- Administrative Assistants (2 - permanent)

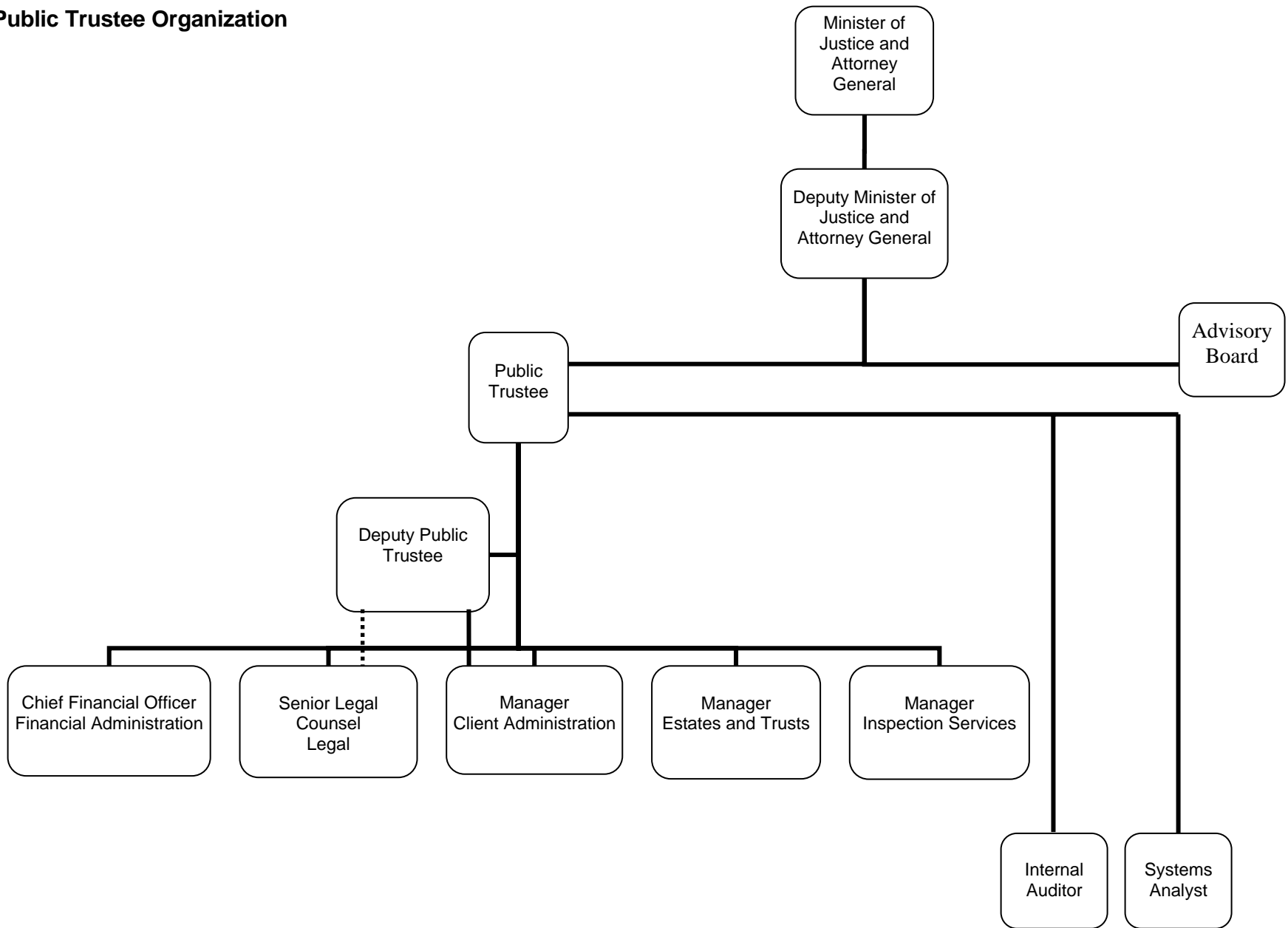
Inspection Services:

This section provides all field services for clients, estates and trusts. The section is composed of:

- Manager, Inspection Services (1 - permanent)
- Inspectors (3 - permanent)
- Chattel Clerk (1 - permanent)

Each of the section Managers are part of the management team and all report to The PT. As well, the Internal Auditor and the Systems Analyst report to The PT.

The Public Trustee Organization



BUSINESS PLAN GOALS

Each year in the Business Plan, The PT identifies long and short-term business goals. The long-term goals are global and ongoing and do not require specific reporting. The short-term goals are specific and they change every year. A report on those goals follows below.

LONG-TERM BUSINESS GOALS

1. To efficiently and effectively provide a service for a fee to the people of Manitoba by:
 - administering the estates, and where required making personal decisions, on behalf of people who are not mentally capable of doing so;
 - administering the estates of people who have granted a Power of Attorney to The PT;
 - administering the estates of people who have died in Manitoba with no one else capable or willing to act as administrator;
 - administering trust monies on behalf of people who are under 18 years of age and administering testamentary and inter vivos trusts;
 - supporting all of these functions with legal, financial and accounting expertise;
 - fulfilling additional roles pursuant to legislation or as ordered by the Court.
2. To enhance the level of service provided to the clients, estates and trusts administered by the office.
3. To ensure the efficient use of resources by reviewing administrative policies and procedures and the financial results in our service and support areas.
4. To improve communication with all individuals and agencies with whom we have contact, and with the general public.
5. To approach recovery of the costs of operations.

SHORT-TERM BUSINESS GOALS

1. To continue regular education seminars throughout the province regarding services offered by The PT's Client Administration Department.

In fulfillment of this commitment, four seminars were held. The first quarterly seminar with 47 attendees was held in Winnipeg in conjunction with The PT's Client Administration Department and the Department of Family Services. The second seminar was held in Dauphin, Manitoba, on October 12, 2005 with 60 attendees, on the subject of Powers of Attorney and Committeeships.

The third and fourth seminars were held in Winnipeg on January 26, 2006, and March 23, 2006, respectively. The subject of both of these seminars was Financial Abuse, a highly popular topic. There were 365 attendees at these seminars.

The PT utilized its seminar effectiveness evaluation programs with a view to collating information received at its seminars. Please see page 18 for this Public Education Effectiveness Assessment.

2. To develop education seminars regarding services offered by the Agency's Estates and Trusts Department.

This project was combined with another one, namely the development of education materials for *Will Week – Estate Planning for Your Future*. Our legal counsel worked with a representative of the Seniors and Healthy Aging Secretariat to develop comprehensive will and estate planning information, including services offered by The PT. These lectures were presented throughout the province during the last week of April 2006, with a combined total attendance of approximately 1,150.

The content remains available for use in future seminars.

The PT also co-operated with the Seniors and Healthy Aging Secretariat in revising and reprinting a booklet called *Legal Information for Seniors*. This booklet outlines will and estate planning information as well as The PT's Estates and Trusts services.

3. To reorganize the document storage system in the office to ensure greater safety and better record keeping.

This goal was completed during the first quarter of the year. A selected administrative support staff conducted a thorough inventory of all documents in our open storage system. All were transferred to individual officers who disseminated the documents to:

- a) safekeeping;
- b) open files; or
- c) disposal.

4. To complete a detailed inventory of all chattels stored in safekeeping.

This project was handled by the Manager of Inspection Services with the help of one or more administrative support staff. The Public Trustee supervised the progress of the project which was completed during the third quarter.

This project was significant in that an exhaustive inventory of all chattels in safekeeping had never been conducted since inception.

The project consumed approximately 352 hours of staff time.

