



GOVERNMENT OF BERMUDA

Financial Statements of the Consolidated Fund

March 31, 2018

Issued by
Ministry of Finance
The Accountant General

TABLE OF CONTENTS

Statement of Responsibility	1
Auditor's Report	2
Statement of Financial Position	4
Statement of Operations and Accumulated Deficit.....	5
Statement of Change in Net Debt	6
Statement of Cash Flow	7
Notes to the Financial Statements	8
Schedule 1: Accounts Receivable	48
Schedule 2: Inventories for Consumption	49
Schedule 3: Due From / To Government Funds & Agencies	50
Schedule 4: Long-Term Receivables	51
Schedule 5: Accounts Payable and Accrued Liabilities	51
Schedule 6: Deferred Revenue	52
Schedule 7: Interest Bearing Debt – Net of Sinking Fund	53
Schedule 8: Revenue By Type	55
Schedule 9: Revenue By Ministry / Department	56
Schedule 9(a): Interdepartmental Revenue By Ministry / Department.....	58
Schedule 10: Expenses by Program	60
Schedule 10(a): Current Expense By Type.....	62
Schedule 10(b): Current Expenses By Ministry / Department.....	63
Schedule 10(c): Interdepartmental Current Expenses By Ministry / Department.....	65
Schedule 11: Schedules of Tangible Capital Assets and Assets Under Construction	67
Schedule 12: Current Expenditure – Estimates Compared to Expenditures.....	68
Schedule 13: Commitments – Legislated	70
Schedule 14: Public Debt – Legislated Limit	71

Statement of Responsibility for the Consolidated Fund Financial Statements

The financial statements are prepared under the general direction of the Minister of Finance by the Accountant General in accordance with public sector accounting standards, and include statements of financial position, operations and accumulated deficit, change in net debt, cash flow, notes and schedules integral to the statements. Together, they present fairly, the financial position of the Consolidated Fund as at March 31, 2018, and the results of its operations, the changes in its net debt, and its cash flows for the year then ended.

The Government is responsible for the integrity and objectivity of the financial statements. In the preparation of these statements, estimates are sometimes necessary because a precise determination of certain assets, liabilities, revenues and expenses is dependent on future events. The Government believes such estimates have been based on careful judgements and have been properly reflected in the financial statements.

The Government fulfills its accounting and reporting responsibilities, through the Accountant General's Department, by maintaining systems of financial management and internal control. The systems are continually enhanced and modified to provide timely and accurate information, to safeguard and control the Government's assets, and to ensure all transactions are in accordance with the Public Treasury (Administration and Payments) Act 1969.

The Auditor General expresses an independent opinion on these financial statements. Her report, stating the scope of her audit and opinion, appears on the following page.

These financial statements are tabled in both Houses of the Legislature. They 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.



Anthony Manders, CPA, CGA
Financial Secretary



Curtis Stovell, CPA, CA
Accountant General

Hamilton, Bermuda
November 19, 2018



Office of the Auditor General

Reid Hall, Penthouse
3 Reid Street
Hamilton HM 11, Bermuda

Tel: (441) 296-3148

Fax: (441) 295-3849

Email: oag@oagbermuda.bm

Website: www.oagbermuda.bm

INDEPENDENT AUDITOR'S REPORT

To the House of Assembly, the Governor and the Senate

I have audited the accompanying financial statements of the Consolidated Fund of the Government of Bermuda (the "Consolidated Fund"), which comprise the statement of financial position as at March 31, 2018, and the statements of operations and accumulated deficit, change in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with public sector accounting standards generally accepted in Bermuda and Canada, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

I qualified my auditor's opinion on the financial statements of the Consolidated Fund for the year ended March 31, 2018, on the basis that I was unable to obtain sufficient and appropriate audit evidence to support the accuracy and completeness of capital development expenditures incurred during the year, amounting to \$10.3 million. Purchases of a capital nature initially recorded as capital development expenditures are adjusted later to tangible capital assets once analyzed by management at year-end. Management did not complete this analysis of capital development expenditures. As a result, I could not determine whether adjustments might be necessary to tangible capital assets, capital development expenses, amortization expense, total non-financial assets, annual deficit and accumulated deficit.

At year-end, management performs the payroll tax returns validation process, which is critical in identifying errors and ensuring the reasonableness of payroll tax accounts receivable and revenue. This validation process was not completed and I was unable to determine whether adjustments might be necessary to revenues and related accounts receivable, total financial assets, annual deficit, accumulated deficit, and net debt.

Qualified Audit Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion, the financial statements present fairly, in all material respects, the financial position of the Consolidated Fund as at March 31, 2018, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with public sector accounting standards generally accepted in Bermuda and Canada.

Other matters

Increasing Net Debt

As permitted by Section 6 of the Audit Act 1990, I may include in my auditor's report any other comments arising out of the accounts that I consider appropriate.

Without qualifying my opinion, I wish to draw attention to the level of net debt which increased by \$63 million to \$3.8 billion as of March 31, 2018.

Usefulness of these Financial Statements is Limited

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 summary financial statements of the Government of Bermuda. Significant financial activities of the Government occur outside the Consolidated Fund. As such, the financial statements of the Consolidated Fund for the year ended March 31, 2018 do not represent the full nature and extent of the overall financial affairs and resources of the Government of Bermuda.



Hamilton, Bermuda
November 19, 2018

Heather Thomas, CPA, CFE, CGMA
Auditor General

Government of Bermuda - Consolidated Fund
Statement of Financial Position
As at March 31

		2018	2017
		Actual	Restated (Note 17)
		\$	\$
Liabilities			
	<u>Schedule</u>		
Accounts Payable and Accrued Liabilities	5	146,074,098	169,943,734
Deferred Revenue	6	548,603	535,646
Deferred Insurance Proceeds		953,606	7,391,368
		<u>147,576,307</u>	<u>177,870,748</u>
Interest Bearing Debt - North Channel (Note16)		12,590,496	13,909,307
Interest Bearing Debt - Net of Sinking Fund	7	2,418,756,856	2,397,309,070
		<u>2,431,347,352</u>	<u>2,411,218,377</u>
Pensions and Other Employee Future Benefits			
- Pensions and Retirement Benefits (Note 9(g))		1,466,173,046	1,401,936,784
- Compensated Absences (Note 8)		29,885,154	28,396,590
		<u>1,496,058,200</u>	<u>1,430,333,374</u>
Other Liabilities			
Due to Government Funds and Agencies	3(a)	12,212,424	17,567,538
Total Liabilities		4,087,194,283	4,036,990,037
Financial Assets			
Cash		20,195,584	95,724,047
Accounts Receivable (Note 17)	1	179,699,910	156,766,070
Due from Government Funds and Agencies	3	79,977,962	39,987,652
Long-Term Receivables	4	476,120	714,469
Investment in BLDC (Note 14(b)(ii))		5,000,000	5,000,000
Investment in ACBDA (Note 14(b)(vii))		100	100
Total Financial Assets		285,349,676	298,192,338
Net Debt		3,801,844,607	3,738,797,699
Non-Financial Assets			
Tangible Capital Assets (Note 14(b)(xi))	11	692,830,798	698,057,036
Assets under Construction	11	19,484,741	35,490,121
Inventories for Consumption	2	13,280,585	14,004,795
Prepaid Expenses		2,434,680	2,826,982
Total Non-Financial Assets		728,030,804	750,378,934
Accumulated Deficit		3,073,813,803	2,988,418,765

Contingent Liabilities, Non-Contractual Operational Obligations, Contractual Obligations and Commitments - Legislated (Notes 10, 11, 12 and Schedule 13)

**Government of Bermuda - Consolidated Fund
Statement of Operations and Accumulated Deficit
For the year ended March 31**

		2018	2017
		Actual ¹	Restated (Note 17)
		\$	\$
Revenue	<u>Schedule</u> 8, 9		
Taxes & Duties			
Payroll Tax		456,736,461	401,754,701
Customs Duty		223,002,892	211,086,777
Other Taxes and Duties		78,438,729	62,649,771
Land Tax		62,845,547	62,422,116
Passenger Tax		22,177,268	41,025,248
Total Taxes & Duties		843,200,897	778,938,613
Fees, Permits & Licenses		162,156,118	186,747,617
Other Revenue (Note 14(b)(xi))		60,345,847	62,417,201
Investment Income		3,674,224	3,536,930
Total Revenue		1,069,377,086	1,031,640,361
Expenses	10		
Economic Development		381,843,255	434,712,741
Health		166,323,646	193,185,406
National Security		144,125,531	144,166,468
Education		137,846,288	132,327,600
Interest on Debt		117,722,643	120,619,921
Social Services & Assistance		85,001,333	88,030,765
Pensions and Retirement Benefits Expense		65,724,826	75,222,863
Other General Government Services		56,184,602	55,199,708
Early Tender Premium on Repurchased Debt (Note 15(b))		-	38,649,100
Total Expenses		1,154,772,124	1,282,114,572
Annual Deficit		(85,395,038)	(250,474,211)
Accumulated Deficit, Beginning of Year (Note 17)		(2,988,418,765)	(2,737,944,554)
Accumulated Deficit, End of Year		(3,073,813,803)	(2,988,418,765)

¹ Estimates against these actuals are provided for revenue in Schedules 8 and 9 and for current expenses in Schedules 10(a) and 10(b) for appropriation purposes.

