

PART A

FINANCIAL STATEMENTS

FOR THE YEAR

APRIL 1, 2001 TO MARCH 31, 2002



Office of the Auditor General

Hemisphere House
9 Church Street
Hamilton HM 11, Bermuda

Tel: (441) 296-3148

Fax: (441) 295-3849

Email: auditbda@gov.bm

Website: www.oagbermuda.gov.bm

AUDITOR'S REPORT

To the House of Assembly

I have audited the statement of financial position of the Consolidated Fund of the Government of Bermuda as at March 31, 2002, 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, 2002 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, the financial statements of the Consolidated Fund are the primary financial statements of the Government of Bermuda. Accordingly I am of the view that they are used to represent for all practical purposes the financial position of the Government of Bermuda and the results of its operations and changes in its financial position. As such, in my opinion, the accounting policy of non-consolidation used to prepare these financial statements is inappropriate to present fairly the financial position of the Government of Bermuda and the results of its operations and the changes in its financial position.

A handwritten signature in black ink, appearing to read 'Larry T. Dennis'.

Larry T. Dennis, C.A.
Auditor General

Hamilton, Bermuda
July 31, 2002

**Government of Bermuda
Consolidated Fund
Statement of Responsibility for the Financial Statements
March 31, 2002**

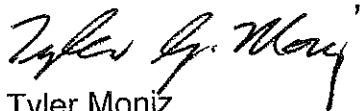
The Accountant General, subject to the general direction and control of the Minister of Finance, is responsible for the preparation of the financial statements of the Consolidated Fund.

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.

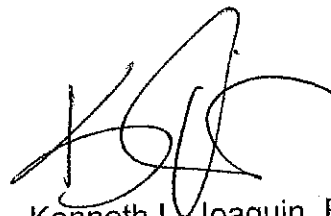
In order to fulfil accounting and reporting responsibilities, the Accountant General maintains systems of financial management and internal control to provide reasonable assurance that transactions are properly authorised by the Legislature, executed in accordance with prescribed regulations and properly 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.



Tyler Moniz
Acting Financial Secretary
Ministry of Finance



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

Hamilton, Bermuda
July 31, 2002

Government of Bermuda - Consolidated Fund Statement of Financial Position

As at March 31		2002	2001
		Actual	Actual
		\$	\$
Assets			
	<u>Schedule</u>		
Current			
Cash and Deposits		45,485,208	45,025,728
Accounts Receivable	1	86,155,406	78,650,613
Prepaid Supplies	2	10,676,181	10,631,605
Prepaid Expenses		2,514,286	2,368,080
Due from Government Funds and Agencies	3a	17,249,202	4,604,989
		162,080,283	141,281,015
Due from Bermuda Housing Corporation	4	41,500,000	40,000,000
Long-Term Receivables	5	852,401	858,500
Tangible Capital Assets (Land & Buildings)	13	232,214,911	-
		436,647,595	182,139,515
Liabilities			
Current			
Accounts Payable and Accrued Liabilities	6	90,034,187	56,911,420
Deferred Revenue	7	73,447,249	68,752,916
Due to Government Funds and Agencies	3b	19,230,181	17,609,130
Debt - Current Portion	8	-	1,109,456
		182,711,617	144,382,922
Debt - Net of Sinking Fund	8	128,578,461	133,680,947
Pensions and Retirement Benefits (Note 7(h))		408,335,364	311,472,192
		719,625,442	589,536,061
Accumulated Deficit		282,977,847	407,396,546
		436,647,595	182,139,515

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		2002 Original Estimates	2002 Actual	2001 Actual
		\$	\$	\$
	<u>Schedule</u>			
Revenue	9,11	627,341,018	631,152,995	623,057,904
Expenditure				
Current	10,12	570,834,385	563,317,868	617,871,597
Capital Development	14	60,112,095	45,520,660	45,285,052
Capital Acquisition	15	22,001,012	18,116,475	13,545,363
		652,947,492	626,955,003	676,702,012
(Surplus) Deficit Before Extraordinary Item		25,606,474	(4,197,992)	53,644,108
Extraordinary Item (Note 10)		-	26,250,000	-
Deficit			22,052,008	53,644,108
Adjustment for Fixed Assets (Schedule 13)		-	(232,214,911)	-
Adjustment for Post Retirement Benefits (Note 7(g))		-	85,744,204	-
(Surplus) Deficit			(124,418,699)	53,644,108
Accumulated Deficit, Beginning of Year			407,396,546	353,752,438
Accumulated Deficit, End of Year			282,977,847	407,396,546

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	2002	2001
	Actual	Actual
	\$	\$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Surplus (Deficit)	4,197,992	(53,644,108)
Items not affecting cash:		
Increase in Pension Liability	96,863,172	85,542,911
Post Retirement Benefits Adjustment	(85,744,204)	(2,380,210)
Decrease (Increase) in non-cash working capital	17,988,907	(2,435,647)
Extraordinary Item	(26,250,000)	-
	7,055,867	27,082,946
FINANCING ACTIVITIES		
Decrease in Long-Term Receivables	6,099	53,900
Repayment of Demand Loan Facility	-	(1,145,042)
Increase in Sinking Fund	(5,102,486)	(4,764,173)
Advances to Bermuda Housing Corporation	(1,500,000)	(1,000,000)
Repayment by Bermuda Housing Corporation	-	1,000,000
	(6,596,387)	(5,855,315)
Net Increase in Cash and Deposits	459,480	21,227,631
Cash and Deposits, Beginning of Year	45,025,728	23,798,097
Cash and Deposits, End of Year	45,485,208	45,025,728

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, 2002

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

These 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 organisations.

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 conformity 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 and expenditures during the year. Actual results could differ from estimates.

**Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2002**

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 on the Statement of Financial Position.

(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 Revenue and Expenditure

Interdepartmental revenues and expenditures are not eliminated.

(e) Assets

Assets include:

- (i) cash and claims by the Government on outside organisations 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, 2002**

(f) Tangible Capital Assets

Land and buildings held by the Bermuda Government as at March 31, 2002 have been identified, valued at historical cost and disclosed in the financial statements. 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.