5. To increase client service by implementing a shopping service for clients who require specialized services.

During 2004/2005, The PT operated a pilot project whereby an existing staff member purchased goods and services for clients in developmental centres who were unable to purchase items on their own. This pilot project was a success, and the project was continued in 2005/2006.

During the year, goods or services were purchased by the staff member for a total of 113 clients. The total value of the goods and services purchased was \$54,194.99. Without this service, it is likely that these clients would not have received the goods or services in question. Accordingly, it appears that the quality of these clients' lives was likely improved by the shopping service provided by The PT.

6. To design an accessible financial education package to be delivered to children prior to adulthood and the receipt of trust payouts.

The Public Trustee supervised the Investment Officer and the Systems Analyst/Project Coordinator on this project. These staff secured the co-operation of the Red River College Creative Communications Program in the development of a video. The students in this program engaged in a competition to produce a video to speak to youth about the issues arising for those young adults who receive trust payouts. One video was chosen from the competition and this video will be shown to all trust payees.

In addition, pamphlets and the format for an individualized education program were developed. The education program was completed by the end of the fourth quarter and ready for delivery.

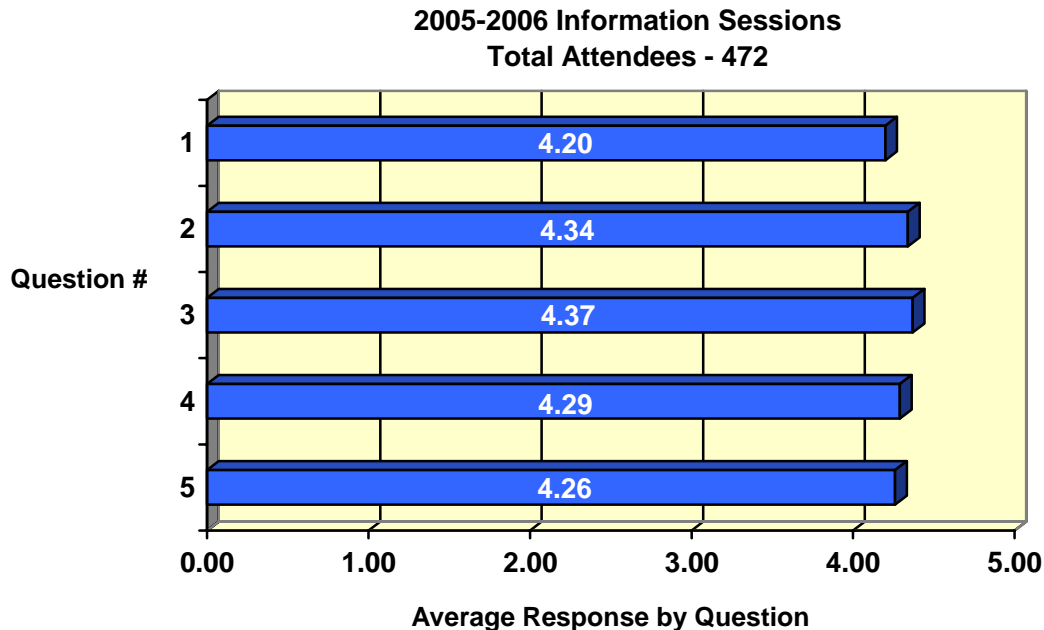
All education materials and the video are available on The PT's Website.

PUBLIC EDUCATION EFFECTIVENESS ASSESSMENT

As indicated earlier in this report, four public education seminars were held during the year. Participants in the seminars were asked to evaluate the presentation. The data from the questionnaires was analyzed to provide an objective assessment of the seminars. This analysis is used to fine tune or otherwise adjust the quality and frequency of the seminars.

The participants were asked to rate various aspects of the seminars, including the quality of the presentations, materials and locations. The participants were asked to use ratings from 1 to 5, with 1 showing the lowest level of satisfaction, and 5 showing the highest level. A summary of the average rating for each seminar is as follows:

Date	Location	Number of Respondents	Average Seminar Rating out of 5
May 4, 2005	The Pas, Flin Flon, Thompson (via video conference)	47 of 47 attendees	4.27
Oct. 12, 2005	Dauphin	53 of 60 attendees	4.49
Jan. 26, 2006	Winnipeg	142 of 182 attendees	4.24
Mar. 23, 2006	Winnipeg	143 of 183 attendees	4.28
Total		385 of 472 attendees 82%	4.32



Questions:

1. I received the information I needed on the topic of the seminar
2. The information was provided clearly and in an understandable manner
3. There was sufficient opportunity for me to ask questions
4. My questions were answered clearly and to my satisfaction
5. The format of the informational session met my needs

DEPARTMENTAL ACCOMPLISHMENTS:

Client Administration Accomplishments 2005/2006

1. Speaking Engagements

In addition to the quarterly education seminars, smaller presentations continue to be made at the request of agencies, service groups, various government departments and the general public. Presentations were provided to the following:

Westman Parklands Abilities Spring Forum (Brandon)	40 attendees
Council of Women Life Members' Association	20 attendees
Law Society of Manitoba – Law at Lunch Program	50 attendees
Riverview Health Centre Staff	40 attendees
St. Amant Centre Conference	50 attendees
Selkirk Mental Health Centre Question Forum	30 attendees
Faculty of Social Work/University of Manitoba	12 attendees
Manitoba Health Mental Health Review Board Members	27 attendees
Cambrian Credit Union Staff	25 attendees
Health Sciences Centre STEP Program Staff	18 attendees
Western Bar Association Members	7 attendees
CAPP Breakfast	45 attendees
RBC Insurance Producers	27 attendees
Fisher River Health Centre	50 attendees
John Taylor Collegiate – High School Law Class	20 attendees
Canadian Association of Pre-Retirement Planners	46 attendees
Royal Bank of Canada – Insurance Producers	25 attendees
General Public – Caboto Centre	132 attendees
General Public – Robert Steen Community Centre	61 attendees

Estates & Trusts Accomplishments 2005/2006

1. File Reviews

The Manager, Estates & Trusts met with each Estates Officer on a monthly basis to discuss progress on one third of each Estates Officer's files. This ensured adherence to service standards, policies and directives.

2. Heirship Billing

During the fiscal year, the implementation of the heirship billing system was completed. Heirship time on all estate files is now billed on an annual basis. This has resulted in officers maintaining more complete records of time spent to establish heirship on estate accounts.

Financial Administration Accomplishments 2005/2006

1. Expected Receipts

The investment component of the Expected Receipt system was implemented in 2005/2006. This system will track all investment receipts for individual clients to ensure that clients receive the correct amounts. Work continues to complete the Accounts Receivable component for the Expected Receipt system. This new component will ensure that expectancies are automatically created from the Accounts Receivable recorded for clients.

2. File Room System

The updated file room system was implemented and is being used for all day-to-day file tracking. There remains work to be done in resolving some data questions and programming the system to do the file archival selection.

3. Technology Changes for Income Tax Section

The income tax section of the office previously used non-managed PC equipment to prepare, print and e-file client income tax returns. We have updated the way in which the tax staff access their income tax software and moved all of the PC processing into the managed environment. This has improved our ability to maintain the income tax data, which is used by other processes in the office, and reduced the overhead of maintaining non-managed equipment.

4. Desktop Issues

During the year, the PT's desktop PC's were "refreshed". This means that all staff received new CPU's along with XP as the new operating system. All staff are now using Office 2003. This transition was accomplished with a minimum of difficulty.

5. Investment Review System

Enhancements were made to allow for more notes to be added to the individual client screens as well as allowing updating of these data fields at any time. These changes will improve the functionality of the system.

