

**PROVINCE OF MANITOBA
NOTES TO THE PRELIMINARY UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2001**

This report presents the unaudited financial results of the Province of Manitoba for the year ended March 31, 2001. The amounts reported represent the most current data available and it is expected that they will remain largely unchanged when final audited financial statements are issued for the year. For the 2000/01 fiscal year, the Volume I of the Public Accounts will be included in a new Annual Report for the Province of Manitoba.

The comparative data provided for the 1999/2000 fiscal year has been restated to reflect the organizational structure of departments established in the 2000/01 Estimates as well as the change in government organization that was announced in January, 2001.

The report also reflects reporting changes announced in the 2000 Budget. As noted in the Budget, withdrawals from the Fiscal Stabilization Fund are identified separately and no longer included as revenue to the Operating Fund. Financing for health capital and the Manitoba Lotteries Corporation have been brought under the provincial umbrella to reduce costs and increase transparency. As well, debt retirement provisions have been broadened to include pension liabilities as well as general purpose debt, thereby beginning to address the Province's outstanding pension liabilities for our employees and teachers.

2000/01 YEAR-END RESULTS

For the 2000/01 fiscal year, a positive balance of \$42.8 million is expected. This is an increase of \$16.7 million from the \$26.1 million balance projected in the Third Quarter Financial Report. The improvement is primarily due to lower than anticipated program expenditures and debt servicing costs.

Comparison to Budget

Total revenue was \$6,754.8, an increase of \$340.5 million, or 5.3%, from the budget estimate of \$6,414.3 million including a \$172.3 million, or 3.8%, increase in own-source revenue and a \$168.2 million, or 8.7%, increase in federal transfers.

The increased revenue is consistent with the projection provided in the Third Quarter Financial Report. This increase primarily results from higher than budgeted receipts for Equalization (\$168.1 million), Corporation Income Tax (\$110.7 million) and Individual Income Tax (\$70.8 million). As noted in the Third Quarter Report, a significant portion of the increase relates to adjustments for prior periods and the positive impact of the federal government's decision to lift the ceiling on equalization entitlements for the 1999/2000 fiscal year.

Other notable revenue variances occurred in the following sources: Mining Tax revenue down \$22.6 million due to lower than anticipated commodity prices; a \$17.9 million shortfall in Retail Sales Tax (growth lower than anticipated in the 2000 Budget); and an \$18.5 million increase in the net proceeds from the Manitoba Lotteries Corporation.

Total expenditures were \$6,615.6 million, an increase of \$217.2 million, or 3.4%, from the budget estimate of \$6,398.4 million and slightly lower (\$27.1 million) than the projection in the Third Quarter Financial Report. The increase is comprised of \$181.0 million or 3.1% in program expenditures and \$36.2 million in debt servicing costs primarily due to a lower than anticipated value of the Canadian dollar at March 31, 2001.

The increase in program expenditures was largely due to a \$71.9 million increase in health care to support price and volume increases, a \$47.7 million increase in support for Manitoba farmers and a \$28.9 million increase in support for education as well as a \$28.1 million provision as a result of ending the water power rental agreement with Manitoba Hydro as announced in the 2001 Budget. Other notable expenditure variances include a \$11.6 million decrease in Conservation and a \$8.5 million decrease in Intergovernmental Affairs primarily as a result of slower than anticipated completion of capital projects.

Comparison to Previous Year

Revenue increased by \$417.0 million, or 6.6%, from 1999/2000 actual revenue. Own-source revenue increased \$394.9 million, or 9.3%, primarily due to a \$145.4 million increase in Individual Income Tax revenue, a \$136.9 million increase in Corporation Income Tax revenue and a \$38.2 million increase in Mining Tax revenue. Federal transfers increased \$22.1 million largely due to a \$67.5 million increase in Equalization revenue offset by a \$46.2 million reduction in disaster assistance related revenues from 1999/2000 levels.

