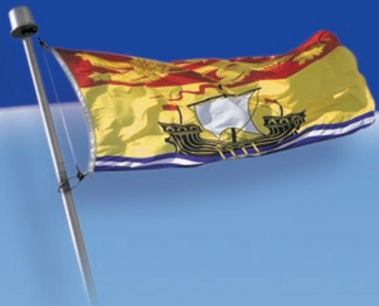


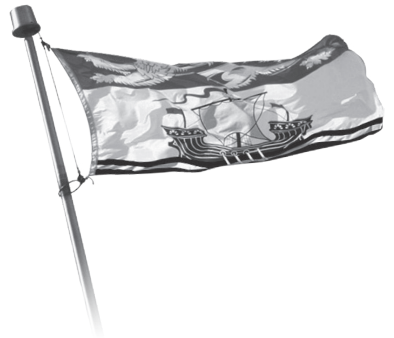
Public Accounts

for the fiscal year ended 31 March 2006

Volume 4
Trust Funds

Printed by
Authority of the Legislature
Fredericton, N.B.

New Nouveau Brunswick
C A N A D A



Public Accounts

for the fiscal year ended 31 March 2006

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New Nouveau
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INTRODUCTION
VOLUME IV

The Public Accounts of the Province of New Brunswick are presented in five volumes.

Volume I contains the audited financial statements of the Provincial Reporting Entity as described in note 1 to the financial statements. They include a Statement of Financial Position, a Statement of Operations, a Statement of Cash Flow and a Statement of Change in Net Debt. This volume also contains the Auditor's Report, Statement of Responsibility, management's comments on the results of the year and a variance analysis.

Volume II contains unaudited supplementary information to the Financial Statements presented in Volume I. It presents summary statements for revenue and expenditure as well as five-year comparative statements. This volume also contains detailed information on Supplementary Appropriations, Funded Debt, statements of the General Sinking Fund, Securities Held, and revenue and expenditure by government department (this includes salary, travel, supplier, grant and contribution, and loan disbursement listings).

Volume III contains the financial statements of those corporations, boards and commissions which are accountable for the administration of their financial affairs and resources to the Government or the Legislature of the Province. The Government or Legislature also has the power to control these organizations either through ownership or through legislative provisions.

This volume contains the financial statements of various trust funds which the Province administers as Trustee.

Volume V contains salary listings of certain government organizations, including Regional Health Authorities, New Brunswick Power Group of Companies and New Brunswick Liquor Corporation. The salary listings are for employees who received earnings during the year ended 31 December 2005 in excess of $40,000.

FINANCIAL STATEMENTS

PUBLIC SERVICE SUPERANNUATION PLAN

31 MARCH 2006

Office of the Auditor General
Bureau du vérificateur général

New Nouveau Brunswick

AUDITOR'S REPORT

To the Honourable Victor Boudreau
Minister of Finance
Province of New Brunswick

I have audited the statement of net assets available for benefits of the Public Service Superannuation Plan as at 31 March 2006 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's trustee. 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 the Plan's trustee, 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 Plan as at 31 March 2006 and the results of its activities for the year then ended in accordance with Canadian generally accepted accounting principles.

KD Robinson

K. D. Robinson, CA
Deputy Auditor General

Fredericton, N. B.
1 November 2006

TRUST FUND NO. 4
PUBLIC SERVICE SUPERANNUATION PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
31 MARCH 2006

	Thousands	
	2006	**2005**
ASSETS		
Investments (note 3)	$ 4,333,416	$ 3,745,383
Receivables		
Employee contributions	5,893	5,746
Employer contributions	5,585	5,341
Other	105	687
	11,583	11,774
Total assets	4,344,999	3,757,157
LIABILITIES		
Accounts payable	1,647	1,960
Total liabilities	1,647	1,960
NET ASSETS AVAILABLE FOR BENEFITS	$ 4,343,352	$ 3,755,197

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

John Mallory
Deputy Minister of Finance

TRUST FUND NO. 4
PUBLIC SERVICE SUPERANNUATION PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED 31 MARCH 2006

	Thousands	
	2006	**2005**
INCREASE IN ASSETS		
Investment income (note 4)	$ 599,390	$ 293,333
Securities lending	(212)	144
Pension contributions		
Employee	58,291	56,895
Employer - normal (note 5)	67,143	66,048
- special payment re unfunded liability (note 6)	51,816	49,968
Transfers under reciprocal agreements	831	672
Total increase in assets	777,259	467,060
DECREASE IN ASSETS		
Pensions	174,950	161,478
Refunds	5,148	4,914
Transfers under reciprocal agreements	1,365	4,444
Administrative expenses	2,407	2,346
Investment management fees	5,234	4,669
Total decrease in assets	189,104	177,851
INCREASE IN NET ASSETS	588,155	289,209
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	3,755,197	3,465,988
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$ 4,343,352	$ 3,755,197

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

TRUST FUND NO. 4
PUBLIC SERVICE SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

1. Description of Plan

The following description of the Public Service Superannuation Plan is a summary only. For more information, reference should be made to the Public Service Superannuation Act.

(a) General

The Plan is a contributory defined benefit pension plan covering certain government employees and employees of certain boards, commissions, corporations and educational institutions as defined by the Act and its regulations. The Office of Human Resources administers the Plan.

(b) Funding Policy

Under the Plan, the Plan members and the Plan sponsor make contributions. The determination of the value of benefits owed by the Plan is made on the basis of a triennial actuarial valuation (see note 6).

(c) Service Pensions

For pensionable service after 31 August 1966, the basic pension benefit is 1.3% of the average annual salary during the highest paid continuous 5 year period up to the year's maximum pensionable earnings (YMPE) and 2% of the average annual salary above the YMPE multiplied by the number of years of pensionable service. Pension benefits are integrated in accordance with the average YMPE when the member attains age 65 regardless of when pension benefits commenced being paid. For pensionable service before 1 September 1966, the pension benefit is 2% of the average annual salary multiplied by the number of years of pensionable service. Pension benefits are indexed annually to a maximum of 5%.

Normal retirement age is 65. Unreduced pension benefits are available upon reaching age 60 with 5 years of pensionable service. Reduced benefits are available at age 55 with 5 years of pensionable service. The early reduction factor of 3% per year pro-rated is applied if retirement occurs at age 55 and before age 60.

(d) Death Benefits

On the death of a member prior to completing 5 years of pensionable service, the benefit payable is a refund of the member's contributions with interest. An immediate pension equal to 50% of the member's pension, had they attained age 65, is payable to the surviving spouse / common law partner or dependent children in the event of death of a member who has completed at least 5 years of pensionable service.

(e) Benefits on Termination

In the event of termination of employment for reasons other than retirement, death or disability a member may receive either a refund of his/her own contributions to the Plan with interest or a deferred annuity commencing when the member attains retirement age. To be eligible for a deferred annuity the member must have 5 or more years of pensionable service to his/her credit at his/her date of termination of employment.

(f) Income Taxes

The Plan is a Registered Pension Plan as defined in the Income Tax Act and is not subject to income taxes for contributions or investment income.

TRUST FUND NO. 4
PUBLIC SERVICE SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a financial reporting entity independent of the plan sponsors and plan members. These statements are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period, but they do not portray the funding requirements of the Plan or the benefit security of individual plan members.

(b) Investments

On 1 April 1998, the assets of the Public Service Superannuation Fund were transferred to unit trust funds established by the New Brunswick Investment Management Corporation (NBIMC).

All investments of the Plan are represented by holdings of units of the unit trust funds. The total value is based on the calculated net asset value multiplied by the number of units held.

Investments are valued at their fair value as of the date of the financial statements. For securities listed on an exchange, fair value is the closing price listed on the exchange. If no closing price is available, the average of the latest bid and ask prices is used. Securities not listed on an exchange are valued based on a quotation service from a recognized dealer. Investments in money market instruments are reported at cost, which approximates market value. Investments denominated in a foreign currency are translated into their Canadian dollar equivalents at the year-end exchange rate.

(c) Revenue Recognition

All investment transactions are recognized as of their trade date. Interest income and dividend income have been accrued at year-end. Transactions denominated in a foreign currency are translated at the exchange rate prevailing at the time of the transaction.

Derivative products such as foreign exchange contracts, futures and swaps are recorded at the value the unit trust funds would have paid or received had the contract been terminated at the year-end date. The resulting gain or loss is included in investment income.

Both realized and unrealized gains and losses are included in investment income.

3. Investments

(a) Trustee

The assets of the Public Service Superannuation Plan are held in trust by NBIMC. NBIMC was appointed as trustee on 11 March 1996 by an Act of the New Brunswick Legislature which bears its name (NBIMC Act) and assumed responsibility for the management of the Plan's assets effective 1 April 1996.

TRUST FUND NO. 4
PUBLIC SERVICE SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

3. Investments (continued)

(b) Investments

There are currently 16 unit trust funds, each with a specific investment mandate. The unit trust funds are established pursuant to a Unit Trust Declaration made by the NBIMC on 1 April 1998. Each fund is an open-end, unincorporated trust, governed by the laws of the Province of New Brunswick.

Following is a description of each unit trust fund in existence during the year ended March 31, 2006:

Nominal Bond:

Invests primarily in investment grade bonds (a minimum of triple-B rated by a major rating agency) of G-7 countries and Canadian provinces paying a nominal rate of interest. The return objective is to add 20 basis points to its benchmark, the Scotia Capital All Government Index, over a four-year moving average.

New Brunswick Fixed Income Opportunity:

Invests primarily in fixed income issues to finance economic activity in New Brunswick. The return objective is to add 20 basis points to its benchmark, the Scotia Capital All Government Index, over a four-year moving average.

Inflation Linked Securities:

Invests primarily in fixed income instruments that are adjusted for inflation of G-7 countries. The return objective is to add 10 basis points to its benchmark, the Scotia Capital Real Return Bond Index, over a four-year moving average.

Money Market:

Invests primarily in fixed income securities having a maturity of less than one year. The return objective is to add 20 basis points to its benchmark. Prior to November 9, 2004, the benchmark was calculated at 80% of the Scotia Capital 91-Day Treasury Bill Index and 20% of the Call Loan Rate and effective November 9, 2004 it is calculated as 93% of the Scotia Capital 91-Day Treasury Bill Index and 7% of the Call Loan Rate.

Canadian Equity:

This fund uses derivative products such as swaps and futures to gain exposure to various segments of the S&P/TSX Equity Index (S&P/TSX Composite prior to December 19, 2005). Leverage on derivative products is avoided by ensuring each derivative product is supported by an appropriate value of short-term investments. Exposure is primarily to the S&P/TSX Equity 60 (S&P/TSX Large-Cap Index prior to December 19, 2005) and the S&P/TSX Equity Mid-Cap (S&P/TSX Mid-Cap Index prior to December 19, 2005) and to a lesser extent, to the S&P/TSX Equity Small-Cap (S&P/TSX Small-Cap Index prior to December 19, 2005). The performance objective is to exceed or match the return of the various segments which the fund attempts to replicate.

TRUST FUND NO. 4
PUBLIC SERVICE SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

3. Investments (continued)

External Canadian Equity

This fund is managed by external managers and invests in publicly traded Canadian equities. The return objective is to add 100 basis points to its benchmark, the S&P/TSX Equity Index (S&P/TSX Total Return Composite prior to December 19, 2005), over a four-year moving average.

TSE Small-Cap:

Managed by an external manager, this fund invests primarily in the companies of the S&P/TSX Equity Small-Cap (S&P/TSX Small-Cap Index prior to December 19, 2005). The return objective is to exceed the performance of its benchmark, the S&P/TSX Equity Small-Cap (S&P/TSX Small-Cap Index prior to December 19, 2005), by 100 basis points.

Allocation Equity International:

This fund is used to implement asset allocation decisions and diversify equity investments by participating in the equity markets of the U.S., Japan and developed European countries. It gains exposure to these markets by investing in equities, derivative products such as futures, options and swaps, as well as investing in pooled funds of index products managed by an external manager. Leverage on derivative products is avoided by ensuring each derivative product is supported by an appropriate value of short-term investments. This fund is also used to implement quantitative strategies on the U.S. equity markets. The benchmark is a weighting of the respective country or regional indices.

Public Equity:

This fund is managed by external managers and invests in publicly traded equities in developed European and United States markets. The return objective is to exceed the performance of the benchmark, which is a weighting of the respective country or regional indices, by 200 basis points over a four-year moving average.

North American Market Neutral:

This fund focuses on adding value through security selection within its universe of the S&P/TSX Equity Index (S&P/TSX Total Return Composite prior to December 19, 2005) and S&P/TSX Equity Mid-Cap (S&P/TSX Mid-Cap prior to December 19, 2005) stocks as well as certain publicly traded US-listed stocks. Favored securities are purchased and offset by a corresponding short position in another security within the same sector. The portfolio is supported by a cash underlay and its return objective is to add 500 basis points annually over a four-year moving average basis to its benchmark. Prior to November 9, 2004, the benchmark was calculated as 80% of the Scotia Capital 91-Day Treasury Bill Index and 20% of the Call Loan Rate. Effective November 9, 2004, the benchmark is calculated as 93% of the Scotia Capital 91-Day Treasury Bill Index and 7% of the Call Loan Rate.

New Brunswick and Atlantic Canada Equity Opportunity:

This fund invests in public and private equities or instruments convertible into equities of New Brunswick and Atlantic Canada companies. The return objective is to add 80 basis points to its benchmark, the S&P/TSX Equity Index (S&P/TSX Total Return Composite prior to December 19, 2005), over a four-year moving average.

TRUST FUND NO. 4
PUBLIC SERVICE SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

3. Investments (continued)

Private Equity:

This fund is managed by external managers that invest primarily in non-publicly traded securities of U.S. and European companies. The return objective is to exceed the performance of its benchmark, a blend of the S&P 500 and the MSCI Europe Net total return indices.

Canadian Real Estate:

This fund is managed by an external manager and invests in Canadian real estate investments through limited partnerships or similar investment vehicles. The benchmark is inflation, as measured by the percentage change in the twelve-month CPI-Canada All Items Index, plus four percent.

Quantitative Market Neutral:

This fund implements equal dollar amount of long and short U.S. equity positions while maintaining market and sector neutrality. The stock selection is based on a quantitative multivariate factor model. The portfolio is supported by a cash underlay and its return objective is to add 500 basis points annually over a four-year moving average to its benchmark. Prior to November 9, 2004, the benchmark was calculated at 80% of the Scotia Capital 91-Day Treasury Bill Index and 20% of the Call Loan Rate. Effective November 9, 2004, the benchmark is calculated as 93% of the Scotia Capital 91-Day Treasury Bill Index and 7% of the Call Loan Rate. All units of this trust fund were redeemed during the year ended March 31, 2006.

U.S. Real Estate:

This fund is managed by an external manager that invests primarily in publicly traded securities of U.S. Real Estate Investment Trusts. The return objective is to add 150 basis points to the NAREIT® Equity Index.