Inspection Services Accomplishments 2005/2006

1. Digital Photography Procedures

Inspection Services, through their Manager, has assumed the responsibility for storage of digital photographs from the Financial Administration section. This is done by burning the images to CDs. The Manager has developed accompanying procedures for this process.

2. Estate and Client Computer Procedures

One of the results of society's increased use of technology is that computers now more frequently form a part of the assets owned by clients and estates. The issues with relocation, sale, and disposal of computers and the information stored therein required new policies and procedures. The Manager, Inspection Services, in collaboration with the Chief Financial Officer and the Senior Application Developer, developed these necessary policies and procedures.

3. Inspectors' Uniforms

In order to make our Inspectors more visible while in the community, shirts and jackets sporting The PT logo were purchased and put into use. This uniform has been received positively by the general public and service providers in the community.

4. Inspection Services Educational Package – Power Point Presentation

For the first time since its inception, The PT now has a Power Point Presentation outlining the services offered by our Inspection Services Department. The Manager, Inspection Services and our Senior Inspector delivered this presentation to The PT's Advisory Board members, and it is now available for general educational purposes.

Legal Accomplishments 2005/2006

1. Public Education

Two of our lawyers have been involved in public education events. One was involved in the development and delivery of *Will Week – Estate Planning for Your Future* and also spoke at a professional association attended by accountants and lawyers.

Another counsel has developed a rapport with a high school in the city and regularly delivers education on issues relating to the law. That counsel also participates actively in the Financial Abuse Seminars and the general quarterly education seminars delivered by The PT.

The Public Trustee participated in the development and the delivery of a Continuing Legal Education seminar on Intestacy Issues. This was hosted by The Manitoba Bar Association and delivered on three separate occasions to the Winnipeg, Central, and Western Bar Associations.

STAFF TRAINING

Selected staff participated in varied training throughout the year including:

20 Years of Manitoba's Unified Family Court – Law Society of MB	1 employee
MPS 2005 – Mindfulness-Based Cognitive Therapy	1 employee
Writing & Editing Skills – Level I	1 employee
Writing & Editing Skills – Level II	1 employee
Media Training Seminar	1 employee
Assertive Communication Skills	1 employee
Powerful Listening: The Art & Practice	1 employee
CMA Strategic Leadership Program The Society of Management Accountants of Manitoba	1 employee
Leadership Advanced	1 employee
Non-Violent Crisis Intervention – Instructor Seminar	1 employee
Manitoba Bar Association – Mid-Winter Meeting	1 employee
Dealing Effectively with Change	1 employee
Writing Policies, Guidelines & Procedures	1 employee
Human Rights in Workplace	1 employee
St. John Ambulance Standard First Aid CPR Level “A” Certification	1 employee
Performance Management: Creating & Sustaining Employee Performance	1 employee
Protection Order Designate: Criminal Justice Division Victim Services	1 employee
Continuing Legal Education Seminars	1 employee
• Estate Practice	
• MBA Mid-Winter Meeting	
• Reading and Understanding Financial Statements	
• Non-Resident Testators and Beneficiaries	

STAFF TRAINING continued

Essentials of Supervision: Basics	2 employees
Heir Location – Elizabeth Briggs	16 employees
Aboriginal People: Building Stronger Relationships	5 employees
Dementia Workshop	21 employees
Public Trustee Conference – Regina, Saskatchewan	4 employees
Dr. Samia Barakat, Bipolar Disorders	29 employees
Non-Violent Crisis Intervention – Full Day Seminar	14 employees
Non-Violent Crisis Intervention – Refresher	28 employees
Ryan Gateway Insurance Brokers	4 employees
Excel Training	30 employees
CMA – Dealing with the Canada Revenue Agency	2 employees

INTERNAL AUDITOR AUDIT REPORT HIGHLIGHTS

Compliance Audits

Internal Audit conducted compliance audits of 147 files. This represents 50% of the 284 files opened in the Client Administration Department between April 2, 2005 and March 31, 2006 (that had remained open on March 31, 2006). These audits have the following functions:

1. they assess whether all procedures are followed and internal controls are adequate; and
2. they identify and mitigate financial and reporting risks.

Internal Audit reported all findings to the Deputy Public Trustee.

Operational Audits

1. Audit of Client Cash Fund

In August of 2005, Client Cash Fund transactions were audited to assess:

1. whether procedure 2-B-7 *Delivery of Cash to Clients* (amended March, 2005) is followed; and
2. whether the controls identified in 2-B-7 are adequate to ensure management that financial risks are mitigated and policy compliance is optimum.

A total of 18 cheques and 248 cheque requisitions drawn in the period of April 1, 2005 to August 19, 2005 were reviewed. The audit also included a review of the cash vouchers (signed by internal staff) and delivery confirmations (signed by recipients) for all 248 cheque requisitions. To ensure accurate record keeping, on hand cash was counted and compared to the spreadsheet record.

The findings verified that procedures are followed and there are adequate controls in place to assure management that risks are mitigated.

2. Temporary Receipts

In July of 2005, temporary receipts generated between April 2, 2004 and July 12, 2005 were audited to assess:

1. whether procedure 2-A-1 *Receipts – Cash (Financial)* and 6-A-6 *Cash (Inspection)* are followed;
2. whether the controls identified in the above procedures are sufficient to ensure management that financial risks are mitigated and policy compliance is optimum; and
3. whether the data is accurate.

A total of 379 temporary receipts were reviewed. The audit documented the receipt numbers, date received by Inspection, date received by Receipts Clerk, posting date and explanations.

The findings verified that procedures are followed and all monies delivered by Inspections to Financial Administration are deposited into the bank account in a timely manner. Controls and compliance are significant enough to assure management that risks are mitigated.

3. Disability Trusts – Clients in Institutions

Recent changes to Family Services Full Citizenship exemption benefits now permit residents of institutions to hold Disability Trusts. In September of 2005, Internal Audit conducted an audit of past financial transactions (of those clients residing in institutions) to determine if any clients received monies that could be eligible for the creation of a Disability Trust. Thirteen clients were identified resulting in the creation of ten disability trusts.

4. Indian and Northern Affairs Canada (INAC)

The PT identified that some clients were having funding issues with Indian and Northern Affairs. At the request of the Deputy Public Trustee, Internal Audit researched the issue and drafted new policies and procedures.

5. Audits of Transactions

Internal Audit conducted audits of transactions of clients:

1. with low cash balances;
2. receiving EIA, but carrying balances in excess of \$2,000;
3. who maintain higher balances but whose balances decreased more than 10%.

All areas were previously identified as areas of financial risk for the client and therefore Internal Audit conducts extensive audits. Incidents outlined in 1 and 2 have decreased significantly over the years and it was determined that quarterly reviews may be reduced to semi-annual reviews in the future.

6. Audit of Recorded Accounts Payable

In May of 2005, Internal Audit reviewed all recorded payables subsequent to identification of incidents where payments towards a debt had not been cross referenced to the payable sub ledger. The audit revealed that 7.4% of the recorded payable balances (10 incidents) were incorrect due to the lack of cross referencing. As this was deemed to be a training issue, the information was forwarded to the Policy, Training and Education Coordinator and the Client Administration Officers.

PUBLICATIONS

The Public Trustee has a number of publications available to individuals who come in contact with the office. They are:

1. The Committeeship Guidebook (Bilingual)

This booklet provides general guidance to private committees on their duties and responsibilities. It also provides examples of the required accounting as well as opening and closing inventories.

2. The Public Trustee Fee Brochure (Bilingual)

This brochure details the fees charged for the services provided by The Public Trustee.