Expenditures increased by \$179.0 million, or 2.8%, including a \$133.6 million, or 2.2%, increase in program expenditures and a \$45.4 million increase in public debt costs due to a decrease in the value of the Canadian dollar.

The increase in program expenditures is primarily due to a \$198.0 million, or 8.6%, increase in health expenditures due to price and volume increases in hospital and home care services as well as medical and pharmacare services. The program expenditure increase also includes a \$64.7 million, or 6.7%, increase for the Department of Education, Training and Youth as a result of school funding increases in line with economic growth as well as the impact of the first \$75.00 increase in the Education Property Tax Credit, a \$59.8 million increase in Advanced Education expenditures due to operating grant increases to support a 10% reduction in tuition fees and enhancements to universities and colleges infrastructure and a \$33.8 million, or 4.6%, increase in Family Services and Housing as a result of funding increases for community living, child protection and support and child day care providers.

These increases were largely offset by a \$154.3 million reduction in Other Appropriations mainly due to a one-time expenditures in 1999/2000 related to the Manitoba Farm Disaster Assistance Program (\$70.6 million), a capital initiatives program (\$45.6 million), and flood-related disaster assistance expenditures (\$31.6 million), as well as 1999/2000 non-recurring expenditures relating to agriculture income support programs \$(43.8) million and non-recurring loan loss provisions in the Department of Industry, Trade and Mines for past investments - \$(47.7) million.

PART B – CAPITAL INVESTMENT

Page 9 of this report provides preliminary results for Part B – Capital Investment expenditures. In 1999/2000, the Province of Manitoba implemented an accounting change where expenditures on tangible assets (excluding land and infrastructure assets) are amortized on an expense basis over the useful life of the asset. This accounting policy results in authority for capital investments being authorized separately (Part B – Capital Investment Authority).

The level of capital investments in 2000/01 represents a reduction of \$69.4 million from the 1999/2000 actual level. This reduction relates primarily to completion of major phases of several information technology projects (Desktop, Better systems, enterprise System) as well as completion of major capital development projects (Headingley Correction Institution expansion, and Brandon Courthouse renovations).

DEBT RETIREMENT

The 2000 Budget provided for a \$96.4 million contribution to the Debt Retirement Fund. As required by the amended balanced budget legislation, \$75.0 million was deposited to the Debt Retirement Fund for general purpose debt retirement and \$21.4 million has been applied to pension obligations. The status of the Debt Retirement Fund is outlined on page 14.

FISCAL STABILIZATION FUND

The status of the Fiscal Stabilization Fund is provided on page 13. As a result of the improvement in 2000/01 revenue, the budgeted transfer from the Fiscal Stabilization Fund is not required for 2000/01. Therefore, the \$96.4 million contribution to the Debt Retirement Fund will be achieved without the requirement of a draw from the Fiscal Stabilization Fund. The balance in the Fund as at March 31, 2001 is \$322.8 million.

BORROWING ACTIVITY

The legislated borrowing authority for the 2000/01 fiscal year was \$2,597.8. Actual borrowing for 2000/01 was \$2,363.2, a decrease of \$234.6 million from authorized amounts. The decrease was due to deferral of borrowing requirements for Manitoba Hydro and health capital to 2001/02 as a result of timing of projects.

The actual borrowing includes \$1,764.2 million for refinancing maturing debt issues with the balance for self-sustaining programs, including Manitoba Hydro, and to fund an allocation to the Provincial Sinking Fund for the repurchase of foreign debt. Of the \$2.4 billion borrowed, \$432.6 million was raised through the issue of Builder Bonds Series 6 with the remainder raised in the public market.

