

PART A

FINANCIAL STATEMENTS

FOR THE YEAR

APRIL 1, 2002 TO MARCH 31, 2003



Office of the Auditor General

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AUDITOR'S REPORT

To the House of Assembly, the Governor and the Senate

I have audited the statement of financial position of the Consolidated Fund of the Government of Bermuda as at March 31, 2003, and the statements of operations and accumulated deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the Government. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in Bermuda and Canada. 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 Government, 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 Consolidated Fund of the Government of Bermuda as at March 31, 2003 and the results of its operations and the changes in its financial position for the year then ended, in accordance with the stated accounting policies disclosed in Note 3 to the financial statements. As required by Section 6 of the Audit Act 1990, I also report that, in my opinion, these stated accounting policies have been applied, in all material respects, on a basis consistent with that of the preceding year.

As described in Note 2, these financial statements represent the financial transactions of the Consolidated Fund and have been prepared primarily to provide accountability for the financial resources appropriated by the Legislature of Bermuda. These financial statements are not the summary consolidated financial statements, as contemplated by the Institute of Chartered Accountants of Bermuda and the Canadian Institute of Chartered Accountants, that would report the financial position and results of operations of the Government of Bermuda. Significant financial activities of the Government occur outside the Consolidated Fund.

In the absence of consolidated summary financial statements for the Government of Bermuda, I am of the opinion that the financial statements of the Consolidated Fund are intended and used to represent for all practical purposes the financial position of the Government of Bermuda and results of its operations and changes in its financial position. As such, in my opinion the accounting policies used to prepare these financial statements are inappropriate to present fairly the financial position of the Government of Bermuda and the results of its operations and changes in its financial position.

Larry T. Dennis, C.A.
Auditor General

Hamilton, Bermuda
August 6, 2003

**Government of Bermuda
Consolidated Fund
Statement of Responsibility for the Financial Statements
March 31, 2003**

The Accountant General, subject to the general direction and control of the Minister of Finance, is responsible for the preparation of the financial statements of the Consolidated Fund.

The financial statements of the Consolidated Fund are prepared by the Accountant General in accordance with the requirements of governing legislation. The financial statements are based upon information provided by Government departments and, where necessary, information is based upon best estimates and judgement.

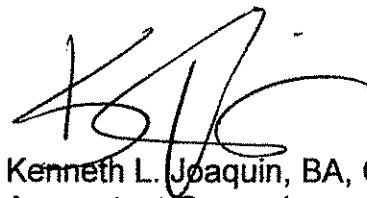
In order to fulfil accounting and reporting responsibilities, the Accountant General maintains systems of financial management and internal control to provide reasonable assurance that transactions are properly authorised by the Legislature, executed in accordance with prescribed regulations and properly recorded to maintain accountability of public money and safeguard the assets and properties under Government administration.

The audited financial statements are tabled before the Legislature annually and are referred to the Public Accounts Committee, which reports to the Legislature on the results of its examination together with any recommendations it may have with respect to the financial statements and accompanying audit opinion.

On behalf of the Government of Bermuda.



Donald Scott
Financial Secretary
Ministry of Finance



Kenneth L. Joaquin, BA, CMA
Accountant General
Ministry of Finance

Hamilton, Bermuda
August 6, 2003

**Government of Bermuda - Consolidated Fund
Statement of Financial Position**

As at March 31		2003	2002
		Actual	Actual
		\$	\$
Assets			
	<u>Schedule</u>		
Current			
Cash and Deposits		63,254,654	45,485,208
Accounts Receivable	1	87,609,029	86,156,865
Prepaid Supplies	2	11,004,629	10,676,181
Prepaid Expenses		1,722,319	2,514,286
Due from Government Funds and Agencies	3a	29,063,371	17,249,202
		192,654,002	162,081,742
Due from Bermuda Housing Corporation	4	41,500,000	41,500,000
Long-Term Receivables	5	777,655	852,401
Work in Process	13	71,752,991	-
Tangible Capital Assets	13	265,604,241	232,214,911
		572,288,889	436,649,054
Liabilities			
Current			
Accounts Payable and Accrued Liabilities	6	95,455,041	90,035,646
Deferred Revenue	7	71,035,792	73,447,249
Due to Government Funds and Agencies	3b	15,085,263	19,230,181
		181,576,096	182,713,076
Debt - Net of Sinking Fund	8	123,307,363	128,578,461
Pensions and Retirement Benefits (Note 8)		428,719,768	408,335,364
		733,603,227	719,626,901
Accumulated Deficit		161,314,338	282,977,847
		572,288,889	436,649,054

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

**Government of Bermuda - Consolidated Fund
Statement of Operations and Accumulated Deficit**

For the year ended March 31		2003 Original Estimates	2003 Actual	2002 Actual
		\$	\$	\$
	Schedule			
Revenue	9,11	609,163,000	671,110,509	630,618,909
Expenditure				
Current	10,12	585,529,403	594,613,815	562,783,782
Capital Development (Note 3(f))	14	48,605,251	20,715,044	45,520,660
Capital Acquisition (Note 3(f))	15	23,369,236	16,740,519	18,116,475
		657,503,890	632,069,378	626,420,917
Surplus (Deficit) Before Extraordinary Item		(48,340,890)	39,041,131	4,197,992
Extraordinary Item (Note 11)		-	8,174,379	(26,250,000)
Surplus (Deficit)			47,215,510	(22,052,008)
Adjustment for Work in Process (Note 3(f))		-	42,923,453	-
Adjustment for Tangible Capital Assets (Schedule 13)		-	31,524,546	232,214,911
Adjustment for Post Retirement Benefits (Note 8(g))		-	-	(85,744,204)
Surplus (Deficit)			121,663,509	124,418,699
Accumulated Surplus (Deficit), Beginning of Year			(282,977,847)	(407,396,546)
Accumulated Surplus (Deficit), End of Year			(161,314,338)	(282,977,847)

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

**Government of Bermuda - Consolidated Fund
Statement of Changes In Financial Position**

For the year ended March 31	2003	2002
	Actual	Actual
	\$	\$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Surplus before Extraordinary Item	39,041,131	4,197,992
Items not affecting cash:		
Increase in Pension Liability	20,384,404	96,863,172
Post Retirement Benefits Adjustment	-	(85,744,204)
Tangible Capital Assets/Work in Process Adjustment	74,447,999	-
Decrease (Increase) in non-cash working capital	(13,939,794)	17,988,907
Extraordinary Item	8,174,379	(26,250,000)
	128,108,119	7,055,867
INVESTING ACTIVITIES		
Increase in Tangible Capital Assets	(33,389,330)	-
Increase in Work In Process	(71,752,991)	-
	(105,142,321)	-
FINANCING ACTIVITIES		
Decrease in Long-Term Receivables	74,746	6,099
Increase in Sinking Fund	(5,271,098)	(5,102,486)
Advances to Bermuda Housing Corporation	-	(1,500,000)
	(5,196,352)	(6,596,387)
Net Increase in Cash and Deposits	17,769,446	459,480
Cash and Deposits, Beginning of Year	45,485,208	45,025,728
Cash and Deposits, End of Year	63,254,654	45,485,208

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

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2003

1. Authority

The Consolidated Fund (the Fund) operates under the authority of the Bermuda Constitution Order 1968 and amendments, and the Public Treasury (Administration and Payments) Act 1969 and amendments.

All public money is paid into the Fund and Legislative authority must be obtained for any expenditure out of the Fund.

The Legislature provides authority to make payments out of the Fund in annual Appropriation Acts, supplementary estimates and other statutes. Unused spending authority for current account appropriations lapses at the end of the fiscal year. Unused spending authority for uncompleted capital projects is carried forward to subsequent fiscal years, subject to the approval of the Minister of Finance.

2. Reporting Entity

The Consolidated Fund financial statements report the financial position, operations and changes in financial position resulting from the activities of the Consolidated Fund only which comprises the accounts of the Senate, the House of Assembly, all Government departments and offices (including the Public Service Commission) and all courts. The Consolidated Fund is established and defined pursuant to section 94 of the Bermuda Constitution Order 1968.

These financial statements are not summary consolidated financial statements of the Bermuda Government. Separate audited financial statements are prepared for all other Government organizations.

These financial statements are prepared in accordance with the legislative requirements as outlined in sections 5 and 32A of the Public Treasury (Administration and Payments) Act 1969.

The Government adheres to the general practice of using a Consolidated Fund as its general operating fund. Schedules 11 to 15 provide information concerning the operations, tangible capital assets, and capital expenditures of individual Government departments and funds and agencies comprising the Consolidated Fund.

3. Summary of Significant Accounting Policies

The recommendations of the Public Sector Accounting Board and the Accounting Standards Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting.

The preparation of financial statements in accordance with the disclosed basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues earned and expenditures incurred during the year. Actual results could differ from estimates.

**Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2003**

3. Significant Accounting Policies (cont'd)

The significant accounting policies are as follows:

(a) Method

The financial statements are prepared on the accrual basis of accounting.