3. The Powers of Attorney Pamphlet (Bilingual)

This pamphlet outlines The Public Trustee's services regarding powers of attorney. It also includes the fee brochure and details of how the power of attorney document will be reviewed and signed.

4. Operation of Client Administration Section (Bilingual)

This pamphlet provides details on how the officers will manage the personal and financial affairs of clients. It is presented in a question-and-answer format.

5. Enduring Powers of Attorney Guidebook (Bilingual)

This is a detailed guidebook outlining the responsibilities and duties of an attorney together with a sample accounting. This guidebook is available free of charge through organizations such as the Seniors and Healthy Aging Secretariat, Elder Abuse Resource Centre, Age and Opportunity.

6. Deceased Estates (Bilingual)

This is a detailed pamphlet in a question-and-answer format which outlines standard information regarding The Public Trustee's services in administering deceased estates.

7. Children's Trusts (Bilingual)

This is a detailed pamphlet in a question and answer format which outlines standard information regarding The Public Trustee's services in administering children's trusts.

8. Legal Guide for Seniors (Bilingual)

The PT co-operated with the Seniors and Healthy Aging Secretariat in the reprinting of a booklet providing estate planning information for seniors. In effect, this booklet is valuable for all age groups in the adult population.

9. Children's Trusts Education Program (Bilingual will be available by July, 2007)

The content of this program includes a video entitled "Trust" used as an educational tool for young adults who are beneficial recipients of trust payouts. In addition, we have six pamphlets on the subjects:

1. Banking 101;
2. Budgeting;
3. Costs of Living;
4. Credit & Credit Cards;
5. Goal Setting; and
6. Investment Options.

PERFORMANCE FRAMEWORK

CLIENT ADMINISTRATION

1. Objective

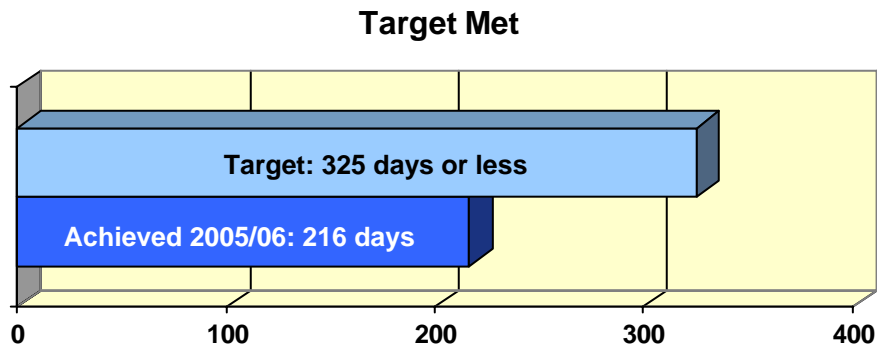
Estates of former clients will be paid out to the Executor or Administrator in a timely manner.

When a client dies, The PT retains authority over the estate of the client until the estate is paid out to an Executor or Administrator. During this period of time, the estate is managed by a Deceased Estates Clerk.

It must be noted that this performance measure is affected in most cases by third party actions which The PT cannot control. However, we do believe that a general performance target can be set for this activity, which is reflective of active due diligence by The PT. We do not expect the performance targets to vary greatly in ensuing years.

Performance Target

To close deceased client files at a rate each year which reflects an average of 325 days or less.



CLIENT ADMINISTRATION continued

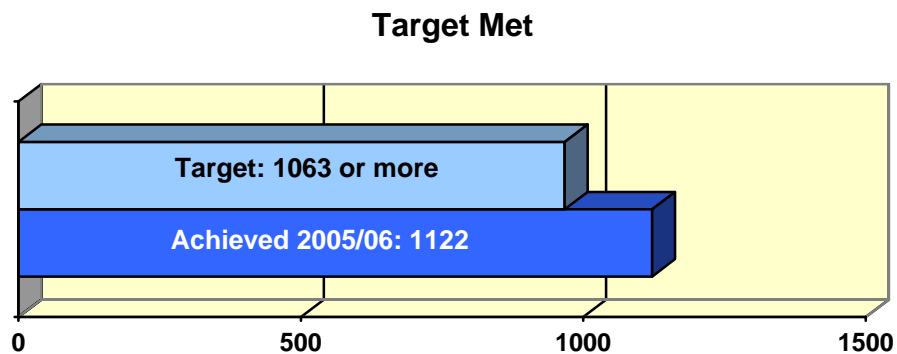
2. Objective

To ensure that information regarding The PT's programs and services is disseminated appropriately through the community.

The PT's programs and services are critical to a certain segment of society's functioning. Its programs and services are not widely understood by the general public and we realize that even stakeholders and service providers in the field need constant education about The PT's programming and such topics as financial abuse, services for vulnerable adults, etc.

Performance Target

To increase the number of persons who are educated with respect to The PT by 10% over those educated in 2004/2005 (967 persons). Therefore the target for 2005/2006 was to educate 1,063 persons.



ESTATES AND TRUSTS ADMINISTRATION

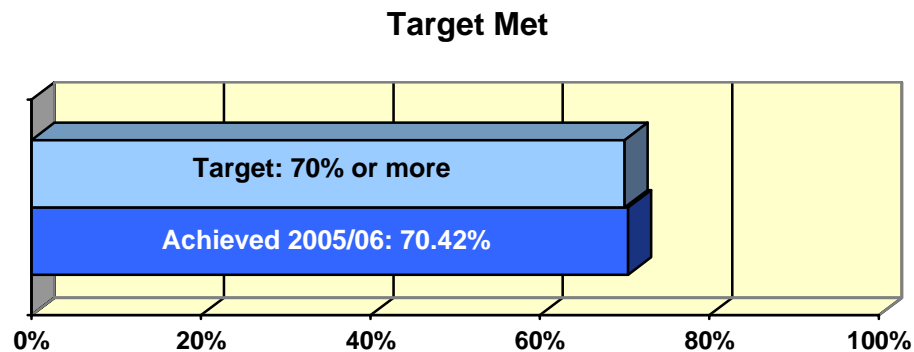
1. Objective

Children's trusts will be paid out in a timely fashion upon children achieving the age of majority.

The PT seeks to payout children's trusts as soon as possible after a child achieves the age of majority. These children and/or their families can slow the process by failing to respond to requests to sign releases, and/or to respond to correspondence in a timely fashion.

Performance Target

To payout 70% of children's trusts within 21 days of the child achieving the age of majority.

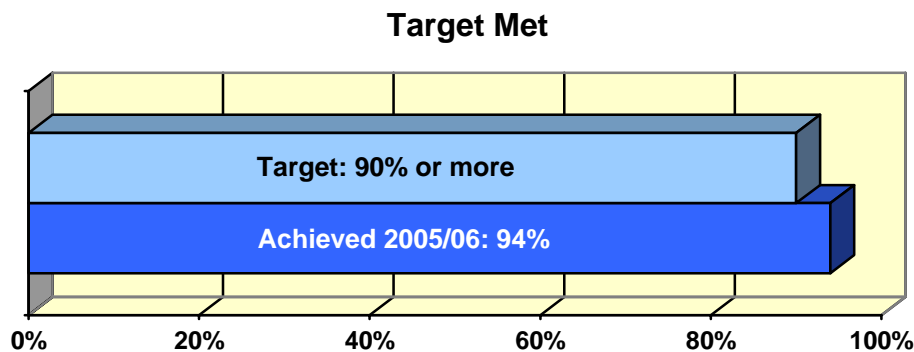


2. Objective

Decisions regarding disbursements from trusts will be made in a timely manner.