**PROVINCE OF MANITOBA
OPERATING FUND
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 2001
(with comparative figures for March 31, 2000)
(UNAUDITED)**

1999/2000 ACTUAL	2000/01 ACTUAL ⁽¹⁾	INCREASE (DECREASE)		2000/01		
(thousands of dollars)				ACTUAL ⁽¹⁾	ESTIMATE ⁽²⁾	VARIANCE
				(thousands of dollars)		
Revenue						
4,264,697	4,659,566	394,869	Own Source Revenue	4,659,566	4,487,262	172,304
2,073,094	2,095,193	22,099	Government of Canada	2,095,193	1,927,041	168,152
<u>6,337,791</u>	<u>6,754,759</u>	<u>416,968</u>	Total Revenue	<u>6,754,759</u>	<u>6,414,303</u>	<u>340,456</u>
Expenditure						
5,971,303	6,104,924	133,621	Program Expenditure	6,104,924	5,923,930	180,994
465,322	510,722	45,400	Debt Servicing	510,722	474,475	36,247
<u>6,436,625</u>	<u>6,615,646</u>	<u>179,021</u>	Total Expenditure	<u>6,615,646</u>	<u>6,398,405</u>	<u>217,241</u>
(98,834)	139,113	237,947	Net Revenue/(Expenditure)	139,113	15,898	123,215
Interfund Transfers						
(75,000)	(96,357)	(21,357)	To Debt/Pension Repayment	(96,357)	(96,000)	(357)
184,702	-	(184,702)	From Fiscal Stabilization Fund	-	90,000	(90,000)
<u>109,702</u>	<u>(96,357)</u>	<u>(206,059)</u>	Total Interfund Transfers	<u>(96,357)</u>	<u>(6,000)</u>	<u>(90,357)</u>
Excess of Revenue over Expenditure for Balanced Budget Legislation						
10,868	42,756	31,888		42,756	9,898	32,858
(10,868)	(42,756)	(31,888)	Less: Net Revenue Transferred to Fiscal Stabilization Fund	(42,756)	(9,898)	(32,858)
<u>-</u>	<u>-</u>	<u>-</u>	Net Result for the Year	<u>-</u>	<u>-</u>	<u>-</u>

Notes:

1. Preliminary Unaudited Actuals
2. As per 2000 Budget

**PROVINCE OF MANITOBA
OPERATING FUND
STATEMENT OF REVENUE
FOR THE YEAR ENDED MARCH 31, 2001
(with comparative figures for March 31, 2000)
(UNAUDITED)**

1999/2000 ACTUAL	2000/01 ACTUAL ⁽¹⁾	INCREASE (DECREASE)	2000/01			
			ACTUAL ⁽¹⁾	ESTIMATE ⁽²⁾	VARIANCE	
(thousands of dollars)			(thousands of dollars)			
Taxation:						
			Consumer and Corporate Affairs			
39,683	41,764	2,081				
12,050	12,392	342	- Insurance Corporations Tax	41,764	40,640	1,124
			- Land Transfer Tax	12,392	12,000	392
			Industry, Trade and Mines			
3,303	4,838	1,535	- Oil and Natural Gas Tax	4,838	3,570	1,268
			Finance			
1,611,232	1,756,647	145,415	- Individual Income Tax	1,756,647	1,685,800	70,847
306,819	443,728	136,909	- Corporation Income Tax	443,728	333,000	110,728
134,544	124,182	(10,362)	- Corporation Capital Tax	124,182	140,000	(15,818)
154,374	156,877	2,503	- Gasoline Tax	156,877	157,000	(123)
225,255	238,785	13,530	- Levy for Health and Education	238,785	228,000	10,785
7,262	45,444	38,182	- Mining Tax	45,444	68,000	(22,556)
64,059	66,670	2,611	- Motive Fuel Tax	66,670	67,000	(330)
917,667	932,794	15,127	- Retail Sales Tax	932,794	950,700	(17,906)
56,956	67,981	11,025	- Revenue Act, 1964, Part I	67,981	56,300	11,681
112,531	121,479	8,948	- Tobacco Tax	121,479	124,500	(3,021)
3,349	3,037	(312)	- Environmental Protection Tax	3,037	3,000	37
111	111	-	- Other Taxes	111	112	(1)
<u>3,649,195</u>	<u>4,016,729</u>	<u>367,534</u>		<u>4,016,729</u>	<u>3,869,622</u>	<u>147,107</u>
			Other Revenue:			
6,233	2,601	(3,632)	Agriculture and Food	2,601	3,031	(430)
76,716	81,526	4,810	Conservation	81,526	74,775	6,751
2,499	7,868	5,369	Finance	7,868	2,446	5,422
17,947	16,902	(1,045)	Justice	16,902	20,860	(3,958)
225,043	238,457	13,414	Manitoba Lotteries Corporation	238,457	220,000	18,457
8,140	13,125	4,985	Special Operating Agencies	13,125	13,125	-
278,924	282,358	3,434	Other Departments	282,358	283,403	(1,045)
<u>615,502</u>	<u>642,837</u>	<u>27,335</u>		<u>642,837</u>	<u>617,640</u>	<u>25,197</u>
<u>4,264,697</u>	<u>4,659,566</u>	<u>394,869</u>	Total Own Source Revenue	<u>4,659,566</u>	<u>4,487,262</u>	<u>172,304</u>