Commodity:

This fund is used to implement asset allocation decisions and diversify client investment portfolios by participating in the commodity markets. It gains exposure to the commodity markets by using derivative products such as futures and swaps. Leverage on derivative products is avoided by ensuring each derivative product is supported by an appropriate value of short-term investments. The benchmark is the Goldman Sachs Commodity Total Return Index (US$). The return objective is to match the benchmark index. Initial investment activity for this fund occurred on December 14, 2004.

Student Investment:

This fund is managed by students at the University of New Brunswick who are registered in the Student Investment Fund Program. Its initial base was $1 million and is to be invested using the same philosophy as that used by NBIMC. The overall benchmark for this fund is composed of 50% S&P/TSX Equity 60 (S&P/TSX 60 prior to December 19, 2005), 45% Scotia Capital All Government Index and 5% Scotia Capital 91-Day Treasury Bill Index. The activities of this fund are closely monitored by NBIMC staff who execute and process all transactions on behalf of the students.

TRUST FUND NO. 4
PUBLIC SERVICE SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

3. Investments (continued)

The following table reflects the holdings of the Public Service Superannuation Plan in the unit trust funds for which NBIMC is trustee.

			Thousands	
	Units	Unit Value	2006 Amount	2005 Amount
Fixed Income:				
Nominal Bond	807,870	$ 1,554	$ 1,255,628	$ 1,081,061
New Brunswick Fixed Income Opportunity	10,943	1,790	19,588	20,015
			1,275,216	1,101,076
Inflation Linked Securities	226,531	2,197	497,621	434,799
Money Market	140,927	1,304	183,710	239,587
			1,956,547	1,775,462
Equities:				
Canadian Equity	334,097	1,859	620,923	565,483
External Canadian Equity	102,793	2,086	214,470	164,100
TSE Small-Cap	29,161	1,947	56,767	52,261
Allocation Equity International	622,761	1,425	887,508	754,866
Public Equity	100,580	1,332	133,940	78,779
			1,913,608	1,615,489
Alternative Investments:				
North American Market Neutral	152,818	1,123	171,685	168,006
New Brunswick and Atlantic Canada Equity Opportunity	12,270	864	10,606	8,943
Private Equity	45,008	887	40,991	36,004
Canadian Real Estate	21,427	1,330	28,490	9,665
Quantitative Market Neutral	-	-	-	38,240
U.S. Real Estate	49,314	2,919	143,960	77,319
Commodity	53,981	1,234	66,599	15,459
			462,331	353,636
Balanced:				
Student Investment	485	1,916	930	796
			$ 4,333,416	$ 3,745,383

TRUST FUND NO. 4
PUBLIC SERVICE SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

3. Investments (continued)

(c) Risk Management

Rates of return vary based on the degree of uncertainty. The fundamental sources of uncertainty to which investments are exposed are credit risk and price risk. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Price risk is comprised of currency risk, interest rate risk and market risk. Currency risk is the risk that the value of an investment will fluctuate due to future changes in foreign exchange rates. Interest rate risk is the risk that the value of an investment will fluctuate due to future changes in market interest rates. Market risk is the risk that the value of a financial instrument will fluctuate as a result of future changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

Risk is reduced through asset class diversification, diversification within each asset class, quality constraints on fixed income instruments and restrictions by limiting most investments to G-7 countries. Borrowing or leveraging is not allowed. Controls are in place respecting the use of derivatives. Forward foreign exchange contracts are used to manage currency exposure in connection with securities purchased in foreign currency.

4. Investment Income

The following table reflects the investment income of the Public Service Superannuation Fund in each of the unit trust funds for which NBIMC is trustee for the year ended 31 March 2006.

TRUST FUND NO. 4
PUBLIC SERVICE SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

4. Investment Income (continued)

	Thousands			
	Interest	Dividends	Current Period Increase/ (Decrease) in Market Value	Total
Fixed Income:				
Nominal Bond	$ 53,249	$ -	$ 1,183	$ 54,432
New Brunswick Fixed Income Opportunity	1,295	-	67	1,362
	54,544	-	1,250	55,794
Inflation Linked Securities	12,438	-	37,904	50,342
Money Market	5,291	-	(50)	5,241
	72,273	-	39,104	111,377
Equities:				
Canadian Equity	716	-	159,886	160,602
External Canadian Equity	5	927	47,909	48,841
TSE Small-Cap	8	500	8,882	9,390
Allocation Equity International	12,866	4,980	166,163	184,009
Public Equity	-	-	31,684	31,684
	13,595	6,407	414,524	434,526
Alternative Investments:				
North American Market Neutral	4,885	(142)	(1,760)	2,983
New Brunswick and Atlantic Canada Equity Opportunity	172	40	(1,477)	(1,265)
Private Equity	-	111	6,409	6,520
Canadian Real Estate	-	1,003	4,800	5,803
Quantitative Market Neutral	1,284	(68)	(727)	489
U.S. Real Estate	42	4,884	34,231	39,157
Commodity	479	-	(814)	(335)
	6,862	5,828	40,662	53,352
Balanced:				
Student Investment	25	8	102	135
Total - 2006	$ 92,755	$ 12,243	$ 494,392	$ 599,390
Total - 2005	$ 81,261	$ 6,117	$ 205,955	$ 293,333

TRUST FUND NO. 4
PUBLIC SERVICE SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

5. Pension Contributions from Employers

Pension contributions from employers are as follows:

	Thousands	
	2006	**2005**
Province of New Brunswick	$ 37,663	$ 36,814
New Brunswick Power Corporation	12,488	13,174
Regional Health Authorities	7,868	7,415
University of New Brunswick	3,338	3,167
Service New Brunswick	1,786	1,743
Workplace Health, Safety and Compensation Commission	1,677	1,618
New Brunswick Liquor Corporation	1,170	1,088
Other	1,153	1,029
	$ 67,143	$ 66,048

6. Funding Policy

Employees are required to contribute 5.8% of their earnings, up to the year's maximum pensionable earnings (YMPE) under the Canada Pension Plan Act, plus 7.5% on earnings above the YMPE. The employer is required to contribute an amount necessary in the opinion of an actuary, which when combined with employee contributions will fund current service costs.

The most recent actuarial valuation for funding purposes was prepared by Morneau Sobeco, a firm of consulting actuaries, as of 1 April 2005. This valuation disclosed an unfunded liability of $324,200,000.

Pursuant to the Public Service Superannuation Act, the Consolidated Fund and certain government agencies will, in each fiscal year until the benefits under the Act are fully funded as determined by an actuarial valuation, pay an amount into the Public Service Superannuation Fund that is in addition to the employer contribution for current service cost. The additional amount paid during the fiscal year ended 31 March 2006 was $51.8 million. In each subsequent fiscal year, the additional amount to be paid will be the amount paid in the previous fiscal year increased (or decreased) by the aggregate of 2% plus the average percentage change in the Consumer Price Index.

7. Obligation for Pension Benefits

The present value of accrued benefits was determined using the projected unit credit method pro-rated on service and actuarial assumptions which reflect management's best estimate for the future. An actuarial valuation was made as of 1 April 2006 by Morneau Sobeco.

TRUST FUND NO. 4
PUBLIC SERVICE SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

7. Obligation for Pension Benefits (continued)

Significant long-term assumptions and the range of short-term assumptions used in the valuation are:

	Long-term Assumptions	Short-term Assumptions
Rate of return on assets	7.12%	7.12%
Annual wage and salary increase	3.25% plus promotional increase between 0.2% and 1.0%	3.25%
Inflation	2.75%	2.75%
Rate of pension escalation after retirement		
(Actives and pensioners who retired on or after May 1, 1995)	2.55%	2.55%
(Pensioners who retired prior to May 1, 1995 and for UNB faculty)	2.65%	2.65%

The actuarial present value of benefits as at 31 March and the principal components of changes in actuarial present values during the year were as follows:

	(in millions) 2006	2005
Actuarial present value of accrued pension benefits at beginning of year	$ 3,954.41	$ 3,512.11
Interest accrued on benefits	279.80	275.63
Benefits accrued	132.32	124.65
Benefits paid	(181.46)	(170.84)
Change in assumptions	-	106.27
Experience loss (gain)	2.84	106.59
Actuarial present value of accrued pension benefits at end of year	$ 4,187.91	$ 3,954.41
Net assets available for benefits	$ 4,343.35	$ 3,755.20

8. Investments in Plan Sponsor

As at 31 March 2006, the Public Service Superannuation Plan held 53% of the nominal bond unit trust fund of $2,381,239,000. Of this total, $46,648,000 consisted of Province of New Brunswick guaranteed securities. The Public Service Superannuation Plan held 55.3% of the Canadian equity unit trust fund of $1,121,857,000. Of this total, $65,382,017 consisted of Province of New Brunswick guaranteed securities.

As at 31 March 2005, the Public Service Superannuation Plan held 52% of the total nominal bond unit trust fund of $2,065,096,236. Of this total, $88,207,551 consisted of Province of New Brunswick guaranteed securities.

FINANCIAL STATEMENTS

TEACHERS' PENSION PLAN

31 MARCH 2006

Office of the Auditor General
Bureau du vérificateur général

New Nouveau Brunswick

AUDITOR'S REPORT

To the Honourable Victor Boudreau
Minister of Finance
Province of New Brunswick

I have audited the statement of net assets available for benefits of the Teachers' Pension Plan as at 31 March 2006 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's trustee. 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 the Plan's trustee, 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 Plan as at 31 March 2006 and the results of its activities for the year then ended in accordance with Canadian generally accepted accounting principles.

K D Robinson

K. D. Robinson, CA
Deputy Auditor General

Fredericton, N. B.
1 November 2006

TRUST FUND NO. 7
TEACHERS' PENSION PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
31 MARCH 2006

	Thousands	
	2006	2005
ASSETS		
Investments (note 3)	$ 3,728,569	$ 3,276,129
Receivables		
Employee contributions	2,944	3,198
Employer contributions	3,775	3,397
Other	90	470
	6,809	7,065
Total assets	3,735,378	3,283,194
LIABILITIES		
Accounts payable	1,346	1,316
Total liabilities	1,346	1,316
NET ASSETS AVAILABLE FOR BENEFITS	$ 3,734,032	$ 3,281,878

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

John Mallory
Deputy Minister of Finance

TRUST FUND NO. 7
TEACHERS' PENSION PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED 31 MARCH 2006

	Thousands	
	2006	2005
INCREASE IN ASSETS		
Investment income (note 4)	$ 509,712	$ 256,618
Securities lending	(164)	131
Pension contributions		
Employee	38,163	34,805
Employer - normal	34,761	31,648
- special payment re unfunded liability (note 5)	75,317	72,630
Transfers under reciprocal agreements	1,288	1,484
Total increase in assets	659,077	397,316
DECREASE IN ASSETS		
Pensions	199,379	188,237
Refunds	1,258	1,484
Transfers under reciprocal agreements	407	1,454
Administrative expenses	1,326	1,279
Investment management fees	4,553	4,261
Total decrease in assets	206,923	196,715
INCREASE IN NET ASSETS	452,154	200,601
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	3,281,878	3,081,277
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$ 3,734,032	$ 3,281,878

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

TRUST FUND NO. 7
TEACHERS' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

1. Description of Plan

The following description of the Teachers' Pension Plan is a summary only. For more information, reference should be made to the Teachers' Pension Act.

(a) General

The Plan is a contributory defined benefit pension plan covering teachers as defined by the Act and its regulations. The Office of Human Resources administers the Plan.

(b) Funding Policy

Under the Plan, the Plan members and the Plan sponsor make contributions. The determination of the value of benefits owed by the Plan is made on the basis of a triennial actuarial valuation (see note 5).

(c) Service Pensions

For pensionable service after 31 August 1966, the basic pension benefit is 1.3% of the average annual salary during the highest paid continuous 5 year period up to the year's maximum pensionable earnings (YMPE) and 2% of the average annual salary above the YMPE multiplied by the number of years of pensionable service. Pension benefits are integrated in accordance with the average YMPE when the member attains age 65 regardless of when pension benefits commenced being paid. Pension benefits are indexed annually to a maximum of 4.75%.

For pensionable service before 1 September 1966, the pension benefit is 2.14% of the average annual salary during the highest paid continuous 5 year period multiplied by the number of years of pensionable service.

Employees are eligible for pension benefits when the sum of their age and completed years of pensionable service is 87 or more, they have a minimum of 35 years of pensionable service, or at age 65 with 5 years of pensionable service, or at age 60 with 20 years of pensionable service. Reduced benefits are available when the age and service total is 80, or at age 60 with 5 years of service.

(d) Disability Pensions

A member who has at least 5 years of pensionable service at the date of becoming disabled is entitled to an immediate pension on retirement because of disability.

(e) Death Benefits

On the death of an active member prior to completing 5 years of pensionable service, the benefit payable is a refund of the member's contributions with interest. In the event of death of an active member who has completed at least 5 years of pensionable service, the normal form of pension, equal to 50% of what the member would have received had they attained age 65, is payable to the surviving spouse ("spouse" refers also to common law partner). If there is no spouse but there is a child who is under 19 years of age and will not attain the age of 19 in the calendar year, a pension is paid in respect of the child until age 19. If the child is in full-time attendance at an educational institution, a pension is paid in respect of the child until age 25 or when the child ceases to be in full-time attendance at the educational institution, whichever occurs first.

TRUST FUND NO. 7
TEACHERS' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

1. Description of Plan (continued)

If a member dies after retirement, and the member had a surviving spouse at the time of retirement and elected a higher spousal benefit, the amount payable is in accordance with the option chosen at retirement (e.g. 60%, 66 2/3%, 75% or 100%). These options are only available to the spouse who is a spouse at the date the annual pension commences to be paid at the time of the members' retirement. If the normal form was elected and there is no spouse to whom the benefit is payable, but there is a child who is under 19 years of age and will not attain the age of 19 in the calendar year, the normal form of survivor pension (50% of benefit payable at members age 65) is paid in respect of the child until age 19. If the child is in full-time attendance at an educational institution, a pension is paid in respect of the child until age 25 or when the child ceases to be in full-time attendance at the educational institution, whichever occurs first.

(f) Benefits on Termination

In the event of termination of employment for reasons other than retirement, death or disability, a member may receive either a refund of his/her own contributions to the Plan with interest or a deferred pension if vested.

(g) Income Taxes

The Plan is a Registered Pension Plan as defined in the Income Tax Act and is not subject to income taxes for contributions and investment income.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a financial reporting entity independent of the plan sponsors and plan members. These statements are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period, but they do not portray the funding requirements of the Plan or the benefit security of individual plan members.

(b) Investments

On 1 April 1998, the assets of the Teachers' Pension Fund were transferred to unit trust funds established by the New Brunswick Investment Management Corporation (NBIMC).

All investments of the Plan are represented by holdings of units of the unit trust funds. The total value is based on the calculated net asset value multiplied by the number of units held.

Investments are valued at their fair value as of the date of the financial statements. For securities listed on an exchange, fair value is the closing price listed on the exchange. If no closing price is available, the average of the latest bid and ask prices is used. Securities not listed on an exchange are valued based on a quotation service from a recognized dealer. Investments in money market instruments are reported at cost, which approximates market value. Investments denominated in a foreign currency are translated into their Canadian dollar equivalents at the year-end exchange rate.