**Government of Bermuda - Consolidated Fund
Statement of Change in Net Debt
For the year ended March 31**

	2018	2017
	Actual	Restated (Note 17)
	\$	\$
Annual Deficit	(85,395,038)	(250,474,211)
Change Due to Tangible Capital Assets:		
Additions to Tangible Capital Assets	(46,176,920)	(106,680,740)
Loss on Disposal or Impairment of Tangible Capital Assets	135,902	22,949,607
Net Reductions to Assets under Construction	16,005,380	26,207,436
Amortization of Tangible Capital Assets	51,267,256	46,551,599
Total Change Due to Tangible Capital Assets	21,231,618	(10,972,098)
Net Reductions to Inventories for Consumption	724,210	745,395
Net Reductions to Prepaid Expenses	392,302	1,893,483
Total Change Due to Inventories for Consumption and Prepaid Expenses	1,116,512	2,638,878
Increase in Net Debt	(63,046,908)	(258,807,431)
Net Debt, Beginning of Year	(3,738,797,699)	(3,479,990,268)
Net Debt, End of Year	(3,801,844,607)	(3,738,797,699)

**Government of Bermuda - Consolidated Fund
Statement of Cash Flow
For the year ended March 31**

	2018	2017
	Actual	Restated (Note 17)
	\$	\$
Operating Activities		
Annual Deficit ¹	(85,395,038)	(250,474,211)
Items not affecting cash:		
Amortization of Tangible Capital Assets	51,267,256	46,551,599
Increase in Pension and Retirement Benefits Liability	64,236,262	74,083,655
Increase in Compensated Absences Liability	1,488,564	1,139,208
Loss on Disposal or Impairment of Tangible Capital Assets	135,902	22,949,607
Decrease in Non-Cash Working Capital	(98,537,655)	60,215,157
Cash Applied to Operating Activities	(66,804,709)	(45,534,985)
Capital Activities		
Additions to Tangible Capital Assets	(46,176,920)	(106,680,740)
Net Reductions to Assets under Construction	16,005,380	26,207,436
Cash Applied to Capital Activities	(30,171,540)	(80,473,304)
Financing Activities		
Debt issues	85,000,000	665,000,000
Sinking Fund (Contribution) Redemption	(63,552,214)	30,648,459
Repayment of Debt	-	(516,065,000)
Cash Provided By Financing Activities	21,447,786	179,583,459
Net (Decrease) Increase in Cash	(75,528,463)	53,575,170
Cash , Beginning of Year	95,724,047	42,148,877
Cash, End of Year	20,195,584	95,724,047

1 - Interest received during the year was \$1,799,258 (2017 - \$988,205). Interest received is made up of interest income from the Statement of Operations and Accumulated Deficit in the amount of \$1,771,567 (\$2017 - \$1,135,775) plus the change in accrued interest receivable in the amount of \$27,691 (\$25,617). Interest paid during the year was \$124,198,311 (2017 - \$120,639,921). Interest paid is made up of interest expense from the Statement of Operations and Accumulated Deficit in the amount of \$117,722,643 (2017 - \$120,639,921) less the change in accrued interest payable in the amount of \$6,475,668 (2017 - \$5,947,475).

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2018

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. Unspent current account appropriations lapse at the end of each fiscal year. Unspent capital account appropriations are carried forward to subsequent fiscal years, subject to the approval of the Minister of Finance.

2. Reporting Entity

The Fund’s financial statements report the financial position, results of operations, change in net debt and cash flow resulting from the activities of the Fund only, which comprise the accounts of the Senate, the House of Assembly, all Government departments and offices (including the Public Service Commission) and all courts. The 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 Government of Bermuda (the “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 and amendments.

The Government adheres to the general practice of using a Consolidated Fund as its general operating fund. Schedules 8 to 11 provide information concerning the operations, tangible capital assets and capital expenses of individual Government departments and funds comprising the Fund.

3. Summary of Significant Accounting Policies

The recommendations of the Public Sector Accounting Board and the Accounting Standards Board of the Chartered Professional Accountants of Canada (which are promoted by the Chartered Professional Accountants of Bermuda by signed agreement and therefore generally accepted in Bermuda) are the source for the disclosure basis of accounting.

(a) Basis of Accounting

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

3. Summary of Significant Accounting Policies (cont'd)

(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.

Payroll and corporate service tax are recognized when reported for the first three quarters and based on estimates for the last quarter. Land tax is recognized in the month the tax is due. Stamp duty is recognized upon completion of the review of the related legal documents. Passenger tax, foreign currency purchase tax, hotel occupancy tax, betting tax, timesharing tax, and financial services tax are recognized when reported.

Tax concessions result in a reduction of the revenue type for which relief is being provided.

(c) Expenses

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

Government transfers are recognized as an expense in the period the transfer is authorized and all eligibility criteria have been met by the recipient.

Classification of expenses between current account items and capital account items follows the classification in the Approved Estimates of Revenue and Expenditure for the year 2017/18 (the "Approved Estimates").

(d) Interdepartmental Revenues and Expenses

Interdepartmental revenues and expenses are not eliminated but are identified in Schedules 9(a) and 10(c), respectively.

(e) Financial Assets

Financial assets are resources that can be used to discharge existing liabilities or finance future operations. They include cash, accounts receivable, amounts due from Government funds and agencies, long-term receivables and investments in quasi-autonomous non-governmental organizations ("QUANGO"s).

Cash includes cash on hand and demand deposits that are readily convertible to known amounts of cash. These are subject to an insignificant risk of changes in value.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2018

3. Summary of Significant Accounting Policies (cont'd)

(e) Financial Assets (cont'd)

Accounts receivable, long-term receivables and amounts due from Government funds and agencies are recorded at cost. A provision is recorded when collection of the receivable or amounts due is considered doubtful.

Investments in QUANGOs are recorded at cost.

(f) Non-Financial Assets

Non-Financial assets are resources that are employed for future services. They include tangible capital assets, assets under construction, inventories for consumption and prepaid expenses. The costs of acquiring land, buildings, equipment and other capital property are capitalized as tangible capital assets and are amortized over the estimated useful lives of the assets. Where original acquisition documents were difficult to retrieve, the Book Value Calculator, 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 Net Book Values in order to develop opening balances.

Other tangible capital assets that do not meet the minimum threshold requirements for their respective asset class are charged to capital expenses in the year of purchase, which is consistent with prior years. These expenses are classified as capital development and capital acquisition expenses on Schedule 10, Expenses by Program. Included in the capital development and capital acquisition expenses are other significant items: capital grants, repairs and maintenance, professional fees and other items, which are expensed as they are incurred. Tangible capital assets not disclosed include historical treasures.

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

Buildings	2 – 40 years
Leasehold Improvements	Remaining life or lease period of the related asset
Betterments	Remaining life or lease period of the related asset
Heavy Equipment	
\$10,000 to \$99,999	5 years
\$100,000 and above	7 years
Vehicles	
2 to 3 Wheeled Vehicles	
\$3,000 to \$99,999	5 years
\$100,000 and above	7 years

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2018

3. Summary of Significant Accounting Policies (cont'd)

(f) Non-Financial Assets (cont'd)

4 or More Wheeled Vehicles	
\$0 to \$99,999	5 years
\$100,000 and above	7 years
Boats & Vessels	
\$10,000 to \$99,999	5 years
\$100,000 and above	10 years
Capital Leases	
\$3,000 and above	3 years
Computer Hardware	
\$3,000 to \$99,999	3 years
\$100,000 and above	7 years
All laptops and desktop computers are capitalized	
Computer Software	
\$20,000 and above	10 years
Furniture & Fixtures	
\$3,000 and above	7 years
Office Equipment	
\$3,000 and above	5 years
Plant, Machinery & Equipment	
\$50,000 and above	10 – 30 years
Infrastructure	
\$50,000 to \$199,999	10 years
\$200,000 and above	40 years

The Ministry of Public Works is primarily responsible for Government's tangible capital assets. Amortization expense is reported under each respective department. Since amortization is a non-cash expense, it is removed for appropriation reporting purposes.

Assets under construction relate to buildings, betterments, vehicles, computer hardware, computer software, infrastructure, office equipment and vessels in development. Assets under construction are not amortized.

Tangible capital assets that have historical or cultural value, including works of art, historical documents, and historical and cultural artifacts, are not recognized as tangible capital assets in these financial statements.

Inventories for consumption are comprised of spare parts and supplies that are held for future program delivery and are not intended for resale. They are valued at cost.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2018

3. Summary of Significant Accounting Policies (cont'd)

(f) Non-Financial Assets (cont'd)

Inventories for consumption that no longer have service potential are valued at the lower of cost or net realizable value.

Prepaid expenses are cash disbursements for goods or services, other than tangible capital assets and inventories for consumption that will provide economic benefits in one or more future periods. The prepaid amount is recognized as an expense in the year the good or service is used or consumed.

(g) Liabilities

Liabilities are recorded for financial obligations to organizations and individuals occurring as a result of transactions and events arising on or before the year-end. They occur as a result of contracts, agreements and legislation in force at the year-end that require the Government to repay borrowings, or to pay for goods and services supplied on or before the year-end. Liabilities also include grant payments due on or before the year-end.

(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. Financial assets (excluding investments) and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the year-end date. Non-financial assets and investments are translated at historical rates of exchange. Revenues and expenses 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.