Tangible capital assets with the exception of land and buildings have continued to be charged to capital expenditure in the year of purchase or construction, which is consistent with prior years. Consequently, all work in progress as it relates to the development of capital infrastructure and buildings has been expensed on the same basis.

Tangible capital assets that have not yet been disclosed include: roads and infrastructure, leases, rolling stock, computer systems and software, historical treasures, office furniture, fixtures and equipment. These assets will be disclosed in the financial statements in due course.

(g) Liabilities

Liabilities are recorded for financial obligations to outside organisations 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 transaction 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

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2002

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 2001/02 and do not reflect changes arising from the tabling of supplementary Estimates

Ministry/Department submitted for approval to the Legislature in the Appropriations Act.

(b.) Comparison of Actual to Estimates for Expenditure

The Ministry of Finance prepares annual Approved Estimates on the modified cash basis. The 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 1. 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 an 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

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, effective March 31, 1993.

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 reduction of debt issued on the Consolidated Fund statement of Financial Position.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2002

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

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. 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.

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 - \$11,885,735; MMLPF - \$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

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2002

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, 2002 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 recognise 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 \$310,724,383 at March 31, 2002 (2001 – \$302,607,562) compared to a real market value of \$270,450,589 (2001 - \$277,826,600). For the MMLPF there is no difference between the market value of plan assets and the market-related value; as at March 31, 2002 the value was \$5,358,721 (2001 - \$4,691,000). The actual return on plan assets during the year was 2.0% for the PSSF and 7.1% for the MMLPF.

As at March 31, 2002 \$11,040,050 (2001 - \$0) 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 7(e) and at March 31, 2002 is \$322,591,160 (2001 - \$ 311,472,192 – restated from \$313,852,402).

(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 \$212,808. A

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2002

valuation was performed on the BDTRP as of March 31, 2002 and the results are included in these financial statements.

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, 2002 the value was \$2,541,857 (2001 - \$2,495,673). The actual return on plan assets during the year was -4.60%. This is the first year that BDTRP is included in the accrued pension liability figures.

(d) Pension-Related Expenditure

Pension-related expenditure recognised 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 amortisation 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 unamortised experience gain of \$34,195,424 (2001 - gain of \$45,059,888) is reported in the Schedule below. The amount comprises a total unamortised experience gain on the pension liability of \$15,175,408 (2001- gain of \$17,536,055) and a total unamortised experience gain on the asset valuation of \$19,020,016 (2001 - \$27,806,783). The period of amortisation is eight years.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2002

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

(e) Funded Status of Plans

For the year ended March 31	2002 Actual	2001 Actual
	\$	\$
Pension Liability		
Accrued Benefit Obligation		
PSSF	586,353,438	557,675,586
MMLPF	18,664,520	17,000,900
BDTOP	2,002,739	1,530,054
	<u>607,020,697</u>	<u>576,206,540</u>
Net Fund Assets		
PSSF	(310,724,383)	(302,607,562)
MMLPF	(5,358,721)	(4,691,000)
BDTRP	(2,541,857)	(2,495,674)
	<u>(318,624,961)</u>	<u>(309,794,236)</u>
Unamortised Experience Gain/Loss		
PSSF / MMLPF / BDTRP	34,195,424	45,059,888
	<u>34,195,424</u>	<u>45,059,888</u>
Pension Liability		
PSSF	309,824,479	300,127,912
MMLPF	13,305,799	12,309,924
BDTRP	(539,118)	(965,620)
	<u>322,591,160</u>	<u>311,472,192</u>
TOTAL LIABILITY		
Change in Pension Liability	11,118,968	
Restatement of 00/01 Liability		2,380,210
Pension-Related Expenditure		
Cost of Pension Benefits	21,627,754	21,673,713
Employee Contributions	(11,671,689)	(11,079,854)
Interest on Pension Liability	19,823,130	22,763,526
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)	-
Valuation Adjustment		
PSSF	-	79,825,113
	<u>23,503,466</u>	<u>109,103,639</u>

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2002

(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.

An actuarial valuation of the Government's obligations for retirement benefits other than pensions was done for accounting purposes at March 31, 2002 using various long-term assumptions. 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. The amount of the liability based on this approach is \$85,744,204 and is included in these financial statements. This amount has been charged directly to the accumulated deficit.

(h) Pensions and Retirement Benefits Summary

	2002	2001
	\$	\$
Pensions (Note 7(e))	322,591,160	311,472,192
Retirement Benefits other than Pensions – Health Insurance Plan	<u>85,744,204</u>	<u>-</u>
Total Pensions and Retirement Benefits	<u>408,335,364</u>	<u>311,472,192</u>

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2002

8. 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, 2002, \$2,777,029 (2001 - \$3,284,379) 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 \$64,726,735 (2001 - \$3,394,000).

\$60,000,000 of the increase from 2001 to 2002 relates to a writ action by Mr. Lloyd Smith Sr. v- 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 recognises 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 recognised the full costs of the estimates in the March 2002 financial statements.

The liability accrued in the March 31, 2002 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

**Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2002**

immediate environmental hazards and the remainder for fuel storage tanks, removal and remediation of asbestos as well as demolition of derelict buildings.

The Government recognises 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.

9. 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.

10. Extraordinary Item

The Statement of Operations and Accumulated Deficit shows an extraordinary item in the amount of \$26,250,000 and Schedule 6 includes the corresponding liability. This is an expense accrued for the estimate of environmental costs to clean up the base lands. See note 8(c) for additional information regarding the transactions and events that gave rise to this expense and liability.

11. Comparative Figures

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

12. Supplementary Estimates

Supplementary estimates are required by The Bermuda Constitution Order 1968 for expenditure is incurred in excess of amounts appropriated. During the year, \$4,648,890 in Supplementary Estimates was approved and spent. Additional expenditures of \$935,237 were incurred in excess of amounts appropriated without Supplementary Estimates.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2002

13. 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), Bermuda Tourism Pension Plan (BTOPP), 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 to and due from 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 are 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 to and due from these entities which have arisen from normal operating activities. During the year, no interest was charged and/or incurred between these related parties.