(b) Revenue

Revenues are accounted for in the fiscal year in which the transactions or events occurred that gave rise to the revenues.

Revenues not practicably measurable until cash is received are accounted for upon receipt.

Amounts received or receivable prior to the end of the year, which relate to revenues that will be earned in a subsequent fiscal year, are reported as deferred revenue.

(c) Expenditure

Expenditures are accounted for in the fiscal year that goods and services are acquired, a liability is incurred, or grant payments are due.

Contributions to Government funds and agencies are expensed in the year the expenditure is made.

Classification of expenditures between current account items and capital account items follows the classification in the Approved Estimates.

(d) Interdepartmental Revenues and Expenditures

Interdepartmental revenues and expenditures are not eliminated but have been identified as explained in Note 14 (c).

(e) Assets

Assets include:

- (i) cash and claims by the Government on outside organizations and individuals arising from events and transactions occurring prior to the year-end.
- (ii) prepaid supplies intended for use in departmental operations and maintenance activities, valued at cost less a provision for obsolescence, where applicable.

**Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2003**

3. Significant Accounting Policies (cont'd)

(f) Tangible Capital Assets

Land and buildings held by the Bermuda Government are valued at historical cost and disclosed in the financial statements, beginning at March 31, 2002. Where original acquisition documents were difficult to retrieve, the Book Value Calculator (BVC), developed by the Chief Appraiser of Public Works and Government Services Canada (as modified by them to address the Bermuda Government situation) was used to establish reasonable estimates of the historical costs in order to develop opening balances.

Betterments are defined as building improvements that exceed \$10,000 in value per single structural job, where such work is deemed to increase the useful life or values of the respective asset. Betterments completed and building systems (over \$10,000), added during the fiscal year have been reclassified from capital development or capital acquisition expenditure and capitalized in the financial statements. Work in process as it relates to the development of buildings has also been reclassified and capitalized by adjusting accumulated deficit. Upon completion of specific projects, the balance of Work in Process will be transferred to the appropriate assets category and amortized over the appropriate useful life.

Vehicles, Heavy Equipment and Boats/Vessels ('rolling stock') owned by the Bermuda Government as at March 31, 2003 have also been identified at historical cost and disclosed in the financial statements at amortized value.

Other tangible capital assets have continued to be charged to capital expenditure in the year of purchase or construction, which is consistent with prior years.

Tangible capital assets that have not yet been disclosed include: roads and infrastructure, leases, computer systems and software, historical treasures, office furniture, fixtures and equipment. These expenditures are currently classified as capital development and capital acquisitions on the statement of operations and will be capitalized and disclosed on the balance sheet in future years.

Amortization is recorded on a straight-line basis for all assets, according to the following schedule:

Buildings	40 years
Betterments	
\$ 10,000 to \$ 49,999	7 years
\$ 50,000 to \$199,999	10 years
\$200,000 and above	40 years
Building Systems	7 years
Vehicles & Heavy Equipment	
\$ 10,000 to \$99,999	5 years
\$100,000 and above	7 years
Light Equipment, Boats and Vessels	
\$ 10,000 to \$ 99,999	5 years
\$100,000 and above	10 years

**Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2003**

3. Significant Accounting Policies (cont'd)

The Ministry of Works and Engineering is primarily responsible for Government's buildings, therefore amortization expense is reported under that ministry. Amortization for other classes of assets will be also recorded in that ministry for reporting purposes in this fiscal period. However, as the system is updated and additional classes of assets capitalized, amortization will be charged to the department to which the asset belongs. As a non-cash expenditure, amortization is removed for appropriation reporting purposes.

(g) Liabilities

Liabilities are recorded for financial obligations to outside organizations and individuals occurring as a result of transactions and events arising on or before the year-end. They are the result of contracts, agreements and legislation in force at year-end that require the Government to repay borrowings or to pay for goods and services acquired or provided on or before the year-end. Liabilities also include grant payments due where no direct value is received in return.

(h) Translation of Foreign Currencies

The financial statements are reported in Bermuda dollars. The Bermuda dollar is valued at par with the United States dollar. Assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the year-end date. Revenues and expenditures originating in foreign currencies are translated at the exchange rate in effect on the date the specific transactions occurred. Translation gains and losses are included in the Statement of Operations and Accumulated Deficit.

4. Approved Estimates of the Government of Bermuda

(a) Budget Process

Annually, the government presents a Budget (Estimates) of expected revenues and expenditures for the following fiscal year.

The Government's spending Estimates for the fiscal year commencing April 1 are presented to the Members of the Legislature following the presentation of the Budget by the Minister of Finance. The Estimates outline the spending plans of each Ministry/Department submitted for approval to the Legislature in the Appropriations Act.

The Estimates referred to in the financial statement schedules are from the original Approved Estimates of Revenue and Expenditure for the fiscal year 2002/03 and do not reflect changes arising from the tabling of Supplementary Estimates.

**Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2003**

4. Approved Estimates of the Government of Bermuda (cont'd)

(b) Comparison of Actual to Estimates for Expenditure

The Ministry of Finance prepares annual Approved Estimates on the modified cash basis. These financial statements are prepared on an accrual basis. Due to the difference in accounting, Schedule 16 restates actual expenditure to the modified cash basis for comparative and analytical purposes. The most significant differences are as follows:

- (i) Bad Debts – for financial statement purposes, a provision is established and expensed for accounts receivable where collection is doubtful. For budget purposes, no such provision is made.
- (ii) Pension – the financial statement pension related expenditure is explained in Note 8. For budget purposes, pension expense is equal to its funding payments.
- (iii) Government Borrowing Sinking Fund (Note 5) – transfers to the Sinking Fund are recorded as cash transfers. For budget purposes, the Sinking Fund contribution is considered expenditure.
- (iv) Retirement Pay – certain Government employees are entitled to retirement leave benefits that are accrued at year-end. For budget purposes, retirement pay is estimated based on anticipated spending for the current year.

5. Government Borrowing Sinking Fund

Effective March 31, 1993, the Government Borrowing Sinking Fund (GBSF) was established as a separate legal entity for the repayment of government borrowing under the provisions of the Government Loans Act 1978, as amended.

During each financial year, the Consolidated Fund must pay to the GBSF 2.5% of the public debt outstanding in the Consolidated Fund at the end of the preceding year, subject to certain exclusions and interest provisions as defined by the legislation.

The GBSF assets may only be applied to reduce or cancel public debt. The assets are invested in accordance with the Public Funds Act 1954 and are shown as a reduction of debt issued on the Consolidated Fund Statement of Financial Position.

Separate audited financial statements are prepared for the GBSF which readers should refer to for further information.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2003

6. Contingencies Fund

On March 14, 1979 the House of Assembly passed a resolution to withdraw \$1 million from the Consolidated Fund to set up a Contingencies Fund under the provisions of Section 10(1) of the Public Treasury (Administration and Payments) Act 1969, as amended.

The purpose of the Contingencies Fund is to allow the Minister of Finance to authorise urgent and unforeseen expenditures up to \$1 million prior to the approval of the Legislature by supplementary estimate. The Contingencies Fund balance is not segregated from general operating cash and deposits.

7. Unemployment Insurance Fund

The Unemployment Insurance Fund ("The Insurance Fund") was established March 18, 2002 by amendment to the Public Treasury Administration and Payments Act 1969 under the provisions of Section 10B. The Legislature authorized \$1 million to be set aside within the Consolidated Fund to set up the Insurance Fund. The Insurance Fund balance is not segregated from general operating cash and deposits.

The Minister of Finance will pay amounts approved by the Legislature as Government's contribution to the Insurance Fund. Moneys paid into the Insurance Fund are invested in accordance with the Public Funds Act 1954 and the interest earned on such investments are paid into the Insurance Fund.

8. Pensions and Other Retirement Benefits

(a) Contributory Defined Benefit Pension Plans

The Government administers contributory defined benefit pension plans for substantially all of its employees, quasi-autonomous non-governmental organization (QUANGO) employees, and all ministers and members of the Legislature. There are two plans currently in operation – the Public Service Superannuation Fund (PSSF) and the Ministers and Members of the Legislature Pensions Fund (MMLPF).

For the PSSF, a service pension is available with a minimum of eight years credited service. Subject to exceptions as outlined in the Public Service Superannuation Act 1981, it is based on the number of years of service times 1.5% of the salary payable immediately preceding the date of retirement. Additional benefits to special groups such as police, prison wardens, fire service and regiment employees are provided.

For the MMLPF, a service pension is generally available to contributors who have reached age 60 and have served for at least 8 years or to contributors who have reached age 55 and have served for at least 20 years. The rate of pension is 3/1000 of the monthly salary payable to a minister, member or officer, on the date on which the contributor becomes entitled to receive a pension, for each month of service rendered up to a maximum of 25 years.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2003

8. Pensions and Other Retirement Benefits (cont'd)

Cost of living increases are calculated by reference to the Consumer Price Index on a biennial basis.