(i) Measurement Uncertainty

Estimates are used to accrue revenues and expenses in circumstances where the actual accrued revenues and expenses are unknown at the time the financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonable amount, as there is whenever estimates are used.

Measurement uncertainty in these financial statements exists in the accrual of individual and corporate payroll and land taxes, accruals for pension obligations and retirement benefits, accruals for environmental obligations, allowances for doubtful receivables, estimated useful lives of tangible capital assets, future payments related to contingent liabilities, accruals for liabilities through actuarial valuations and provisions for inventory obsolescence.

The nature of the uncertainty related to the accruals for pension obligations and retirement benefits arise because actual results may differ significantly from the Government's best estimates of expected results based on variables such as earnings on the pension investments, salary increases and the life expectancy of the participants.

3. Summary of Significant Accounting Policies (cont'd)

(i) Measurement Uncertainty (cont'd)

The uncertainty related to the accrual of environmental obligations is based upon the identification of all sites where environmental damages have occurred that are the Government's responsibilities to mitigate and the quantification of what the actual liability will be based upon impact studies. Uncertainty concerning the allowance for doubtful receivables is based upon actual collectability and changes in economic conditions.

While management's best estimates have been used for reporting items subject to measurement uncertainty, it is possible that changes in future conditions in the near term could require a material change in the valuation of the reported amounts. Near term is defined as a period of time not to exceed one year from the date of the financial statements. Actual results could differ from these estimates.

(j) Risk Management

Funds are borrowed in both domestic and foreign capital markets by issuing Government senior notes and using bank loans and other credit facilities. This borrowing activity is used to fund government capital expenditure programs and other budgeted governmental operations. These transactions result in exposure to four types of risk: interest rate risk, foreign exchange risk, credit risk and liquidity risk.

Interest rate risk is the risk that debt servicing costs will increase due to changes in interest rates. This risk is managed by issuing debt securities as predominately fixed rates of interest rather than floating rates of interest for fixed terms.

Foreign exchange risk is the risk that debt servicing costs will increase due to a decline of the Bermuda dollar relative to other currencies. This risk is managed by maintaining a preference for debt that is issued predominately in United States ("US") dollars. The Bermuda dollar is pegged to the US dollar to eliminate the impact of any fluctuations in the exchange rates between the two.

Credit risk is the risk that a loss might occur from the failure of another party to meet its obligations under a derivative financial instrument contract. The risk is managed by issuing debt securities that have no derivatives as the underlying securities. The debt instruments are senior notes of the Government and loan facilities with a domestic lender.

Liquidity risk is the risk that financial commitments will not be met over the short term. This risk is managed through the establishment of the Government Borrowing Sinking Fund as a separate legal entity for the repayment of government debt and to pay interest charged on long-term public debt under the provisions of the Government Loans Act 1978 as amended.

3. Summary of Significant Accounting Policies (cont'd)

(k) Changes in Accounting Standards

On April 1, 2017, the following standards were adopted:

PS 2200 Related party disclosures – a new standard that defines a related party and establishes disclosures required for related party transactions.

PS 3420 Inter-entity transactions – a new standard that establishes how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

PS 3210 Assets – a new standard that provides guidance for applying the definition of assets set out in PS 1000, and establishes general disclosure standards for assets.

PS 3320 Contingent assets – a new standard that defines and establishes disclosure standards on contingent assets.

PS 3380 Contractual rights – a new standard that defines and establishes disclosure standards on contractual rights.

The adoption of these accounting standards had no significant impact on the financial statements.

(l) Future Changes in Accounting Standards

Each year new standards and amendments to standards may be issued by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The standards following are not yet effective and have not been applied in preparing these financial statements.

PS 3430 Restructuring transactions – a new standard that establishes standards on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities. This standard becomes effective for fiscal years beginning on or after April 1, 2018.

New standards effective for fiscal years beginning on or after April 1, 2021 include:

PS 3450 Financial Instruments – a new standard providing guidance on the recognition, measurement, presentation and disclosure of financial instruments, including derivatives.

PS 1201 Financial Statement Presentation – replaces PS 1200 with revised general reporting principles and standards of presentation and disclosure in government financial statements.

PS 2601 Foreign Currency Translation – replaces PS 2600 and has revised standards on accounting for and reporting transactions denominated in a foreign currency.

PS 3041 Portfolio investments - when Sections PS 1201, PS 2601 and PS 3450 are adopted.

3. Summary of Significant Accounting Policies (cont'd)

PS 3280 Asset Retirement Obligations - a new accounting standard that addresses the reporting of legal obligations associated with the retirement of tangible capital assets.

New standards effective for fiscal years beginning on or after April 1, 2022:

PS 3400 Revenue – a new accounting standard that will address recognition, measurement and presentation of revenues that are common in the public sector.

The Government does not intend to adopt these new standards prior to the effective dates. The impact that these standards will have on the financial statements is not deemed significant.

4. Approved Estimates of the Government

(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, 2017 were presented to the Members of the Legislature 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 8, 9, 10(a) and 10(b) are from the original Approved Estimates and do not reflect changes arising from the tabling of Supplementary Estimates, except for the Adjusted Estimates referred to in Schedule 12 which include the original Approved Estimates and any tabled Supplementary Estimates.

(b) Comparison of Expenses to Estimates and Expenditures

The Ministry of Finance prepares annual Estimates on the modified cash basis. These financial statements are prepared on an accrual basis. Due to the difference in accounting, Schedule 12 restates actual expenses on the modified cash basis for comparative and analytical purposes against the Adjusted Estimates. The primary 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 expense is explained in Note 9. For budget purposes, pension expense is equal to its funding requirements.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2018

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

- (iii) Government Borrowing Sinking Fund (Note 5) – Transfers to the Sinking Fund are recorded as cash transfers against long-term debt. For budget purposes, the Sinking Fund contribution is considered an expenditure.
- (iv) Compensated Absences – Certain Government employees are entitled to paid retirement leave, as explained in Note 8. For budget purposes, retirement pay is estimated based on anticipated salary spending for the current year.
- (v) Amortization – For financial statement purposes, annual amortization of tangible capital assets is expensed based on the respective assets as explained in Note 3(f). For budget purposes, amortization is not considered expenditure.
- (vi) Environmental Liability – As explained in Note 10(c), the Government has recognized a cost of restoration of land. Changes in the environmental liability are not considered expenditure for budget purposes.

5. Government Borrowing Sinking Fund

Effective March 31, 1993, the Government Borrowing Sinking Fund (the “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 Fund must pay to the GBSF, 2.5% of the public debt outstanding in the Fund at the end of the preceding year. Under Section 12AA of the Government Loans Act 1978 as amended, the Minister may, by Order, suspend the annual contribution for a period of twelve months. The contribution was not suspended for 2017 or 2018.

2017		2018		
\$		\$		
Sinking Fund	Contributions	Earnings	Payments	Sinking Fund
86,625,930	62,098,375	1,453,839	-	150,178,144

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2018

5. Government Borrowing Sinking Fund (cont'd)

Up until 2013, the GBSF assets were only to be applied to reduce, cancel or pay interest on public debt. In 2013 the Government Loans Act 1978 was amended to allow excess funds borrowed to be paid into the Sinking Fund and applied to future year deficits. The assets are invested in accordance with the Public Funds Act 1954 and are shown as a reduction of debt issued on the Fund's Statement of Financial Position.

The assets of the GBSF are comprised of the following:

	2018	2017
	\$	\$
Cash & Cash Equivalents	21,498,392	37,940,013
Fixed Income Securities	128,205,967	48,488,243
Interest Receivable	473,785	197,675

The following is a schedule of projected contributions to the GBSF by the Fund up to March 31, 2023, based on estimated debt levels to March 31, 2021:

	\$
For 2019	64,223,375
For 2020	66,466,000
For 2021	61,856,825
For 2022	59,356,825
For 2023	59,356,825

There are separate financial statements for the GBSF to which readers should refer for further information.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2018

6. Contingencies Fund

On March 14, 1979 the House of Assembly passed a resolution to withdraw \$1 million from the 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 authorize 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 accumulated deficit.

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 as amended under the provisions of Section 10B. The Legislature authorized \$1 million to be set aside within the Fund to set up the Insurance Fund.

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

On August 10, 2011 the Government amended the Public Treasury (Administration and Payments) Act 1969 as amended in order to make further provisions about the Insurance Fund. The Act was amended to provide for payments out of the Fund to be made at the direction of the Minister of Finance for the purpose of assisting unemployed persons.

8. Compensated Absences

Government employees are entitled to paid retirement leave under the various union agreements with the Government. Paid retirement leave is available to those eligible employees with a minimum of ten years credited service, who are retiring on the basis of age. The leave is paid at the salary level immediately preceding the date of retirement, to a maximum eligibility of twelve weeks.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2018

8. Compensated Absences (cont'd)

An actuarial valuation of the Government's obligation for retirement leave was performed at March 31, 2017. The results were then extrapolated to March 31, 2018, using similar various long-term assumptions as the Public Service Superannuation Fund (the "PSSF") pension plan (Note 9 (d)). The valuation determined that the liability for compensated absences is currently \$29,885,154 (2017 - \$28,396,590), as detailed in the table below.