(c) 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.

14. Change in Accounting Estimate

Estimated Tax Receivables

The estimate of taxes due from taxpayers who had not filed returns during 2000/2001 was based on the best information available at the time and estimated to be \$2,000,000.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2002

Subsequently, better methods of calculating this estimate have become available. The estimate was revised at the end of this fiscal year and calculated to be \$5,226,673. Accordingly, the effect of this change on the accounts receivable, departmental and total net income has been accounted for in the current year's financial statements. The estimate of taxes due from taxpayers who have not filed in the current fiscal year is also included in the current year's financial statements.

15. Correction of an Error

Pension Liability Restatement

The actuarial analysis for pension liability was overstated in fiscal year 2000/2001 by \$2,380,210. This was a result of two factors:

1) The actuarial analysis for the pension liability for PSSF was overstated by \$1,414,590 for 2000/2001 because a decision was made in the prior year, after the actuarial valuation was completed, to forgive amounts that were due to the Consolidated Fund from the PSSF.

2) The Bermuda Department of Tourism North America Retirement Plan (BDTRP) actuarial valuation was included within the Fund's financial statements for the first time this fiscal year resulting in a decrease in the 2000/2001 pension liability by \$965,620.

The details of these adjustments (totalling \$2,380,210) are included in the schedule in note 7(e). As a consequence of these amendments, the prior year's expenses and liability have been restated.

16. Subsequent Events

As at March 31, 2002 there is an amount receivable from the United States of \$2.8 million relating to the cost of upgrading the Longbird Bridge. Subsequent to year-end, the Government of Bermuda received an \$11 million final payment from the United States Government. This effectively released the United States from all of its obligations in relation to the base lands.

Government of Bermuda - Consolidated Fund
Schedule 1: Accounts Receivable

As at March 31	2002	2001
	Actual	Actual
	\$	\$
Tax Commissioner		
Payroll Tax	58,827,959	51,878,683
Land Tax	8,854,421	7,031,990
Other Taxes	6,961,285	7,794,444
Works & Engineering	5,446,549	4,833,036
Registrar of Companies	5,426,099	5,685,506
Customs	4,260,660	4,291,065
Telecommunications	2,953,456	1,283,400
Judicial	2,045,164	2,613,505
Airport Operations	1,908,173	1,104,162
Education	1,881,580	1,191,812
Post Office	1,730,897	2,393,496
Fire Services	1,672,714	583,591
Tourism	1,445,175	1,486,531
Marine & Ports	722,579	699,691
Accountant General	393,623	319,527
Personnel Services	214,105	182,856
Civil Aviation	205,586	811,931
Health	201,427	182,334
Public Transportation	168,486	61,294
Financial Assistance	89,054	54,926
Agriculture & Fisheries	76,987	55,418
Parks	57,687	77,001
Registry General	50,905	63,532
CSSD	16,555	16,555
Police	13,680	27,121
Cabinet Office	8,297	5,471
Audit	5,500	19,196
Child & Family Services	2,449	1,271
Youth, Sport & Recreation	1,125	5,103
Archives	582	58
Immigration	(1,459)	-
Statistics	-	-
	105,641,300	94,754,506
Less: Provision for Doubtful Accounts	19,485,894	16,103,893
	86,155,406	78,650,613

Government of Bermuda - Consolidated Fund
Schedule 2: Prepaid Supplies

As at March 31	2002	2001
	Actual	Actual
	\$	\$
Works & Engineering	4,669,917	5,120,443
Public Transportation	2,858,817	2,808,214
Police	1,321,399	1,036,220
Marine & Ports	666,201	487,606
Education	606,197	625,456
Defence	561,413	615,656
Prisons	247,779	214,480
Agriculture & Fisheries	107,326	103,747
Post Office	55,996	39,921
	11,095,045	11,051,743
Less: Provision for Obsolescence	418,864	420,138
	10,676,181	10,631,605

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

As at March 31	2002	2001
	Actual	Actual
	\$	\$
Public Service Superannuation Fund (PSSF)	11,040,050	-
Bermuda Hospitals Board	2,392,272	230,579
Bermuda Monetary Authority	867,773	2,341,291
Small Business Development Corporation	637,558	530,194
Contributory Pension Fund	600,084	-
Hospital Insurance Fund	415,305	209,239
West End Development Corporation	350,379	553,238
Bermuda Housing Corporation	231,922	82,645
Bermuda College	181,213	100,987
Stonington Beach Hotel Ltd.	120,733	88,006
Tourism North America Retirement Plan	103,797	306,405
Parish Councils	92,829	-
Bermuda Land Development Company	87,105	7,890
Cedarbridge Academy	80,028	135,496
National Pension Commission	29,079	12,519
National Drug Commission	19,075	6,500
	17,249,202	4,604,989

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

As at March 31	2002	2001
	Actual	Actual
	\$	\$
Gov't Employees Health Insurance Fund	13,432,034	12,631,213
Ministers and Members Pensions Fund	5,292,236	4,724,709
Mutual Reinsurance Fund	458,574	30,302
Golf Courses	47,337	45,515
Contributory Pension Fund	-	172,841
Parish Councils	-	4,550
National Sports Center	-	-
	19,230,181	17,609,130

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

As at March 31	2002	2001
	Actual	Actual
	\$	\$
Balance, Beginning of Year	40,000,000	40,000,000
Advances	1,500,000	1,000,000
Repayments	-	(1,000,000)
Balance, End of Year	41,500,000	40,000,000

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	2002	2001
	Actual	Actual
	\$	\$
Education Student Loans	1,297,517	1,264,057
Less: Current Portion of Student Loans	445,116	405,557
	852,401	858,500