TRUST FUND NO. 7
TEACHERS' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

2. Summary of Significant Accounting Policies (continued)

(c) Revenue Recognition

All investment transactions are recognized as of their trade date. Interest income and dividend income have been accrued at year-end. Transactions denominated in a foreign currency are translated at the exchange rate prevailing at the time of the transaction.

Derivative products such as foreign exchange contracts, futures and swaps are recorded at the value the unit trust funds would have paid or received had the contract been terminated at the year-end date. The resulting gain or loss is included in investment income.

Both realized and unrealized gains and losses are included in investment income.

3. Investments

(a) Trustee

The assets of the Teachers' Pension Plan are held in trust by NBIMC. NBIMC was appointed as trustee on 11 March 1996 by an Act of the New Brunswick Legislature which bears its name (NBIMC Act) and assumed responsibility for the management of the Plan's assets effective 1 April 1996.

(b) Investments

There are currently 16 unit trust funds, each with a specific investment mandate. The unit trust funds are established pursuant to a Unit Trust Declaration made by the NBIMC on 1 April 1998. Each fund is an open-end, unincorporated trust, governed by the laws of the Province of New Brunswick.

Following is a description of each unit trust fund in existence during the year ended March 31, 2006:

Nominal Bond:

Invests primarily in investment grade bonds (a minimum of triple-B rated by a major rating agency) of G-7 countries and Canadian provinces paying a nominal rate of interest. The return objective is to add 20 basis points to its benchmark, the Scotia Capital All Government Index, over a four-year moving average.

New Brunswick Fixed Income Opportunity:

Invests primarily in fixed income issues to finance economic activity in New Brunswick. The return objective is to add 20 basis points to its benchmark, the Scotia Capital All Government Index, over a four-year moving average.

Inflation Linked Securities:

Invests primarily in fixed income instruments that are adjusted for inflation of G-7 countries. The return objective is to add 10 basis points to its benchmark, the Scotia Capital Real Return Bond Index, over a four-year moving average.

TRUST FUND NO. 7
TEACHERS' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

3. Investments (continued)

Money Market:

Invests primarily in fixed income securities having a maturity of less than one year. The return objective is to add 20 basis points to its benchmark. Prior to November 9, 2004, the benchmark was calculated at 80% of the Scotia Capital 91-Day Treasury Bill Index and 20% of the Call Loan Rate and effective November 9, 2004 it is calculated as 93% of the Scotia Capital 91-Day Treasury Bill Index and 7% of the Call Loan Rate.

Canadian Equity:

This fund uses derivative products such as swaps and futures to gain exposure to various segments of the S&P/TSX Equity Index (S&P/TSX Composite prior to December 19, 2005). Leverage on derivative products is avoided by ensuring each derivative product is supported by an appropriate value of short-term investments. Exposure is primarily to the S&P/TSX Equity 60 (S&P/TSX Large-Cap Index prior to December 19, 2005) and the S&P/TSX Equity Mid-Cap (S&P/TSX Mid-Cap Index prior to December 19, 2005) and to a lesser extent, to the S&P/TSX Equity Small-Cap (S&P/TSX Small-Cap Index prior to December 19, 2005). The performance objective is to exceed or match the return of the various segments which the fund attempts to replicate.

External Canadian Equity

This fund is managed by external managers and invests in publicly traded Canadian equities. The return objective is to add 100 basis points to its benchmark, the S&P/TSX Equity Index (S&P/TSX Total Return Composite prior to December 19, 2005), over a four-year moving average.

TSE Small-Cap:

Managed by an external manager, this fund invests primarily in the companies of the S&P/TSX Equity Small-Cap (S&P/TSX Small-Cap Index prior to December 19, 2005). The return objective is to exceed the performance of its benchmark, the S&P/TSX Equity Small-Cap (S&P/TSX Small-Cap Index prior to December 19, 2005), by 100 basis points.

Allocation Equity International:

This fund is used to implement asset allocation decisions and diversify equity investments by participating in the equity markets of the U.S., Japan and developed European countries. It gains exposure to these markets by investing in equities, derivative products such as futures, options and swaps, as well as investing in pooled funds of index products managed by an external manager. Leverage on derivative products is avoided by ensuring each derivative product is supported by an appropriate value of short-term investments. This fund is also used to implement quantitative strategies on the U.S. equity markets. The benchmark is a weighting of the respective country or regional indices.

Public Equity:

This fund is managed by external managers and invests in publicly traded equities in developed European and United States markets. The return objective is to exceed the performance of the benchmark, which is a weighting of the respective country or regional indices, by 200 basis points over a four-year moving average.

TRUST FUND NO. 7
TEACHERS' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

3. Investments (continued)

North American Market Neutral:

This fund focuses on adding value through security selection within its universe of the S&P/TSX Equity Index (S&P/TSX Total Return Composite prior to December 19, 2005) and S&P/TSX Equity Mid-Cap (S&P/TSX Mid-Cap prior to December 19, 2005) stocks as well as certain publicly traded US-listed stocks. Favored securities are purchased and offset by a corresponding short position in another security within the same sector. The portfolio is supported by a cash underlay and its return objective is to add 500 basis points annually over a four-year moving average basis to its benchmark. Prior to November 9, 2004, the benchmark was calculated as 80% of the Scotia Capital 91-Day Treasury Bill Index and 20% of the Call Loan Rate. Effective November 9, 2004, the benchmark is calculated as 93% of the Scotia Capital 91-Day Treasury Bill Index and 7% of the Call Loan Rate.

New Brunswick and Atlantic Canada Equity Opportunity:

This fund invests in public and private equities or instruments convertible into equities of New Brunswick and Atlantic Canada companies. The return objective is to add 80 basis points to its benchmark, the S&P/TSX Equity Index (S&P/TSX Total Return Composite prior to December 19, 2005), over a four-year moving average.

Private Equity:

This fund is managed by external managers that invest primarily in non-publicly traded securities of U.S. and European companies. The return objective is to exceed the performance of its benchmark, a blend of the S&P 500 and the MSCI Europe Net total return indices.

Canadian Real Estate:

This fund is managed by an external manager and invests in Canadian real estate investments through limited partnerships or similar investment vehicles. The benchmark is inflation, as measured by the percentage change in the twelve-month CPI-Canada All Items Index, plus four percent.

Quantitative Market Neutral:

This fund implements equal dollar amount of long and short U.S. equity positions while maintaining market and sector neutrality. The stock selection is based on a quantitative multivariate factor model. The portfolio is supported by a cash underlay and its return objective is to add 500 basis points annually over a four-year moving average to its benchmark. Prior to November 9, 2004, the benchmark was calculated at 80% of the Scotia Capital 91-Day Treasury Bill Index and 20% of the Call Loan Rate. Effective November 9, 2004, the benchmark is calculated as 93% of the Scotia Capital 91-Day Treasury Bill Index and 7% of the Call Loan Rate. All units of this trust fund were redeemed during the year ended March 31, 2006.

U.S. Real Estate:

This fund is managed by an external manager that invests primarily in publicly traded securities of U.S. Real Estate Investment Trusts. The return objective is to add 150 basis points to the NAREIT® Equity Index.

TRUST FUND NO. 7
TEACHERS' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

3. Investments (continued)

Commodity:

This fund is used to implement asset allocation decisions and diversify client investment portfolios by participating in the commodity markets. It gains exposure to the commodity markets by using derivative products such as futures and swaps. Leverage on derivative products is avoided by ensuring each derivative product is supported by an appropriate value of short-term investments. The benchmark is the Goldman Sachs Commodity Total Return Index (US$). The return objective is to match the benchmark index. Initial investment activity for this fund occurred on December 14, 2004.

Student Investment:

This fund is managed by students at the University of New Brunswick who are registered in the Student Investment Fund Program. Its initial base was $1 million and is to be invested using the same philosophy as that used by NBIMC. The overall benchmark for this fund is composed of 50% S&P/TSX Equity 60 (S&P/TSX 60 prior to December 19, 2005), 45% Scotia Capital All Government Index and 5% Scotia Capital 91-Day Treasury Bill Index. The activities of this fund are closely monitored by NBIMC staff who execute and process all transactions on behalf of the students.

The following table reflects the holdings of the Teachers' Pension Plan in the unit trust funds for which NBIMC is trustee.

TRUST FUND NO. 7
TEACHERS' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

3. Investments (continued)

			Thousands	
	Units	Unit Value	2006 Amount	2005 Amount
Fixed Income:				
Nominal Bond	719,086	$ 1,554	$ 1,117,636	$ 978,289
New Brunswick Fixed Income Opportunity	9,415	1,790	16,854	17,506
			1,134,490	995,795
Inflation Linked Securities	211,877	2,197	465,431	413,250
Money Market	121,094	1,304	157,856	209,385
			1,757,777	1,618,430
Equities:				
Canadian Equity	267,413	1,859	496,990	461,869
External Canadian Equity	88,445	2,086	184,535	143,530
TSE Small-Cap	25,090	1,947	48,844	45,710
Allocation Equity International	509,688	1,425	726,366	627,511
Public Equity	86,541	1,332	115,245	68,904
			1,571,980	1,347,524
Alternative Investments:				
North American Market Neutral	131,488	1,123	147,722	146,948
New Brunswick and Atlantic Canada Equity Opportunity	10,558	864	9,126	7,822
Private Equity	38,726	911	35,270	31,491
Canadian Real Estate	18,436	1,330	24,513	8,453
Quantitative Market Neutral	-	-	-	33,447
U.S. Real Estate	42,431	2,919	123,866	67,627
Commodity	46,446	1,234	57,303	13,521
			397,800	309,309
Balanced:				
Student Investment	528	1,916	1,012	866
			$ 3,728,569	$ 3,276,129

TRUST FUND NO. 7
TEACHERS' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

3. Investments (continued)

(c) Risk Management

Rates of return vary based on the degree of uncertainty. The fundamental sources of uncertainty to which investments are exposed are credit risk and price risk. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Price risk is comprised of currency risk, interest rate risk and market risk. Currency risk is the risk that the value of an investment will fluctuate due to future changes in foreign exchange rates. Interest rate risk is the risk that the value of an investment will fluctuate due to future changes in market interest rates. Market risk is the risk that the value of a financial instrument will fluctuate as a result of future changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Risk is reduced through asset class diversification, diversification within each asset class, quality constraints on fixed income instruments and restrictions by limiting most investments to G-7 countries.

Borrowing or leveraging is not allowed. Controls are in place respecting the use of derivatives. Forward foreign exchange contracts are used to manage currency exposure in connection with securities purchased in foreign currency.

4. Investment Income

The following table reflects the investment income of the Teachers' Pension Plan in each of the unit trust funds for which NBIMC is trustee for the year ended 31 March 2006.

TRUST FUND NO. 7
TEACHERS' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

4. Investment Income (continued)

Thousands

	Interest	Dividends	Current Period Increase/ (Decrease) in Market Value	Total
Fixed Income:				
Nominal Bond	$ 48,170	$ -	$ 1,070	$ 49,240
New Brunswick Fixed Income Opportunity	1,131	-	59	1,190
	49,301	-	1,129	50,430
Inflation Linked Securities	11,798	-	35,952	47,750
Money Market	4,480	-	(42)	4,438
	65,579	-	37,039	102,618
Equities:				
Canadian Equity	582	-	129,897	130,479
External Canadian Equity	5	807	41,689	42,501
TSE Small-Cap	7	434	7,708	8,149
Allocation Equity International	10,631	4,115	137,302	152,048
Public Equity	-	-	27,544	27,544
	11,225	5,356	344,140	360,721
Alternative Investments:				
North American Market Neutral	4,197	(122)	(1,513)	2,562
New Brunswick and Atlantic Canada Equity Opportunity	147	35	(1,265)	(1,083)
Private Equity	-	96	5,542	5,638
Canadian Real Estate	-	868	4,152	5,020
Quantitative Market Neutral	903	(48)	(511)	344
U.S. Real Estate	37	4,247	29,768	34,052
Commodity	440	-	(747)	(307)
	5,724	5,076	35,426	46,226
Balanced:				
Student Investment	27	9	111	147
Total - 2006	$ 82,555	$ 10,441	$ 416,716	$ 509,712
Total - 2005	$ 73,430	$ 5,380	$ 177,808	$ 256,618

TRUST FUND NO. 7
TEACHERS' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

5. Funding Policy

Employees are required to contribute 7.3% of their earnings to YMPE plus 9% of earnings above the YMPE. The employer makes contributions equal to the employee contributions.

The most recent actuarial valuation for funding purposes was prepared by Morneau Sobeco, a firm of consulting actuaries, as of 1 April 2003. This valuation disclosed an unfunded liability of $748,029,000. Currently, a valuation is being prepared as at April 1, 2006.

Pursuant to the Teachers' Pension Act, the Province will, in each fiscal year until the benefits under the Act are fully funded as determined by an actuarial valuation, pay an amount into the Teachers' Pension Fund that is in addition to the employer contribution for current service costs. The additional amount paid during the fiscal year ended 31 March 2006 was $75.3 million. In each subsequent fiscal year the additional amount to be paid will be the amount paid in the previous fiscal year increased (or decreased) by the aggregate of 2% plus the average percentage change in the Consumer Price Index.

6. Obligation for Pension Benefits

The present value of accrued benefits was determined using the projected unit credit method pro-rated on service and actuarial assumptions which reflect management's best estimate for the future. An actuarial valuation was made as of 1 April 2006 by Morneau Sobeco.

Significant long-term assumptions and the range of short-term assumptions used in the valuation are:

	Long-term Assumptions	**Short-term Assumptions**
Rate of return on assets	7.12%	7.12%
Annual wage and salary increase	3.25% plus promotional increase between 0.25% to 1.5%	3.25%
Inflation	2.75%	2.75%
Rate of pension escalation after retirement		
(Actives and pensioners who retired on or after May 1, 1995)	2.45%	2.45%
(Pensioners who retired prior to May 1, 1995)	2.65%	2.65%

The actuarial present value of benefits as at 31 March and the principal components of changes in actuarial present values during the year were as follows:

TRUST FUND NO. 7
TEACHERS' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

6. Obligation for Pension Benefits (continued)

	(in millions) 2006	2005
Actuarial present value of accrued pension benefits at beginning of year	$ 3,481.82	$ 3,224.30
Interest accrued on benefits	243.53	249.95
Benefits accrued	78.05	70.43
Benefits paid	(201.00)	(191.20)
Change in assumptions	157.07	68.43
Experience loss (gain)	25.02	59.91
Actuarial present value of accrued pension benefits at end of year	$ 3,784.49	$ 3,481.82
Net assets available for benefits	$ 3,734.03	$ 3,281.88

7. Investments in Plan Sponsor

As at 31 March 2006, the Teachers' Pension Plan held 47% of the nominal bond unit trust fund of $2,381,239,000. Of this total, $46,648,000 consisted of Province of New Brunswick guaranteed securities. The Teachers' Pension Plan held 44.3% of the Canadian equity unit trust fund of $1,121,857,000. Of this total, $65,382,017 consisted of Province of New Brunswick guaranteed securities.