**PROVINCE OF MANITOBA
OPERATING FUND
STATEMENT OF REVENUE
FOR THE YEAR ENDED MARCH 31, 2001
(with comparative figures for March 31, 2000)
(UNAUDITED)**

1999/2000 ACTUAL	2000/01 ACTUAL ⁽¹⁾	INCREASE (DECREASE)		2000/01		
				ACTUAL ⁽¹⁾	ESTIMATE ⁽²⁾	VARIANCE
(thousands of dollars)			(thousands of dollars)			
Government of Canada						
1,271,747	1,339,236	67,489	Equalization	1,339,236	1,171,100	168,136
509,247	545,820	36,573	Canada Health and Social Transfer	545,820	539,900	5,920
130,595	92,207	(38,388)	Federal Health Supplement	92,207	92,200	7
			Other			
22,431	30	(22,401)	- Agriculture and Food	30	27	3
10,345	10,459	114	- Conservation	10,459	16,099	(5,640)
25,201	1,255	(23,946)	- Emergency Expenditures	1,255	-	1,255
103,528	106,186	2,658	- Other Departments	106,186	107,715	(1,529)
<u>2,073,094</u>	<u>2,095,193</u>	<u>22,099</u>		<u>2,095,193</u>	<u>1,927,041</u>	<u>168,152</u>
<u>6,337,791</u>	<u>6,754,759</u>	<u>416,968</u>	Total Revenue	<u>6,754,759</u>	<u>6,414,303</u>	<u>340,456</u>

Notes:

1. Preliminary Unaudited Revenue
2. As per 2000 Budget

**PROVINCE OF MANITOBA
OPERATING FUND
STATEMENT OF PART A – OPERATING EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 2001
(with comparative figures for March 31, 2000)
(UNAUDITED)**