For the year ended March 31	2018	2017
	\$	\$
Liability for Compensated Absences		
Accrued Benefit Obligation	25,910,419	23,955,043
Net Unamortized Experience Gain ^(a)	3,974,735	4,441,547
	29,885,154	28,396,590

^(a) Under Public Sector Accounting Standards, gains and losses are amortized over the expected average remaining service life of the members of each plan, which is fourteen years.

For the year ended March 31	2018	2017
	\$	\$
Liability for Compensated Absences, beginning of year	28,396,590	27,257,382
Amortization of experience gain	(466,812)	(371,163)
Current period benefit cost	1,401,017	1,298,137
Interest accrued	1,569,615	1,544,824
Benefit payments	(1,015,256)	(1,332,590)
	29,885,154	28,396,590

9. Pensions and Retirement Benefits

(a) Contributory Defined Benefit Pension Plans

The Government administers contributory defined benefit pension plans for substantially all of its employees, QUANGO employees and all ministers and members of the Legislature. There are two plans currently in operation – the PSSF and the Ministers and Members of the Legislature Pensions Fund (the “MMLPF”).

For the PSSF, a service pension is available with a minimum of 8 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 are provided to special groups such as police, corrections and fire services officers.

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 3/1000th 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.

Employees contribute 8.0% of their basic salary to the PSSF and Ministers and Members contribute 12.5% of their salary to the MMLPF. The Government matches the participants' contribution in each plan. The amount of Government contributions made during the year for each plan was as follows: PSSF - \$29,997,809 (2017 - \$29,934,927), MMLPF - \$455,886 (2017 - \$441,644). 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 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. An actuarial valuation was performed for both the PSSF and the MMLPF at March 31, 2017. The results were then extrapolated to March 31, 2018 using the same assumptions, to produce the estimates included in the financial statements.

Actuarial valuations are based on a number of assumptions about future events, such as inflation rate, interest rates, wage and salary increases, employee turnover and mortality. A number of experience studies were performed during the 2017 fiscal year based on the membership of the PSSF. The result of the studies led to updates in assumptions relating to the retirement age assumption, termination rates, salary increase rates and marital status at retirement.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2018

9. Pensions and Retirement Benefits (cont'd)

These revised assumptions were used in the valuation of the PSSF and MMLPF liabilities as at March 31, 2017. All assumptions reflect Government's best estimates of expected long-term rates and short-term forecasts.

For the PSSF, pension fund assets consist primarily of listed stocks and bonds, short-term investment funds, hedge funds and private equity investments. 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 expenses for the PSSF.

The market-related value of assets for the PSSF was \$607,692,339 as at March 31, 2018 (2017 - \$595,713,361) compared to a real market value of \$613,666,747 (2017 - \$574,089,560).

For the MMLPF, there is no difference between the market value of plan assets and the market-related value. At March 31, 2018 the value was \$11,559,128 (2017 - \$12,505,026). The actual return on plan assets during the year was 11.06% (2017 - 11.59%) for the PSSF and 4.61% (2017 - 7.22%) for the MMLPF.

At March 31, 2018, \$2,138,791 was due from the PSSF (2017 - \$3,727,658 due to PSSF) in respect of benefits paid in excess of contributions received by the Fund (Schedules 3 and 3(a)). At March 31, 2018, \$11,806,814 (2017- \$12,748,564) was due to the MMLPF in respect of contributions received in excess of benefits paid by the Fund (Schedule 3(a)).

(c) Pension-Related Expenses

Pension-related expenses recognized by the Fund comprise 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. The pension-related expense is disclosed in Schedule 10(a) as a component of pensions and retirement benefits expense.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2018

9. Pensions and Retirement Benefits (cont'd)

Aggregate information about the PSSF and MMLPF is in the following tables:

For the year ended March 31	2018	2017
	\$	\$
Pension Liability		
Accrued Benefit Obligation		
PSSF	1,503,457,000	1,444,045,000
MMLPF	31,864,000	31,261,000
	1,535,321,000	1,475,306,000
Net Fund Assets		
PSSF	(607,692,000)	(595,713,000)
MMLPF	(11,559,000)	(12,505,000)
	(619,251,000)	(608,218,000)
Net Unamortized Experience Gain / (Loss) ^(a)		
PSSF	58,848,000	69,568,000
MMLPF	264,000	1,142,000
	59,112,000	70,710,000
Pension Liability		
PSSF	954,613,000	917,900,000
MMLPF	20,569,000	19,898,000
Carried Forward to Note 9 (g)	975,182,000	937,798,000

^(a) Under Public Sector Accounting Standards, gains and losses are amortized over the expected average remaining service life of the members of each plan, which ranges from nine to thirteen years.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2018

9. Pensions and Retirement Benefits (cont'd)

For the year ended March 31	2018	2017
	\$	\$
Pension Expense		
Cost of Pension Benefits	46,409,000	46,046,000
Employee Contributions	(30,454,000)	(30,377,000)
Interest on Pension Liability	57,377,000	59,855,000
Amortization of Experience (Gains) & Losses		
2015 Experience Gain	(293,000)	(293,000)
2016 Experience Loss	1,777,000	1,777,000
2017 Experience Gain	(6,337,000)	-
Pensions Expense excluding Employer Contribution	68,479,000	77,008,000

(d) Value of Obligations Relating to Benefits for the Pension Plans

The value of the accrued benefit obligation (“ABO”) relating to the pension plans at a given date is determined using the actuarial projections prorated on service, taking into account, among other things, the most probable long-term economic assumption made by the Government.

Actuarial Assumptions – PSSF

Economic Assumptions		
Investment return (discount rate)	6.5% per annum	
Inflation Rate	3.00% per annum	
Interest credited on employee contributions	4.00% per annum	
Salary increase rates	Age band	% per annum
	20-25	6.00
	25-30	6.00
	30-35	5.10
	35-40	4.40
	40-45	4.15
	45-50	4.10
	50-55	3.90
	55-60	3.65
60-65	3.45	

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2018

9. Pensions and Retirement Benefits (cont'd)

Actuarial Assumptions – MMLPF

Economic Assumptions	
Investment return (discount rate)	6.50% per annum
Inflation Rate	3.00% per annum
Salary increase rate	3.50 % per annum

Changes in these assumptions may lead to a material increase or decrease in the value of the ABO relating to vested benefits. The following tables, which take the main assumptions into account, show the potential impact of a difference of 1.00% in the value of the ABO for the two pension plans, PSSF and MMLPF. The tables also show the impact of a one-year difference in life expectancy, considering that, according to current assumptions, the life expectancy of beneficiaries aged 60 is 21.8 years for men and 25.6 years for women.

Impact of changes on the main assumptions on the value of the ABO relating to PSSF benefits at March 31, 2018:

Assumption	Change	(Reduction) Increase in ABO	
		\$	%
Discount rate	1.0% increase	(165,307,000)	(11.0)
	1.0% decrease	204,880,000	13.6
Salary increase rate	1.0% increase	68,546,000	4.6
	1.0% decrease	(59,964,000)	(4.0)
Life expectancy	1 year increase	23,912,000	1.6
	1 year decrease	(24,770,000)	(1.7)

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2018

9. Pensions and Retirement Benefits (cont'd)

Impact of changes on the main assumptions on the value of the ABO relating to MMLPF benefits as at March 31, 2018:

Assumption	Change	(Reduction) Increase in ABO	
		\$	%
Discount rate	1.0% increase	(3,026,000)	(9.5)
	1.0% decrease	3,610,000	11.3
Salary increase rate	1.0% increase	747,000	2.3
	1.0% decrease	(695,000)	(2.2)
Life expectancy	1 year increase	789,000	2.5
	1 year decrease	(806,000)	(2.5)

(e) Contributory Pension Fund

The Contributory Pension Fund (the “CPF”) was established under the Contributory Pensions Act 1970 as amended. 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 Fund to provide for any shortfall if, at any time, the CPF has insufficient funds to meet its current legislated obligations.

(f) Retirement Benefits Other than Pensions – Employee Health Insurance Plan

The Government administers a health care plan, the Government Employees Health Insurance Fund (the “GEHI Fund”), for substantially all of its employees, QUANGO employees, all ministers and members of the Legislature and retirees. The GEHI Fund provides medical insurance for retirees and eligible dependents with the Government matching the participants’ contribution to the plan.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2018

9. Pensions and Retirement Benefits (cont'd)

An actuarial calculation of the Government's ABO for retirement benefits other than pensions was performed for accounting purposes at March 31, 2017, using various long-term assumptions. The results were then extrapolated to March 31, 2018 using the same assumptions, to produce the estimates included in the financial statements.

The discount rate used in determining the accumulated post-retirement benefit obligation was 6.5% (2017 – 6.5%). The assumed health-care cost trend rate used was 7% (2017 – 7.5%). This will be decreasing by 0.5% per annum to an ultimate rate of 4.5%.

Effective June 1, 2017, there were changes to the national Standard Health Benefit with consequential changes to the GEHI coverage. These changes gave rise to actuarial gains. These actuarial gains are amortized over the expected average remaining service life of active employees. There have been no significant changes to the GEHI Plan's provision since the last financial reporting period.