As at 31 March 2005, the Teachers' Pension Plan held 47% of the total nominal bond unit trust fund of $2,065,096,236. Of this total, $88,207,551 consisted of Province of New Brunswick guaranteed securities.

TRUST FUND NO. 9

MENTAL HEALTH TRUST FUND

FINANCIAL STATEMENTS

(unaudited)

31 MARCH 2006

TRUST FUND NO. 9
MENTAL HEALTH TRUST FUND
STATEMENT OF FINANCIAL POSITION
(unaudited)
as at 31 March 2006

ASSETS	2006	2005
Current:		
Cash	$ 30,574	$ 154,857
Accrued interest receivable	14,306	12,289
	44,880	167,146
Investments (market value $896,861) (Note 3)	818,000	683,000
Unamortized premiums less discounts	64,559	34,015
	$ 927,439	$ 884,161

LIABILITIES AND FUND EQUITY

Fund equity	$ 927,439	$ 884,161
	$ 927,439	$ 884,161

The accompanying notes are an integral part of these Financial Statements.

STATEMENT OF ACTIVITY
(unaudited)
for the year ended 31 March 2006

	2006	2005
Fund equity at beginning of year	$ 884,161	$ 837,778
Add:		
Bank interest	3,319	1,613
Interest earned on investments	46,862	51,000
	50,181	52,613
Deduct:		
Amortization of premiums less discounts	6,903	6,230
Fund equity at end of year	$ 927,439	$ 884,161

The accompanying notes are an integral part of these Financial Statements.

TRUST FUND NO. 9
MENTAL HEALTH TRUST FUND
NOTES TO FINANCIAL STATEMENTS
(unaudited)
31 MARCH 2006

1. General

Treasury Board Minute 77-140 directed that the bequest to the Province from the Estate of Caroline deLancy Torrie be held in a Trust Fund to be administered by the Department of Finance. As stipulated in the will, the funds are to be used for the treatment, by psychoanalysis, of deserving New Brunswickers.

2. Summary of Significant Accounting Policies

a) Basis of Accounting

Bank interest and interest earned on investments are reported on the statement of activity on the accrual basis.

b) Investments

Investments in bonds and debentures are reported on the statement of financial position at par value. Unamortized premiums less discounts are reported separately on the statement as deferred charges. Short term deposits are recorded on the statement of financial position at cost.

c) Discounts and Premiums

Discounts and premiums are deferred and amortized to income on a constant yield basis over the remaining life of the related security.

3. Investments

Value of the investments at 31 March 2006 is as follows:

	Par Value	Net Book Value	Market Value
Bonds and debentures issued or guaranteed by New Brunswick	$205,000	$248,981	$252,043
Bonds and debentures issued or guaranteed by other Provinces	613,000	633,578	644,818
	$818,000	$882,559	$896,861

FINANCIAL STATEMENTS

PROVINCIAL COURT JUDGES' PENSION PLANS

31 MARCH 2006

Office of the Auditor General
Bureau du vérificateur général

New Nouveau Brunswick

AUDITOR'S REPORT

To the Honourable Victor Boudreau
Minister of Finance
Province of New Brunswick

I have audited the statement of net assets available for benefits of the Provincial Court Judges' Pension Plans as at 31 March 2006 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plans' trustee. 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 the Plans' trustee, 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 Plans as at 31 March 2006 and the results of their activities for the year then ended in accordance with Canadian generally accepted accounting principles.

K D Robinson

K. D. Robinson, CA
Deputy Auditor General

Fredericton, N. B.
1 November 2006

TRUST FUND NO. 10
PROVINCIAL COURT JUDGES' PENSION PLANS
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
31 MARCH 2006

	Thousands	
	2006	2005
ASSETS		
Investments (note 3)	$ 27,526	$ 24,588
Employee contributions receivable	9	8
Total assets	27,535	24,596
LIABILITIES		
Accounts payable	11	14
Deferred employer contributions	129	531
Total liabilities	140	545
NET ASSETS AVAILABLE FOR BENEFITS	$ 27,395	$ 24,051

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

John Mallory
Deputy Minister of Finance

TRUST FUND NO. 10
PROVINCIAL COURT JUDGES' PENSION PLANS
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED 31 MARCH 2006

	Thousands	
	2006	2005
INCREASE IN ASSETS		
Investment income (note 4)	$ 4,017	$ 2,033
Securities lending	(2)	1
Pension contributions		
Employee	252	251
Employer - normal	333	333
- special payment re unfunded liability (note 5)	69	-
Total increase in assets	4,669	2,618
DECREASE IN ASSETS		
Pensions	1,275	1,226
Administrative expenses	14	29
Investment management fees	36	40
Total decrease in assets	1,325	1,295
INCREASE IN NET ASSETS	3,344	1,323
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	24,051	22,728
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$ 27,395	$ 24,051

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

TRUST FUND NO. 10
PROVINCIAL COURT JUDGES' PENSION PLANS
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

1. Description of Plans

Judges appointed prior to 18 February 2000 may choose a pension plan under either the Provincial Court Act (PCA) or the Provincial Court Judges' Pension Act (PCJPA). Judges appointed on or after that date fall under the Provincial Court Judges' Pension Act.

All transactions related to these plans are made through this Trust Fund except those related to the Supplementary benefits available under the Provincial Court Judges' Pension Act. These Supplementary benefits exceed the maximum benefits allowed under the Income Tax Act. The Consolidated Fund of the Province pays these Supplementary benefits.

The following description of the Provincial Court Judges' Pension Plans is a summary only. For more information, reference should be made to the Provincial Court Act or the Provincial Court Judges' Pension Act.

(a) Judges' Pension Plan under the Provincial Court Act (PCA)

i. General

The Plan is a contributory defined benefit pension plan covering Provincial Court Judges appointed prior to 18 February 2000 who did not elect a pension under the PCJPA. The plan is established under the authority of the Provincial Court Act and its regulations.

ii. Funding Policy

Under the Plan, the Plan members and the Plan sponsor make contributions. The determination of the value of benefits owed by the Plan is made on the basis of an actuarial valuation (see note 5).

iii. Service Pensions

Under the Plan, eligible members are to be paid an annuity equal to 60% of the final salary less 0.7% of the 3 year average of the year's maximum pensionable earnings (YMPE) for each year of pensionable service after 31 August 1966. The annuities are integrated with the Canada Pension Plan at age 65 and are indexed annually to a maximum of 6%.

Mandatory retirement is at age 75. Unreduced benefits are available at age 60 with 25 years of service or at age 65 with 10 years of service.

iv. Disability Benefits

An annuity is available in the amount of 60% of the salary being paid on the date of the Judges' removal or resignation with a minimum of 2 years of pensionable service.

TRUST FUND NO. 10
PROVINCIAL COURT JUDGES' PENSION PLANS
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

1. Description of Plans (continued)

v. Death Benefits

In the event of death in service and if less than 2 years of service, the member's contributions with interest to the date of death will be refunded to the spouse ("spouse" refers also to common law partner) or estate. However, if the member was entitled to an annuity, the surviving spouse shall be paid an annuity equal to 50% of the annuity payable to the judge. If there is no spouse but there is a child, an annuity equal to that payable to a surviving spouse is paid in respect of the child until age 18.

If a member dies after retirement, payments will be continued to the member's spouse for the balance of his/her lifetime at 50% of the amount payable to the judge. Under the Plan, alternate options are available for increasing the surviving spousal annuity.

vi. Benefits on Termination

On termination of employment, with less than 10 years of pensionable service, a member will receive a refund of his/her own contributions, accumulated with interest, to the date of termination. A judge who is not eligible for an unreduced annuity because he/she has not attained the age of 65 years or does not have 25 years of service may be eligible for a reduced annuity.

vii. Income Taxes

The Plan is a Registered Pension Plan as defined in the Income Tax Act and is not subject to income taxes for contributions and investment income.

(b) Judges' Pension Plan under the Provincial Court Judges' Pension Act (PCJPA)

i. General

The Plan is a contributory defined benefit pension plan covering all Provincial Court Judges appointed on or after 18 February 2000. Judges appointed prior to 18 February 2000 may choose a pension under the PCA or the PCJPA. The plan is established under the authority of the Provincial Court Judges' Pension Act and its regulations.

ii. Funding Policy

Under the Plan, the Plan members and the Plan sponsor make contributions. The determination of the value of benefits owed by the Plan is made on the basis of an actuarial valuation (see note 5).

iii. Service Pensions

Pension benefits are 2.75% per year of service up to a maximum years of service of 23.63 years calculated on average salary. Average salary is the highest average annual salary of an active judge for any period of 36 successive months.

TRUST FUND NO. 10
PROVINCIAL COURT JUDGES' PENSION PLANS
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

1. Description of Plans (continued)

There is no integration with the Canada Pension Plan and pension benefits are indexed annually to a maximum of 5%. A judge with 2 years on the bench can retire without reduction at age 60. A judge with 2 years of pensionable service can retire early with a 3% reduction for each year before the age 60. There are options for judges to choose alternate survivor pensions and guarantee periods.

Mandatory retirement is at age 75, although contributions are to cease when the judge has to his/her credit 23.63 years of service or after the day following the last day of the year in which the member attains age 69, whichever occurs first. Payment of pension benefits must commence on the day following the last day of the year in which the member attains age 69.

iv. Disability Benefits

A judge with 2 years of pensionable service who becomes disabled and ceases to be an active judge is eligible for a disability benefit equal to 60% of the salary at the date of the disability and is payable to age 65. At age 65, the disability benefit ceases and the judge must retire and be paid a disability pension equal to 2.75% times the number of years projected to age 65 times the average salary at the date of disability.

v. Death Benefits

In the event of death in service where the judge had at least two years of pensionable service and was under age 65, a spousal pension is payable in the amount of 50% of the annual pension that would have been payable if the judge had continued in service as a judge to the age of 65 based on the average salary at the time of death. If there is no spouse ("spouse" refers also to common law partner) but there is a child, a pension is paid in respect of the child until age 19. If the child is in full-time attendance at an educational institution, a pension is paid in respect of the child until the age of 25 or when the child ceases to be in full-time attendance at the educational institution, whichever occurs first.

In the event of death in service where the judge had at least two years of pensionable service and was age 65 but not yet 69, a spousal pension is payable in the amount of 50% of the annual pension that would have been payable to the judge if the judge had retired on the date of his/her death. If there is no spouse but there is a child, a pension is paid in respect of the child until age 19. If the child is in full-time attendance at an educational institution, a pension is paid in respect of the child until the age of 25 or when the child ceases to be in full-time attendance at the educational institution, whichever occurs first.

The normal form of pension for a surviving spouse if the member dies after retirement is payable in the amount of 50% of the annual pension being paid to the judge on the date of the judges' death. The surviving spouse must have been the spouse of the judge on the date when the annual pension began to be paid to the judge. If there is no spouse but there is a child, a pension is paid in respect of the child until age 19. If the child is in full-time attendance at an educational institution, a pension is paid in respect of the child until the age of 25 or when the child ceases to be in full-time attendance at the educational institution, whichever occurs first.

TRUST FUND NO. 10
PROVINCIAL COURT JUDGES' PENSION PLANS
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

1. Description of Plans (continued)

Alternate provisions include:

If a member dies after retirement, and the judge had a surviving spouse at the time of retirement and elected a higher spousal benefit in exchange for a reduced pension, the spousal benefit is payable in accordance with the option chosen at retirement (e.g. 60%, 66 2/3%, 75% or 100%). A member may also elect at the same time to have guaranteed payments made to the surviving spouse and estate for a period of 5, 10, or 15 years after pension benefits have commenced being paid to the member. These options are only available to the spouse who is a spouse at the date the annual pension commences to be paid at the time of the judges' retirement.

A judge with no spouse or dependent child may elect to be paid a reduced pension with guaranteed payment to the judge's estate for the period of 5, 10, or 15 years.

vi. Benefits on Termination

On termination of employment, with less than 2 years of pensionable service, prior to entitlement to a pension, a member will receive a refund of his/her own contributions, accumulated with interest, to the date of termination. On termination of employment, with 2 years of pensionable service and who is less than 60 years of age, the member is eligible for a deferred pension at age 60 or reduced benefits prior to age 60.

vii. Income Taxes

The Plan is a Registered Pension Plan as defined in the Income Tax Act and is not subject to income taxes for contributions and investment income.

Transitional Provisions (Judges appointed prior to 18 February 2000)

A judge who ceases to make contributions when the maximum pension has been reached or when reaching 69 years, or has elected a reduced pension, guaranteed payments, early retirement, or deferred pension under the PCJPA, shall be deemed to have elected to be paid benefits only under the PCJPA and the election is irrevocable.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plans as a financial reporting entity independent of the plan sponsors and plan members. These statements are prepared to assist plan members and others in reviewing the activities of the Plans for the fiscal period, but they do not portray the funding requirements of the Plans or the benefit security of individual plan members.

TRUST FUND NO. 10
PROVINCIAL COURT JUDGES' PENSION PLANS
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

2. Summary of Significant Accounting Policies (continued)

(b) Investments

On 1 April 1998, the assets of the Provincial Court Judges' Pension Plans were transferred to unit trust funds established by the New Brunswick Investment Management Corporation (NBIMC).

All investments of the Plans are represented by holdings of units of the unit trust funds. The total value is based on the calculated net asset value multiplied by the number of units held.

Investments are valued at their fair value as of the date of the financial statements. For securities listed on an exchange, fair value is the closing price listed on the exchange. If no closing price is available, the average of the latest bid and ask prices is used. Securities not listed on an exchange are valued based on a quotation service from a recognized dealer. Investments in money market instruments are reported at cost, which approximates market value. Investments denominated in a foreign currency are translated into their Canadian dollar equivalents at the year-end exchange rate.

(c) Revenue Recognition

All investment transactions are recognized as of their trade date. Interest income and dividend income have been accrued at year-end. Transactions denominated in a foreign currency are translated at the exchange rate prevailing at the time of the transaction.

Derivative products such as foreign exchange contracts, futures and swaps are recorded at the value the unit trust funds would have paid or received had the contract been terminated at the year-end date. The resulting gain or loss is included in investment income.

Both realized and unrealized gains and losses are included in investment income.

3. Investments

(a) Trustee

The assets of the Provincial Court Judges' Pension Plans are held in trust by NBIMC. NBIMC was appointed as trustee on 11 March 1996 by an Act of the New Brunswick Legislature which bears its name (NBIMC Act) and assumed responsibility for the management of the Fund's assets effective 1 April 1996.

(b) Investments

There are currently 16 unit trust funds, each with a specific investment mandate. The unit trust funds are established pursuant to a Unit Trust Declaration made by the NBIMC on 1 April 1998. Each fund is an open-end, unincorporated trust, governed by the laws of the Province of New Brunswick.

TRUST FUND NO. 10
PROVINCIAL COURT JUDGES' PENSION PLANS
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

3. Investments (continued)

Following is a description of each unit trust fund in existence during the year ended March 31, 2006:

Nominal Bond:

Invests primarily in investment grade bonds (a minimum of triple-B rated by a major rating agency) of G-7 countries and Canadian provinces paying a nominal rate of interest. The return objective is to add 20 basis points to its benchmark, the Scotia Capital All Government Index, over a four-year moving average.