Employees contribute 5% of their basic salary for PSSF and ministers and members contribute 12.5% of their salary for MMLPF. The Government matches the participant's contribution in each plan. The amount of Government contributions made during the year for each plan is as follows: PSSF - \$12,155,066 (2002 \$11,885,735) MMLPF - \$294,406 (2002 \$285,953). The Public Service Superannuation Act 1981 and the Ministers and Members of the Legislature (Salaries and Pensions) Act 1975, as amended, provide that, if at any time the funds are insufficient to meet the payments chargeable against them, the deficiency shall be made up out of the Consolidated Fund.

(b) Pension Liability

The pension liability is calculated on an actuarial basis. Actuarial valuations are performed triennially using the projected benefit method, pro-rated on services. A valuation was performed on the PSSF and MMLPF as of March 31, 2001 and extrapolated to March 31, 2003 using the same long-term assumptions. The results are included in these financial statements.

Actuarial valuations are based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases, employee turnover and mortality. The assumptions used reflect Government's best estimates of expected long-term rates and short-term forecasts. The most significant assumptions are that the average investment return will be greater than the average rate of salary increase by approximately 3% (prior valuation - 2%) and the cost of living increase will average 3% (prior valuation - 4%) per annum. The 1983 Group Annuity Mortality was used for the mortality assumption (prior valuation - 1979 UK PA(90) table).

For the PSSF, pension fund assets consist primarily of listed stocks and bonds and short-term investment funds. Market-related asset values, which recognize the differences between the actual return on assets and the expected return on assets over a period of five years, have been used to determine the pension liability and pension related expenditure for the PSSF. The market-related value of assets for the PSSF was \$297,848,651 at March 31, 2003 (2002 - \$310,724,383) compared to a real market value of \$214,538,026 (2002 - \$267,678,859). For the MMLPF there is no difference between the market value of plan assets and the market-related value; as at March 31, 2003 the value was \$5,995,603 (2002 - \$5,264,053). The actual return on plan assets during the year was (15.7) % (2002 - 2%) for the PSSF and 7.0% (2002 - 7.1%) for the MMLPF.

As at March 31, 2003 \$22,285,641 (2002 - \$11,040,050) is payable from the PSSF to the Consolidated Fund in respect of net benefits paid in excess of contributions received. The amount is offset against the net fund assets in the schedule included with this note. The net pension liability is shown in the schedule in note 8(e) and at March 31, 2003 is \$336,287,694 (2002 - \$ 322,591,161).

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2003

8. Pensions and Other Retirement Benefits (cont'd)

(c) Non-Contributory Defined Benefit Pension Plan

The Bermuda Department of Tourism North America Retirement Plan (BDTRP) provides retirement, disability and death benefits for Department of Tourism employees residing in North America.

In accordance with the BDTRP Agreement, the Government is required to provide funding necessary to ensure that benefits based on actuarial valuations will be fully provided for at retirement. The Government contribution for the year was \$234,170 (2002 - \$212,808). A valuation was performed on the BDTRP as of March 31, 2002 and extrapolated to March 31, 2003 using the same long-term assumptions.

A service pension is available based on the number of years of service times 2.4% of the last five years' average salary up to a maximum of 60% of the annual salary.

The BDTRP has its own unique set of assumptions which were used to prepare the actuarial valuation. The most significant assumptions are an interest rate of 6.5% and a wage inflation rate of 4%. Due to the small size of the scheme no staff turnover assumptions were made. The mortality assumptions are the same as those used for the PSSF. Pension fund assets consist primarily of listed stocks and short-term investment funds. There is no difference between the market value of plan assets and the market-related value; as at March 31, 2003 the value was \$1,979,022 (2002 - \$2,541,857). The actual return on plan assets during the year was (26.3) % (2002 - (4.6) %).

(d) Pension-Related Expenditure

Pension-related expenditure recognized by the Consolidated Fund comprises the cost of pension benefits earned by employees during the year, interest on the pension benefit liability (net of interest on pension plan assets) and amortization of the Government's share of any experience gains or losses, less contributions made by the employees. The estimated total cost of the Government's share of plan amendments related to past service is expensed in the year the plan is amended.

A net unamortized experience gain of \$1,142,512 (2002 - gain of \$34,195,424) is reported in the Schedule below. The amount comprises a total unamortized experience gain on the pension liability of \$13,004,481 (2002- gain of \$15,175,408) and a total unamortized experience loss on the asset valuation of \$11,861,969 (2002 - \$19,020,016). The period of amortization is eight years.

**Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2003**

8. Pensions and Other Retirement Benefits (cont'd)

Aggregate information about the PSSF, MMLPF and BDTRP is in the table below.

(e) Funded Status of Plans

For the year ended March 31	2003 Actual	2002 Actual
	\$	\$
Pension Liability		
Accrued Benefit Obligation		
PSSF	618,146,307	586,353,438
MMLPF	20,465,538	18,664,520
BDTRP	2,356,614	2,002,739
	640,968,459	607,020,697
Net Fund Assets		
PSSF	(297,848,651)	(310,724,383)
MMLPF	(5,995,604)	(5,358,721)
BDTRP	(1,979,022)	(2,541,857)
	(305,823,277)	(318,624,961)
Unamortized Estimation Adjustments		
PSSF/MMLPF/BDTRP	1,142,512	34,195,424
	1,142,512	34,195,424
Pension Liability		
PSSF	321,440,168	309,824,479
MMLPF	14,469,934	13,305,799
BDTRP	377,592	(539,118)
Carried Forward to Note 8 (h)	336,287,694	322,591,160

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2003

8. Pensions and Other Retirement Benefits (cont'd)

Pension Related Expenditure

Cost of Pension Benefits	22,541,924	21,627,754
Employee Contributions	(11,949,472)	(11,671,689)
Interest on Pension Liability	21,489,861	19,823,130
Amortization of Experience Gains & Losses		
1999 Experience Gain	(1,067,086)	(1,067,086)
2000 Experience Gain	(3,011,773)	(3,011,773)
2001 Experience Gain	(2,196,870)	(2,196,870)
2002 Experience Gain	573,592	
	<hr/>	<hr/>
	26,380,176	23,503,466

(f) Contributory Pension Fund

The Contributory Pension Fund (CPF) was established under the Contributory Pensions Act 1970 and subsequent amendments.

The purpose of the CPF is to provide old age pension, disability and death benefits for persons satisfying certain contribution, citizenship and residency requirements. Contributions to the CPF are compulsory for persons employed in Bermuda, the self-employed and employers.

There is no legislative provision for the Consolidated Fund to provide for any shortfall if, at any time, the CPF has insufficient funds to meet its current legislated obligations.

(g) Retirement Benefits Other than Pensions - Health Insurance Plan

The Government administers a health care plan for substantially all of its employees, quasi-autonomous non-governmental organization (QUANGO) employees, all ministers and members of the Legislature and retirees – The Government Employee Health Insurance Fund (GEHI). GEHI provides medical insurance for retirees and eligible dependants with the Government matching the participant's contribution to the plan.

In 2002 the Government adopted accrual accounting for the benefit plan.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2003

8. Pensions and Other Retirement Benefits (cont'd)

An actuarial valuation of the Government's obligations for retirement benefits other than pensions was performed for accounting purposes at March 31, 2002 using various long-term assumptions and extrapolated to March 31, 2003.

The discount rate used in determining the accumulated post retirement benefit obligation was 7.0%. The assumed health-care cost trend rate used was 10%, reducing by 0.5% per annum to 5% per annum. The 1983 Group Annuity Mortality was used for the mortality assumption. The value accrues a liability in respect of the matching premium paid by government under the insurance arrangement in respect of retired employees. The calculation is based on the projected benefit method pro-rated on service.

Aggregate information about the health care plan is in the table below.

Accrued Benefit Obligation at beginning of year	85,744,204	
Current period benefit cost	3,161,933	
Interest accrued	6,025,285	
Less benefit payments	(2,499,348)	
Expected closing balance	92,432,074	
Expected Accrued Benefit Obligation at 3/31/03	92,432,074	
Actual Accrued Benefit Obligation at 3/31/03	92,432,074	
Experience gain/(Loss)	-	
Expected Average Remaining Service Life		8
Annual amortization	-	

Liability for retirement benefits recorded in the statement of financial position

Closing Accrued Benefit Obligation	92,432,074	
Unamortized gains/losses	-	
Liability for Retirement Benefits	92,432,074	

Expenditure / expenses recorded in statement of revenues and expenditures

Current period benefit cost	3,161,933	
Recognition of unamortized gains	-	
Amortization of gains / losses	-	
Retirement benefit expenditure/expense	3,161,933	
Retirement benefit interest expenditure / expense	6,025,285	
Total expenditures/expenses related to retirement benefits	9,187,218	

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2003

8. Pensions and Other Retirement Benefits (cont'd)

(h) Pensions and Retirement Benefits Summary

	2003	2002
	\$	\$
Pensions (Note 8(e))	336,287,694	322,591,160
Retirement Benefits other than Pensions – Health Insurance Plan	<u>92,432,074</u>	<u>85,744,204</u>
Total Pensions and Retirement Benefits	<u>428,719,768</u>	<u>408,335,364</u>

9. Contingent Liabilities

(a) Guarantees

In August 1994, the Government introduced the National Education Guarantee Scheme to provide qualifying students with financial guarantees on bank loans for post-secondary education. The repayment of principal and accrued interest is guaranteed by the Government. In the event of default by the student, the banks will call on the Guarantee contract. At March 31, 2003, \$2,347,489 (2002 - \$2,777,029) is outstanding on guaranteed student loans with local banks.