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

	2018	2017
	\$	\$
Accrued benefit obligation at beginning of year	398,602,100	398,286,415
Current period benefit cost	15,256,900	14,292,700
Interest accrued	26,086,078	26,037,465
Benefit payments	(9,812,541)	(9,712,745)
	<hr/>	<hr/>
Accrued benefit obligation at end of year	430,132,537	428,903,835
	<hr/>	<hr/>
Expected accrued benefit obligation at end of year	430,132,537	428,903,835
Actual accrued benefit obligation at end of year	467,027,349	398,602,100
	<hr/>	<hr/>
Experience (loss)/ gain	(36,894,812)	30,301,735

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2018

9. Pensions and Retirement Benefits (cont'd)

	2018	2017
Expected average remaining service life	14 years	14 years
Annual amortization	(\$2,635,344)	\$2,164,410

Liability for retirement benefits recorded in the statement of financial position

	2018	2017
	\$	\$
Accrued benefit obligation, end of year	467,027,349	398,602,100
Unamortized experience gain	23,963,697	65,536,684
Liability for retirement benefits (Note 9(g))	<u>490,991,046</u>	<u>464,138,784</u>

Expenses recorded in the statement of operations and accumulated deficit

	2018	2017
	\$	\$
Current period benefit cost	15,256,900	14,292,700
Amortization of experience (gains)/losses	<u>(4,678,175)</u>	<u>(2,513,765)</u>
Retirement benefit expense	10,578,725	11,778,935
Retirement benefit interest expense	26,086,078	26,037,465
Total expenses related to retirement benefits	<u>36,664,803</u>	<u>37,816,400</u>

(g) Pensions and Retirement Benefits Liability and Expense Summary

	2018	2017
	\$	\$
Pensions (Note 9(d))	975,182,000	937,798,000
Retirement Benefits other than Pensions – Health Insurance Plan (Note 9(f))	490,991,046	464,138,784
Total Pensions and Retirement Benefits Liability	<u>1,466,173,046</u>	<u>1,401,936,784</u>

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2018

9. Pensions and Retirement Benefits (cont'd)

		2018		2017
		\$		\$
	Pension Plans	Other Benefits	Total	Total
Current period benefit cost	46,409,000	16,657,917	63,066,917	61,636,837
Amortization of experience (gains) / losses	(4,853,000)	(5,144,987)	(9,997,987)	(1,400,928)
Employee contributions	(30,454,000)	-	(30,454,000)	(30,377,000)
Interest on accrued benefits	57,377,000	27,655,693	85,032,693	87,437,589
Employer contributions	(31,095,000)	(10,827,797)	(41,922,797)	(42,073,335)
Pensions and retirement benefits expense	37,384,000	28,340,826	65,724,826	75,223,163

10. Contingent Liabilities

(a) Guarantees

(i) National Education Guarantee Scheme

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, 2018, \$360 (2017 - \$5,545) is outstanding on guaranteed student loans with local banks.

(ii) Bermuda Hospitals Board (the “BHB”) Guarantee

On December 1, 2010, the Minister of Finance provided an irrevocable Guarantee to Paget Health Services Limited (“PHS”) on behalf of the BHB to facilitate the completion of the new acute care wing (the “New Facility”) of the King Edward VII Memorial Hospital in Paget. The Annual Service Payments commenced from June 12, 2014, the Service Commencement date, for a period of approximately thirty years, consisting of principal, interest, lifecycle and hard facilities management. A portion of the Annual Service Payment is indexed over the thirty year period to allow for changes in the cost of living and other related facility costs. The current year’s Annual Service Payment was \$26.5 million (2017 – \$26.1 million).

10. Contingent Liabilities (cont'd)

(ii) Bermuda Hospitals Board (the “BHB”) Guarantee (cont'd)

The Guarantee agreement guarantees the payment obligations of the BHB to Paget Health Services Limited by the Government, including principal, interest, life cycle and hard facilities' maintenance expenses, as required by the lenders. The principal balance of BHB's remaining obligation to PHS at March 31, 2018 is \$276.8 million (2017 – \$280.6 million).

(iii) Bermuda Economic Development Corporation (the “BEDC”) Guarantee

The Government provides funding to the BEDC to facilitate the function of the QUANGO as a guarantor on business loans for locally owned businesses in Bermuda. The Government provides funding to fulfill the payment obligations of the BEDC for defaulted loans.

While the Government settles defaulted loans as required, there is no liability recorded and no provision for loans in default is included in the financial statements of the Fund. The total of specific amounts deemed contingent liabilities of the Government, as determined by the BEDC, as at March 31, 2018 is \$1,168,578 (2017 - \$1,217,004).

(iv) Morgan's Point Guarantee

On March 14, 2016, the Minister of Finance provided irrevocable Guarantee Agreements to lenders, replacing the letter of comfort, providing certain credit facilities on behalf of Morgan's Point Limited (“MPL”) for use in the construction of a new hotel and condominium project at Morgan's Point to be branded and managed as a member of the Ritz Carlton hotel and residences brands. The guarantees provide that the Government cannot be legally required to fund more than US\$165 million to repay the lenders if the borrowers are unable to perform their obligations to the lenders. The financing guaranteed is provided under separate groups of loans each maturing in five years with two 1 year options to extend.

10. Contingent Liabilities (cont'd)

(v) Hotel Bermuda Holdings Ltd. (“HBH”) Guarantee

The Government has a Master Development Agreement (“MDA”) with HBH, a part of the Desarrollos Hotelco Group, the developers of the proposed St. Regis Luxury Hotel, Casino, Spa and Golf Resort in St. George’s. On May 12, 2017, the Minister of Finance announced the Government’s willingness to support the financing of this project by committing to provide a guarantee of up to \$25 million for an estimated project cost of \$150 million. The guarantee will provide that the Government cannot be legally required to fund more than \$25 million to repay the lender if HBH is unable to meet their obligations to the lender. The financing being guaranteed is provided under a loan facility maturing in fifteen years.

The Government made a further commitment to the project, via an amendment to the MDA, to support the development on a number of infrastructure-related matters, including drilling a water well, installing a back-up generator, constructing a new realigned public road and provision of free metered water. The total value of these additional commitments is not to exceed \$2.7 million.

Pursuant to the provision of section 3 of the St George’s Resort Act 2015, in June 2017 the Government entered into various land lease agreements with the developer for a period of 262 years.

(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 as at March 31, 2018 is \$11,789,217 (2017 - \$15,816,550).

10. Contingent Liabilities (cont'd)

(c) Base Lands Clean Up

The Government recognizes that there will be a cost for restoration of the land at the bases formerly occupied by the US military. It is anticipated that such costs would include removal of hazardous materials and clean-up.

A liability of \$23,742,614 (2017 - \$34,380,059) has been accrued, which is an estimate of the remaining costs of the clean-up and remediation at two former major base land sites. The estimated range is \$18.4 million to \$21 million.

The cost for Southside was originally estimated at \$10.5 million, with a range of \$10.5 million to \$20 million, for the demolition of buildings beyond refurbishment and removal of asbestos. At March 31, 2018, it was determined that no remediation expenditure was required for Southside and therefore the provision has been removed.

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 \$17.4 million (with a range of \$17.4 million to \$19 million) to remove environmental hazards and fuel storage tanks, removal and remediation of asbestos, as well as demolition of derelict buildings. To be conservative, the Morgan's Point provision remains at \$22.9 million, comprised of the prior year provision less actual expenditures incurred during the current year.

The Government signed the Morgan's Point Exchange Agreement with Southlands Limited and MPL. The agreement exchanged 12.454 hectares of land owned by Southlands Ltd., located in Warwick, for 66.82 acres of freehold land at Morgan's Point in Southampton. Furthermore, the agreement provides MPL, as the Developer, the ability to develop an additional 128.46 acres of Leasehold property at Morgan's Point, as further detailed in the Morgan's Point Land Development Agreement, also signed and dated April 8, 2011, amongst the same parties.

Article 6 of the Morgan's Point Land Development Agreement, states the Government is still responsible for the remediation of the Morgan's Point property to international standards deemed reasonably acceptable to the Developer. These standards are met in the request for proposal issued in 2009.

10. Contingent Liabilities (cont'd)

(d) Hotels Concession Act 2000 and the Memorandum of Understanding for Bermuda Hotel Association, Restaurants and Retail Relief

On February 21, 2009, the Government entered into a Memorandum of Understanding (“MoU”) with the Bermuda Hotel Association to provide payroll tax relief to eligible hotels. An assessment of the results, trading conditions and the points within the original MoU were to be reviewed quarterly so that consideration could be given to an extension of all deferrals and relief for as long as the economic situation required.

On August 20, 2010, the Government entered into a similar MoU with the Restaurant Division of the Bermuda Chamber of Commerce to provide payroll tax relief to qualifying restaurants for the employer portion of the payroll tax and later a reduced payroll tax rate for employees.

On October 1, 2011, the Government announced a payroll tax relief programme for the Retail Sector which provided full relief from payroll tax to businesses that met the criteria of a Retail establishment.

The percentage relief provided under all three relief programmes was scaled back as of April 1, 2015 expired on March 31, 2017.

The Hotels Concession Act 2000 allows for the full or partial exemption from or deferral of payroll tax, land tax and hotel occupancy tax for hotels which undergo development deemed to be in the national economic interest of Bermuda if the development is likely, among other considerations:

- to benefit the tourism industry and the economy generally;
- to create employment and entrepreneurial opportunities for Bermudians; and
- to encourage local investment.