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

As at March 31	2002	2001
	Actual	Actual
	\$	\$
Department Trade Accounts	31,206,985	25,705,756
Employees' Leave Entitlements	10,979,017	10,476,381
Deposits Held	8,093,763	8,778,170
Teachers' Salaries & Leave Entitlements	6,507,148	6,035,517
Employees' Retirement Entitlements	3,275,060	2,792,911
Interest on Debt	2,190,324	2,318,675
Salaries, Wages and Benefits	1,531,890	804,010
Accrual for Extraordinary Item (Note 10)	26,250,000	-
	90,034,187	56,911,420

Government of Bermuda - Consolidated Fund
Schedule 7: Deferred Revenue

As at March 31	2002	2001
	Actual	Actual
	\$	\$
Registrar of Companies	42,242,931	39,647,742
Transport Control	14,703,218	13,224,978
Tax Commissioner	10,014,287	9,194,123
Immigration	4,566,571	4,427,143
Civil Aviation	1,251,958	1,638,418
Post Office	362,515	411,263
Agriculture & Fisheries	100,533	-
Health	67,325	47,245
Tourism	40,855	37,863
Airport Operations	34,288	-
Community Affairs	34,160	46,890
Youth, Sport & Recreation	20,490	61,651
Social Insurance	4,100	3,700
Public Transportation	2,766	10,849
Child & Family Services	652	736
Education	425	240
Registry General	175	75
Police	-	-
	73,447,249	68,752,916

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

As at March 31	2002	2001
	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
Demand Loan Facility - BD\$		
On June 16, 1998, the National Sports Centre negotiated a demand loan facility of \$4.2 million.		
Interest: 3 month LIBOR + 1.75% payable annually.		
Repayment of principal and interest will emanate from a capital grant approved by Government of \$1.4 million, annually on April 1, 1999 - 2001.	-	1,109,456
Paid in full on April 5, 2001		
	160,000,000	161,109,456
Less: Current Portion - Demand Loan Facility	-	1,109,456
Less: Sinking Fund (Note 5)	31,421,539	26,319,053
	128,578,461	133,680,947

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

For the year ended March 31	2002 Original Estimates	2002 Actual	2001 Actual
	\$	\$	\$
Taxes & Duties			
Payroll Tax	178,600,000	190,191,744	182,228,900
Customs Duty	181,906,000	170,943,135	175,015,560
Land Tax	37,130,000	39,504,665	36,214,921
Stamp Duty	25,948,000	28,610,059	22,653,467
Passenger Tax	27,300,000	23,752,233	24,896,556
Hotel Occupancy Tax	11,600,000	10,942,749	12,169,550
Non-Bermudian Land Acquisition Tax	8,031,000	8,401,012	9,172,660
Foreign Currency Purchase Tax	3,500,000	3,218,995	3,620,694
Corporate Services Tax	2,000,000	2,157,230	2,378,861
Betting Tax	1,500,000	1,347,365	1,677,052
Timesharing Tax	320,000	208,060	154,978
	477,835,000	479,277,247	470,183,199
Fees, Permits & Licences			
International Companies	44,335,000	45,179,129	43,896,789
Vehicle Licences & Registration	21,403,000	20,169,484	18,723,195
Air Terminal & Aviation	8,202,989	8,618,522	8,408,242
Postal Services	8,520,640	7,397,536	7,765,413
Telecommunications	6,700,000	7,370,954	7,172,295
Immigration	5,429,000	6,566,318	5,910,813
Bus Transportation	6,284,000	5,753,050	6,297,273
Insurance Fees	3,170,000	3,417,978	2,664,320
Registration of Aircraft	2,524,200	2,999,743	2,771,780
Services to Seaborne Shipping	2,753,000	2,863,044	3,206,458
Companies Licences	3,710,000	2,741,362	2,530,836
Solid Waste Services	3,450,000	2,566,441	2,627,474
Companies Local	2,100,000	2,413,203	2,105,622
Water	2,900,000	2,361,238	2,605,850
Rentals	1,774,200	1,844,157	1,627,012
Registration of Shipping	1,730,000	1,547,174	1,682,986
Trade and Service Mark	1,198,950	1,363,591	1,333,403
Other Customs Fees & Charges	1,127,000	1,321,665	1,391,950
Wharfage	930,000	996,886	1,174,556
Ferry Services	1,200,000	866,098	1,011,534
Planning Fees and Searches	654,000	729,020	-
Plant Production and Maintenance	500,000	455,872	-
Liquor Licences	360,000	301,116	319,618
	130,955,979	129,843,581	125,227,419
Other Revenue			
Other	10,940,039	11,566,738	15,173,133
Fines & Forfeitures	4,042,000	5,788,077	5,935,718
Investment Income	1,068,000	3,277,722	3,084,554
Bermuda Monetary Authority	1,000,000	706,526	2,026,455
Golf Courses	1,500,000	693,104	1,427,426
	18,550,039	22,032,167	27,647,286
TOTAL REVENUE	627,341,018	631,152,995	623,057,904

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

For the year ended March 31	2002 Original Estimates	2002 Actual	2001 Actual
	\$	\$	\$
Employees			
Salaries	199,596,592	188,902,483	189,019,148
Wages	62,238,195	60,294,557	58,399,872
Pension-Related Expenditures (Note 7(d))	-	23,503,466	109,103,639
Employer Overhead	28,471,219	15,699,913	12,788,641
Other Personnel Costs	6,526,425	6,134,676	5,481,075
Training	5,465,384	2,730,711	2,804,980
	302,297,815	297,265,806	377,597,355
Operations			
Grants & Contributions	137,275,495	132,300,387	111,874,060
Professional Services	37,223,043	43,457,063	41,445,298
Materials & Supplies	19,498,149	21,329,104	18,475,530
Advertising & Promotion	18,903,497	16,762,472	19,047,404
Energy	10,259,790	10,582,602	10,493,458
Interest on Debt	14,620,000	10,221,256	12,470,669
Repair & Maintenance	12,595,357	8,214,438	7,361,292
Rentals	7,123,394	7,057,681	6,140,656
Communications	5,612,173	6,700,884	6,248,927
Transport	5,094,810	5,448,453	5,549,052
Insurance	4,609,863	3,957,087	3,468,709
Travel	4,408,167	3,376,578	3,010,686
Other	2,873,544	2,957,985	2,811,629
Bad Debts	-	4,912,098	2,525,539
Clothing & Uniforms	1,599,438	1,359,065	1,613,955
Equipment	309,733	528,931	483,990
Transfer to Other Funds	3,975,000	-	-
Capital Recharges	(1,690,000)	-	-
Receipts Credited to Programmes	(15,754,883)	(13,114,022)	(12,746,612)
	268,536,570	266,052,062	240,274,242
TOTAL CURRENT EXPENDITURE	570,834,385	563,317,868	617,871,597