(b) Claims and Potential Claims

The Government is subject to claims and potential claims related to breach of contract, damages to persons and property and like items. The effect of legal claims cannot be determined until they are settled or dismissed. No liability has been admitted and no provision for claims is included in the financial statements. Any resulting losses will be recorded and charged to operations in the year an amount can reasonably be determined.

The total of specific amounts claimed or potential settlements which are under litigation or possible litigation is 2003 \$6,464,075 (2002 - \$64,726,735).

The large decrease from 2002 to 2003 relates to the reduction in liability from \$60,000,000 to \$5,000 for the writ action by Mr Lloyd Smith Sr. vs The Minister of Transport Supreme Court Civil Jurisdiction 2002: No. 105 - for the loss of opportunity to establish and operate a taxi dispatch service in Bermuda.

(c) Environmental Liabilities

The Government recognizes that there could be a cost for restoration of the environment at the bases formerly occupied by the US, UK and Canadian militaries. It is anticipated that such costs would include removal of hazardous materials, clean-up and restoration of facilities. It is the Government's intent to pass these costs on to future developers of the sites. Until such time as developers are chosen, the Government has recognized the full costs of the estimates in the March 2003 financial statements.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2003

9. Contingent Liabilities (cont'd)

The liability accrued in the March 31, 2003 financial statements is \$26,250,000, which is an estimate of the costs of the environmental clean-up and remediation at the three former major base land sites. An estimated range would be \$26 million (rounded) to \$40 million, which includes an approximate 20% contingency of the total. The cost for Southside (estimated at \$10.5 million, with a range of \$10.5 million to \$20 million; \$6.5 million for work already performed has been deducted from the lower end of the estimated range) involves demolition of buildings beyond refurbishment and removal of asbestos. The cost for clean-up of Tudor Hill (estimated at \$1 million with a range of \$1 million to \$2 million) is for removal of asbestos and demolition of buildings on the site. Clean-up of Morgan's Point is estimated at \$14.75 million (with a range of \$15 million to \$18 million); \$3 million of that amount is the estimated amount required to remove immediate environmental hazards and the remainder for fuel storage tanks, removal and remediation of asbestos as well as demolition of derelict buildings.

The Government recognizes that this is only an estimate based on orders of cost which is developed from unit rates used to date for clean-up at Southside, and budget estimates from consultants hired by potential developers at the Morgan's Point site. In the interest of proper accounting, the estimate has been accrued based on the figures available, and the Government will endeavour to disclose better estimations when a determination can be made of them.

10. Commitments

The Government has ongoing operational and capital development commitments to fund a variety of programs for public welfare including health, education, social services, protection of persons and properties, and management of natural resources. These ongoing operational and capital development commitments are summarised in Schedule 17 and detailed in the annual Approved Estimates.

11. Extraordinary Item

The Statement of Operations and Accumulated Deficit shows an extraordinary item in the amount of \$8,174,379 for March 31, 2003, which has been applied to general revenues. These funds were received from the United States Government and effectively released the United States Government from all of its obligations in relation to the base lands. The total amount received was \$11 million. \$2,825,621 of this amount was recognized in prior fiscal years for expenses incurred for repairs made to the Long Bird Bridge. Therefore, the amount due from the United States Government has been received in full during this fiscal year and has been reflected in general revenues in the Consolidated Fund.

The Statement of Operations and Accumulated Deficit shows an extraordinary item in the amount of \$26,250,000 for March 31, 2002. This was an expense accrued for the estimate of environmental costs to clean up the base lands.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2003

12. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

13. Supplementary Estimates

Supplementary estimates are required by The Bermuda Constitution Order 1968 for expenditure incurred in excess of amounts appropriated. During the year, \$2,997,225 in Supplementary Estimates was approved and spent. Additional expenditures of \$2,443,544 were incurred in excess of amounts appropriated without Supplementary Estimates.

14. Related Party Transactions

(a) Funds

The Fund is related to the Government Employee Health Insurance Fund and several Pension Funds ("the Funds": Contributory Pension Fund (CPF), Ministers and Members of the Legislature Pensions Fund (MMLPF), The Bermuda Department of Tourism North America Retirement Plan (BDTRP), and the Public Service Superannuation Fund (PSSF)).

The financial activities of these Funds are reported separately in each Fund's financial statements. The Consolidated Fund provides accounting and certain administrative services to the Funds. These transactions are in the normal course of operations and are measured at the appropriate exchange amount. The other activities represent the net position of contributions payable to the Funds and expenses paid by the Government of Bermuda on behalf of the Funds. Schedules 3a and 3b display details of unpaid balances due from and due to the Funds which have arisen from normal operating activities. The rate of interest accruing on the balance is 7% per annum.

(b) QUANGOS

The Fund is related to corporations called quasi-autonomous non-governmental organizations (QUANGOS). The QUANGOS are types of government businesses which are established under their respective legislative incorporation Acts. Many are not dependent on appropriations from the Fund and for most, their principal activity and source of revenue is the sale of goods and services to outside parties. The Fund enters into transactions with these entities in the normal course of business and is measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Schedules 3a and 3b include details of unpaid balances due from and due to these entities which have arisen from normal operating activities. During the year, no interest was charged and/or incurred between these related parties.

**Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2003**

14. Related Party Transactions (cont'd)

(c) Interdepartmental Transactions

Interdepartmental transactions are those transactions in which in revenue and expenditures are generated between government departments and/or ministries. This revenue and the related expenditures should be eliminated from consolidated figures. As per Note 3(d), interdepartmental revenues and expenditures are not eliminated. The interdepartmental transactions that have been identified in the primary revenue generating departments, thus the total revenue generated for reference purposes, are included in the schedule below.

	<u>Interdepartmentals</u>	<u>Total Revenue</u>
Customs	\$2,023,335	\$184,986,642
Public Transportation	\$247,038	\$6,204,912
Works & Engineering	\$737,467	
Water		\$3,834,153
Solid Waste Services		\$3,304,367
Rentals		\$1,956,541
Post Office	\$57,795	\$7,447,554
Other	\$32,314	
Total	<u>\$3,097,949</u>	<u>\$207,734,169</u>

The Accountant Generals' Department is in the process of modifying the Consolidated Fund accounting system to identify all other interdepartmental transactions.

(d) Other

Bermuda Government has provided a letter of comfort to the Bank of Butterfield on behalf of the Bermuda Housing Corporation (BHC) dated July 13, 2000 which ensures that "To the extent that BHC operates programmes which do not break-even, the Government appropriates annual grants which enable BHC to comply with its legislation." The Bank has indicated that the letter of comfort does not constitute a guarantee wherein the Government would be required to make payments on behalf of BHC in the event of default.

**Government of Bermuda - Consolidated Fund
Schedule 1: Accounts Receivable**

As at March 31	2003	2002
	Actual	Actual
	\$	\$
Tax Commissioner		
Payroll Tax	65,922,643	58,827,959
Land Tax	8,736,322	8,854,421
Other Taxes	7,802,787	6,961,285
Registrar of Companies	3,680,042	5,426,099
Customs	3,420,750	4,260,660
Judicial	2,763,286	2,045,164
Telecommunications	2,671,331	2,953,456
Works & Engineering	2,485,156	5,446,549
Post Office	2,213,927	1,730,897
Education	2,000,940	1,881,580
Tourism	1,812,066	1,445,175
Airport Operations	1,755,958	1,908,173
Fire Services	920,798	1,672,714
Accountant General	822,983	393,623
Marine & Ports	574,947	722,579
Public Transportation	306,072	168,486
Personnel Services	261,537	214,105
Civil Aviation	248,631	205,586
Health Department	196,218	201,427
Conservation Services	91,650	-
Maritime Administration	87,024	-
Financial Assistance	67,884	89,054
Registry General	62,419	50,905
Environmental Protection	59,672	-
Parks	58,688	57,687
Police	41,547	13,680
Information Technology Office	16,555	16,555
Child & Family Services	3,497	2,449
Youth, Sport & Recreation	1,733	1,125
Archives	619	582
Agriculture & Fisheries	-	76,987
Cabinet Office	-	8,297
Office of the Auditor General	-	5,500
	109,087,682	105,642,759
Less: Provision for Doubtful Accounts	21,478,653	19,485,894
	87,609,029	86,156,865