Performance Target

That 90% of decision regarding disbursements from trusts will be completed within 10 days of the guardian/client request.



FINANCIAL ADMINISTRATION

1. Objective

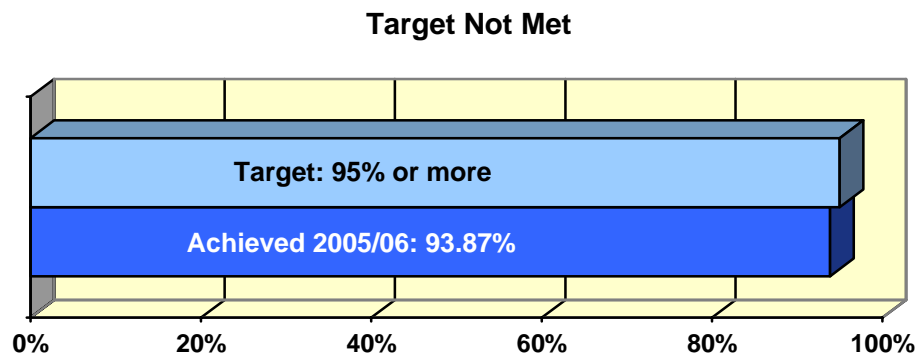
The PT will process authorized payments from clients, estates, and trusts accounts in an efficient manner.

Efficient turnaround of disbursement requests is important as it allows clients, estates and trusts obligations and maintenance to be met in a timely fashion.

The PT processed 55,195 cheque requisitions during 2005/2006. The service level was not met for 3,382 cheque requisitions or 6.13%. This was due to staffing issues for some key positions.

Performance Target

That 95% of all requests will be met within a 5 day turnaround.



FINANCIAL ADMINISTRATION continued

2. Objective

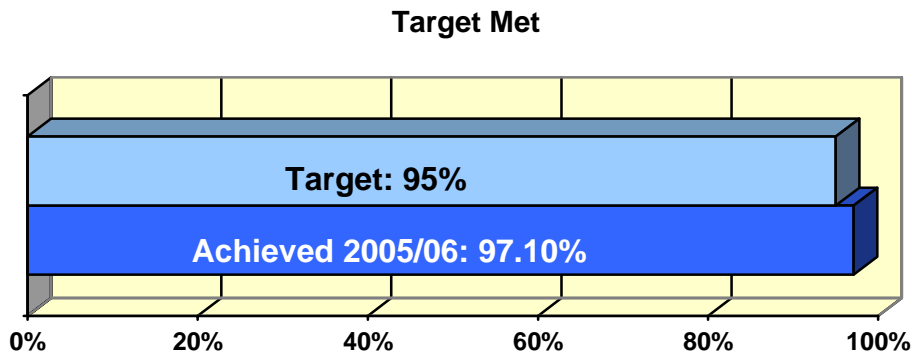
That The PT will process cheques and cash receipts received for clients, estates and trusts accounts in an efficient manner.

Efficient turnaround of receipts is critical to clients, estates, and trusts best interests as posting affects the ability to meet financial expectations for the individual accounts and interest allocation.

Performance Target

That 95% of all receipts will be processed in a 2 day turnaround.

The PT processed 9,685 receipts during 2005/2006. Of those receipts, 9,404 were processed in a 2 day turnaround.



INSPECTION SERVICES

1. Objective

Clients and estates assets will be inventoried and secured in a timely fashion.

Baseline Established

During 2004/2005 and 2005/2006, baseline information was collected in this matter. In 2004/2005, 108 searches and inventories were conducted in Winnipeg. The internal performance target of completion within 7 days was met in 88.9% of cases. In 2005/2006, 101 Winnipeg searches and inventories were completed. The internal target of completion within 7 days was met in 81.2% of cases.

With this baseline information, a reasonable performance target may be set for the future.

**The Public Trustee of Manitoba -
Section Activity for the year ending March 31, 2006**

Trust and Estates Section

	March 31, 2005	Files Opened in Year	Files Closed in Year	March 31, 2006 End of Year
Assets under Administration * (\$000's)	\$ 64,576			\$ 69,236
Deceased Estates caseload	384	81	78	387
Children's Trusts caseload	1,187	203	158	1,232

Client Administration Section

	March 31, 2005	Files Opened in Year	Files Closed in Year	March 31, 2006 End of Year
Assets under Administration * (\$000's)	\$ 112,650			\$ 108,024
Number of Clients	3,432	410	425	3,417

Legal Section

	March 31, 2005	Files Opened in Year	Files Closed in Year	March 31, 2006 End of Year
Number of Files at beginning of year	363	426	428	361

*Note: Assets under Administration are shown at values recorded on the client accounts and not as presented in the financial statements (see Notes 2c and 2d in Notes to Financial Statements).

**The Public Trustee of Manitoba - Section
Activity for the year ending March 31, 2006**

Financial Administration Section

Magnitude (\$000's)	2004/2005	2005/2006
Total Assets under Administration *	\$ 177,226	\$ 177,260
Receipts for year	\$ 101,244	\$ 111,174
Disbursements for year	\$ 101,495	\$ 111,324
Total Accounts/Files	5,366	5,397
Total Financial Transactions	322,768	326,202

*Note: Assets under Administration are shown at values recorded on the client accounts and not as presented in the financial statements (see Notes 2c and 2d in Notes to Financial Statements).

SOA
Summary of Financial Results
(\$000's)

	Actual 2004/05	Actual 2005/06	Budget 2005/06	% Variance
Total Revenue	5,437	5,525	5,404	2.23%
Salaries & Benefits	3,688	3,826	3,873	1.21%
Employee Pension Costs	162	155	178	12.92%
Occupancy Costs	298	352	352	0.0%
Operating Costs	866	857	913	6.13%
Amortization: Furniture & Equipment	34	32	32	0.0%
Total Expenses	5,048	5,222	5,348	2.35%
NET INCOME (Loss)	389	303	56	

Variance Analysis

Fees: While file volumes and Assets under Administration did not increase substantially, an increase in the dollar value and volume of Receipts and Disbursements generated additional revenue. Interest income also contributed to a positive revenue variance.

Salaries: Total Salaries Increased by 3.7% over last year. Actual to budget variance was created from existing staff assuming additional duties.

Operating Costs: The SOA was under budget in Claims and Computer expenses.

**The Public Trustee of Manitoba
An Agency of the
Special Operating Agencies
Financing Authority
Province of Manitoba**

**Financial Statements
March 31, 2006**



MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in accordance with the accounting policies stated in the financial statements. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available up to May 8, 2006. The financial information presented elsewhere in the Annual Report is consistent with that in the financial statements.

Management maintains internal controls to provide reasonable assurance that the financial information is reliable and accurate and that the assets of The Public Trustee are properly safeguarded.

The responsibility of the Auditor General is to express an independent, professional opinion on whether the financial statements are fairly stated in accordance with the accounting policies stated in the financial statements. The Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

The Public Trustee has reviewed and approved these financial statements and the Annual Report in advance of its release and has approved its content and authorized its release.