The concessions are granted at the discretion of the Minister of Economic Development and Tourism with the written agreement of the Minister of Finance for those hotels that apply for the concessions. The concessions afforded to the hotels are non-refundable and in instances where the payroll tax is deemed null and void due to the MoU, the concessions remain as a contra revenue amount to be applied against any future payroll tax incurred by those hotels.

The Government is obligated to recognize the effect of the concessions when payroll tax is actually incurred unless they are dismissed by the Minister of Finance. No liability has been admitted and no provision for collectability is included in the financial statements. Hotel concessions are foregone revenue and reduce taxes otherwise owing by the hotels in the year the taxes are due.

The total of the hotel concessions granted as at March 31, 2018 was \$1,439,212 (2017 - \$314,663), which may be applied against any future payroll tax or hotel occupancy tax incurred by the applicable hotels.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2018

10. Contingent Liabilities (cont'd)

(d) Hotels Concession Act 2000 and the Memorandum of Understanding for Bermuda Hotel Association, Restaurants and Retail Relief (cont'd)

In addition to this amount, \$58,676,115 (2017 - \$64,040,433) is available for use but has not yet been granted by the Ministry of Economic Development and Tourism as per the terms and conditions of the individual orders.

In March 2014, with an operative date of February 27, 2015, the Morgan's Point Resort Act 2014, which includes hotel concessions was tabled and later approved in the House of Assembly. The total value of concessions to be applied in the future against payroll, hotel occupancy and land taxes under this Act cannot be determined at this time.

In August 2015, with an operative date of March 14, 2016, the St. George's Resort Act 2015 which included hotel concessions was approved. The total value of concessions to be applied in the future against payroll and hotel occupancy taxes under this Act is conservatively estimated to be \$20,000,000 over a period of ten years and is not capped. The land tax concession in this Act cannot be determined as the structure does not exist and is not capped.

The Tourism Investment Act 2017 became operative on 10 November 2017. As a result, the Hotel Concession Act 2000 has been discontinued and several hotel concessions were revoked. To date no concessions have been granted under the Tourism Investment Act 2017.

(e) Air Service Agreements

The Government had signed agreements with two commercial airlines whereby in consideration of providing regular scheduled air service to Bermuda, the Government commits to pay the airlines a calculated sum if there is a financial shortfall on the routes. The agreements varied in detail, but guaranteed the airlines either a certain level of revenue or a specific level of profit on a particular route. Shortfalls occurred when ticket revenues are insufficient to cover the cost of operating the routes, either due to insufficient passenger numbers or discounted tickets to attract passengers. At March 7, 2017, the vesting date, these air service agreements were vested in the Bermuda Airport Authority. In accordance with the agreements, Government established and delivered to two commercial airlines irrevocable Letters of Credit ("LOC") issued by HSBC Bank of Bermuda Ltd. ("HSBC"), for US\$500,000 and BNTB for US\$100,000. The BNTB LOC expired on August 3, 2017, and the HSBC LOC will expire on February 15, 2019.

(f) America's Cup Related Concessions

In February 2015, the Minister of Economic Development tabled the America's Cup Act 2015 in the House of Assembly. This Act was approved which resulted in a number of concessions and exemptions from legislative requirements that would otherwise apply to the America's Cup Event Authority LLC, the Team, their designated commercial partners and the Regatta Officials. The concessions include relief from certain taxes and fees in the areas of advertising, air navigation, broadcasting and electronic communications,

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2018

10. Contingent Liabilities (cont'd)

Customs duties, employment, vehicle permits and licensing, marine vessel port dues, registration and mooring fees, and pilotage. The concessions in this Act cannot be determined as they were not capped.

(g) Ferry Lease

On March 16, 2016, the Government commenced a lease agreement for a ferry to provide additional lift during the tourist season. The first six month term of the lease was from April 1, 2016 to September 30, 2016. The second six month term of the lease was from April 1, 2017 to September 30, 2017. In accordance with the lease, Government established an irrevocable LOC, issued by HSBC. The LOC securing the lease with a balance of US\$1,200,000 expired on September 30, 2017.

11. Non-Contractual Operational Obligations

The Government has ongoing obligations to fund a variety of programs for public welfare including health, education, social services, protection of persons and properties, and management of natural resources. The following is an analysis of the future, non-contractual operational obligations:

	2018
	\$
2019	4,494,302
2020	3,178,645
2021	871,575
2022	3,528,385
2023	3,175
2024 and subsequent	<u>40,276</u>
Total Future Operational Obligations	<u><u>12,116,358</u></u>

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2018

12. Contractual Obligations

(a) Capital Leases

The average period of capitalized leased office machines is 3 years. Leases are capitalized based on the discounted rate of 6.04% and amortized on a straight-line basis over the period of the lease.

The following is an analysis of the leases:

	2018	2017
	\$	\$
Present value of lease cost	5,236,690	5,092,284
Less: Accumulated amortization	<u>(4,769,296)</u>	<u>(4,599,804)</u>
Present value of lease obligations (Schedule 11)	<u>467,394</u>	<u>492,480</u>

The following is a schedule of discounted future minimum lease payments under leases expiring up to March 31, 2021:

	2018
	\$
2019	94,059
2020	81,601
2021	18,967
Add: Discounted Amount	<u>272,767</u>
Present value of lease obligations	<u>467,394</u>

(b) Contractual Obligations

The nature of Government activity results in some large multi-year contracts and agreements of various sizes and importance. Any financial obligations resulting from these are recorded as a liability when the terms of these contracts and agreements for the acquisition of goods and services or the provision of transfer payments are met.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2018

12. Contractual Obligations (cont'd)

(b) Contractual Obligations (cont'd)

The following is an analysis of estimated future expenditures related to these contractual obligations:

	2018
	\$
2019	24,237,838
2020	57,865,234
2021	3,117,721
2022	792,240
2023	551,882
2024 and subsequent	<u>1,410,899</u>
Total Contractual Obligations	<u>87,975,814</u>

(c) Operating Leases

The Government rents premises under operating leases which expire at certain dates.

The following is an analysis of the future minimum operating lease payments:

	2018
	\$
2019	4,020,515
2020	3,211,937
2021	2,689,912
2022	2,665,885
2023	2,167,635
2024 and subsequent	<u>8,658,974</u>
Total Future Minimum Operating Lease Payments	<u>23,414,858</u>

13. Supplementary Estimates and Virements (Transfers)

Section 96(3) of the Bermuda Constitution Order 1968 allows for Supplementary Estimates in respect of any fiscal year if it is found that (a) the amount appropriated by the appropriation law for any purpose is insufficient or that a need has arisen for expenditure for a purpose for which no amount has been appropriated by that law; or (b) moneys have been expended for any purpose in excess of the amount appropriated for that purpose by the appropriation law or for a purpose to which no amount has been appropriated by that law, a supplementary estimate, showing the sum required or spent, shall be laid before the House of Assembly. Section 96(4) of the Bermuda Constitution Order 1968 requires that a Supplementary Appropriation Bill be introduced into the Legislature as soon as practical after year end of the year that supplementary estimates have been necessary.

The Public Treasury (Administration and Payments) Amendment Act 2004 allows a Permanent Secretary or a Head of Department to transfer a part of a Department's approved budget to another Department within the same Ministry, subject to the consent of the Minister of Finance. Virements do not increase the overall appropriation amount but facilitate the redeployment of approved budget resources after the start of a financial year.

During the year \$15,652,870 (2017 - \$25,476,209) in Supplementary Estimates were approved and spent which consisted of \$12,309,716 (2017 - \$15,854,566) for current expenditure and \$3,343,154 (2017 - \$9,621,643) for capital expenditure.

During the year \$8,579,532 (2017 - \$21,378,089) in virements were approved and transferred which consisted of \$1,026,591 (2017 - \$5,453,460) for current expenditure and \$7,552,941 (2017 - \$15,924,629) for capital expenditure.

Additional expenditures of \$1,298,093 (2017 - \$4,302,839) were incurred in excess of amounts appropriated by the Ministry and will require final approval, which consisted of \$1,280,302 (2017 - \$4,230,840) for current expenditure and \$17,791 (2017 - \$71,999) for capital expenditure.

Additional virements of \$3,397,981 (2017 - \$12,199,796) require final approval and transfer, which consisted of \$2,222,593 (2017 - \$4,228,812) for current expenditure and \$1,175,388 (2017 - \$7,970,984) for capital expenditure.

14. Related Party Transactions

(a) Funds

The Fund is related to the GEHI Fund, the CPF, the MMLPF, the Bermuda Department of Tourism North America Retirement Plan, the PSSF, the Confiscated Assets Fund, the Insurance Fund, the GBSF, the Health Insurance Fund, the Mutual Re-insurance Fund, the FutureCare Fund and the Government Reserves Fund.

The financial activities of these funds are reported separately in each fund's financial statements. The Fund provides accounting and certain administrative services to these 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 out of the Fund on behalf of the funds. Schedules 3 and 3(a) display details of unpaid balances due from and due to the funds, which have arisen from normal operating activities. The 3.5% per annum rate of interest accruing on the balances is the statutory rate as fixed by the Interest and Credit Charges (Regulation) Act 1975 (2017 – 7% per annum).

(b) QUANGOs and Other Government-Related Organizations

The Fund is related to certain QUANGOs and other Government-related organizations. QUANGOs and other Government-related organizations are government businesses which have been established under their respective legislative incorporation acts.