**Government of Bermuda - Consolidated Fund
Schedule 2: Prepaid Supplies**

As at March 31	2003	2002
	Actual	Actual
	\$	\$
Works & Engineering	4,831,137	4,669,917
Public Transportation	3,100,480	2,858,817
Police	1,230,391	1,321,399
Marine & Ports	730,320	666,201
Education	631,194	606,197
Defence	560,561	561,413
Department of Corrections	144,395	247,779
Conservation Services	81,475	107,326
Post Office	53,119	55,996
	11,363,072	11,095,045
Less: Provision for Obsolescence	358,443	418,864
	11,004,629	10,676,181

**Government of Bermuda - Consolidated Fund
Schedule 3a: Due From Gov't Funds and Agencies**

As at March 31	2003	2002
	Actual	Actual
	\$	\$
Public Service Superannuation Fund (PSSF)	22,277,895	11,040,050
Bermuda Hospitals Board	2,156,028	2,392,272
Bermuda Monetary Authority	1,224,115	867,773
Contributory Pension Fund	1,092,394	600,084
Small Business Development Corporation	640,588	637,558
West End Development Corporation	607,702	350,379
Hospital Insurance Fund	417,528	415,305
Golf Courses	194,353	-
Bermuda College	176,759	181,213
Bermuda Land Development Company	166,034	87,105
Stonington Beach Hotel Ltd.	36,988	120,733
Pension Commission	26,194	29,079
CedarBridge Academy	24,206	80,028
Bermuda Housing Corporation	18,461	231,922
National Drug Commission	2,446	19,075
National Sports Centre	1,680	-
Parish Councils	-	92,829
Tourism North America Retirement Plan	-	103,797
	29,063,371	17,249,202

**Government of Bermuda - Consolidated Fund
Schedule 3b: Due to Gov't Funds and Agencies**

As at March 31	2003	2002
	Actual	Actual
	\$	\$
Gov't Employees Health Insurance Fund	8,351,861	13,432,034
Ministers and Members Pensions Fund	6,022,205	5,292,236
Mutual Reinsurance Fund	592,744	458,574
Tourism North America Retirement Plan	77,365	-
Parish Councils	41,088	-
Golf Courses	-	47,337
	15,085,263	19,230,181

**Government of Bermuda - Consolidated Fund
Schedule 4: Due From Bermuda Housing Corporation**

As at March 31	2003	2002
	Actual	Actual
	\$	\$
Balance, Beginning of Year	41,500,000	40,000,000
Advances	-	1,500,000
Balance, End of Year	41,500,000	41,500,000

The Government has loaned funds to the Bermuda Housing Corporation on the same terms and conditions as the loan facility described in Schedule 8.

**Government of Bermuda - Consolidated Fund
Schedule 5: Long-Term Receivables**

As at March 31	2003	2002
	Actual	Actual
		\$
Education Student Loans	1,220,795	1,297,517
Less: Current Portion of Student Loans	443,140	445,116
	777,655	852,401

**Government of Bermuda - Consolidated Fund
Schedule 6: Accounts Payable and Accrued Liabilities**

As at March 31	2003	2002
	Actual	Actual
	\$	\$
Department Trade Accounts	37,045,912	31,206,985
Employees' Leave Entitlements	11,324,767	10,979,017
Deposits Held	8,101,098	8,095,222
Teachers' Salaries & Leave Entitlements	6,072,105	6,507,148
Employees' Retirement Pay Entitlements	3,116,004	3,275,060
Interest on Debt	2,158,604	2,190,324
Salaries, Wages and Benefits	1,386,551	1,531,890
Accrual for Extraordinary Item (Note 11)	26,250,000	26,250,000
	95,455,041	90,035,646

**Government of Bermuda - Consolidated Fund
Schedule 7: Deferred Revenue**

As at March 31	2003	2002
	Actual	Actual
	\$	\$
Registrar of Companies	38,787,176	42,242,931
Transport Control	15,061,634	14,703,218
Tax Commissioner	10,131,143	10,014,287
Immigration	4,906,729	4,566,571
Civil Aviation	1,394,085	1,251,958
Post Office	339,223	362,515
Health Department	123,532	67,325
Environmental Protection	83,092	-
Works & Engineering	81,816	-
Community Affairs	45,620	34,160
Tourism	38,116	40,855
Youth, Sport & Recreation	23,723	20,490
Airport Operations	10,950	34,288
Maritime Administration	6,110	-
Social Insurance	2,600	4,100
Education	243	425
Agriculture & Fisheries	-	100,533
Public Transportation	-	2,766
Child & Family Services	-	652
Registry General	-	175
	71,035,792	73,447,249

**Government of Bermuda - Consolidated Fund
Schedule 8: Debt - Net of Sinking Fund**

As at March 31	2003	2002
	Actual	Actual
	\$	\$
Senior Notes Due 2004 - US\$		
Issue Date: June 14, 1994.		
Interest: 7.59% payable semi-annually, June 14 and December 14.		
Notes Due: June 14, 2004.	75,000,000	75,000,000
Loan Facility - US\$		
On June 27, 2000, the Government negotiated a five year loan facility of US \$150 million with a syndicate of banks.		
Interest: LIBOR + .20% payable on rollover date.		
Facility Fee: .08% per annum payable quarterly.	65,000,000	65,000,000
Senior Notes Due 2007 - US\$		
Issue Date: November 26, 1997.		
Interest: 6.72% payable semi-annually, May 26 and November 26.		
Notes Due: November 26, 2007.	20,000,000	20,000,000
	160,000,000	160,000,000
Less: Sinking Fund (Note 5)	36,692,637	31,421,539
	123,307,363	128,578,461

Government of Bermuda - Consolidated Fund
Schedule 9: Revenue By Type

For the year ended March 31	2003 Original Estimates	2003 Actual	2002 Actual
	\$	\$	\$
Taxes & Duties			
Payroll Tax	168,000,000	203,190,909	190,191,744
Customs Duty	177,253,000	184,986,642	170,943,135
Land Tax	37,130,000	40,507,190	39,504,665
Stamp Duty	26,098,000	34,876,976	28,610,059
Passenger Tax	22,500,000	25,858,761	23,752,233
Hotel Occupancy Tax	9,000,000	10,823,723	10,942,749
Non-Bermudian Land Acquisition Tax	9,000,000	5,256,725	8,401,012
Foreign Currency Purchase Tax	3,500,000	3,886,545	3,218,995
Corporate Services Tax	2,000,000	2,077,021	2,157,230
Betting Tax	800,000	1,233,015	1,347,365
Timesharing Tax	225,000	327,549	208,060
	455,506,000	513,025,056	479,277,247
Fees, Permits & Licences			
International Companies	48,370,000	47,689,259	45,179,129
Vehicle Licences & Registration	22,547,000	22,471,025	20,169,484
Air Terminal & Aviation	11,105,000	10,114,335	8,618,522
Immigration	6,660,000	7,456,559	6,566,318
Postal Services	8,168,000	7,447,557	7,397,536
Telecommunications	6,500,000	7,056,536	7,370,954
Bus Transportation	6,000,000	6,204,912	5,753,050
Water	3,388,000	3,834,153	2,361,238
Registration of Aircraft	2,805,000	3,533,288	2,999,743
Companies Licences	2,720,000	3,470,333	2,741,362
Solid Waste Services	3,130,000	3,304,367	2,566,441
Services to Seaborne Shipping	2,850,000	3,232,104	2,863,044
Companies Local	2,200,000	2,064,061	2,413,203
Rentals	1,851,000	1,956,541	1,844,157
Registration of Shipping	1,343,000	1,733,196	1,547,174
Other Customs Fees & Charges	1,335,000	1,667,032	1,321,665
Trade and Service Mark	1,205,000	1,325,300	1,363,591
Wharfage	860,000	1,196,659	996,886
Planning Fees and Searches	-	899,655	729,020
Ferry Services	1,750,000	671,620	866,098
Plant Production and Maintenance	-	520,511	455,872
Liquor Licences	80,000	343,115	301,116
Insurance Fees	-	-	3,417,978
	134,867,000	138,192,118	129,843,581
Other Revenue			
Other	10,748,000	10,831,926	11,032,652
Fines & Forfeitures	5,619,000	4,920,825	5,788,077
Investment Income	1,000,000	3,177,979	3,277,722
Bermuda Monetary Authority	500,000	962,605	706,526
Golf Courses	923,000	-	693,104
	18,790,000	19,893,335	21,498,081
TOTAL REVENUE	609,163,000	671,110,509	630,618,909

Government of Bermuda - Consolidated Fund
Schedule 10: Current Expenditure By Type