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

For the year ended March 31	2002 Original Estimates	2002 Actual	2001 Actual
	\$	\$	\$
Non-Ministry Departments			
01 Governor & Staff	28,000	49,545	49,641
63 Parliamentary Registrar	5,000	6,713	2,023
05 Audit	392,600	485,500	444,860
	425,600	541,758	496,524
Cabinet Office Departments			
9 Cabinet Office	-	(84)	-
14 Department of Statistics	1,700	375	48
19 Department of Archives	5,000	2,755	6,194
51 Government Information Services	-	4,717	5,823
	6,700	7,763	12,065
Ministry of Legislative Affairs			
02 Legislature	10,000	6,565	1,658
03 Judicial Department	4,515,800	6,348,310	6,454,738
04 Attorney General's Chambers	-	3,960	30,550
	4,525,800	6,358,835	6,486,946
Ministry of Finance			
10 Ministry of Finance HQ	50,000	81,044	57,163
11 Accountant General	2,140,000	4,445,148	7,187,601
12 Customs	184,400,175	173,577,030	177,782,702
13 Post Office	8,510,140	7,453,864	7,863,607
28 Social Insurance, Department of	3,550	6,350	4,100
38 Office of the Tax Commissioner	287,870,000	299,878,442	285,994,310
39 Registrar of Companies	53,804,000	54,648,941	51,934,200
47 Small Business Development Corporation	85,200	212,667	217,356
58 Interest on Debt	2,670,000	1,530,585	2,706,943
	539,533,065	541,834,071	533,747,982
Ministry of Telecommunications & E-Commerce			
46 Telecommunications	6,700,000	7,370,954	7,172,295
43 Computer Systems and Services	-	16,555	-
	6,700,000	7,387,509	7,172,295
Ministry of Education and Development			
16 Ministry of Education HQ	-	534,086	100
17 Education, Department of	51,000	172,343	134,053
18 Libraries	16,000	9,434	14,758
	67,000	715,863	148,911
Ministry of Health & Family Services			
22 Health Department	607,150	770,700	825,639
23 Child & Family Services	80,000	129,003	121,713
42 Rent Commissioner	1,000	338	52
	688,150	900,041	947,404
Ministry of Labour, Home Affairs & Public Safety			
06 Defence	-	37,084	30,807
07 Police	356,032	336,439	310,759
25 Prisons and Senior Training Schools	-	-	-
27 Immigration	13,460,000	14,967,330	15,083,474
29 Registry General	1,198,950	1,363,591	1,333,403
45 Fire Services	1,232,630	1,450,501	1,486,139
	16,247,612	18,154,945	18,244,582

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

For the year ended March 31	2002 Original Estimates	2002 Actual	2001 Actual
	\$	\$	\$
Ministry of the Environment			
32 Planning, Department of	703,000	764,225	780,452
37 Agriculture & Fisheries	1,389,030	1,187,322	1,243,403
49 Land Valuation	3,750	48	165
50 Ministry of the Environment HQ	102,000	74,271	152,179
68 Parks	146,000	129,242	181,451
69 Conservations Services	-	4,260	-
	2,343,780	2,159,368	2,357,650
Ministry of Tourism			
33 Tourism, Department of	154,622	84,866	110,015
Ministry of Transport			
30 Marine & Ports Services	6,348,000	6,076,759	6,743,647
31 Airport Operations	9,292,989	8,897,552	8,803,275
34 Transport Control Department	21,505,000	20,330,044	18,951,327
35 Public Transportation Board	6,284,000	5,753,050	6,297,323
57 Civil Aviation	2,524,200	2,998,789	2,789,300
	45,954,189	44,056,194	43,584,872
Ministry of Works & Engineering			
36 Works & Engineering	9,605,000	7,913,554	8,696,125
Ministry of Community Affairs & Sport			
20 Youth, Sport & Recreation	859,500	630,792	625,915
40 Community Affairs	230,000	342,692	426,618
52 Cultural Affairs	-	11,744	-
56 Human Affairs	-	53,000	-
	1,089,500	1,038,228	1,052,533
TOTAL REVENUE	627,341,018	631,152,995	623,057,904