M. Anne Bolton, Q.C.
Public Trustee

AUDITOR'S REPORT

PUBLIC TRUSTEE OF MANITOBA
(An Agency Of The Special Operating Agencies Financing Authority - Province of Manitoba)

BALANCE SHEET
(In Thousands)
AS AT MARCH 31, 2006

ASSETS

	2006	2005
Current		
Cash	\$ 41	\$ 61
Accounts receivable (Note 3)	799	768
Prepaid expenses	5	5
Short-term investments with Minister of Finance	<u>1,590</u>	<u>1,380</u>
	2,435	2,214
Receivable from Province of Manitoba (Note 4)	515	515
Capital Assets (Note 5)	<u>132</u>	<u>130</u>
	<u>\$ 3,082</u>	<u>\$ 2,859</u>

LIABILITIES

Current		
Accounts payable and accrued liabilities (Note 6)	\$ 412	\$ 548
Severance pay benefits (Note 15)	<u>474</u>	<u>418</u>
	<u>886</u>	<u>966</u>

EQUITY

Revenue stabilization reserve (Note 14)	500	500
Retained earnings	<u>1,696</u>	<u>1,393</u>
	<u>2,196</u>	<u>1,893</u>
	<u>\$ 3,082</u>	<u>\$ 2,859</u>

PUBLIC TRUSTEE OF MANITOBA
 (An Agency Of The Special Operating Agencies Financing Authority - Province of Manitoba)

STATEMENT OF INCOME AND RETAINED EARNINGS
(In Thousands)
YEAR ENDED MARCH 31, 2006

	2006	2005
Revenue		
Fees (Note 8)	\$ 5,374	\$ 5,307
Interest	47	28
Other	<u>104</u>	<u>102</u>
	<u>5,525</u>	<u>5,437</u>
Expenses		
Amortization of capital assets	32	34
Accommodation costs (Note 10)	352	298
Other administration expenses (Note 9)	857	866
Salaries and benefits	3,826	3,688
Pension benefits (Note 16)	<u>155</u>	<u>162</u>
	<u>5,222</u>	<u>5,048</u>
Net Income (Loss)	303	389
Retained earnings, beginning of year	<u>1,393</u>	<u>1,004</u>
Retained earnings, end of year	<u>\$ 1,696</u>	<u>\$ 1,393</u>

PUBLIC TRUSTEE OF MANITOBA
(An Agency Of The Special Operating Agencies Financing Authority - Province of Manitoba)

STATEMENT OF CASH FLOWS
(In Thousands)
YEAR ENDED MARCH 31, 2006

	2006	2005
Cash derived from (applied to)		
Operating		
Net income	\$ 303	\$ 389
Items not involving cash		
Amortization of capital assets	<u>32</u>	<u>34</u>
	335	423
Change in		
Accounts receivable	(31)	(32)
Prepaid expenses	0	(1)
Accounts payable and accrued liabilities	<u>(136)</u>	<u>(107)</u>
	<u>168</u>	<u>283</u>
Investing		
Acquisition of capital assets	<u>(34)</u>	<u>(25)</u>
Financing		
Severance pay benefits	<u>56</u>	<u>(17)</u>
Net increase in cash and cash equivalents	190	241
Cash and cash equivalents		
Beginning of year	<u>1,441</u>	<u>1,200</u>
End of year	<u>\$ 1,631</u>	<u>\$ 1,441</u>
Cash and cash equivalents consist of:		
Cash	\$ 41	\$ 61
Short-term investments with Minister of Finance	<u>1,590</u>	<u>1,380</u>
	<u>\$ 1,631</u>	<u>\$ 1,441</u>

PUBLIC TRUSTEE OF MANITOBA
(An Agency Of The Special Operating Agencies Financing Authority - Province of Manitoba)

NOTES TO FINANCIAL STATEMENTS
(In Thousands)
MARCH 31, 2006

1. Nature of organization

The Public Trustee protects the interests of Manitobans by providing trust, legal, financial and personal services on a last resort basis to people who are mentally incompetent, under the age of majority, or whose estates would otherwise be unadministered upon their death.

Effective April 1, 1996, The Public Trustee was designated as a Special Operating Agency pursuant to The Special Operating Agencies Financing Authority Act, Cap. s185, C.C.S.M. and operates under a charter approved by the Lieutenant Governor in Council.

The Public Trustee is financed through the Special Operating Agencies Financing Authority (SOAFA). SOAFA has the mandate to hold and acquire assets required for and resulting from Public Trustee operations. It finances The Public Trustee through repayable loans and working capital advances. The financial framework provides increased management authority which, coupled with more rigorous planning and reporting requirements afforded by Special Operating Agency status, assists The Public Trustee to sustain the provision of high quality service to her clients.

A Management Agreement between SOAFA and the Minister of Justice assigns responsibility to The Public Trustee to manage and account for Public Trustee related assets and operations on behalf of SOAFA.

The Public Trustee continues to be part of Manitoba Justice. The Public Trustee is a corporation sole with perpetual succession. As a corporate entity, The Public Trustee functions separately from government and is capable of suing or being sued on behalf of the clients, trusts and estates which are administered by her.

The Public Trustee remains bound by relevant legislation and regulations. The Public Trustee is also bound by administrative policy except where specific exemptions have been provided for in her charter in order to meet business objectives.

PUBLIC TRUSTEE OF MANITOBA
(An Agency Of The Special Operating Agencies Financing Authority - Province of Manitoba)

NOTES TO FINANCIAL STATEMENTS
(In Thousands)
MARCH 31, 2006

2. Significant accounting policies

a) Basis of reporting

The financial statements of the Agency are presented in accordance with Canadian generally accepted accounting principles.

b) Revenue recognition

- i. Administration fees are charged to client accounts quarterly based on the anniversary date of the account in accordance with provisions of *The Public Trustee Act*. The fees revenue recognized in a year consists of all fees charged, accruals and adjustments made to accounts.
- ii. Other fees are recognized as revenue when charged to an account and could be subject to adjustment on closing.
- iii. Statutory fees are recognized as revenue when received.

c) Capital assets

Capital assets are recorded at cost and are amortized annually at the following rates and methods:

Furnishings and equipment	- 20%, declining balance
Computer equipment and software	- 20%, straight-line, 10% in year of acquisition, software purchases less than \$1 are expensed in year of acquisition
Leasehold improvements	- 20%, straight-line

d) Use of estimates

In preparing the Agency's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

e) Financial instruments

The Agency's financial instruments consist of cash, accounts receivable, investments, and accounts payable. It is management's opinion that the Agency is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

PUBLIC TRUSTEE OF MANITOBA
(An Agency Of The Special Operating Agencies Financing Authority - Province of Manitoba)

NOTES TO FINANCIAL STATEMENTS
(In Thousands)
MARCH 31, 2006

3. Accounts receivable

	2006	2005
Fees receivable	\$ 786	\$ 773
Allowance for doubtful accounts	<u>(34)</u>	<u>(33)</u>
	752	740
Interest receivable	6	4
Miscellaneous receivable	26	14
Advances to client accounts	9	4
Cost recoveries	<u>6</u>	<u>6</u>
	<u>\$ 799</u>	<u>\$ 768</u>

4. Receivable from Province of Manitoba

The receivable from the Province of Manitoba is for vacation entitlements earned by the employees of the Agency prior to creation of the Special Operating Agency in the amount of \$219 and for severance entitlements earned by employees to March 31, 1998 in the amount of \$296. This receivable, or portion thereof, for The Public Trustee, will be collected in the event there is a cash shortfall. However, this is only likely to happen on the dissolution of The Public Trustee.