1999/2000 ACTUAL	2000/01 ACTUAL ⁽¹⁾	INCREASE (DECREASE)		2000/01		
				ACTUAL ⁽¹⁾	ESTIMATE ⁽²⁾	VARIANCE
(thousands of dollars)				(thousands of dollars)		
28,908	21,173	(7,735)	Legislative Assembly	21,173	21,669	(496)
3,647	3,265	(382)	Executive Council	3,265	3,515	(250)
20,639	22,885	2,246	Aboriginal and Northern Affairs	22,885	23,666	(781)
345,531	405,371	59,840	Advanced Education	405,371	380,539	24,832
205,569	161,746	(43,823)	Agriculture and Food	161,746	114,083	47,663
3,182	3,148	(34)	Civil Service Commission	3,148	3,431	(283)
6,295	5,953	(342)	Community Support Programs	5,953	6,296	(343)
139,421	147,186	7,765	Conservation	147,186	158,807	(11,621)
8,903	9,056	153	Consumer and Corporate Affairs	9,056	9,555	(499)
59,211	58,442	(769)	Culture, Heritage and Tourism	58,442	58,429	13
962,885	1,027,587	64,702	Education, Training and Youth	1,027,587	1,023,514	4,073
52,489	45,458	(7,031)	Employee Pensions and Other Costs	45,458	53,859	(8,401)
740,443	774,222	33,779	Family Services and Housing	774,222	784,681	(10,459)
571,774	607,195	35,421	Finance	607,195	578,104	29,091
2,309,717	2,507,726	198,009	Health	2,507,726	2,435,783	71,943
9,231	12,488	3,257	Healthy Child Initiative	12,488	13,058	(570)
94,707	47,050	(47,657)	Industry, Trade and Mines	47,050	48,430	(1,380)
129,752	135,849	6,097	Intergovernmental Affairs	135,849	144,356	(8,507)
211,666	224,656	12,990	Justice	224,656	224,662	(6)
22,455	24,069	1,614	Labour and Immigration	24,069	23,823	246
918	791	(127)	Seniors Directorate	791	790	1
10,546	11,463	917	Sport	11,463	10,392	1,071
1,125	1,079	(46)	Status of Women	1,079	1,137	(58)
291,899	297,426	5,527	Transportation and Government Services	297,426	300,680	(3,254)
21,197	30,175	8,978	Enabling Appropriations	30,175	8,971	21,204
184,515	30,187	(154,328)	Other Appropriations	30,187	26,175	4,012
-	-	-	Year-End Savings	-	(60,000)	60,000
6,436,625	6,615,646	179,021	Total Expenditure	6,615,646	6,398,405	217,241

Notes:

1. Preliminary Unaudited Expenditure
2. As per 2000 Budget

**PROVINCE OF MANITOBA
OPERATING FUND
STATEMENT OF PART B – CAPITAL INVESTMENT
FOR THE YEAR ENDED MARCH 31, 2001
(with comparative figures for March 31, 2000)
(UNAUDITED)**

1999/2000 ACTUAL	2000/01 ACTUAL ⁽¹⁾	INCREASE (DECREASE)		2000/01		
				ACTUAL ⁽¹⁾	ESTIMATE ⁽²⁾	VARIANCE
(thousands of dollars)				(thousands of dollars)		
118	139	21	Agriculture and Food	139	176	(37)
1,059	920	(139)	Conservation	920	600	320
-	12	12	Culture, Heritage and Tourism	12	-	12
60	89	29	Education, Training and Youth	89	89	-
8,708	159	(8,549)	Family Services and Housing	159	-	159
10,599	7,443	(3,156)	Finance	7,443	8,286	(843)
8,146	109	(8,037)	Health	109	4,000	(3,891)
-	284	284	Justice	284	90	194
53,742	22,350	(31,392)	Transportation and Government Services	22,350	23,659	(1,309)
37,002	18,537	(18,465)	Enabling Appropriations	18,537	17,100	1,437
119,434	50,042	(69,392)	Total Capital Investment	50,042	54,000	(3,958)

Notes:

1. Preliminary Unaudited Expenditure
2. As per 2000 Budget

**PROVINCE OF MANITOBA
OPERATING FUND
STATEMENT OF VALUATION AND PURPOSE OF
DIRECT AND GUARANTEED DEBT OUTSTANDING
MARCH 31, 2001
(with comparative figures for March 31, 2000)
(UNAUDITED)**