New Brunswick Fixed Income Opportunity:

Invests primarily in fixed income issues to finance economic activity in New Brunswick. The return objective is to add 20 basis points to its benchmark, the Scotia Capital All Government Index, over a four-year moving average.

Inflation Linked Securities:

Invests primarily in fixed income instruments that are adjusted for inflation of G-7 countries. The return objective is to add 10 basis points to its benchmark, the Scotia Capital Real Return Bond Index, over a four-year moving average.

Money Market:

Invests primarily in fixed income securities having a maturity of less than one year. The return objective is to add 20 basis points to its benchmark. Prior to November 9, 2004, the benchmark was calculated at 80% of the Scotia Capital 91-Day Treasury Bill Index and 20% of the Call Loan Rate and effective November 9, 2004 it is calculated as 93% of the Scotia Capital 91-Day Treasury Bill Index and 7% of the Call Loan Rate.

Canadian Equity:

This fund uses derivative products such as swaps and futures to gain exposure to various segments of the S&P/TSX Equity Index (S&P/TSX Composite prior to December 19, 2005). Leverage on derivative products is avoided by ensuring each derivative product is supported by an appropriate value of short-term investments. Exposure is primarily to the S&P/TSX Equity 60 (S&P/TSX Large-Cap Index prior to December 19, 2005) and the S&P/TSX Equity Mid-Cap (S&P/TSX Mid-Cap Index prior to December 19, 2005) and to a lesser extent, to the S&P/TSX Equity Small-Cap (S&P/TSX Small-Cap Index prior to December 19, 2005). The performance objective is to exceed or match the return of the various segments which the fund attempts to replicate.

External Canadian Equity

This fund is managed by external managers and invests in publicly traded Canadian equities. The return objective is to add 100 basis points to its benchmark, the S&P/TSX Equity Index (S&P/TSX Total Return Composite prior to December 19, 2005), over a four-year moving average.

TRUST FUND NO. 10
PROVINCIAL COURT JUDGES' PENSION PLANS
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

3. Investments (continued)

TSE Small-Cap:

Managed by an external manager, this fund invests primarily in the companies of the S&P/TSX Equity Small-Cap (S&P/TSX Small-Cap Index prior to December 19, 2005). The return objective is to exceed the performance of its benchmark, the S&P/TSX Equity Small-Cap (S&P/TSX Small-Cap Index prior to December 19, 2005), by 100 basis points.

Allocation Equity International:

This fund is used to implement asset allocation decisions and diversify equity investments by participating in the equity markets of the U.S., Japan and developed European countries. It gains exposure to these markets by investing in equities, derivative products such as futures, options and swaps, as well as investing in pooled funds of index products managed by an external manager. Leverage on derivative products is avoided by ensuring each derivative product is supported by an appropriate value of short-term investments. This fund is also used to implement quantitative strategies on the U.S. equity markets. The benchmark is a weighting of the respective country or regional indices.

Public Equity:

This fund is managed by external managers and invests in publicly traded equities in developed European and United States markets. The return objective is to exceed the performance of the benchmark, which is a weighting of the respective country or regional indices, by 200 basis points over a four-year moving average.

North American Market Neutral:

This fund focuses on adding value through security selection within its universe of the S&P/TSX Equity Index (S&P/TSX Total Return Composite prior to December 19, 2005) and S&P/TSX Equity Mid-Cap (S&P/TSX Mid-Cap prior to December 19, 2005) stocks as well as certain publicly traded US-listed stocks. Favored securities are purchased and offset by a corresponding short position in another security within the same sector. The portfolio is supported by a cash underlay and its return objective is to add 500 basis points annually over a four-year moving average basis to its benchmark. Prior to November 9, 2004, the benchmark was calculated as 80% of the Scotia Capital 91-Day Treasury Bill Index and 20% of the Call Loan Rate. Effective November 9, 2004, the benchmark is calculated as 93% of the Scotia Capital 91-Day Treasury Bill Index and 7% of the Call Loan Rate.

New Brunswick and Atlantic Canada Equity Opportunity:

This fund invests in public and private equities or instruments convertible into equities of New Brunswick and Atlantic Canada companies. The return objective is to add 80 basis points to its benchmark, the S&P/TSX Equity Index (S&P/TSX Total Return Composite prior to December 19, 2005), over a four-year moving average.

TRUST FUND NO. 10
PROVINCIAL COURT JUDGES' PENSION PLANS
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

3. Investments (continued)

Private Equity:

This fund is managed by external managers that invest primarily in non-publicly traded securities of U.S. and European companies. The return objective is to exceed the performance of its benchmark, a blend of the S&P 500 and the MSCI Europe Net total return indices.

Canadian Real Estate:

This fund is managed by an external manager and invests in Canadian real estate investments through limited partnerships or similar investment vehicles. The benchmark is inflation, as measured by the percentage change in the twelve-month CPI-Canada All Items Index, plus four percent.

Quantitative Market Neutral:

This fund implements equal dollar amount of long and short U.S. equity positions while maintaining market and sector neutrality. The stock selection is based on a quantitative multivariate factor model. The portfolio is supported by a cash underlay and its return objective is to add 500 basis points annually over a four-year moving average to its benchmark. Prior to November 9, 2004, the benchmark was calculated at 80% of the Scotia Capital 91-Day Treasury Bill Index and 20% of the Call Loan Rate. Effective November 9, 2004, the benchmark is calculated as 93% of the Scotia Capital 91-Day Treasury Bill Index and 7% of the Call Loan Rate. All units of this trust fund were redeemed during the year ended March 31, 2006.

U.S. Real Estate:

This fund is managed by an external manager that invests primarily in publicly traded securities of U.S. Real Estate Investment Trusts. The return objective is to add 150 basis points to the NAREIT® Equity Index.

Commodity:

This fund is used to implement asset allocation decisions and diversify client investment portfolios by participating in the commodity markets. It gains exposure to the commodity markets by using derivative products such as futures and swaps. Leverage on derivative products is avoided by ensuring each derivative product is supported by an appropriate value of short-term investments. The benchmark is the Goldman Sachs Commodity Total Return Index (US$). The return objective is to match the benchmark index. Initial investment activity for this fund occurred on December 14, 2004.

Student Investment:

This fund is managed by students at the University of New Brunswick who are registered in the Student Investment Fund Program. Its initial base was $1 million and is to be invested using the same philosophy as that used by NBIMC. The overall benchmark for this fund is composed of 50% S&P/TSX Equity 60 (S&P/TSX 60 prior to December 19, 2005), 45% Scotia Capital All Government Index and 5% Scotia Capital 91-Day Treasury Bill Index. The activities of this fund are closely monitored by NBIMC staff who execute and process all transactions on behalf of the students.

TRUST FUND NO. 10
PROVINCIAL COURT JUDGES' PENSION PLANS
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

3. Investments (continued)

The following table reflects the holdings of the Provincial Court Judges' Pension Plans in the unit trust funds for which NBIMC is trustee.

	Units	Unit Value	2006 Amount (Thousands)	2005 Amount (Thousands)
Fixed Income:				
Nominal Bond	5,132	$ 1,554	$ 7,975	$ 5,747
New Brunswick Fixed Income Opportunity	70	1,790	124	131
			8,099	5,878
Inflation Linked Securities	1,439	2,197	3,161	2,978
Money Market	894	1,304	1,166	1,572
			12,426	10,428
Equities:				
Canadian Equity	2,122	1,859	3,944	4,326
External Canadian Equity	653	2,086	1,362	1,077
TSE Small-Cap	185	1,947	361	343
Allocation Equity International	3,956	1,425	5,639	5,571
Public Equity	639	1,332	851	517
			12,157	11,834
Alternative Investments:				
North American Market Neutral	971	1,123	1,091	1,102
New Brunswick and Atlantic Canada Equity Opportunity	78	864	67	59
Private Equity	286	911	260	236
Canadian Real Estate	136	1,330	181	63
Quantitative Market Neutral	-	-	-	251
U.S. Real Estate	313	2,919	914	508
Commodity	343	1,234	423	101
			2,936	2,320
Balanced:				
Student Investment	4	1,916	7	6
			$ 27,526	$ 24,588

TRUST FUND NO. 10
PROVINCIAL COURT JUDGES' PENSION PLANS
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

3. Investments (continued)

(c) Risk Management

Rates of return vary based on the degree of uncertainty. The fundamental sources of uncertainty to which investments are exposed are credit risk and price risk. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Price risk is comprised of currency risk, interest rate risk and market risk. Currency risk is the risk that the value of an investment will fluctuate due to future changes in foreign exchange rates. Interest rate risk is the risk that the value of an investment will fluctuate due to future changes in market interest rates. Market risk is the risk that the value of a financial instrument will fluctuate as a result of future changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

Risk is reduced through asset class diversification, diversification within each asset class, quality constraints on fixed income instruments and restrictions by limiting most investments to G-7 countries. Borrowing or leveraging is not allowed. Controls are in place respecting the use of derivatives. Forward foreign exchange contracts are used to manage currency exposure in connection with securities purchased in foreign currency.

4. Investment Income

The following table reflects the investment income of the Provincial Court Judges' Pension Plans in each of the unit trust plans for which NBIMC is trustee for the year ended 31 March 2006.

TRUST FUND NO. 10
PROVINCIAL COURT JUDGES' PENSION PLANS
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

4. Investment Income (continued)

	Thousands			
	Interest	Dividends	Current Period Increase/ (Decrease) in Market Value	Total
Fixed Income:				
Nominal Bond	$ 284	$ -	$ 6	$ 290
New Brunswick Fixed Income Opportunity	8	-	-	8
	292	-	6	298
Inflation Linked Securities	84	-	256	340
Money Market	33	-	-	33
	409	-	262	671
Equities:				
Canadian Equity	5	-	1,135	1,140
External Canadian Equity	-	6	309	315
TSE Small-Cap	-	3	57	60
Allocation Equity International	90	35	1,156	1,281
Public Equity	-	-	204	204
	95	44	2,861	3,000
Alternative Investments:				
North American Market Neutral	31	(1)	(11)	19
New Brunswick and Atlantic Canada Equity Opportunity	1	-	(9)	(8)
Private Equity	-	1	41	42
Canadian Real Estate	-	6	31	37
Quantitative Market Neutral	9	-	(5)	4
U.S. Real Estate	-	32	221	253
Commodity	3	-	(5)	(2)
	44	38	263	345
Balanced:				
Student Investment	-	-	1	1
Total - 2006	$ 548	$ 82	$ 3,387	$ 4,017
Total - 2005	$ 496	$ 41	$ 1,496	$ 2,033

TRUST FUND NO. 10
PROVINCIAL COURT JUDGES' PENSION PLANS
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

5. Funding Policy

Effective February 18, 2000 members are required to contribute 7% of salary. The employer contributes an amount determined by an actuarial valuation that together with judges' contributions is necessary to cover current service cost under the registered portion of the Plan. Contributions must cease when the judge has to his/her credit 23.63 years of service or age 69 whichever occurs earlier.

The most recent actuarial valuation for funding purposes was prepared by Morneau Sobeco, a firm of consulting actuaries, as of 1 April 2004. This valuation disclosed an unfunded liability of $565,900 at 1 April 2004.

Pursuant to the Provincial Court Judges' Pension Act, the Province will pay into the Fund additional amounts as are required to amortize the unfunded liability in relation to benefits payable under the registered portion of the Plan in equal annual instalments over a period of 15 years. The additional amount paid during the fiscal year ended 31 March 2006 was $68,500.

6. Obligation for Pension Benefits

The present value of accrued pension benefits was determined using the accrued benefit actuarial cost method, prorated on service and actuarial assumptions which reflect management's best estimate for the future. An actuarial valuation was made as of 1 April 2006 by Morneau Sobeco.

Significant long-term assumptions used in the valuation are:

Rate of return on assets	7.9%
Annual wage and salary increase	4.5%
Inflation	3.5%
Rate of pension escalation after retirement	Subject to 5% maximum- 3.3% Subject to 6% maximum- 3.4%

TRUST FUND NO. 10
PROVINCIAL COURT JUDGES' PENSION PLANS
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2006

6. Obligation for Pension Benefits (continued)

The actuarial present value of the total benefits as at 31 March and the principal components of changes in actuarial present values during the year were as follows:

	(in millions) 2006	2005
Actuarial present value of accrued pension benefits at beginning of year	$ 29.14	$ 27.03
Interest accrued on benefits	2.30	2.13
Benefits accrued	1.25	1.25
Benefits paid	(1.32)	(1.27)
Changes in assumption	-	-
Experience gains or losses	-	-
Actuarial present value of accrued pension benefits at end of year	$ 31.37	$ 29.14
Net assets available for benefits	$ 27.40	$ 24.05

Any benefits exceeding those allowed under the Income Tax Act are paid by the Consolidated Fund and not Trust Fund 10. For fiscal year ending 31 March 2006:

Actuarial present value of accrued pension benefits to be paid through the Consolidated Fund	$ 5,720,100
Actuarial present value of accrued pension benefits to be paid by this Fund	$25,646,100

7. Investments in Plan Sponsor

As at 31 March 2006, the Provincial Court Judges' Pension Plans held 0.3% of the nominal bond unit trust fund of $2,381,239,000. Of this total, $46,648,000 consisted of Province of New Brunswick guaranteed securities. The Provincial Court Judges' Pension Plans held 0.4% of the Canadian equity unit trust fund of $1,121,857,000. Of this total, $65,382,017 consisted of Province of New Brunswick guaranteed securities.

As at 31 March 2005, the Provincial Court Judges' Pension Plans held 0.3% of the total nominal bond unit trust fund of $2,065,096,236. Of this total, $88,207,551 consisted of Province of New Brunswick guaranteed securities.

TRUST FUND NO. 16

MARGARET R. LYNDS BEQUEST

FINANCIAL STATEMENTS

(unaudited)

31 MARCH 2006

TRUST FUND NO. 16
MARGARET R. LYNDS BEQUEST
STATEMENT OF FINANCIAL POSITION
(unaudited)
as at 31 March 2006

ASSETS	2006	2005
Current:		
Cash	$ 10,934	$ 34,889
Accrued interest receivable	1,743	1,493
	12,677	36,382
Investments (market value $108,480) (Note 3)	100,000	86,000
Deferred Charges:		
Unamortized premiums less discounts	9,252	1,085
	$ 121,929	$ 123,467

LIABILITIES AND FUND EQUITY

	2006	2005
Current liabilities:		
Accounts payable	$ 2,042	$ 2,258
Fund equity	119,887	121,209
	$ 121,929	$ 123,467

The accompanying notes are an integral part of these Financial Statements.

STATEMENT OF ACTIVITY
(unaudited)
for the year ended 31 March 2006

	2006	2005
Fund equity at beginning of year	$ 121,209	$ 121,856
Add:		
Bank interest	851	518
Interest earned on investments	4,683	5,792
	5,534	6,310
Deduct:		
Payment of E. Belle Lynds Scholarships	6,126	6,774
Amortization of premiums less discounts	730	183
	6,856	6,957
Fund equity at end of year	$ 119,887	$ 121,209

The accompanying notes are an integral part of these Financial Statements.