5. Capital Assets

	<u>Cost</u>	2006 <u>Accumulated Amortization</u>	<u>Cost</u>	2005 <u>Accumulated Amortization</u>
Furnishing & equipment	\$ 290	\$ 177	\$ 274	\$ 148
Computer equipment & software	<u>90</u>	<u>71</u>	<u>72</u>	<u>68</u>
	<u>\$ 380</u>	<u>\$ 248</u>	<u>\$ 346</u>	<u>\$ 216</u>
Cost less accumulated amortization		<u>\$ 132</u>		<u>\$ 130</u>

PUBLIC TRUSTEE OF MANITOBA
(An Agency Of The Special Operating Agencies Financing Authority - Province of Manitoba)

NOTES TO FINANCIAL STATEMENTS
(In Thousands)
MARCH 31, 2006

6. Accounts payable and accrued liabilities

	2006	2005
Operating expenses payable	\$ 50	\$ 48
Salaries and benefits payable	0	136
Vacation entitlements earned	330	330
GST payable to Canada Revenue Agency	<u>32</u>	<u>34</u>
	<u>\$ 412</u>	<u>\$ 548</u>

7. Working capital

The Agency has an authorized line of working capital of \$1,000 through SOAFA, which was unused and available at March 31, 2006.

8. Fees revenue

	2006	2005
Administration	\$ 4,710	\$ 4,579
Legal	238	294
Income tax	264	250
Inspection	<u>162</u>	<u>184</u>
	<u>\$ 5,374</u>	<u>\$ 5,307</u>

PUBLIC TRUSTEE OF MANITOBA
(An Agency Of The Special Operating Agencies Financing Authority - Province of Manitoba)

NOTES TO FINANCIAL STATEMENTS
(In Thousands)
MARCH 31, 2006

9. Other Administration expenses

	2006	2005
Computer expenses	\$ 476	\$ 474
Courier charges	4	5
Insurance, loss, damage	20	41
Office supplies	44	60
Other	10	7
Personnel	21	13
Photocopy	12	13
Postage	53	51
Professional fees	35	30
Publications	5	4
Public communications	16	6
Records Centre Charges	18	17
Rentals, equipment	4	3
Repairs and maintenance	7	13
SAP costs	7	7
Support services - Department of Justice	21	21
Telephone	50	47
Travel	<u>54</u>	<u>54</u>
	<u>\$ 857</u>	<u>\$ 866</u>

10. Commitments

The Public Trustee has an arrangement with the Province of Manitoba, through the Department of Transportation and Government Services, for rental of its facilities at 155 Carlton Street in Winnipeg and its facility in the Provincial Building in Brandon. Accommodation costs are estimated to be \$356 for the year ended 2006/07.

11. Related party transactions

The Agency is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown corporations. The Agency enters into transactions with these entities in the normal course of business.

12. Escheats to the Crown

Escheats to the Crown, received by The Public Trustee during the year and remitted to the Minister of Finance, amounted to \$72 (2005 - \$62). These amounts are not reflected in these financial statements.

PUBLIC TRUSTEE OF MANITOBA
(An Agency Of The Special Operating Agencies Financing Authority - Province of Manitoba)

NOTES TO FINANCIAL STATEMENTS
(In Thousands)
MARCH 31, 2006

13. Estates and trusts under administration

The client assets under administration at March 31, 2006 total approximately \$177,000 (2005 - \$177,000). The trust activities of The Public Trustee are reported in separate Estates and Trusts under Administration financial statements.

14. Revenue stabilization reserve

The Public Trustee has allocated a reserve out of retained earnings to provide for short-term fluctuations in revenue due to changes in revenue patterns or extraordinary expenses.

15. Severance pay benefits

Effective April 1, 1998, the Agency began recording accumulated severance pay benefits for its employees. The amount of severance pay obligations is based on actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the actuarial calculations when actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are amortized over the expected average remaining service life of the related employee group.

An actuarial report was completed for the severance pay liability as of March 31, 2005. The report provides a formula to update the liability on an annual basis. The Public Trustee's actuarially determined net liability for accounting purposes as at March 31, 2006 was \$474 (2005 - \$418). Commencing in the 2006 fiscal year the actuarial loss of \$113 is being amortized over the 15 year expected average remaining service life of the employee group.

16. Pension benefits

Employees of The Public Trustee are eligible for pension benefits in accordance with the provisions of the Civil Service Superannuation Act (CSSA), administered by the Civil Service Superannuation Board. The CSSA established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the Government, including The Public Trustee, through the Civil Service Superannuation Fund.

Effective March 31, 2001, pursuant to an agreement with the Province of Manitoba, The Public Trustee transferred to the Province the pension liability for her employees. Commencing April 1, 2001, The Public Trustee was required to pay to the Province an amount equal to her employees' current pension contributions. The amount paid for 2006 was \$155 (2005 - \$162). Under this agreement, The Public Trustee has no further pension liability.

PUBLIC TRUSTEE OF MANITOBA
(An Agency Of The Special Operating Agencies Financing Authority - Province of Manitoba)

NOTES TO FINANCIAL STATEMENTS
(In Thousands)
MARCH 31, 2006

17. Public Sector Compensation Disclosure Act

It is a requirement of *The Public Sector Compensation Disclosure Act* that annual public disclosure be made of individual compensation in an amount exceeding \$50 annually to any officer or employee of the Agency. For the year ended March 31, 2006, the following employees received compensation in excess of \$50:

<u>Employee</u>	<u>Position</u>	<u>Amount</u>
Anderson, Roxane	Estates Officer 3	\$ 50
Bolton, M. Anne Q.C.	Senior Legal Officer	119
Carnegie, Peter	Estates Officer 3	53
Clark, Dwane	Estates Officer 3	53
Darrach, Bruce	Information Technologist 3	71
Fergusson, John	Legal Counsel 3	114
Fredborg, Darren	Estates Officer 3	50
Griffiths, Judith	Estates Officer 3	52
Hyman, Brian	Legal Counsel 1	56
Kihn, Shirley	Estates Officer 3	53
Knowlton, Joanna	Legal Counsel 3	115
Kozusko, Norman	Information Technologist 4	77
Matyi, Angele	Estates Officer 3	52
Matyszewski, Cindy	Senior Accountant	54
Mosley, James	Estates Officer 3	53
Regier, Barbara	Estates Officer 3	52
Sallans, David	Management Analyst 3	73
Samagalski, Michelle	Estates Officer 3	53
Schacter, Brenlee	Estates Officer 3	52
Schirmer, Maureen	Estates Officer 3	52
Shapiro, Laurie	Estates Officer 4	57
Taylor, Jana	Legal Counsel 1	60
Tessier, Rachelle	Estates Officer 4	58
Winning, Marla	Estates Officer 4	57

**The Public Trustee of Manitoba
Estates and Trusts
under Administration**

**Financial Statements
March 31, 2006**



MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in accordance with the accounting policies stated in the financial statements. These accounting policies have been applied on a basis consistent with the prior year. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available up to June 2, 2006. The financial information presented elsewhere in the Annual Report is consistent with that in the financial statements.

Management maintains internal controls to provide reasonable assurance that the financial information is reliable and accurate and that the assets of The Public Trustee are properly safeguarded.

The responsibility of the Auditor General and his staff is to express an independent, professional opinion on whether the financial statements are fairly stated in accordance with the accounting policies stated in the financial statements. The Auditors' Report outlines the scope of the audit examination and provides the audit opinion.

The Public Trustee has reviewed and approved these financial statements and the Annual Report in advance of its release and has approved its content and authorized its release.