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

For the year ended March 31	2002 Original Estimates	2002 Actual	2001 Actual
	\$	\$	\$
Non-Ministry Departments			
01 Governor & Staff	1,067,307	970,568	983,223
63 Parliamentary Registrar	817,940	580,426	253,017
05 Audit	1,867,589	1,841,837	1,741,623
08 Public Service Commission	87,415	58,261	55,264
	3,840,251	3,451,092	3,033,127
Cabinet Office Departments			
09 Cabinet Office	3,050,010	2,286,606	2,149,696
26 Dept. of Personnel Services	5,162,416	4,060,290	3,967,693
15 Dept. of Management Services	944,929	761,063	792,986
14 Department of Statistics	2,577,188	1,904,776	3,117,461
19 Department of Archives	781,500	708,338	613,928
51 Dept. of Information Services	1,321,831	1,228,608	1,055,048
	13,837,874	10,949,681	11,696,812
Ministry of Legislative Affairs			
02 Legislature	2,905,273	2,990,239	2,946,708
03 Judicial Department	6,994,678	6,041,598	4,961,189
04 Attorney General's Chambers	3,236,185	3,055,508	2,862,694
62 Legislative Affairs	64,363	44,384	45,180
	13,200,499	12,131,729	10,815,771
Ministry of Finance			
10 Ministry of Finance HQ	3,019,835	2,775,716	3,168,646
11 Accountant General	21,442,437	21,948,172	17,028,804
Pension-Related Expenditures	11,178,567	23,503,466	109,103,639
12 Customs	9,167,396	8,650,027	8,921,040
13 Post Office	10,185,255	9,787,499	9,765,268
28 Social Insurance, Department of	1,277,093	1,421,189	1,136,695
38 Office of the Tax Commissioner	2,000,543	6,686,068	2,679,414
39 Registrar of Companies	4,849,814	4,888,350	6,024,418
47 Small Business Development Corp	535,772	582,832	559,971
58 Interest on Debt	13,500,000	9,653,088	12,140,780
59 Sinking Fund	3,500,000	-	-
	80,656,712	89,896,407	170,528,675
Ministry of Telecommunications & E-Commerce			
46 Telecommunications	1,038,214	1,003,719	911,430
67 E-Commerce	546,236	396,662	182,126
43 Computer Systems & Services	4,082,598	3,948,916	3,529,557
	5,667,048	5,349,297	4,623,113
Ministry of Education and Development			
16 Ministry of Education HQ	4,288,791	4,354,746	4,017,610
17 Education, Department of	73,059,600	73,238,191	69,391,688
18 Libraries	1,653,315	1,647,113	1,554,043
41 Bermuda College	12,657,012	12,657,012	11,362,651
	91,658,718	91,897,062	86,325,992

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

For the year ended March 31	2002 Original Estimates	2002 Actual	2001 Actual
	\$	\$	\$
Ministry of Health & Family Services			
21 Ministry of Health & Family Services HQ	6,221,443	5,791,717	4,089,087
22 Health Department	18,328,132	17,027,652	14,948,913
23 Child & Family Services	8,379,901	8,205,804	7,623,363
24 Hospitals	71,227,286	69,406,316	65,500,516
42 Rent Commissioner	227,805	218,333	213,881
55 Financial Assistance	16,120,315	14,218,409	14,963,640
53 Bermuda Housing Corporation	3,706,000	3,706,000	2,544,000
	124,210,882	118,574,231	109,883,400
Ministry of Labour, Home Affairs & Public Safety			
06 Defence	4,959,429	4,663,926	4,027,970
07 Police	39,472,118	39,775,617	37,937,115
25 Prisons and Senior Training Schools	15,502,506	17,681,416	15,490,198
27 Immigration	3,366,258	3,761,750	3,639,828
29 Registry General	1,294,586	1,056,843	946,689
44 Ministry of Labour & Home Affairs HQ	2,607,553	1,857,994	754,220
45 Fire Services	6,396,856	6,112,714	5,961,950
54 Security Services & Delegated Affairs	176,665	177,337	125,819
60 Department of Labour	506,786	436,350	414,843
	74,282,757	75,523,947	69,298,632
Ministry of the Environment			
32 Planning, Department of	2,430,812	2,089,102	2,090,795
37 Agriculture & Fisheries	7,367,021	7,268,196	7,038,507
49 Land Valuation	599,469	560,651	534,082
50 Ministry of the Environment HQ	1,622,007	1,596,335	1,356,627
68 Parks	5,620,896	5,012,814	4,623,517
	17,640,205	16,527,098	15,643,528
Ministry of Tourism			
33 Tourism, Department of	37,559,588	32,989,222	35,167,322
Ministry of Transport			
30 Marine & Ports Services	11,680,856	11,503,450	11,355,271
31 Airport Operations	15,275,063	14,506,746	14,289,954
34 Transport Control Department	2,429,681	2,195,592	2,147,845
35 Public Transportation Board	14,224,952	14,164,770	14,399,583
48 Ministry of Transport HQ	715,321	500,360	597,668
57 Civil Aviation	2,454,344	1,871,462	1,712,109
	46,780,217	44,742,380	44,502,430
Ministry of Works & Engineering			
36 Works & Engineering	46,225,424	46,252,037	43,406,539
Ministry of Community Affairs & Sport			
20 Youth, Sport & Recreation	6,581,755	6,554,701	6,081,916
40 Community Affairs	1,503,741	1,411,496	1,369,738
52 Cultural Affairs	1,940,232	2,293,164	1,368,551
56 Human Affairs	5,248,482	4,774,324	4,126,051
	15,274,210	15,033,685	12,946,256
TOTAL CURRENT EXPENDITURE	570,834,385	563,317,868	617,871,597

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

For the year ended March 31

		2002		
	Estimated Useful Life	Cost	Accumulated Amortisation	Net Book Value
General Capital Assets				
Land	Indefinite	53,383,611	-	53,383,611
Buildings	40 years	221,851,000	(43,019,700)	178,831,300
Total Capital Assets		275,234,611	(43,019,700)	232,214,911

Government of Bermuda - Consolidated Fund
Schedule 14: Capital Development Expenditure By Ministry / Department

For the year ended March 31	2002 Original Estimates	2002 Actual	2001 Actual
	\$	\$	\$
Cabinet Office Departments			
19 Archives	80,000	8,613	20,388
	80,000	8,613	20,388
Ministry of Finance			
10 Ministry of Finance HQ	-	-	1,600,000
13 Post Office	-	-	-
	-	-	1,600,000
Ministry of Education and Development			
17 Education, Department of	19,902,332	16,170,186	11,489,953
41 Bermuda College	-	-	-
	19,902,332	16,170,186	11,489,953
Ministry of Health & Family Services			
21 Ministry of Health & Family Services HQ	-	-	208,761
22 Health Department	-	115,662	250,000
23 Child & Family Services	1,176,452	92,782	34,673
24 Hospitals	120,000	102,220	371,334
	1,296,452	310,664	864,768
Ministry of Labour, Home Affairs & Public Safety			
07 Police	4,850,200	319,856	529,396
25 Prisons and Senior Training Schools	360,000	374,762	247,565
54 Security Services & Delegated Affairs	80,000	85,635	17,315
	5,290,200	780,253	794,276
Ministry of the Environment			
37 Agriculture & Fisheries	-	-	249,753
50 Ministry of the Environment HQ	1,308,000	1,074,135	396,894
68 Parks	361,000	214,947	214,597
69 Conservation Services	121,787	1,265,689	-
	1,790,787	2,554,771	861,244
Ministry of Transport			
30 Marine & Ports	-	-	10,310
31 Airport Operations	3,520,567	2,132,395	2,707,825
	3,520,567	2,132,395	2,718,135
Ministry of Works & Engineering			
36 Works & Engineering	22,181,757	18,563,778	15,236,288
Ministry of Community Affairs & Sport			
20 Youth, Sport & Recreation	6,050,000	5,000,000	5,000,000
52 Cultural Affairs	-	-	200,000
56 Human Affairs	-	-	6,500,000
	6,050,000	5,000,000	11,700,000
TOTAL CAPITAL DEVELOPMENT	60,112,095	45,520,660	45,285,052