TRUST FUND NO. 16
MARGARET R. LYNDS BEQUEST
NOTES TO FINANCIAL STATEMENTS
(unaudited)
31 MARCH 2006

1. General

The Margaret R. Lynds Bequest Fund is held in trust by the Minister of Finance under the authority of the Last Will and Testament of Margaret R. Lynds, and a Decree Varying Trust issued by the Court of Queen's Bench of New Brunswick. Investment income from the Fund is used to award a maximum of three annual scholarships, of equal value, to students pursuing the study of communications at specified Universities. For the year ending 31 March 2006, three scholarships were awarded.

2. Summary of Significant Accounting Policies

a) Basis of Accounting

Bank interest and interest earned on investments are reported on the statement of activity on the accrual basis.

b) Investments

Investments in bonds and debentures are reported on the statement of financial position at par value. Unamortized premiums less discounts are reported separately on the statement as deferred charges.

c) Discounts and Premiums

Discounts and premiums are deferred and amortized to income on a constant yield basis over the remaining life of the related security.

3. Investments

Value of the investments at 31 March 2006 is as follows:

	Par Value	Net Book Value	Market Value
Bonds and debentures issued or guaranteed by New Brunswick	$ 30,000	$ 37,300	$ 36,616
Bonds and debentures issued or guaranteed by other Provinces.............	70,000	71,952	71,864
	$100,000	$109,252	$108,480

TRUST FUND NO. 19

THE NEW BRUNSWICK ELECTRIC FINANCE CORPORATION SINKING FUND

FINANCIAL STATEMENTS

(unaudited)

31 MARCH 2006

TRUST FUND NO. 19
THE NEW BRUNSWICK ELECTRIC FINANCE CORPORATION SINKING FUND
STATEMENT OF FINANCIAL POSITION
(unaudited)
as at 31 March 2006

ASSETS	2006	2005
Current:		
Cash	$ 73,884	$ 2,304
Accrued interest receivable	1,006,521	875,877
	1,080,405	878,181
Investments (market value $48,552,812) (Note 2)	48,246,000	45,696,000
Deferred charges:		
Unamortized premiums less discounts	(1,932,390)	(3,232,622)
	$ 47,394,015	$ 43,341,559

LIABILITIES AND FUND EQUITY		
Fund equity	$ 47,394,015	$ 43,341,559
	$ 47,394,015	$ 43,341,559

The accompanying notes are an integral part of these Financial Statements.

TRUST FUND NO. 19
THE NEW BRUNSWICK ELECTRIC FINANCE CORPORATION SINKING FUND
STATEMENT OF ACTIVITY
(unaudited)
for the year ended 31 March 2006

	2006	2005
Fund equity at beginning of year	$ 43,341,559	$ 39,456,532
Add:		
Bank interest	913	1,266
Interest earned on investments	2,047,116	1,844,094
Sinking fund installments	1,250,000	1,250,000
Amortization of discounts less premiums	754,427	789,667
	4,052,456	3,885,027
Deduct:		
Funds provided for redemption of debentures	-	-
Fund equity at end of year	$ 47,394,015	$ 43,341,559

The accompanying notes are an integral part of these Financial Statements.

TRUST FUND NO. 19
THE NEW BRUNSWICK ELECTRIC FINANCE CORPORATION SINKING FUND
NOTES TO FINANCIAL STATEMENTS
(unaudited)
31 MARCH 2006

1. Summary of Significant Accounting Policies

a) The Accounting Entity

As a result of the restructuring of NB Power on October 1, 2004, the New Brunswick Power Corporation Sinking Fund was transferred to the New Brunswick Electric Finance Corporation ("NBEFC"). The Minister of Finance maintains the sinking fund for a debenture issued by the former NB Power and guaranteed by the Province of New Brunswick. NBEFC is required to contribute 1% of the debt outstanding on the anniversary date of the issue.

b) Accrual Accounting

Interest earned on investments is reported on the statement of activity on the accrual basis.

c) Foreign Currency Translation

Investments and accrued interest receivable on securities held in foreign currencies are translated at the rate of exchange prevailing at the statement of financial position date. Unrealized gains and losses arising on translation of long-term investments are deferred and amortized to income on a straight-line basis over the remaining life of the related security.

d) Valuation of Investments

Investments in bonds and debentures are reported on the statement of financial position at par value. Unamortized discounts less premiums and the unamortized balance of unrealized foreign exchange gains or losses are reported separately on the statement as deferred credits or charges. Short term deposits are reported on the statement of financial position at cost.

e) Discounts and Premiums

Discounts and premiums are deferred and amortized to income on a constant yield basis over the remaining life of the related security.

For investments in bonds and debentures in foreign currencies, the cost of investments is amortized to Canadian dollar par value, calculated as foreign currency par value at the exchange rate at the date the fund purchased the investment.

2. Investments

Value of the investments at 31 March 2006 is as follows:

	Par Value	Carrying Value	Market Value
Bonds and debentures issued or guaranteed by New Brunswick	$ 48,246,000	$ 46,313,610	$ 48,552,812
	$ 48,246,000	$ 46,313,610	$ 48,552,812

TRUST FUND NO. 20

VISCOUNT BENNETT BEQUEST

FINANCIAL STATEMENTS

(unaudited)

31 MARCH 2006

TRUST FUND NO. 20
VISCOUNT BENNETT BEQUEST
STATEMENT OF FINANCIAL POSITION
(unaudited)
as at March 31, 2006

ASSETS	2006	2005
Current:		
Cash	$ 4,955	$ 48,848
Accrued interest receivable	3,431	3,108
	8,386	51,956
Investments (market value $226,911) (Note 3)	203,000	173,000
Deferred Charges:		
Unamortized premiums less discounts	17,601	8,314
	$ 228,987	$ 233,270
LIABILITIES AND FUND EQUITY		
Current liabilities:		
Unexpended trust income (Note 4)	$ 2,457	$ 15,240
Accounts payable	8,500	---
	10,957	15,240
Fund equity	218,030	218,030
	$ 228,987	$ 233,270

The accompanying notes are an integral part of these Financial Statements.

STATEMENT OF ACTIVITY
(unaudited)
for the Year Ended 31 March 2006

	2006	2005
Fund equity at beginning of year	$ 218,030	$ 218,030
Add:		
Bank interest	960	760
Interest earned on investments	12,580	13,803
	13,540	14,563
Deduct:		
Amortization of premiums less discounts	1,523	1,119
Trust income available for expenditure (Note 4)	12,017	13,444
	13,540	14,563
Fund equity at end of year	$ 218,030	$ 218,030

The accompanying notes are an integral part of these Financial Statements.

TRUST FUND NO. 20
VISCOUNT BENNETT BEQUEST
NOTES TO FINANCIAL STATEMENTS
(unaudited)
31 MARCH 2006

1. General

The Viscount Bennett Bequest is held in trust by the Minister of Finance under the authority of Board of Management Minute 88-0051. The income from the fund is used for the development of the Province's historic resources.

2. Summary of Significant Accounting Policies

a) Basis of Accounting

Bank interest and interest earned on investments are reported on the statement of activity on the accrual basis.

b) Investments

Investments in bonds and debentures are reported on the statement of financial position at par value. Unamortized premiums less discounts are reported separately on the statement as deferred charges.

c) Discounts and Premiums

Discounts and premiums are deferred and amortized to income on a constant yield basis over the remaining life of the related security.

3. Investments

Value of the investments at 31 March 2006 is as follows:

	Par Value	Net Book Value	Market Value
Bonds and debentures issued or guaranteed by New Brunswick	$ 75,000	$ 88,845	$ 91,728
Other bonds and debentures	128,000	131,756	135,183
	$203,000	$220,601	$226,911

4. Unexpended Trust Income

Unexpended trust income from the date of inception of the fund is recorded on the balance sheet as a current liability. This represents the amount available for expenditure for the purposes of the trust.

Changes in the balance of unexpended trust income during the year were as follows:

Unexpended trust income at beginning of year	$15,240
Add: Trust income for the year	12,017
	27,257
Less: Grants paid	24,800
Unexpended trust income at end of year	$ 2,457

TRUST FUND NO. 23

ARTS DEVELOPMENT TRUST FUND

FINANCIAL STATEMENTS

(unaudited)

31 MARCH 2006

TRUST FUND NO. 23
ARTS DEVELOPMENT TRUST FUND
STATEMENT OF FINANCIAL POSITION
(unaudited)
as at 31 March 2006

ASSETS	2006	2005
Current:		
Cash	$ 1,325	$ 1,292
Accrued interest receivable	4	3
	$ 1,329	$ 1,295

LIABILITIES AND FUND EQUITY		
Fund equity	$ 1,329	$ 1,295
	$ 1,329	$ 1,295

The accompanying notes are an integral part of these Financial Statements.

STATEMENT OF ACTIVITY
(unaudited)
for the Year Ended 31 March 2006

	2006	2005
Fund equity at beginning of year	$ 1,295	$ 1,269
Add:		
Lottery revenues	700,000	700,000
Bank interest	34	26
	700,034	700,026
Deduct:		
Arts development expenditures	700,000	700,000
Fund equity at end of year	$ 1,329	$ 1,295

The accompanying notes are an integral part of these Financial Statements.

TRUST FUND NO. 23
ARTS DEVELOPMENT TRUST FUND
NOTES TO FINANCIAL STATEMENTS
(unaudited)
31 MARCH 2006

1. General

The Arts Development Trust Fund is established under the authority of the Arts Development Trust Fund Act. The Act provides that the net profits of the Lotteries Commission of New Brunswick from the lottery scheme designated under paragraph 11.1(a) of the Lotteries Act shall be paid into the Fund. In the event that the amount paid pursuant to paragraph 11.1(a) does not total seven hundred thousand dollars, an amount sufficient to ensure that the total amount paid equals seven hundred thousand dollars shall be paid into the Fund. The Fund is held in trust by the Minister of Finance and assets of the Fund are used to provide grants to individuals and arts organizations so as to promote artistic creation and excellence in the Arts.

2. Summary of Significant Accounting Policies

a) Basis of Accounting

Revenues and expenditures are reported on the accrual basis.

b) Short Term Deposits

Short term deposits are reported on the statement of financial position at cost.

TRUST FUND NO. 24

SPORT DEVELOPMENT TRUST FUND

FINANCIAL STATEMENTS

(unaudited)

31 MARCH 2006

TRUST FUND NO. 24
SPORT DEVELOPMENT TRUST FUND
STATEMENT OF FINANCIAL POSITION
(unaudited)
as at 31 March 2006

ASSETS	2006	2005
Current:		
Cash	$ 736	$ 61,854
Lottery revenue receivable	118,000	27,250
Accrued interest receivable	2	118
	$ 118,738	$ 89,222

LIABILITIES AND FUND EQUITY

	2006	2005
Current liabilities:		
Accounts payable	$ 75,459	$ 33,209
Fund equity	43,279	56,013
	$ 118,738	$ 89,222

The accompanying notes are an integral part of these Financial Statements.

STATEMENT OF ACTIVITY
(unaudited)
for the Year Ended 31 March 2006

	2006	2005
Fund equity at beginning of year	$ 56,013	$ 60,622
Add:		
Lottery revenues	500,000	500,000
Bank interest	975	1,351
	500,975	501,351
Deduct:		
Sport development expenditures	513,709	505,960
Fund equity at end of year	$ 43,279	$ 56,013

The accompanying notes are an integral part of these Financial Statements.

TRUST FUND NO. 24
SPORT DEVELOPMENT TRUST FUND
NOTES TO FINANCIAL STATEMENTS
(unaudited)
31 MARCH 2006

1. General

The Sport Development Trust Fund is established under the authority of the Sport Development Trust Fund Act. The Act provides that the net profits of the Lotteries Commission of New Brunswick from the lottery scheme designated under paragraph 11.1(b) of the Lotteries Act shall be paid into the Fund. In the event that the amount paid pursuant to paragraph 11.1(b) does not total five hundred thousand dollars, an amount sufficient to ensure that the total amount paid equals five hundred thousand dollars shall be paid into the Fund. The Fund is held in trust by the Minister of Finance and assets of the Fund are used to provide grants to individual athletes and sport organizations to promote leadership and excellence in sport.

2. Summary of Significant Accounting Policies

a) Basis of Accounting

Revenues and expenditures are reported on the accrual basis.

b) Short Term Deposits

Short-term deposits are reported on the statement of financial position at cost.

TRUST FUND NO. 25

NEW BRUNSWICK PUBLIC LIBRARIES TRUST FUND

FINANCIAL STATEMENTS

(unaudited)

31 MARCH 2006

TRUST FUND NO. 25
NEW BRUNSWICK PUBLIC LIBRARIES TRUST FUND
STATEMENT OF FINANCIAL POSITION
(unaudited)
as at 31 March 2006

ASSETS	2006	2005
Current:		
Cash	$ ---	$ 124,438
Accrued interest receivable	---	237
	$ ---	$ 124,675

LIABILITIES AND FUND EQUITY

	2006	2005
Fund equity	$ ---	$ 124,675
	$ ---	$ 124,675

The accompanying notes are an integral part of these Financial Statements.

STATEMENT OF ACTIVITY
(unaudited)
for the year ended 31 March 2006

	2006	2005
Fund equity at beginning of year	$ 124,675	$ 122,211
Add:		
Bank interest	431	2,464
	431	2,464
Deduct:		
Grant earned by the Foundation	125,106	---
Fund equity at end of year	$ ---	$ 124,675

The accompanying notes are an integral part of these Financial Statements.

TRUST FUND NO. 25
NEW BRUNSWICK PUBLIC LIBRARIES TRUST FUND
NOTES TO FINANCIAL STATEMENTS
(unaudited)
31 MARCH 2006

1. General

The New Brunswick Public Libraries Trust Fund is established under the authority of the New Brunswick Public Libraries Foundation Act. The Fund is held in trust by the Minister of Finance. The purpose of the Foundation includes receiving gifts of real and personal property to support public libraries and public library services in the Province.

2. Summary of Significant Accounting Policies

a) Basis of Accounting

Revenues and expenditures are reported on the accrual basis.

TRUST FUND NO. 29

ENVIRONMENTAL TRUST FUND

FINANCIAL STATEMENTS

(unaudited)

31 MARCH 2006

TRUST FUND NO. 29
ENVIRONMENTAL TRUST FUND
STATEMENT OF FINANCIAL POSITION
(unaudited)
as at 31 March 2006

ASSETS	2006	2005
Current:		
Cash	$ 84,392	$ 35,422
Short term deposits (par value $9,500,000)	9,500,000	6,700,000
Environmental fees receivable	1,101,737	1,032,930
Accrued interest receivable	209	176
	$ 10,686,338	$ 7,768,528

LIABILITIES AND FUND EQUITY

Current liabilities:		
Accounts payable	$ 5,034,204	$ 3,351,460
Fund equity	5,652,134	4,417,068
	$ 10,686,338	$ 7,768,528

The accompanying notes are an integral part of these Financial Statements.