For the year ended March 31	2003 Original Estimates	2003 Actual	2002 Actual
	\$	\$	\$
Employees			
Salaries	208,269,080	194,710,172	188,902,483
Wages	59,441,466	59,156,197	60,294,557
Retirement Benefit Expenditures	-	35,567,394	23,503,466
Employer Overhead	29,302,924	13,817,305	15,699,913
Other Personnel Costs	6,006,853	5,908,703	6,134,676
Training	5,131,136	3,039,866	2,730,711
	308,151,459	312,199,637	297,265,806
Operations			
Grants & Contributions	143,872,930	139,719,731	131,766,301
Professional Services	36,845,755	39,741,020	43,457,063
Materials & Supplies	21,566,202	24,028,789	21,329,104
Advertising & Promotion	18,157,416	20,494,405	16,762,472
Energy	11,848,201	11,510,974	10,582,602
Repair & Maintenance	13,697,009	9,354,583	8,214,438
Interest on Debt	11,150,000	8,829,869	10,221,256
Rentals	7,495,247	8,090,315	7,057,681
Amortization	-	6,037,143	-
Insurance	5,223,321	5,196,308	3,957,087
Transport	4,960,426	5,103,511	5,448,453
Communications	5,825,748	5,100,580	6,700,884
Travel	4,085,792	3,680,126	3,376,578
Other	3,126,842	2,027,871	2,957,985
Bad Debts	70,000	1,992,952	4,912,098
Clothing & Uniforms	2,541,908	1,524,460	1,359,065
Equipment	845,502	642,900	528,931
Capital Recharges	(1,690,000)	41	-
Transfer to Other Funds	3,475,000	-	-
Receipts Credited to Programmes	(15,719,355)	(10,661,400)	(13,114,022)
	277,377,944	282,414,178	265,517,976
TOTAL CURRENT EXPENDITURE	585,529,403	594,613,815	562,783,782

Government of Bermuda - Consolidated Fund
Schedule 11: Revenue By Ministry / Department

For the year ended March 31	2003 Original Estimates	2003 Actual	2002 Actual
	\$	\$	\$
Non-Ministry Departments			
01 Governor & Staff	28,000	50,310	49,545
63 Parliamentary Registrar	5,000	4,184	6,713
05 Office Of The Auditor General	466,000	516,000	485,500
	499,000	570,494	541,758
Cabinet Office Departments			
9 Cabinet Office	-	-	(84)
14 Department of Statistics	2,000	4,220	375
19 Department of Archives	5,000	6,257	2,755
51 Dept. of Communication & Information	-	2,814	4,717
	7,000	13,291	7,763
Ministry of Legislative Affairs			
02 Legislature	10,000	5,442	6,565
03 Judicial Department	5,880,000	14,119,871	6,348,310
04 Attorney-General's Chambers	-	-	3,960
	5,890,000	14,125,313	6,358,835
Ministry of Finance			
10 Ministry of Finance HQ	50,000	93,668	81,044
11 Accountant-General	1,640,000	4,333,758	4,445,148
12 Customs	179,761,000	188,240,991	173,577,030
13 Post Office	8,160,000	7,473,570	7,453,864
28 Social Insurance	5,000	4,650	6,350
38 Office of the Tax Commissioner	269,275,000	314,165,745	299,878,442
39 Registrar of Companies	53,940,000	54,752,428	54,648,941
47 Small Business Development Corporation	-	-	212,667
58 Interest on Debt	1,500,000	852,000	1,530,585
	514,331,000	569,916,810	541,834,071
Ministry of Education and Development			
17 Department of Education	35,000	140,644	172,343
18 Libraries	14,000	15,448	9,434
	49,000	156,092	181,777
Ministry of Health & Family Services			
22 Health Department	752,000	784,179	770,700
23 Child & Family Services	129,000	179,605	129,003
	881,000	963,784	899,703
Ministry of Labour, Home Affairs & Public Safety			
06 Defence	-	34,128	37,084
07 Police	356,000	304,746	336,439
27 Immigration	15,660,000	12,710,284	14,967,330
29 Registry General	1,205,000	1,325,300	1,363,591
44 Ministry of Labour & Home Affairs HQ	-	2,809	-
45 Fire Services	1,264,000	1,575,919	1,450,501
	18,485,000	15,953,186	18,154,945

Government of Bermuda - Consolidated Fund
Schedule 11: Revenue By Ministry / Department (cont'd)

For the year ended March 31	2003 Original Estimates	2003 Actual	2002 Actual
	\$	\$	\$
Ministry of the Environment			
32 Department of Planning	734,000	926,527	764,225
37 Agriculture & Fisheries	-	-	1,187,322
49 Land Valuation	-	165	48
50 Ministry of the Environment HQ	10,000	7,910	74,271
68 Parks	151,000	130,818	129,242
69 Conservations Services	1,102,000	983,329	4,260
72 Environmental Protection	364,000	547,797	-
	2,361,000	2,596,546	2,159,368
Ministry of Tourism, Telecommunications & E-Commerce			
33 Department of Tourism	94,000	53,322	84,866
43 Information Technology Office	-	-	16,555
46 Telecommunications	6,500,000	7,056,536	7,370,954
	6,594,000	7,109,858	7,472,375
Ministry of Transport			
30 Marine & Ports Services	5,305,000	4,655,873	6,076,759
31 Airport Operations	11,595,000	10,758,895	8,897,552
34 Transport Control Department	22,782,000	22,545,010	20,330,044
35 Public Transportation Board	6,000,000	6,204,736	5,753,050
57 Civil Aviation	2,805,000	3,539,868	2,998,789
73 Maritime Administration	1,343,000	1,733,196	-
	49,830,000	49,437,578	44,056,194
Ministry of Works & Engineering			
36 Works & Engineering	9,145,000	9,356,494	7,913,554
Ministry of Community Affairs & Sport			
20 Youth, Sport & Recreation	860,000	573,486	630,792
40 Community Affairs	230,000	337,012	342,692
52 Cultural Affairs	-	430	11,744
56 Human Affairs	-	-	53,000
	1,090,000	910,928	1,038,228
Ministry of Housing			
42 Rent Commissioner	1,000	135	338
TOTAL REVENUE	609,163,000	671,110,509	630,618,909

Government of Bermuda - Consolidated Fund
Schedule 12: Current Expenditure By Ministry / Department

For the year ended March 31	2003 Original Estimates	2003 Actual	2002 Actual
	\$	\$	\$
Non-Ministry Departments			
01 Governor & Staff	1,078,335	961,709	970,568
63 Parliamentary Registrar	613,559	673,154	580,426
05 Office of the Auditor General	1,883,637	2,062,340	1,841,837
08 Public Service Commission	88,251	58,604	58,261
	3,663,782	3,755,807	3,451,092
Cabinet Office Departments			
09 Cabinet Office	3,099,111	2,282,959	2,286,606
14 Department of Statistics	3,131,169	2,303,489	1,904,776
15 Department of Management Services	955,238	673,507	761,063
19 Department of Archives	798,184	770,008	708,338
26 Department of Personnel Services	5,215,039	4,596,876	4,060,290
51 Department of Communication & Information	1,339,864	1,186,030	1,228,608
	14,538,605	11,812,869	10,949,681
Ministry of Legislative Affairs			
02 Legislature	2,978,065	3,081,606	2,990,239
03 Judicial Department	7,141,493	6,131,282	6,041,598
04 Attorney-General's Chambers	3,416,194	3,487,291	3,055,508
62 Legislative Affairs	64,393	19,342	44,384
	13,600,145	12,719,521	12,131,729
Ministry of Finance			
10 Ministry of Finance HQ	4,225,581	3,015,627	2,775,716
11 Accountant-General	33,539,755	17,314,608	21,948,172
Retirement Benefit Expenditures	-	35,567,394	23,503,466
12 Customs	10,195,823	9,970,235	8,650,027
13 Post Office	10,396,169	10,166,112	9,787,499
28 Social Insurance	1,459,961	1,350,241	1,421,189
38 Office of the Tax Commissioner	2,182,117	4,028,210	6,686,068
39 Registrar of Companies	4,488,132	3,354,354	4,888,350
47 Small Business Development Corporation	-	-	582,832
58 Interest on Debt	10,750,000	8,514,780	9,653,088
59 Sinking Fund Contribution	3,000,000	-	-
	80,237,538	93,281,561	89,896,407
Ministry of Education and Development			
16 Ministry of Education HQ	-	-	3,820,660
17 Department of Education	77,241,871	79,843,057	73,238,191
18 Libraries	1,669,140	1,586,144	1,647,113
41 Bermuda College	15,073,917	15,073,917	12,657,012
	93,984,928	96,503,118	91,362,976

Government of Bermuda - Consolidated Fund
Schedule 12: Current Expenditure By Ministry / Department (cont'd)