Canadian Dollar Equivalent at Date of Issue Mar. 31/2001 (thousands of dollars)	Canadian Dollar Equivalent at Date of Issue Mar. 31/2000 (thousands of dollars)	Increase (Decrease) Mar. 31/2001 over Mar. 31/2000		Canadian Dollar Valuation (Note 1) Mar. 31/2001 (thousands of dollars)	Canadian Dollar Valuation (Note 1) Mar.31/2000 (thousands of dollars)	Increase (Decrease) Mar. 31/2001 over Mar. 31/2000
			Direct Debt Payable in:			
11,576,012	11,143,597	432,415	Canadian Dollars	11,548,212	11,115,797	432,415
2,489,533	2,695,495	(205,962)	Issues Swapped to Canadian Dollars	2,624,374	2,852,563	(228,189)
3,656,931	4,212,713	(555,782)	U.S. Dollars	4,765,523	5,087,250	(321,727)
881,092	510,273	370,819	Issues Swapped to U.S. Dollars	1,015,640	574,016	441,624
<u>18,603,568</u>	<u>18,562,078</u>	<u>41,490</u>	Total Direct Debt	<u>19,953,749</u>	<u>19,629,626</u>	<u>324,123</u>
			Guaranteed Debt Payable in:			
415,875	421,219	(5,344)	Canadian Dollars	415,875	421,219	(5,344)
-	-	-	U.S. Dollars	-	-	-
<u>415,875</u>	<u>421,219</u>	<u>(5,344)</u>	Total Guaranteed Debt	<u>415,875</u>	<u>421,219</u>	<u>(5,344)</u>
19,019,443	18,983,297	36,146	Total Direct and Guaranteed Debt (Note 2)	20,369,624	20,050,845	318,779
6,138,654	6,591,620	(452,966)	Less: Sinking Fund Investments	6,138,654	6,591,620	(452,966)
75,000	-	75,000	Less: Debt Retirement Fund	75,000	-	75,000
<u>12,805,789</u>	<u>12,391,677</u>	<u>414,112</u>	Net Direct and Guaranteed Debt (Note 3)	<u>14,155,970</u>	<u>13,459,225</u>	<u>696,745</u>

**PROVINCE OF MANITOBA
OPERATING FUND
STATEMENT OF VALUATION AND PURPOSE OF
DIRECT AND GUARANTEED DEBT OUTSTANDING
MARCH 31, 2001
(with comparative figures for March 31, 2000)
(UNAUDITED)**

NOTES:

1. The Canadian Dollar Valuation is calculated using the foreign currency exchange rates in effect at March 31, 2001 and March 31, 2000.
2. Direct and Guaranteed Debt are payable in Canadian and U.S. dollars. As at March 31, 2001, total gross debt was payable 72% in Canadian dollars and 28% in U.S. dollars. Of this total, General Purpose Debt and Other Debt was payable 87 % in Canadian dollars (85% at March 31, 2000) and 13% in U.S. dollars (15% at March 31, 2000) while Manitoba Hydro was payable 47% in Canadian dollars (47% at March 31, 2000) and 53% in U.S. dollars (53% at March 31, 2000).
3. The debt was issued for the following purposes:

	March 31, 2001		March 31, 2000	
	(in thousands)	(per capita) (Note 6)	(in thousands)	(per capita) (Note 6)
General Government Programs	6,537,525	5,684	6,473,434	5,647
The Manitoba Hydro-Electric Board	6,052,526	5,263	5,798,038	5,058
Capital Investments (Note 4)	260,390	226	244,900	214
Manitoba Hospital Facilities (Note 4)	220,000	191	-	-
Other	1,085,529	944	942,853	823
Total (Note 5)	14,155,970	12,308	13,459,225	11,742