STATEMENT OF ACTIVITY
(unaudited)
for the year ended 31 March 2006

	2006	2005
Fund equity at beginning of year	$ 4,417,068	$ 3,490,627
Add:		
Environmental fees	6,047,818	6,019,791
Interest earned on investments	207,805	126,766
Bank interest	2,148	2,814
	6,257,771	6,149,371
Deduct:		
Expenditures	5,022,705	5,222,930
Fund equity at end of year	$ 5,652,134	$ 4,417,068

The accompanying notes are an integral part of these Financial Statements.

TRUST FUND NO. 29
ENVIRONMENTAL TRUST FUND
NOTES TO FINANCIAL STATEMENTS
(unaudited)
31 MARCH 2006

1. General

The Environmental Trust Fund is established under the authority of the Environmental Trust Fund Act. The Beverage Containers Act provides that fifty per cent of the environmental fees shall be paid into the Fund.

Under the Environmental Trust Fund Act, the Minister of Finance is the custodian and trustee of the Fund. The assets of the Fund are to be used to pay for costs incurred to provide for environmental protection and restoration, and to promote the sustainable development of natural resources within the Province.

2. Summary of Significant Accounting Policies

a) Basis of Accounting

Revenues and expenditures are recorded on the accrual basis.

b) Short Term Deposits

Short term deposits are reported on the statement of financial position at cost.

FINANCIAL STATEMENTS

PENSION PLAN FOR MANAGEMENT EMPLOYEES OF NEW BRUNSWICK SCHOOL DISTRICTS

31 DECEMBER 2005

Office of the Auditor General
Bureau du vérificateur général

New Nouveau Brunswick

AUDITOR'S REPORT

To the Minister of Finance
Province of New Brunswick

I have audited the statement of net assets available for benefits of the Pension Plan for Management Employees of New Brunswick School Districts as at 31 December 2005 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's trustee. 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 the Plan's trustee, 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 Plan as at 31 December 2005 and the results of its activities for the year then ended in accordance with Canadian generally accepted accounting principles.

KD Robinson

K. D. Robinson, CA
Deputy Auditor General

Fredericton, N. B.
27 September 2006

TRUST FUND NO. 30
PENSION PLAN FOR MANAGEMENT EMPLOYEES OF NEW BRUNSWICK SCHOOL DISTRICTS
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
31 DECEMBER 2005

	2005	2004
ASSETS		
Investments		
Money market instruments	$ 279,205	$ 434,077
Bonds and debentures	6,997,212	6,528,345
Canadian common stocks	4,089,924	4,230,205
Foreign pooled equities	1,980,412	1,854,884
	13,346,753	13,047,511
Receivables		
Accrued interest and dividends	60,652	63,808
Cash	33,674	16,283
Total assets	13,441,079	13,127,602
LIABILITIES		
Accounts payable	13,372	12,380
Total liabilities	13,372	12,380
NET ASSETS AVAILABLE FOR BENEFITS	$ 13,427,707	$ 13,115,222

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

John Mallory
Deputy Minister of Finance

TRUST FUND NO. 30
PENSION PLAN FOR MANAGEMENT EMPLOYEES
OF NEW BRUNSWICK SCHOOL DISTRICTS
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED 31 DECEMBER 2005

	2005	2004
INCREASE IN ASSETS		
Investment income		
Interest	$ 348,703	$ 342,930
Dividends	247,311	144,545
Current period increase (decrease) in market value of investments	676,702	738,486
Total increase in assets	1,272,716	1,225,961
DECREASE IN ASSETS		
Pensions	894,418	867,776
Investment management fees	44,297	42,489
Custodial fees	8,824	7,139
Administrative expenses	12,692	415
Total decrease in assets	960,231	917,819
INCREASE (DECREASE) IN NET ASSETS	312,485	308,142
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	13,115,222	12,807,080
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$ 13,427,707	$ 13,115,222

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

TRUST FUND NO. 30
PENSION PLAN FOR MANAGEMENT EMPLOYEES OF NEW BRUNSWICK SCHOOL DISTRICTS
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2005

1. Description of Plan

The following description of the Pension Plan for Management Employees of New Brunswick School Districts (the Plan) is a summary only. For more information, reference should be made to the Plan Document.

(a) General

The Plan is a contributory defined benefit pension plan which provides retirement benefits for Management Employees of New Brunswick School Districts and their dependents. The Plan is administered by the Office of Human Resources, with investment matters being advised on by the Department of Finance.

(b) Funding Policy

Prior to 1 September 1996, plan members contributed a percentage of their salaries and the employer was required to contribute the balance of the cost of providing accrued benefits under the Plan. The determination of the value of benefits is made on the basis of an actuarial valuation (see note 3).

Effective 1 September 1996, all active contributors to the plan ceased and those individuals still employed commenced membership in the Public Service Superannuation Plan.

(c) Service Pensions

Effective January 1996, normal retirement pension equals 2.0% (for service before 1990) and 1.5% (for service after 1989) of average annual salary during the highest paid consecutive 5 years up to the year's maximum pensionable earnings (YMPE) and 2% of the average salary above the YMPE multiplied by the number of years of pensionable service. Pension benefits are indexed annually according to the consumer price index increase to a maximum of 3%.

Normal retirement age is 65. Unreduced pension is available at age 60 with 5 years of pensionable service. Reduced benefits are available at age 55 with 5 years pensionable service.

A past service grant was provided for services rendered between 1 January 1967 and 1 March 1974 for individuals hired as management employees of NB School Boards prior to 1 March 1974 who have been continuously employed by a School Board and who were active contributors to the plan at 1 January 1996.

Individuals had until 31 December 1996 to decide on the following options with respect to accrued benefits under the said plan:

a) take advantage of the intra-provincial reciprocal pension transfer agreement,
b) transfer the value of their pension to the Public Service plan, or
c) obtain a refund of contributions with interest, which was only permitted if the individual was not successful in obtaining employment covered by the Public Service Superannuation Act.

TRUST FUND NO. 30
PENSION PLAN FOR MANAGEMENT EMPLOYEES
OF NEW BRUNSWICK SCHOOL DISTRICTS
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2005

1. Description of Plan (Continued)

(d) Death Benefits

If a vested member dies after retirement and has a spouse or dependent children then an immediate 50% spouse's or dependent's pension is payable. If a member dies prior to retirement a refund of the member's required contributions with interest is payable to the deceased member's beneficiary.

(e) Benefits on Termination

Upon termination of employment, a member who has less than 5 years of pensionable service is entitled to a refund of contributions made to the Plan with accumulated interest. A member with more than 5 years pensionable service may elect to receive an annual pension payable commencing on his normal retirement date or earlier, or a refund of contributions made to the Plan with accumulated interest.

(f) Income Taxes

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

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a financial reporting entity independent of the plan sponsors and plan members. These statements are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the Plan or the benefit security of individual plan members.

(b) Investments

All investments are recorded as of settlement date. Investments are carried at market value except for money market instruments, which are carried at cost.

(c) Foreign Currency Translation

Investments in equities denominated in foreign currencies are translated to Canadian dollars at the rate of exchange in effect at the date of the statement of net assets available for benefits.

3. Funding Policy

This Plan is being curtailed. All former members have been given the option to transfer their benefits to the Public Service plan or to take a deferred pension from this Plan. There are no current contributors to the Plan.

TRUST FUND NO. 30
PENSION PLAN FOR MANAGEMENT EMPLOYEES OF NEW BRUNSWICK SCHOOL DISTRICTS
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2005

3. Funding Policy (Continued)

The most recent actuarial valuation for funding purposes was prepared by Morneau Sobeco as of 1 January 2002. This valuation disclosed an unfunded liability of $1,639,200 as of 1 January 2002. Currently, a valuation is being prepared as at January 1, 2005.

4. Obligation for Pension Benefits

The present value of accrued pension benefits was determined using the projected unit credit method pro-rated on service and actuarial assumptions which reflect management's best estimate for the future. An actuarial valuation was made as of 1 January 2002 by Morneau Sobeco, a firm of consulting actuaries, and was then extrapolated to 31 December 2005.

Significant long-term assumptions and the range of short-term assumptions used in the valuation are:

	Long-term Assumptions	Short-term Assumptions
Rate of return on assets	7.9%	7.9%
Annual wage and salary increase	4.0%	2.0% to 4.0%
Inflation	3.5%	3.5%
Rate of pension escalation after retirement	2.75%	1.7% to 2.75%

The actuarial present value of benefits as at 31 December and the principal components of changes in actuarial present values during the year are presented below:

	(in millions) 2005	2004
Actuarial present value of accrued pension benefits at beginning of year	$ 14.32	$ 14.11
Interest accrued on benefits	1.10	1.08
Benefits paid	(0.89)	(0.87)
Actuarial present value of accrued pension benefits at end of year	$ 14.53	$ 14.32
Net assets available for benefits	$ 13.43	$ 13.12

5. Investments in Plan Sponsor

As at December 31, 2005, the Plan held $137,911 in securities issued by the Province of New Brunswick.

TRUST FUND NO. 30
PENSION PLAN FOR MANAGEMENT EMPLOYEES
OF NEW BRUNSWICK SCHOOL DISTRICTS
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2005

6. Risk Management

Rates of return vary based on the degree of uncertainty. The fundamental sources of uncertainty to which investments are exposed are credit risk and price risk. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Price risk is comprised of currency risk, interest rate risk and market risk. Currency risk is the risk that the value of an investment will fluctuate due to future changes in foreign exchange rates. Interest rate risk is the risk that the value of an investment will fluctuate due to future changes in market interest rates. Market risk is the risk that the value of a financial instrument will fluctuate as a result of future changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

Risk is reduced through asset class diversification, diversification within each asset class, and quality constraints on fixed income instruments. Borrowing or leveraging is not allowed.

FINANCIAL STATEMENTS

Pension Plan for General Labour, Trades and Services Employees of New Brunswick School Districts

31 DECEMBER 2005

Office of the Auditor General
Bureau du vérificateur général

New Nouveau Brunswick

AUDITOR'S REPORT

To the Minister of Finance
Province of New Brunswick

I have audited the statement of net assets available for benefits of the Pension Plan for General Labour, Trades and Services Employees of New Brunswick School Districts as at 31 December 2005 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's trustee. 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 the Plan's trustee, 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 Plan as at 31 December 2005 and the results of its activities for the year then ended in accordance with Canadian generally accepted accounting principles.

KD Robinson

K. D. Robinson, CA
Deputy Auditor General

Fredericton, N. B.
27 September 2006

TRUST FUND NO. 31
PENSION PLAN FOR GENERAL LABOUR, TRADES AND SERVICES EMPLOYEES OF NEW BRUNSWICK SCHOOL DISTRICTS
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
31 DECEMBER 2005

	2005	2004
ASSETS		
Investments		
Money market instruments	$ 10,674,125	$ 3,038,845
Bonds and debentures	81,591,264	75,396,205
Canadian equities	78,940,362	90,975,391
Foreign equities	54,940,690	38,712,130
	226,146,441	208,122,571
Receivables		
Employee contributions	114,550	109,627
Employer contributions	271,782	246,411
Accrued interest and dividends	825,659	579,379
Accounts receivable	390	390
	1,212,381	935,807
Cash	231,079	239,946
Total assets	227,589,901	209,298,324
LIABILITIES		
Accounts payable	300,076	174,586
Total liabilities	300,076	174,586
NET ASSETS AVAILABLE FOR BENEFITS	$ 227,289,825	$ 209,123,738

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

John Mallory
Deputy Minister of Finance

TRUST FUND NO. 31
PENSION PLAN FOR GENERAL LABOUR, TRADES AND SERVICES EMPLOYEES OF NEW BRUNSWICK SCHOOL DISTRICTS
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED 31 DECEMBER 2005

	2005	2004
INCREASE IN ASSETS		
Investment income		
Interest	$ 4,064,654	$ 3,495,793
Dividends	2,631,992	2,409,524
Current period increase (decrease) in market value of investments	20,152,093	14,557,518
Pension contributions		
Employee	2,565,325	2,571,795
Employer	2,403,292	2,388,577
Total increase in assets	31,817,356	25,423,207
DECREASE IN ASSETS		
Pensions	8,782,247	8,141,429
Refunds	3,814,863	1,514,475
Administrative expenses	429,534	381,496
Investment management fees	568,918	502,445
Custodial fees	31,227	20,580
Performance measurement fees	24,480	24,065
Total decrease in assets	13,651,269	10,584,490
INCREASE (DECREASE) IN NET ASSETS	18,166,087	14,838,717
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	209,123,738	194,285,021
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$ 227,289,825	$ 209,123,738

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

TRUST FUND NO. 31
PENSION PLAN FOR GENERAL LABOUR, TRADES AND SERVICES EMPLOYEES OF NEW BRUNSWICK SCHOOL DISTRICTS
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2005

1. Description of Plan

The following description of the Pension Plan for General Labour, Trades and Services Employees of New Brunswick School Districts (the Plan) is a summary only. For more information, reference should be made to the Collective Agreement and Plan Document.

(a) General

The Plan is a contributory defined benefit pension plan covering General Labour, Trades and Services Employees of New Brunswick School Districts. The Plan is administered by Morneau Sobeco, under the direction and with the assistance of the Office of Human Resources, with investment matters being advised on by the Department of Finance.

(b) Funding Policy

Contributions are made by the Plan members and the Plan sponsor to fund the benefits determined under the Plan. The determination of the value of benefits is made on the basis of an actuarial valuation (see note 3).

(c) Service Pensions

Effective 1 January 2001, normal retirement pension equals 1.9% (for service before 2000) of average annual salary during the highest paid consecutive 5 years up to the year's maximum pensionable earnings (YMPE) and 2% (for service before 2000) of the average salary above the YMPE multiplied by the number of years of pensionable service plus 1.4% (for service after 1999) of average annual salary during the highest paid consecutive 5 years multiplied by the number of years of pensionable service. Pension benefits are indexed annually according to the consumer price index increase to a maximum of 2%.

Effective January 1, 2007, for contributing members, or members who have terminated continuous employment on or after April 1, 2005, the rates shall be 1.625% of average annual salary during the highest paid consecutive 5 years up to the YMPE, and 2.0% of the average salary above the YMPE, per year of pensionable service from and including January 1, 2000 to and including December 31, 2005.

A member may elect from one of three optional forms of pensions being: 1) life pension with no guarantee period; 2) life pension with guarantee period of 10 years or 3) joint life and last survivor pension. There are also supplementary pension benefits available when the normal retirement pension is less than $1,500 per year.

Normal retirement age is 65. Unreduced pension benefits are available at age 60 with 5 years continuous employment. Reduced benefits are available on retirement as early as age 55 with 5 years of continuous employment. Bridging benefits are available for retirement commencing between the ages of 55 to 65 on an unreduced basis.

TRUST FUND NO. 31
PENSION PLAN FOR GENERAL LABOUR, TRADES AND SERVICES EMPLOYEES OF NEW BRUNSWICK SCHOOL DISTRICTS
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2005

1. Description of Plan (Continued)

(d) Death Benefits

If a member dies prior to retirement and before completing 5 years continuous employment, the benefit payable to his beneficiary or estate is a refund of all contributions made by the member with accumulated interest.