For the year ended March 31	2003 Original Estimates	2003 Actual	2002 Actual
	\$	\$	\$
Ministry of Health & Family Services			
21 Ministry of Health & Family Services HC	6,359,306	6,234,661	5,791,717
22 Health Department	18,970,421	18,663,245	17,027,652
23 Child & Family Services	11,331,200	9,955,447	8,205,804
24 Hospitals	74,165,766	73,806,281	69,406,316
55 Financial Assistance	17,423,875	14,104,834	14,218,409
	128,250,568	122,764,468	114,649,898
Ministry of Labour, Home Affairs & Public Safety			
06 Defence	4,440,161	4,371,549	4,663,926
07 Police	40,384,650	41,068,975	39,775,617
25 Department of Corrections	18,716,030	18,969,179	17,681,416
27 Immigration	2,791,060	2,868,830	3,761,750
29 Registry General	1,306,781	1,134,363	1,056,843
44 Ministry of Labour & Home Affairs HC	503,680	523,362	1,857,994
45 Fire Services	6,498,796	6,237,662	6,112,714
54 Security Services & Delegated Affairs	179,366	179,007	177,337
60 Labour & Training	3,837,051	3,975,691	436,350
	78,657,575	79,328,618	75,523,947
Ministry of the Environment			
32 Department of Planning	2,536,950	2,143,273	2,089,102
37 Agriculture & Fisheries	-	-	7,268,196
49 Land Valuator	903,254	613,821	560,651
50 Ministry of the Environment HC	551,789	537,464	1,596,335
68 Parks	7,403,671	6,919,640	5,012,814
69 Conservation Services	3,875,042	3,906,454	-
72 Environmental Protection	3,055,051	2,919,234	-
	18,325,757	17,039,886	16,527,098
Ministry of Tourism, Telecommunications & E-Commerce			
33 Department of Tourism	35,569,992	35,630,347	32,989,222
43 Information Technology Office	4,560,543	4,371,686	3,948,916
46 Telecommunications	1,291,691	1,198,983	1,003,719
67 E-Commerce	852,319	789,761	396,662
	42,274,545	41,990,777	38,338,519
Ministry of Transport			
30 Marine & Ports	13,173,949	12,363,413	11,503,450
31 Airport Operations	16,641,315	15,759,061	14,506,746
34 Transport Control Department	2,456,412	2,338,543	2,195,592
35 Public Transportation Board	14,607,212	14,675,403	14,164,770
48 Ministry of Transport HC	722,219	483,788	500,360
57 Civil Aviation	2,492,263	2,063,846	1,871,462
73 Maritime Administrator	947,487	845,698	-
	51,040,857	48,529,752	44,742,380
Ministry of Works & Engineering			
36 Works & Engineering	46,387,019	46,650,403	46,252,037
Amortization	-	6,037,144	-
	46,387,019	52,687,547	46,252,037
Ministry of Community Affairs & Sport			
20 Youth, Sport & Recreation	6,539,000	6,605,020	6,554,701
40 Community Affairs	1,331,433	1,287,378	1,411,496
52 Cultural Affairs	1,309,999	1,477,542	2,293,164
56 Human Affairs	1,951,302	1,481,013	4,774,324
	11,131,734	10,850,953	15,033,685
Ministry of Housing			
42 Rent Commission	330,350	242,938	218,333
53 Bermuda Housing Corporation	3,106,000	3,106,000	3,706,000
	3,436,350	3,348,938	3,924,333
TOTAL CURRENT EXPENDITURE	585,529,403	594,613,815	562,783,782

Government of Bermuda - Consolidated Fund
Schedule 13: Schedule of Tangible Capital Assets

For the year ended March 31		2003					31-Mar-03	31-Mar-02
	Estimated Useful Life	Opening Balance	Additions/ Disposals	Accumulated Amortization	Current Amortization	Net Book Value	Net Book Value	
Tangible Capital Assets								
Land	Indefinite	53,383,611	-	-	-	53,383,611	53,383,611	
Buildings	40 years	221,851,000	16,190,400	(43,019,700)	(5,909,743)	189,111,957		
Betterments	Varied	-	6,524,080	(1,841,179)	(127,400)	4,555,501		
Adj Beg. Bal & Corrections		-		(564,700)	-	(564,700)		
Total Buildings		221,851,000	22,714,480	(45,425,579)	(6,037,143)	193,102,758	178,831,300	
Rolling Stock *	Varied	-	65,802,549	(46,684,678)	-	19,117,872		
Total Tangible Capital Assets		275,234,611	88,517,029	(92,110,257)	(6,037,143)	265,604,241	232,214,911	
Work In Process		-	71,752,991	-	-	71,752,991	-	

* Refer to Note 3 (f)- Rolling Stock is comprised of vehicles, vessels/boats, and heavy equipment

Government of Bermuda - Consolidated Func
Schedule 14: Capital Development Expenditure By Ministry / Departmen

For the year ended March 31	2003 Original Estimates	2003 Actual	2002 Actual
	\$	\$	\$
Cabinet Office Departments			
19 Department of Archives	-	151,908	8,613
	-	151,908	8,613
Ministry of Education and Development			
17 Department of Education	12,665,375	1,136,362	16,170,186
	12,665,375	1,136,362	16,170,186
Ministry of Health & Family Services			
22 Health Department	-	78,511	115,662
23 Child & Family Services	-	-	92,782
24 Hospitals	120,000	109,178	102,220
	120,000	187,689	310,664
Ministry of Labour, Home Affairs & Public Safety			
07 Police	4,592,628	21,200	319,856
25 Department of Corrections	60,000	45,567	374,762
54 Security Services & Delegated Affairs	85,000	12,831	85,635
	4,737,628	79,598	780,253
Ministry of the Environment			
50 Ministry of the Environment HQ	1,908,000	1,130,634	1,074,135
68 Parks	262,000	193,020	214,947
69 Conservation Services	107,422	-	1,265,689
	2,277,422	1,323,654	2,554,771
Ministry of Transport			
31 Airport Operations	5,496,108	4,017,586	2,132,395
35 Public Transportation Board	1,500,000	15,712	-
	6,996,108	4,033,298	2,132,395
Ministry of Works & Engineering			
36 Works & Engineering	16,708,718	8,702,489	18,563,778
Ministry of Community Affairs & Sport			
20 Youth, Sport & Recreation	5,000,000	5,000,046	5,000,000
52 Cultural Affairs	100,000	100,000	-
	5,100,000	5,100,046	5,000,000
TOTAL CAPITAL DEVELOPMENT	48,605,251	20,715,044	45,520,660

Government of Bermuda - Consolidated Fund
Schedule 15: Capital Acquisition Expenditure By Ministry / Department

For the year ended March 31

	2003 Original Estimates	2003 Actual	2002 Actual
	\$	\$	\$
Non-Ministry Departments			
01 Governor & Staff	-	-	7,527
05 Office of the Auditor General	10,500	30,500	-
63 Parliamentary Registrar	7,850	6,117	-
	18,350	36,617	7,527
Cabinet Office Departments			
09 Cabinet Office	25,000	20,450	-
19 Department of Archives	7,500	20,919	10,433
26 Department of Personnel Services	9,150	-	-
51 Department of Communication & Information	34,950	24,875	3,820
	76,600	66,244	14,253
Ministry of Legislative Affairs			
03 Judicial Department	44,000	52,870	185,578
04 Attorney-General's Chambers	10,600	4,140	-
	54,600	57,010	185,578
Ministry of Finance			
10 Ministry of Finance HQ	375,500	529,048	141,741
12 Customs	109,700	722,009	29,190
13 Post Office	69,875	224,981	85,057
28 Social Insurance	21,600	12,995	-
38 Office of the Tax Commissioner	43,950	336,641	18,761
39 Registrar of Companies	-	24,455	-
	620,625	1,850,129	274,749
Ministry of Education and Development			
17 Department of Education	3,650,000	2,134,102	1,555,991
18 Libraries	30,700	20,320	-
	3,680,700	2,154,422	1,555,991
Ministry of Tourism, Telecommunications & E-Commerce			
33 Tourism Department	25,200	-	-
43 Information Technology Office	4,640,000	2,672,632	3,583,286
46 Telecommunications	-	-	22,600
67 E-Commerce	1,060,000	-	-
	5,725,200	2,672,632	3,605,886
Ministry of Health & Family Services			
21 Ministry of Health & Family Services HQ	-	64,556	16,886
22 Health Department	157,900	205,535	149,941
23 Child & Family Services	84,403	64,668	42,265
24 Hospitals	80,000	80,000	77,624
	322,303	414,759	286,716
Ministry of Labour, Home Affairs & Public Safety			
07 Police	3,655,188	1,697,325	1,890,954
25 Department of Corrections	612,670	488,040	295,304
27 Immigration	23,850	46,116	-
29 Registry General	-	-	26,493
45 Fire Services	549,500	575,758	11,244
	4,841,208	2,807,239	2,223,995

Government of Bermuda - Consolidated Fund
Schedule 15: Capital Acquisition Expenditure By Ministry / Department
(cont'd)

For the year ended March 31	2003 Original Estimates	2003 Actual	2002 Actual
	\$	\$	\$
Ministry of the Environment			
32 Department of Planning	20,000	9,042	-
37 Agriculture & Fisheries	-	-	23,476
49 Land Valuation	130,050	-	10,000
68 Parks	23,000	38,561	44,281
69 Conservation Services	50,021	46,892	-
72 Environmental Protection	15,730	15,730	-
	238,801	110,225	77,757
Ministry of Community Affairs & Sport			
40 Community Affairs	-	22,905	8,807
56 Human Affairs	-	-	26,748
	-	22,905	35,555.00
Ministry of Transport			
30 Marine & Ports	1,896,000	1,778,136	3,755,567
31 Airport Operations	12,600	58,340	-
34 Transport Control Department	149,199	253,010	-
35 Public Transportation Board	2,677,600	2,284,716	3,995,998
	4,735,399	4,374,202	7,751,565
Ministry of Works & Engineering			
36 Works & Engineering	3,055,450	2,174,135	2,096,903
TOTAL CAPITAL ACQUISITION	23,369,236	16,740,519	18,116,475