4. Capital Investments are the stock of tangible capital assets held by government. These are paid off over the useful life of the assets (see Main Estimates page 153 for details). Manitoba Hospital Facilities debt is recorded as Provincial debt for the first time. Previously, this debt was held in the name of individual health facilities at a higher overall cost to taxpayers. Hospital Facilities debt is repaid over terms up to 20 years.
5. Total debt increased \$385 million due to moving Hospital Facilities and Manitoba Lotteries on to the Province's records and the movement in the Canada/U.S. exchange rate from \$1.4535 to \$1.5774 increased debt by \$388 million. The deposit to the Debt Retirement Fund decreased General Program debt by \$75 million.
6. Per capita data is based upon population figures at April 1, 2001 and April 1, 2000 as reported by Statistics Canada. Taxpayer supported debt including debt for general programs, capital investments and hospital facilities increased as a result of including hospital facility debt for the first time, the movement in the Canada/U.S. exchange rate and an increase in capital investment. Self sustaining debt including Manitoba Hydro increased due to the inclusion of \$165 million Manitoba Lotteries Corporation debt for the first time and the movement in Canada/U.S. exchange rates for Hydro. Manitoba Hydro's U.S. dollar revenues are sufficient to pay the interest and principal on all outstanding U.S. dollar debt.

**PROVINCE OF MANITOBA
STATEMENT OF ACCUMULATED DEFICIT
FOR THE YEAR ENDED MARCH 31, 2001
(with comparative figures for March 31, 2000)
(UNAUDITED)**

	<u>2000/01 ⁽¹⁾</u>	<u>1999/2000</u>
	(thousands of dollars)	
Accumulated Deficit, Beginning of Year	6,713,996	7,178,560
Prior years' adjustments		
Amortization of unrealized foreign exchange fluctuations, debt discount and deferred income (see note)	21,693	
Transfer for Debt Retirement Payment	-	(305,103)
Capitalization of Tangible Capital Assets	(1,328)	(153,492)
Repurchase of Serial Debentures of School Divisions and Districts	(3,896)	(5,969)
Net Result for the year		-
Accumulated Deficit, End of Year	<u><u>6,730,465</u></u>	<u><u>6,713,996</u></u>

Note:

1. During the year 2000/01, the government changed its accounting policy for the amortization of unrealized foreign currency fluctuations, debt discounts and deferred income to reflect the number of months to maturity.

**PROVINCE OF MANITOBA
FISCAL STABILIZATION FUND
PROJECTION FOR THE YEAR ENDED MARCH 31, 2001
(with comparative figures for March 31, 2000)
(UNAUDITED)**

	<u>2000/01 Actual</u>	<u>1999/2000 Actual</u>
	(thousands of dollars)	
Fund Balance, Beginning of Year	<u>264,790</u>	<u>427,311</u>
Revenue:		
Interest Earnings	<u>15,240</u>	<u>11,313</u>
Interfund Transfers		
Transfer from the Operating Fund	42,756	10,868
Transfer to the Operating Fund	<u>-</u>	<u>(184,702)</u>
	<u>42,756</u>	<u>(173,834)</u>
Fund Balance, End of Year	<u><u>322,786</u></u>	<u><u>264,790</u></u>

**PROVINCE OF MANITOBA
DEBT RETIREMENT FUND
PROJECTION FOR THE YEAR ENDED MARCH 31, 2001
(with comparative figures for March 31, 2000)
(UNAUDITED)**

	2000/01 Actual	1999/2000 Actual
	(thousands of dollars)	
Fund Balance, Beginning of Year	-	230,071
Revenue:		
Interest Earnings	227	32
Transfer from Operating Fund	96,357	75,000
	96,584	75,032
Expenditure:		
Transfer to Operating Fund for:		
- Debt Retirement	-	(305,103)
- Pension Obligation	(21,357)	-
	(21,357)	(305,103)
Fund Balance, End of Year	75,227 (1)	-

Note:

1. The Debt Retirement Fund was fully depleted in 1999/2000 with retirement of \$305.1 million in debt. In accordance with the Province's balanced budget legislation, a \$96.4 million contribution is required in 2000/01 to the Debt Retirement Fund of which \$75.0 million is to be reserved for debt retirement and \$21.4 million is applied to pension obligations with the Civil Service Superannuation Fund and the Teachers' Retirement Fund.