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

For the year ended March 31	2002 Original Estimates	2002 Actual	2001 Actual
	\$	\$	\$
Non-Ministry Departments			
01 Governor & Staff	-	7,527	8,130
09 Cabinet Office	15,000	-	20,449
19 Archives	33,100	10,433	-
51 Government Information Services	-	3,820	-
26 Personnel Services	-	-	-
	48,100	21,780	28,579
Ministry of Legislative Affairs			
02 Legislature	-	-	43,431
03 Judicial Department	111,800	185,578	49,375
04 Attorney-General's Chambers	-	-	-
	111,800	185,578	92,806
Ministry of Finance			
10 Ministry of Finance HQ	355,000	141,741	375,045
11 Accountant General	-	-	-
12 Customs	187,000	29,190	350,439
13 Post Office	118,875	85,057	30,283
38 Office of the Tax Commissioner	19,000	18,761	-
	679,875	274,749	755,767
Ministry of Telecommunications & E-Commerce			
46 Telecommunications	37,000	22,600	-
43 Computer Systems & Services	5,943,400	3,583,286	4,710,171
67 E-Commerce	-	-	-
	5,980,400	3,605,886	4,710,171
Ministry of Education and Development			
17 Education, Department of	1,479,000	1,555,991	1,642,708
18 Libraries	16,200	-	14,218
41 Bermuda College	-	-	-
	1,495,200	1,555,991	1,656,926
Ministry of Health & Family Services			
21 Ministry of Health & Family Services HQ	-	16,886	21,663
22 Health	186,039	149,941	90,968
23 Child & Family Services	59,895	42,265	41,472
24 Hospitals	80,000	77,624	-
55 Financial Assistance	-	-	-
	325,934	286,716	154,103
Ministry of Labour, Home Affairs & Public Safety			
06 Defence	-	-	236
07 Police	2,100,904	1,890,954	1,531,433
25 Prisons and Senior Training Schools	325,000	295,304	232,521
27 Immigration	-	-	-
29 Registry General	-	26,493	-
45 Fire Services	330,000	11,244	434,823
	2,755,904	2,223,995	2,199,013

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

For the year ended March 31	2002 Original Estimates	2002 Actual	2001 Actual
	\$	\$	\$
Ministry of the Environment			
32 Planning, Department of	-	-	-
37 Agriculture & Fisheries	49,636	23,476	117,067
40 Community Services	15,800	8,807	11,503
49 Land Valuation	10,000	10,000	-
56 Human Affairs	-	26,748	-
68 Parks	51,487	44,281	61,890
	126,923	113,312	190,460
Ministry of Tourism			
33 Tourism Department	-	-	-
Ministry of Transport			
30 Marine & Ports	4,174,000	3,755,567	734,539
31 Airport Operations	-	-	-
34 Transport Control Department	39,000	-	10,712
35 Public Transportation Board	3,891,556	3,995,998	1,641,136
48 Ministry of Transport HQ	-	-	19,215
	8,104,556	7,751,565	2,405,602
Ministry of Works & Engineering			
36 Works & Engineering	2,372,320	2,096,903	1,284,444
Ministry of Community Affairs & Sport			
20 Youth, Sport & Recreation	-	-	67,492
TOTAL CAPITAL ACQUISITION	22,001,012	18,116,475	13,545,363

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

For the year ended March 31, 2002

	Actual	For Appropriation *	Original Estimates	Under (Over) Spent
	\$	\$	\$	\$
Non-Ministry Departments				
01 Governor & Staff	970,568	970,230	1,067,307	97,077
63 Parliamentary Registra.	580,426	573,875	817,940	244,065
05 Audit	1,841,837	1,840,776	1,867,589	26,813
08 Public Service Commissior	58,261	58,261	87,415	29,154
	3,451,092	3,443,142	3,840,251	397,109
Cabinet Office Departments				
09 Cabinet Office	2,286,606	2,286,606	3,050,010	763,404
26 Dept. of Personnel Services	4,060,290	4,060,290	5,162,416	1,102,126
15 Dept. of Management Services	761,063	759,668	944,929	185,261
14 Department of Statistics	1,904,776	1,904,776	2,577,188	672,412
19 Department of Archives	708,338	708,317	781,500	73,183
51 Dept. of Information Services	1,228,608	1,176,174	1,321,831	145,657
	10,949,681	10,895,831	13,837,874	2,942,043
Ministry of Legislative Affairs				
02 Legislature	2,990,239	2,976,616	2,905,273	(71,343)
03 Judicial Department	6,041,598	5,782,403	6,994,678	1,212,275
04 Attorney General's Chambers	3,055,508	3,045,960	3,236,185	190,225
62 Legislative Affairs	44,384	44,384	64,363	19,979
	12,131,729	11,849,363	13,200,499	1,351,136
Ministry of Finance				
10 Ministry of Finance HQ	2,775,716	2,775,716	3,019,835	244,119
11 Accountant General	21,948,172	21,459,974	21,442,437	(17,537)
Pension-Related Expenditures	23,503,466	10,465,360	11,178,567	713,207
12 Customs	8,650,027	8,614,595	9,167,396	552,801
13 Post Office	9,787,499	9,792,928	10,185,255	392,327
28 Social Insurance, Department of	1,421,189	1,420,849	1,277,093	(143,756)
38 Office of the Tax Commissioner	6,686,068	1,969,817	2,000,543	30,726
39 Registrar of Companies	4,888,350	5,012,415	4,849,814	(162,601)
47 Small Business Development Corporator	582,832	582,832	535,772	(47,060)
58 Interest on Debt	9,653,088	9,653,088	13,500,000	3,846,912
59 Sinking Fund Contribution	-	3,000,000	3,500,000	500,000
	89,896,407	74,747,574	80,656,712	5,909,138
Ministry of Telecommunications & E-Commerce				
46 Telecommunications	1,003,719	1,003,719	1,038,214	34,495
67 E-Commerce	396,662	396,662	546,236	149,574
43 Computer Systems & Services	3,948,916	3,948,261	4,082,598	134,337
	5,349,297	5,348,642	5,667,048	318,406
Ministry of Education and Development				
16 Ministry of Education HQ	4,354,746	4,304,429	4,288,791	(15,638)
17 Education, Department of	73,238,191	73,179,030	73,059,600	(119,430)
18 Libraries	1,647,113	1,644,262	1,653,315	9,053
41 Bermuda College	12,657,012	12,657,012	12,657,012	-
	91,897,062	91,784,733	91,658,718	(126,015)