Government of Bermuda - Consolidated Fund
Schedule 16: Current Expenditure - Estimates Compared to Actual

For the year ended March 31, 2003

	Actual	For Appropriation *	Original Estimates	Under (Over) Spent
	\$	\$	\$	\$
Non-Ministry Departments				
01 Governor & Staff	961,709	959,443	1,078,335	118,892
63 Parliamentary Registrar	673,154	672,970	613,559	(59,411)
05 Office of the Auditor General	2,062,340	2,061,805	1,883,637	(178,168)
08 Public Service Commission	58,604	58,604	88,251	29,647
	3,755,807	3,752,822	3,663,782	(89,040)
Cabinet Office Departments				
09 Cabinet Office	2,282,959	2,253,513	3,099,111	845,598
14 Department of Statistics	2,303,489	2,303,489	3,131,169	827,680
15 Department of Management Services	673,507	672,803	955,238	282,435
19 Department of Archives	770,008	769,473	798,184	28,711
26 Department of Personnel Services	4,596,876	4,596,876	5,215,039	618,163
51 Department of Communication & Information	1,186,030	1,196,904	1,339,864	142,960
	11,812,869	11,793,058	14,538,605	2,745,547
Ministry of Legislative Affairs				
02 Legislature	3,081,606	3,082,666	2,978,065	(104,601)
03 Judicial Department	6,131,282	5,841,978	7,141,493	1,299,515
04 Attorney-General's Chambers	3,487,291	3,478,793	3,416,194	(62,599)
62 Legislative Affairs	19,342	19,342	64,393	45,051
	12,719,521	12,422,779	13,600,145	1,177,366
Ministry of Finance				
10 Ministry of Finance HQ	3,015,627	2,988,031	4,225,581	1,237,550
11 Accountant-General	17,314,608	17,331,175	33,539,755	16,208,580
Retirement Benefit Expenditures	35,567,394	15,182,990	-	(15,182,990)
12 Customs	9,970,235	10,001,466	10,195,823	194,357
13 Post Office	10,166,112	10,210,920	10,396,169	185,249
28 Social Insurance	1,350,241	1,350,069	1,459,961	109,892
38 Office of the Tax Commissioner	4,028,210	2,205,835	2,182,117	(23,718)
39 Registrar of Companies	3,354,354	3,550,709	4,488,132	937,423
47 Small Business Development Corporation	-	-	-	-
58 Interest on Debt	8,514,780	8,514,780	10,750,000	2,235,220
59 Sinking Fund Contribution	-	2,926,500	3,000,000	73,500
	93,281,561	74,262,475	80,237,538	5,975,063
Ministry of Tourism, Telecommunications & E-Commerce				
33 Department of Tourism	35,630,347	35,622,101	35,569,992	(52,109)
43 Information Technology Office	4,371,686	4,382,052	4,560,543	178,491
46 Telecommunications	1,198,983	1,198,983	1,291,691	92,708
67 E-Commerce	789,761	789,761	852,319	62,558
	41,990,777	41,992,897	42,274,545	281,648
Ministry of Education and Development				
16 Ministry of Education HQ	-	50,317	-	(50,317)
17 Department of Education	79,843,057	80,101,117	77,241,871	(2,859,246)
18 Libraries	1,586,144	1,588,145	1,669,140	80,995
41 Bermuda College	15,073,917	15,073,917	15,073,917	-
	96,503,118	96,813,496	93,984,928	(2,828,568)

* Adjusted for Non-Budgeted, Non-Cash Items

Government of Bermuda - Consolidated Fund
Schedule 16: Current Expenditure - Estimates Compared to Actual (cont'd)

For the year ended March 31, 2003

	Actual	For Appropriation*	Original Estimates	Under (Over) Spent
	\$	\$	\$	\$
Ministry of Health & Family Services				
21 Ministry of Health & Family Services HQ	6,234,661	6,229,524	6,359,306	129,782
22 Health Department	18,663,245	18,678,707	18,970,421	291,714
23 Child & Family Services	9,955,447	9,945,654	11,331,200	1,385,546
24 Hospitals	73,806,281	73,806,281	74,165,766	359,485
55 Financial Assistance	14,104,834	14,140,068	17,423,875	3,283,807
	122,764,468	122,800,234	128,250,568	5,450,334
Ministry of Labour, Home Affairs & Public Safety				
06 Defence	4,371,549	4,371,549	4,440,161	68,612
07 Police	41,068,975	41,116,764	40,384,650	(732,114)
25 Department of Corrections	18,969,179	18,908,730	18,716,030	(192,700)
27 Immigration	2,868,830	2,860,200	2,791,060	(69,140)
29 Registry General	1,134,363	1,150,681	1,306,781	156,100
44 Ministry of Labour & Home Affairs HQ	523,362	523,362	503,680	(19,682)
45 Fire Services	6,237,662	6,252,727	6,498,796	246,069
54 Security Services & Delegated Affairs	179,007	179,007	179,366	359
60 Labour & Training	3,975,691	3,975,691	3,837,051	(138,640)
	79,328,618	79,338,711	78,657,575	(681,136)
Ministry of the Environment				
32 Department of Planning	2,143,273	2,147,345	2,536,950	389,605
49 Land Valuation	613,821	613,821	903,254	289,433
50 Ministry of the Environment HQ	537,464	536,929	551,789	14,860
68 Parks	6,919,640	6,928,784	7,403,671	474,887
69 Conservation Services	3,906,454	3,861,544	3,875,042	-
72 Environmental Protection	2,919,234	2,942,053	3,055,051	112,998
	17,039,886	17,030,476	18,325,757	1,281,783
Ministry of Transport				
30 Marine & Ports	12,363,413	12,401,833	13,173,949	772,116
31 Airport Operations	15,759,061	15,752,137	16,641,315	889,178
34 Transport Control Department	2,338,543	2,337,817	2,456,412	118,595
35 Public Transportation Board	14,675,403	14,669,557	14,607,212	(62,345)
48 Ministry of Transport HQ	483,788	483,788	722,219	238,431
57 Civil Aviation	2,063,846	2,058,846	2,492,263	433,417
73 Maritime Administration	845,698	846,798	947,487	100,689
	48,529,752	48,550,776	51,040,857	2,490,081
Ministry of Works & Engineering				
36 Works & Engineering	46,650,403	46,633,655	46,387,019	(246,636)
Amortization	6,037,144	-	-	-
	52,687,547	46,633,655	46,387,019	(246,636)
Ministry of Community Affairs & Sport				
20 Youth, Sport & Recreation	6,605,020	6,592,413	6,539,000	(53,413)
40 Community Affairs	1,287,378	1,279,206	1,331,433	52,227
52 Cultural Affairs	1,477,542	1,477,542	1,309,999	(167,543)
56 Human Affairs	1,481,013	1,519,916	1,951,302	431,386
	10,850,953	10,869,077	11,131,734	262,657
Ministry of Housing				
42 Rent Commissioner	242,938	242,938	330,350	87,412
53 Bermuda Housing Corporation	3,106,000	3,106,000	3,106,000	-
	3,348,938	3,348,938	3,436,350	87,412
TOTAL CURRENT EXPENDITURE	594,613,815	569,609,394	585,529,403	15,906,511

**Government of Bermuda - Consolidated Fund
Schedule 17: Commitments - Legislated**

As at March 31	2003	2002
	Actual	Actual
	\$	\$

Unspent Capital Appropriations

In accordance with Section 6 of the Appropriations Act 2002, unspent capital appropriations for incomplete capital projects to be carried forward to future years are as follows:

Capital Development	40,366,710	48,573,723
Capital Acquisition	15,837,077	9,457,774
	56,203,787	58,031,497

Total Authorized Funding

Total Authorized Funding represents the estimated total cost of continuing capital development projects and is subject to the voting of supply by the Legislature.

Estimated future expenditure for continuing capital development projects is as follows:

Total Authorized Funding	346,883,235	383,786,500
Appropriated Capital Development	(199,253,070)	(170,603,323)
Unappropriated Capital Development	147,630,165	213,183,177

**Government of Bermuda - Consolidated Fund
Schedule 18: Public Debt - Legislated Limit**

As at March 31	2003	2002
	Actual	Actual
	\$	\$

The Government Loans Act 1978, as amended, defines public debt as debt owed or guaranteed by the Consolidated Fund.

Section 2A(1) of the Act limits public debt (net of sinking fund assets) to \$250 million.

Debt (Schedule 8)	160,000,000	160,000,000
National Education Guarantees (Note 9(a))	2,347,489	2,777,029
	162,347,489	162,777,029
Sinking Fund (Schedule 8)	36,692,637	31,421,539
Public Debt	125,654,852	131,355,490
Legislated Limit	250,000,000	250,000,000
Available Limit	124,345,148	118,644,510