The Fund enters into transactions with the QUANGOs and other Government-related organizations in the normal course of business which are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

Schedules 3 and 3(a) include details of 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 from or to the Fund and the various QUANGOs and other Government-related organizations.

14. Related Party Transactions (cont'd)

(i) Bermuda Monetary Authority (the “BMA”)

In accordance with Section 8 (3) of the Bermuda Monetary Authority Act 1969, the BMA pays the remaining portion of its net profit (historically 50%) to the Fund after contributions to the BMA General Reserve and the paid up capital of the Authority. The BMA reported a net deficit for the year ended December 31, 2017, so Nil was owed to Government.

(ii) Bermuda Land Development Company Limited (“BLDC”)

On November 12, 1996 (date of inception), the Government purchased 2,500,000 common shares of BLDC. The shares are valued at par \$1 each and are held in trust by the Minister of Finance.

On November 12, 1996 (date of inception), the Government purchased 2,500,000 common shares of BLDC. The shares are valued at par \$1 each and are held in trust by the Minister of Public Works.

(iii) Bermuda Housing Corporation (the “BHC”)

On July 12, 2011, the Government provided a letter of comfort to BNTB on behalf of BHC which states, “To the extent that the BHC operates programmes which do not break even, the Government appropriates annual grants which enable BHC to comply with its legislation.” The annual grant awarded for the year ended March 31, 2018 was \$6,050,000 (2017 - \$6,050,000).

(iv) WEDCO Guarantee

On April 24, 2012, the Minister of Finance consented to the borrowing of \$36 million by WEDCO from BNTB to facilitate the completion of the Infrastructure and Housing Project in Dockyard. The amount borrowed was subsequently reduced to \$25 million and the balance outstanding as at March 31, 2018 was \$22,494,273 (2017 – 23,594,273).

On June 18, 2015, the Minister of Finance consented to the borrowing of \$39 million by WEDCO from BNTB to facilitate the completion of the Land Reclamation Project in Dockyard. This loan facility is for a term of six years. The balance outstanding as at March 31, 2018 was \$38,734,217 (2017 – \$37,988,198).

The Ministry of Finance further guarantees and will make good any default on the part of WEDCO in the payment of these loans to BNTB and all related interest fees and charges due as a result of default by WEDCO until all indebtedness to BNTB has been fully discharged.

14. Related Party Transactions (cont'd)

(v) BHC Guarantee

BHC has a loan of \$36.7 million from BNTB, borrowed to finance the purchase of the units of phase three of the Grand Atlantic Housing Development (“Grand Atlantic”) and to repay the loans advanced by the bank for Grand Atlantic phases one and two. The balance outstanding as at March 31, 2018 was \$29,300,000 (2017 - \$33,000,000).

The Ministry of Finance guaranteed to make good any default on the part of BHC in the payment of the loan to BNTB and all related interest fees and charges due as a result of default by BHC until all indebtedness to BNTB has been fully discharged.

(vi) Regulatory Authority (the “RA”)

On September 23, 2016, the Government provided a letter of comfort to BNTB on behalf of the RA supporting an overdraft facility of \$3.4 million. At March 31, 2018, \$144,205 (2017 - \$374,182) had been drawn on the facility.

In accordance with Section 41 (1) (a) of the Regulatory Authority Act 2011, the RA will pay 50% of its net surplus to the Fund. The Fund’s share of RA’s net surplus for the year ended March 31, 2018 so \$220,451 (2017 – \$Nil).

(vii) ACBDA Limited (“ACBDA”)

On December 24, 2014 (date of inception), the Government purchased 100 common shares of ACBDA. The shares are valued at par \$1 each and are held in trust by the Minister of Economic Development. ACBDA was dissolved on March 16, 2018 and the common shares ceased to exist.

(viii) L. F. Wade International Airport Redevelopment

After several assessments commissioned by the Government, it was concluded that the useful life of the existing airport terminal was nearing expiration. The Government agreed to redevelop the airport by using a government-to-government contracting model with the Canadian Commercial Corporation (“CCC”) which is wholly owned by the Government of Canada. Since mid-2014 the Government has engaged with the CCC and its selected project partner Aecon Group Inc. (collectively the “Project Partner” or “Concessionaire”). The model involved an incremental contract development process that began when the parties entered into a Memorandum of Understanding on November 10, 2014, which led to the execution of a series of Letters of Agreement. A further interim agreement, called the Airport Development Agreement (“ADA”), which was entered into on August 31, 2015, sets out and describes the scope, principles and high level terms (“Heads of Agreement”) of the Project’s final and definitive arrangements.

14. Related Party Transactions (cont'd)

(viii) L. F. Wade International Airport Redevelopment (cont'd)

After detailed negotiations, the Government and the Project Partners reached agreement on all material aspects of the Project, and a set of definitive core project agreements and associated schedules (collectively referred to as "the Agreement") were prepared and signed by the Minister of Tourism, Transport and Municipalities and the Minister of Finance on March 15, 2017 ("Financial Close") for the transaction.

The Agreement stipulates that the Government will enter into a 30-year concession agreement with a Special Purpose Entity, Bermuda Skyport Corporation Limited ("Skyport"). Skyport is owned by Aecon, who will hold at least 35% of the equity, and other third party shareholders. The Agreement will include both construction of the new airport as well as operations and maintenance of the airport for the concession term, except for operations that Bermuda will retain, being air traffic control operations, meteorological services, airport fire and rescue services and ground electronics ("the Retained Government Services").

Under the Agreement, Government will provide Skyport with limited financial support and assistance, including:

- the accumulated Airport Improvement Fees revenue;
- guaranteed minimum regulated revenue; and
- the amount in respect of annual energy consumption for the airport.

All airport charges will be deregulated and governed by the terms of the Agreement. Skyport will have the sole right to charge and enforce all airport-related fees.

The Airport Redevelopment Concession Act 2017, effective March 9, 2017, resulted in a number of concessions and exemptions to Skyport and its affiliates, CCC, Aecon and the finance parties. The concessions include relief from certain taxes and environmental exemptions. The value of these concessions is not able to be determined, as they are not capped.

The Government created a QUANGO, the Bermuda Airport Authority (the "BAA"), under the Bermuda Airport Authority Act 2017, to administer the Agreement and provide the Retained Government Services. All airport property, excluding airport lands, and all liabilities and contracts were transferred to the BAA at the vesting date.

On October 19, 2018 an Assignment and Transfer Agreement ("ATA") was made between the BAA and the Government of Bermuda. This ATA re-assigned and re-transferred certain assets and liabilities obligation accrued and appropriated back to the Government with an effective date of March 16, 2017. These assets and liabilities should have remained with the Government even though they formed part of the Airport property at financial close.

14. Related Party Transactions (cont'd)

(viii) L. F. Wade International Airport Redevelopment (cont'd)

The Government has leased existing airport land and facilities to Skyport for the 30-year term of the Agreement. The Agreement provides that the lease, and the transfer of the airport assets, labour force and responsibility for airport operations to Skyport, occurred at Financial Close. The Agreement does not have any extension options, so at the end of the term, the airport and all airport assets will revert to the Government subject to the Agreement's hand-back standards.

(ix) Bermuda Shipping and Maritime Authority

On July 12, 2016, the Bermuda Shipping and Maritime Authority (the "BSMA") was established by the Bermuda Shipping and Maritime Authority Act 2016 (the "BSMAA"). As of October 1, 2016, this new QUANGO commenced operations, replacing the Department of Maritime Administration. At March 31, 2018, the BSMA had a loan of \$2,090,000 (2017 – \$1,230,000) from the Fund (total loan facility \$5,703,000). All chattels, movable property, liabilities and contracts vested immediately before October 1, 2016 in the Government and used by the BSMA for its operations were transferred to and vested in the BSMA.

In accordance with Section 19(1)(a) of the BSMAA, the BSMA will transfer a percentage of its net surplus, if any, to the Fund. The 2018 net position of the BSMA has not yet been finalised. There was no surplus reported for 2017.

(x) Bermuda Civil Aviation Authority

On July 12, 2016, the Bermuda Civil Aviation Authority (the "BCAA") was established by the Bermuda Civil Aviation Authority Act 2016 (the "BCAAA"). As of October 1, 2016, this new QUANGO commenced operations, replacing the Department of Civil Aviation. All chattels, movable property, liabilities and contracts vested immediately before October 1, 2016 in the Government and used by the BCAA for its operations were transferred to and vested in the BCAA.

Unearned revenues of \$2,282,235 due to BCAA at the commencement of operations on October 1, 2016 were removed from the inter-company balances as these amounts were collected by the BCAA (Note 17).

In accordance with Section 18 (1) (a) of the BCAA, the BCAA will transfer a percentage of its net surplus to the Fund. The BCAA reported a net surplus of \$4,000,000 and \$17,000,000 for the years ended March 31, 2017 and 2018 respectively. The amounts to be transferred to the Fund are included in Due from Government Funds and Agencies (Schedule 3) at March 31, 2018.

14. Related Party Transactions (cont'd)

(xi) Heritage Wharf

In March 2017, the Heritage Wharf (the “Wharf”) was re-conveyed to Government from WEDCO for the total consideration of \$1. The Wharf was previously conveyed to WEDCO by Government in May 2009 for consideration of \$1, with \$58 million expensed as a capital item in the Fund’s March 31, 2010 audited financial statements.