* 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, 2002

	Actual	For Appropriation*	Original Estimates	Under (Over) Spent
	\$	\$	\$	\$
Ministry of Health & Family Services				
21 Ministry of Health & Family Services HC	5,791,717	5,778,615	6,221,443	442,828
22 Health Department	17,027,652	17,036,212	18,328,132	1,291,920
23 Child & Family Services	8,205,804	8,194,529	8,379,901	185,372
24 Hospitals	69,406,316	69,406,316	71,227,286	1,820,970
42 Rent Commissioner	218,333	218,333	227,805	9,472
55 Financial Assistance	14,218,409	14,185,756	16,120,315	1,934,559
53 Bermuda Housing Corporation	3,706,000	3,706,000	3,706,000	-
	118,574,231	118,525,761	124,210,882	5,685,121
Ministry of Labour, Home Affairs & Public Safety				
06 Defence	4,663,926	4,654,637	4,959,429	304,792
07 Police	39,775,617	39,800,052	39,472,118	(327,934)
25 Prisons and Senior Training Schools	17,681,416	17,663,527	15,502,506	(2,161,021)
27 Immigration	3,761,750	3,779,529	3,366,258	(413,271)
29 Registry General	1,056,843	1,029,076	1,294,586	265,510
44 Ministry of Labour & Home Affairs HQ	1,857,994	1,857,994	2,607,553	749,559
45 Fire Services	6,112,714	6,097,649	6,396,856	299,207
54 Security Services & Delegated Affairs	177,337	177,337	176,665	(672)
60 Department of Labour	436,350	436,350	506,786	70,436
	75,523,947	75,496,151	74,282,757	(1,213,394)
Ministry of the Environment				
32 Planning, Department of	2,089,102	2,070,206	2,430,812	360,606
37 Agriculture & Fisheries	7,268,196	7,258,972	7,367,021	108,049
49 Land Valuation	560,651	560,651	599,469	38,818
50 Ministry of the Environment HQ	1,596,335	1,577,239	1,622,007	44,768
68 Parks	5,012,814	5,025,727	5,620,896	595,169
	16,527,098	16,492,795	17,640,205	1,147,410
Ministry of Tourism				
33 Tourism Department	32,989,222	32,996,121	37,559,588	4,563,467
Ministry of Transport				
30 Marine & Ports Services	11,503,450	11,436,252	11,680,856	244,604
31 Airport Operations	14,506,746	14,475,582	15,275,063	799,481
34 Transport Control Department	2,195,592	2,188,158	2,429,681	241,523
35 Public Transportation Board	14,164,770	14,139,863	14,224,952	85,089
48 Ministry of Transport HQ	500,360	500,360	715,321	214,961
57 Civil Aviation	1,871,462	1,861,462	2,454,344	592,882
	44,742,380	44,601,677	46,780,217	2,178,540
Ministry of Works & Engineering				
36 Works & Engineering	46,252,037	45,089,666	46,225,424	1,135,758
Ministry of Community Affairs & Sport				
20 Youth, Sport & Recreation	6,554,701	6,541,300	6,581,755	40,455
40 Community Affairs	1,411,496	1,410,161	1,503,741	93,580
52 Cultural Affairs	2,293,164	2,293,164	1,940,232	(352,932)
56 Human Affairs	4,774,324	4,735,421	5,248,482	513,061
	15,033,685	14,980,046	15,274,210	294,164
TOTAL CURRENT EXPENDITURE	563,317,868	546,251,502	570,834,385	24,582,883

* Adjusted for Non-Budgeted, Non-Cash Items

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

As at March 31	2002	2001
	Actual	Actual
	\$	\$

Unspent Capital Appropriations

In accordance with Section 6 of the Appropriations Act 2001, unspent capital appropriations for incomplete capital projects to be carried forward to future years are as follows:

Capital Development	48,573,723	46,026,007
Capital Acquisition	9,457,774	8,571,207
	58,031,497	54,597,214

Total Authorised Funding

Total Authorised 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 Authorised Funding	383,786,500	355,725,900
Appropriated Capital Development	(170,603,323)	(217,414,803)
Unappropriated Capital Development	213,183,177	138,311,097

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

As at March 31	2002	2001
	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	161,109,456
National Education Guarantees (Note 8(a))	2,777,029	3,284,379
	162,777,029	164,393,835
Sinking Fund (Schedule 8)	31,421,539	26,319,053
Public Debt	131,355,490	138,074,782
Legislated Limit	250,000,000	250,000,000
Available Limit	118,644,510	111,925,218