If a member dies after 31 December 1997 and prior to retirement and has completed 5 or more years of continuous employment, the beneficiary or estate shall be paid the Commuted Value of the deferred pension as at the date of the member's death. The Commuted Value is the deferred pension to which the member would have been entitled had the member's continuous employment terminated just prior to their death. In addition, excess contributions (if applicable) to which the member would have been entitled would be refunded to the designated beneficiary or estate.

If the member dies after 31 December 1997 and after retirement and was in receipt of a pension benefit, the death benefit payable is determined in accordance with the provisions of the form of pension selected by the member.

(e) Benefits on Termination

A member who has less than 5 years of continuous employment and is terminated is entitled to a refund of their contributions made to the Plan with accumulated interest.

A member with more than 5 years continuous employment who has terminated may elect to receive a deferred pension commencing on his normal retirement date or earlier, or an amount equal to the Commuted Value. The Commuted Value is, as at the date of the member's termination, the deferred pension to which the member would have been entitled. The Commuted Value of the deferred pension is to be transferred on a locked-in basis to any registered retirement savings arrangement where the transfer is allowed under the Pension Benefits Act. Effective January 1, 2007 members who terminate employment and are immediately eligible upon termination of employment for the payment of an early retirement pension or normal retirement pension will no longer have the option to elect a commuted value transfer.

(f) Income Taxes

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

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a financial reporting entity independent of the plan sponsors and plan members. These statements are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal

TRUST FUND NO. 31
PENSION PLAN FOR GENERAL LABOUR, TRADES AND SERVICES EMPLOYEES OF NEW BRUNSWICK SCHOOL DISTRICTS
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2005

2. Summary of Significant Accounting Policies (Continued)

period but they do not portray the funding requirements of the Plan or the benefit security of individual plan members.

b) Investments

All investments are recorded as of settlement date. Investments are carried at market value except for money market instruments, which are carried at cost.

(c) Foreign Currency Translation

Investments in equities denominated in foreign currencies are translated to Canadian dollars at the rate of exchange in effect at the date of the statement of net assets available for benefits.

(d) Pension Contributions

Contributions are recorded in the period that the payroll deductions are made.

3. Funding Policy

In accordance with the Plan Agreement, employees are required to contribute 4.5% of their earnings up to the year's maximum pensionable earnings (YMPE) plus 6% of earnings above the YMPE. The employer is required to contribute an amount necessary in the opinion of an actuary based on an actuarial valuation, which when combined with employee contributions will provide for the benefits stipulated under the Plan. In no event shall employer-required contributions be less than 95% of employee contributions.

Effective January 1, 2007 each member shall contribute to the Plan 5.5% of their earnings up to the YMPE and 7% of that portion of their earnings which is in excess of the YMPE.

The most recent actuarial valuation for funding purposes was prepared by Morneau Sobeco as of 1 January 2003. This valuation disclosed that accrued benefits are fully funded. Currently, a valuation is being prepared as at January 1, 2006.

4. Obligation for Pension Benefits

The present value of accrued benefits was determined using the projected unit credit method pro-rated on service and actuarial assumptions which reflect management's best estimate for the future. An actuarial valuation was made as of 1 January 2003 by Morneau Sobeco, a firm of consulting actuaries, and was then extrapolated to 31 December 2005.

TRUST FUND NO. 31
PENSION PLAN FOR GENERAL LABOUR, TRADES AND SERVICES EMPLOYEES OF NEW BRUNSWICK SCHOOL DISTRICTS
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2005

4. Obligation for Pension Benefits (Continued)

Significant long-term assumptions and the range of short-term assumptions used in the valuation are:

	Long-term Assumptions	Short-term Assumptions
Rate of return on assets	7.9%	7.9%
Annual wage and salary increase	4.0%	2.0% to 4.0%
Inflation	3.5%	3.5%
Rate of pension escalation after retirement	2.0%	2.0%

The actuarial present value of benefits as at 31 December and the principal components of changes in actuarial present values during the year, were as follows:

	(in millions) 2005	2004
Actuarial present value of accrued pension benefits at beginning of year	$ 182.22	$ 172.25
Interest accrued on benefits	14.14	13.47
Benefits accrued	6.14	6.16
Benefits paid	(12.60)	(9.66)
Actuarial present value of accrued pension benefits at end of year	$ 189.90	$ 182.22
Net assets available for benefits	$ 227.29	$ 209.12

5. Investment in Plan Sponsor

As at December 31, 2005, $1,605,479 of the Plan's segregated assets consisted of Province of New Brunswick securities. The Plan also held 2.5% of a pooled bond fund of $608,845,639. Of this total, $5,204,631 consisted of Province of New Brunswick securities.

6. Risk Management

Rates of return vary based on the degree of uncertainty. The fundamental sources of uncertainty to which investments are exposed are credit risk and price risk. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Price risk is comprised of currency risk, interest rate risk and market risk. Currency risk is the risk that the value of an investment will fluctuate due to future changes in foreign exchange rates. Interest rate risk is the risk that the value of an investment will fluctuate due to future changes in market interest rates. Market risk is the risk that the value of a financial instrument will fluctuate as a result of future changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

TRUST FUND NO. 31
PENSION PLAN FOR GENERAL LABOUR, TRADES AND SERVICES EMPLOYEES OF NEW BRUNSWICK SCHOOL DISTRICTS
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2005

6. Risk Management (Continued)

Risk is reduced through asset class diversification, diversification within each asset class, and quality constraints on fixed income instruments. Borrowing or leveraging is not allowed.

FINANCIAL STATEMENTS

PENSION PLAN FOR FULL-TIME CUPE 2745 EMPLOYEES OF NEW BRUNSWICK SCHOOL DISTRICTS

31 DECEMBER 2005

Office of the
Auditor General

Bureau du
vérificateur général

New
Nouveau Brunswick

AUDITOR'S REPORT

To the Minister of Finance
Province of New Brunswick

I have audited the statement of net assets available for benefits of the Pension Plan for Full Time CUPE 2745 Employees of New Brunswick School Districts as at 31 December 2005 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's trustee. 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 the Plan's trustee, 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 Plan as at 31 December 2005 and the results of its activities for the year then ended in accordance with Canadian generally accepted accounting principles.

K D Robinson

K. D. Robinson, CA
Deputy Auditor General

Fredericton, N. B.
27 September 2006

TRUST FUND NO. 32
PENSION PLAN FOR FULL-TIME CUPE 2745 EMPLOYEES OF NEW BRUNSWICK SCHOOL DISTRICTS
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
31 DECEMBER 2005

	2005	2004
ASSETS		
Investments		
Money market instruments	$ 1,568,164	$ 768,734
Bonds and debentures	17,567,916	15,361,958
Canadian equities	15,088,273	18,622,190
Foreign equities	10,408,873	6,074,504
	44,633,226	40,827,386
Receivables		
Employee contributions	58,330	95,005
Employer contributions	52,389	51,808
Accrued interest and dividends	215,872	145,220
	326,591	292,033
Cash	51,842	15,393
Total assets	45,011,659	41,134,812
LIABILITIES		
Accounts payable	77,918	27,847
Total liabilities	77,918	27,847
NET ASSETS AVAILABLE FOR BENEFITS	$ 44,933,741	$ 41,106,965

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

John Mallory
Deputy Minister of Finance

TRUST FUND NO. 32
PENSION PLAN FOR FULL-TIME CUPE 2745 EMPLOYEES OF NEW BRUNSWICK SCHOOL DISTRICTS
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEAR ENDED 31 DECEMBER 2005

	2005	2004
INCREASE IN ASSETS		
Investment income		
Interest	$ 896,702	$ 783,556
Dividends	458,542	422,436
Current period increase (decrease) in market value of investments	3,168,876	1,526,080
Pension contributions		
Employee	610,159	657,702
Employer	536,413	566,931
Total increase (decrease) in assets	5,670,692	3,956,705
DECREASE IN ASSETS		
Pensions	893,511	753,122
Refunds	676,187	293,744
Administrative expenses	153,521	138,090
Investment management fees	92,302	65,052
Custodial fees	18,645	5,375
Performance measurement fees	9,750	-
Total decrease in assets	1,843,916	1,255,383
INCREASE (DECREASE) IN NET ASSETS	3,826,776	2,701,322
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	41,106,965	38,405,643
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$ 44,933,741	$ 41,106,965

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

TRUST FUND NO. 32
PENSION PLAN FOR FULL-TIME CUPE 2745 EMPLOYEES
OF NEW BRUNSWICK SCHOOL DISTRICTS
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2005

1. Description of Plan

The following description of the Pension Plan for Full-Time CUPE 2745 Employees of New Brunswick School Districts (the Plan) is a summary only. For more information, reference should be made to the Collective Agreement and Plan Document.

(a) General

The Plan is a contributory defined benefit pension plan covering Full-Time CUPE 2745 Employees of New Brunswick School Districts. The Plan is administered by Morneau Sobeco, under the direction and with the assistance of the Office of Human Resources, with investment matters being advised on by the Department of Finance.

(b) Funding Policy

Contributions are made by the Plan members and the Plan sponsor to fund the benefits determined under the Plan. The determination of the value of benefits is made on the basis of an actuarial valuation (see note 3).

(c) Service Pensions

Effective 8 October 1998, normal retirement pension equals 2% (for service before January 1997) of average annual salary during the highest paid consecutive 5 years multiplied by the number of years of pensionable service plus 1.45% (for service between 1 January 1997 and 31 August 1997) of average annual salary during the highest paid consecutive 5 years multiplied by the number of years of pensionable service plus 1.3% (for service after 31 August 1997) of average annual salary during the highest paid consecutive 5 years multiplied by the number of years of pensionable service. Pension benefits are indexed annually according to the consumer price index increase to a maximum of 2%.

A member may elect from one of three optional forms of pensions being: 1) life pension with no guarantee period; 2) life pension with guarantee period of 10 years or 3) joint life and last survivor pension. There are also supplementary pension benefits available when the normal retirement pension is less than $1,500 per year.

Normal retirement age is 65. Unreduced pension benefits are available at age 60 with 5 years continuous employment. Reduced benefits are available on retirement at age 55 with 5 years continuous employment.

(d) Death Benefits

If a member dies prior to retirement and before completing 5 years continuous employment, the benefit payable to his beneficiary or estate is a refund of all contributions made by the member with accumulated interest.

TRUST FUND NO. 32
PENSION PLAN FOR FULL-TIME CUPE 2745 EMPLOYEES OF NEW BRUNSWICK SCHOOL DISTRICTS
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2005

1. Description of Plan (Continued)

If a member dies after 31 December 1997 and prior to retirement and has completed 5 or more years of continuous employment, the beneficiary or estate shall be paid an amount equal to the Commuted Value. The Commuted Value is, as at the date of the member's death, the deferred pension to which the member would have been entitled had the member's continuous employment terminated just prior to their death. In addition, excess contributions (if applicable) to which the member would have been entitled would be refunded to the designated beneficiary or estate.

If the member dies after 31 December 1997 and after retirement and was in receipt of a pension benefit, the death benefit payable is determined in accordance with the provisions of the form of pension selected by the member.

(e) Benefits on Termination

A member who has less than 5 years of continuous employment and is terminated is entitled to a refund of their contributions made to the Plan with accumulated interest.

A member with more than 5 years continuous employment who has terminated may elect to receive a deferred pension commencing on his normal retirement date or earlier, or an amount equal to the Commuted Value. The Commuted Value is, as at the date of the member's termination, the deferred pension to which the member would have been entitled. The Commuted Value of the deferred pension is to be transferred on a locked-in basis to any registered retirement savings arrangement where the transfer is allowed under the Pension Benefits Act.

(f) Income Taxes

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

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

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

(b) Investments

All investments are recorded as of settlement date. Investments are carried at market value except for money market instruments which are carried at cost.

TRUST FUND NO. 32
PENSION PLAN FOR FULL-TIME CUPE 2745 EMPLOYEES
OF NEW BRUNSWICK SCHOOL DISTRICTS
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2005

2. Summary of Significant Accounting Policies (Continued)

(c) Foreign Currency Translation

Investments in equities denominated in foreign currencies are translated to Canadian dollars at the rate of exchange in effect at the date of the statement of net assets available for benefits.

(d) Pension Contributions

Contributions are recorded in the period that the payroll deductions are made.

3. Funding Policy

In accordance with the Plan Agreement, employees are required to contribute 4.5% of their earnings up to the year's maximum pensionable earnings (YMPE), plus 6% of earnings above YMPE. The employer is required to contribute an amount necessary, in the opinion of an actuary based on an actuarial valuation, which when combined with employee contributions will provide for the benefits stipulated under the Plan. Employer contributions will not exceed 95% of employee contributions.

The most recent actuarial valuation for funding purposes was prepared by Morneau Sobeco as of 1 January 2003. This valuation disclosed that accrued benefits are fully funded. Currently, a valuation is being prepared as at January 1, 2006.

4. Obligation for Pension Benefits

The present value of accrued benefits was determined using the projected unit credit method pro-rated on service and actuarial assumptions which reflect management's best estimate for the future. An actuarial valuation was made as of 1 January 2003 by Morneau Sobeco, a firm of consulting actuaries, and was then extrapolated to 31 December 2005.

Significant long-term assumptions and the range of short-term assumptions used in the valuation are:

	Long-term Assumptions	Short-term Assumptions
Rate of return on assets	7.9%	7.9%
Annual wage and salary increase	4.0%	2.0% to 4.0%
Inflation	3.5%	3.5%
Rate of pension escalation after retirement	2.0%	2.0%

TRUST FUND NO. 32
PENSION PLAN FOR FULL-TIME CUPE 2745 EMPLOYEES
OF NEW BRUNSWICK SCHOOL DISTRICTS
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2005

4. Obligation for Pension Benefits (Continued)

The actuarial present value of benefits as at 31 December and the principal components of changes in actuarial present values during the year, were as follows:

	(in millions) 2005	2004
Actuarial present value of accrued pension benefits at beginning of year	$ 35.55	$ 32.68
Interest accrued on benefits	2.80	2.59
Benefits accrued	1.23	1.33
Benefits paid	(1.57)	(1.05)
Actuarial present value of accrued pension benefits at end of year	$ 38.01	$ 35.55
Net assets available for benefits	$ 44.93	$ 41.11

5. Investments in Plan Sponsor

As at December 31, 2005, the Plan held $509,215 in securities issued by the Province of New Brunswick.

6. Risk Management

Rates of return vary based on the degree of uncertainty. The fundamental sources of uncertainty to which investments are exposed are credit risk and price risk. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Price risk is comprised of currency risk, interest rate risk and market risk. Currency risk is the risk that the value of an investment will fluctuate due to future changes in foreign exchange rates. Interest rate risk is the risk that the value of an investment will fluctuate due to future changes in market interest rates. Market risk is the risk that the value of a financial instrument will fluctuate as a result of future changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

Risk is reduced through asset class diversification, diversification within each asset class, and quality constraints on fixed income instruments. Borrowing or leveraging is not allowed.