M. Anne Bolton, Q.C.
Public Trustee

AUDITOR'S REPORT

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba
 Estates and Trusts under Administration

Balance Sheet as at March 31, 2006

ASSETS	2006	2005
Cash on hand and in bank	\$ 505,842	\$ 656,206
Investments - Common Fund (Notes 2(a) and 3)	130,020,671	129,235,753
- Specific Estates and Trusts (Notes 2(b) and 4)	37,144,217	37,343,573
Accrued interest receivable on common fund investments (Note 2(a))	2,044,935	2,169,974
Other assets at nominal value (Note 2(c))	<u>1</u>	<u>1</u>
	<u>\$ 169,715,666</u>	<u>\$ 169,405,507</u>
 LIABILITIES 		
Other liabilities at nominal value (Note 2(d))	\$ 1	\$ 1
Public Trustee - Fees payable (Note 1)	36,721	24,665
- Expenditures payable (Note 5)	<u>11,873</u>	<u>3,804</u>
	48,595	28,470
Estates and trusts under administration:		
Excess of recorded value of assets over liabilities		
<i>The Mental Health Act</i>	101,742,441	105,642,888
<i>The Public Trustee Act</i>	<u>67,924,630</u>	<u>63,734,149</u>
	<u>\$ 169,715,666</u>	<u>\$ 169,405,507</u>

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba
Estates and Trusts under Administration

Statement of Cash Receipts and Disbursements
for the year ended March 31, 2006

RECEIPTS	2006	2005
Funds held by estates and trusts brought under administration	\$ 14,256,515	\$ 13,178,263
Realization of equities in other estates	981,434	1,361,371
Pensions, compensation and assistance	27,486,753	27,078,922
Sickness, disability and other insurance benefits	7,422,691	5,105,856
Investment income	8,360,128	8,368,601
Sale of estate property	4,044,278	3,517,933
Collections on accounts receivable	<u>1,430,252</u>	<u>1,588,111</u>
Total receipts, before sale or redemption of securities	63,982,051	60,199,057
Sale and redemption of securities - Common Fund	41,998,000	35,260,000
Sale and redemption of securities - Specific Estates and Trusts	<u>5,193,916</u>	<u>5,784,770</u>
Total Receipts	<u>111,173,967</u>	<u>101,243,827</u>
DISBURSEMENTS		
Room, board and other maintenance expense	26,222,970	26,030,692
Preservation of estates	4,179,853	4,550,660
Other estate expense	2,068,876	2,049,174
Administration and passing of accounts (Note 1)	5,210,056	5,113,200
Estates and trusts released from administration	<u>25,293,128</u>	<u>21,465,723</u>
Total disbursements, before purchase of securities	62,974,883	59,209,449
Purchase of securities - Common Fund	44,176,845	38,263,149
Purchase of securities - Specific Estates and Trusts	<u>4,172,603</u>	<u>4,022,692</u>
Total Disbursements	<u>111,324,331</u>	<u>101,495,290</u>
Cash receipts (under) disbursements	<150,364>	<251,463>
Cash position at start of year	<u>656,206</u>	<u>907,669</u>
Cash position at end of year	<u>\$ 505,842</u>	<u>\$ 656,206</u>

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba Estates and Trusts under Administration

Notes to Financial Statements
March 31, 2006

1. Role and Objective

The Public Trustee administers estates of mentally disabled persons, estates of deceased persons, and infant trusts. The Public Trustee is considered to be an appointment of last resort. The Public Trustee provides a public service, generally where there is no other competent or acceptable person available to provide the required service.

Under Section 14 of *The Public Trustee Act*, the Public Trustee may charge fees for the services provided to the estates and trusts under her administration. Fees are charged quarterly to each estate and trust based on its anniversary date. Those estates and trusts which do not have sufficient funds may have the fees reduced or waived.

Effective April 1, 1996, the Public Trustee became a Special Operating Agency. The operations of the Public Trustee are reflected in a separate Special Operating Agency financial statement.

2. Significant Accounting Policies

Basis of Accounting

These financial statements have been prepared in accordance with the significant accounting policies set out below in detail, to comply with the accounting requirements prescribed by Section 19 of *The Public Trustee Act*. The basis of accounting used in these financial statements differs materially from Canadian generally accepted accounting principles because they are prepared essentially on a cash basis to reflect only the custodial activities of the Public Trustee.

Statement of Cash Receipts and Disbursements

The Statement of Cash Receipts and Disbursements reflects cash transactions which have occurred during the year for estates and trusts under administration.

Balance Sheet

The Balance Sheet reflects the financial position of estates and trusts under administration in accordance with the following significant accounting policies:

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba
Estates and Trusts under Administration

Notes to Financial Statements
March 31, 2006

a) Investments - Common Fund

Investments of the common fund, established pursuant to Section 11(1) of *The Public Trustee Act*, are restricted to securities and loans authorized under *The Trustee Act*. Common fund investments are recorded at cost, adjusted for the amortization of premiums or discounts on purchase on a straight-line basis over the remaining term to maturity of the security. Interest is accrued on these investments. Earnings are distributed monthly to the individual estates and trusts on a pro rata basis.

b) Investments - Specific Estates and Trusts

Investments held for specific estates and trusts are recorded at the following values:

Investments purchased by the Public Trustee are recorded at cost.

Bonds, term deposits, investment certificates and treasury bills assumed under administration are recorded at par value.

Shares of capital stock and mutual funds assumed under administration are recorded at the market value as at the date of death for estates of deceased persons or as at the date of assumption for all other estates. If market value is not available, shares of capital stock and mutual funds are recorded at a nominal value of \$1.

c) Other Assets

Other assets which include bank accounts, accounts receivable, mortgages, notes receivable, real estate and other tangible assets are recorded for these financial statements at an aggregate nominal value of \$1 as valuation of these assets is not readily determinable. These assets are recorded on the client accounts at estimated market value for administrative purposes.

d) Other Liabilities

Other liabilities which include accounts payable, mortgages and notes payable are recorded for these financial statements at an aggregate nominal value of \$1 as valuation of these liabilities is not readily determinable. These liabilities are recorded on the client accounts at estimated market value for administrative purposes.

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba
Estates and Trusts under Administration

Notes to Financial Statements
March 31, 2006

3. Investments - Common Fund

	<u>2006</u> <u>Par Value</u>	<u>2006</u> <u>Book Value</u>	<u>2005</u> <u>Book Value</u>
Term deposits & investment certificates	\$ 28,600,000	\$ 28,600,000	\$ 26,100,000
Government of Canada bonds	30,500,000	30,916,559	35,738,404
Province of Manitoba bonds	4,500,000	4,509,072	4,506,678
Province of Quebec bonds	3,000,000	2,975,875	2,968,264
Province of Ontario bonds	15,800,000	16,533,496	16,193,110
Province of New Brunswick bonds	4,400,000	4,340,712	4,318,893
Province of Saskatchewan bonds	6,000,000	6,066,500	6,125,846
Province of British Columbia bonds	5,000,000	5,049,794	6,132,125
Farm Credit Canada bonds	-0-	-0-	1,295,277
Canada Mortgage & Housing bonds	23,500,000	24,702,616	19,465,682
Canada Housing Trust bonds	<u>6,300,000</u>	<u>6,326,047</u>	<u>6,391,474</u>
	<u>\$ 127,600,000</u>	<u>\$130,020,671</u>	<u>\$129,235,753</u>

4. Investments - Specific Estates and Trusts

	<u>2006</u>	<u>2005</u>
Term deposits, investment certificates and treasury bills	\$ 21,732,447	\$ 19,821,621
Government of Canada and other bonds	7,785,829	10,047,793
Shares of capital stock and mutual funds	<u>7,625,941</u>	<u>7,474,159</u>
	<u>\$ 37,144,217</u>	<u>\$ 37,343,573</u>

5. Expenditures Payable to the Public Trustee

Expenditures payable to the Public Trustee represent disbursements made on behalf of estates or trusts for which funds were not immediately available. These expenditures will be recovered from the estates or trusts concerned by the Public Trustee in due course when funds become available. If funds do not become available, these expenditures are recovered from operating funds of the Public Trustee.