The Wharf was recorded as a tangible capital asset in the Fund’s Statement of Financial Position at a value of \$41.6 million as at March 31, 2017. Corresponding revenue of \$41.6 million was recorded as Other Revenue in the Statement of Operations and Accumulated Deficit for the year ended March 31, 2017.

(vii) Bermuda Casino Gaming Commission

On April 4, 2017, the Government authorized the transfer of \$1.6 million from the Fund to the Bermuda Casino Gaming Commission in the form of an interest-free loan.

15. Debt

(a) Bank Overdraft

During the year the Government had an overdraft facility agreement at HSBC of \$50 million which expired on November 30, 2017. It was subsequently extended until January 31, 2018. The daily charges applied to overdrawn balances was 3% above HSBC’s base rate.

(b) Debt Issue

During the prior year, the Government issued debt of \$665 million of 3.717%, 10 year bonds, due January 2027. The proceeds were used to repay the \$200 million, 5.0% loan facility with BNTB. The proceeds were also used to repurchase \$276.1 million of the 5.603%, \$500 million senior notes due in 2020. The repurchase of the 2020 notes included a \$38.7 million early tender premium, shown as a line item in the 2017 statement of operations and accumulated deficit, and accrued interest of \$3.8 million. The net increase in interest bearing debt, as of March 31, 2017, as a result of the issue was \$188.9 million. Also see note 18.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2018

16. North Channel Shipping Loan

In June 2015, the Government entered into an agreement with a cruise line whereby that entity covered the costs for widening the North Channel to permit Quantum Class cruise ships passage to Bermuda. In exchange, the Government will repay the project capital costs, \$15,203,274, plus accrued interest thereon via a new fee called the Capital Cost Recovery Charge (the “CCRC”). The CCRC is charged at \$22 per passenger from eligible passengers on board the Quantum Class cruise ships. The loan accrues interest at 6% per annum. The loan includes capitalized interest of \$828,182.

As at March 31, 2018, principal repayments of \$1,458,998 (2017 - \$2,046,000) were made and the remaining balance on the loan outstanding was \$11,698,276 (2017 - \$13,157,274). Interest expense recorded for 2018 was \$729,499 (2017 - \$752,033). Interest payable as at March 31, 2018 was \$892,220 (2017 - \$752,033).

17. Prior Period Adjustment

Certain 2017 comparative balances have been changed as a result of the application of prior period adjustments necessitated to the 2017 audited financial statements. Prior period adjustments are made when errors impacting previously reported financial years are discovered in the current reporting year.

(a) Correction of errors

- (i) It was determined that due to improper relieving of accounts receivable in prior years, accounts receivable had been overstated in error since 2014. Correction of the error resulted in a decrease in prior period accounts receivable of \$1.6M (Schedule 1) with a corresponding increase in the accumulated deficit.
- (ii) It was determined that due to duplicate accruals of trade liabilities in prior years, accounts payable and accrued liabilities had been overstated since 2016. Correction of the error resulted in a \$955K decrease in accounts payable and accrued liabilities (Schedule 5) and a corresponding decrease in the accumulated deficit.
- (iii) It was determined that unearned revenues originally recorded as due to the BCAA (Schedule 3) representing amounts later collected directly by the BCAA, not the Fund, were recorded as due to the BCAA at March 31, 2017 in error. Correction of the error resulted in a decrease of \$2.3M in the prior period amount due to the BCAA with a reduction in the corresponding loss on disposal of the Department of Civil Aviation.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2018

17. Prior Period Adjustment (cont'd)

(b) North Channel Widening

As disclosed in Note 16, the Government entered into an agreement with a cruise line (the "CL"), whereby the CL covered the costs for widening the North Channel. As the widened North Channel was deemed in use during the year ended March 31, 2017, a capital asset and corresponding liability to the CL should have been reflected in the Fund's 2017 financial statements. The correction of the omission resulted in an increase in prior period tangible capital assets of \$12.1M with a corresponding decrease in the accumulated deficit. Accounts payable and accrued liabilities increased by \$14.6M to reflect the loan due to the CL at March 31, 2017. Revenues from fees, permits & licenses increased by \$2.1M, representing the CCRC received.

(c) Assignment and Transfer Agreement with the BAA

As disclosed in note 14(viii) an ATA was made between the BAA and the Government, which assigned and transferred certain assets and liabilities of the Department of Airport Operations back to the Government with an effective date of March 16, 2017. As a result of the ATA, accounts receivable, net of a provision for doubtful accounts, of \$1.8M (Schedule 1) and accounts payable of \$5.2M (Schedule 5), previously removed from the Fund's 2017 financial statements were reinstated at March 31, 2017. A corresponding loss on disposal of \$3.4M of the Department of Airport Operations was reversed, resulting in a decrease in the Fund's accumulated deficit at March 31, 2017.

Condensed Statement of Financial Position as at March 31, 2017:

	Previously Reported \$	Correction of Errors \$	North Channel Widening \$	ATA \$	Restated Balance \$
	(in thousands)				
<u>Liabilities</u>					
Accounts Payable and Accrued Liabilities	165,685	(955)		5,214	169,944
Interest Bearing Debt - North Channel			13,909		13,909
Due to Government Funds and Agencies	19,850	(2,282)			17,568
Total Liabilities	4,021,105	(3,238)	13,909	5,214	4,036,990
<u>Financial Assets</u>					
Accounts Receivable	156,516	(1,594)		1,844	156,766
Total Financial Assets	297,943	(1,594)		1,844	298,193
Net Debt	3,723,162	(1,644)	13,909	3,370	3,738,797

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2018

17. Prior Period Adjustment (cont'd)

	Previously Reported \$	Correction of Errors \$	North Channel Widening \$	ATA \$	Restated Balance \$
	(in thousands)				
<u>Non-Financial Assets</u>					
Tangible Capital Assets	685,956		12,101		698,057
Total Non-Financial Assets	738,278		12,101		750,379
Accumulated Deficit	2,984,884	(1,644)	1,808	3,370	2,988,418

Condensed Statement of Operations and Accumulated Deficit as at March 31, 2017:

	Previously Reported \$	Correction of Errors \$	North Channel Widening \$	ATA \$	Restated Balance \$
	(in thousands)				
<u>Revenue</u>					
Fees, Permits & Licenses	184,702		2,046		186,748
Total Revenue	1,029,594		2,046		1,031,640
<u>Expenses</u>					
Economic Development	429,771	(2,282)	3,854	3,370	434,713
Total Expenses	1,277,173	(2,282)	3,854	3,370	1,282,115
Annual Deficit	(247,578)	2,282	(1,808)	(3,370)	(250,474)
Accumulated Deficit, Beginning of Year	(2,737,306)	(638)			(2,737,944)
Accumulated Deficit, End of Year	(2,984,884)	1,644	(1,808)	(3,370)	(2,988,418)

18. Subsequent Events

(a) Debt Issue

As of October 2018, Government appointed Citigroup Global Markets Inc. and HSBC Securities (USA) Inc., to act as joint book-runners for an offering of Government debt securities. The offering will be used to repay the BNTB loan and will be combined with a tender offer to repurchase from holders of Government's 5.603%, senior notes due 2020 and 4.854%, senior notes due 2024, up to a capped amount. The transaction will be issued in US dollars. The \$620M, 4.75% offering has a closing date of November 20, 2018 and will carry a maturity of 10 years.

(b) St. George's Resort Act 2018

In July 2018, with an operative date of 31 August 2018, the St. George's Resort Act 2018 was approved. The St. George's Resort Act 2015 was simultaneously repealed. A Hotel Concession embedded in the 2015 Resort Act was amended to be a Tourism Investment Order. The total value of concessions to be applied in the future against payroll and hotel occupancy taxes under this act is conservatively estimated to be \$20,000,000 over a period of ten years and is not capped. The land tax concession in this act cannot be determined as the structure does not exist and the value of these concessions is not capped.

19. Comparative Figures

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

Government of Bermuda - Consolidated Fund
Schedule 1: Accounts Receivable
As at March 31

	2018	2017
	Actual	Restated
	\$	\$
Office of the Tax Commissioner	254,619,656	227,832,640
Works & Engineering	12,352,028	11,937,628
Registrar of Companies	9,144,522	8,941,249
Judicial Department	8,735,051	4,305,844
Fire Services	-	6,330,116
Customs	4,404,839	6,434,678
Accountant General	3,917,494	3,187,278
Airport Operations	2,932,025	4,440,159
Public Lands & Buildings	2,554,536	2,214,575
Post Office	2,365,790	1,918,028
Department of Education	1,590,226	1,561,028
Department of Health	1,547,038	1,580,777
Other Departments	1,361,842	43,998
Environment & Natural Resources	1,317,882	1,268,048
Ministry of Public Works HQ	906,768	918,319
Marine & Ports	499,569	494,938
Public Transportation	350,245	391,047
Ministry of Health HQ	226,077	31,708
Financial Assistance	219,708	219,708
Immigration	205,650	44,000
Telecommunications	195,880	271,148
Ministry of Transport & Regulatory Affairs HQ	175,000	721,420
Office of the Auditor General	153,000	(240,100)
Defence	129,066	128,936
Police	111,757	70,933
Department of Human Resources	101,253	107,253
Ministry of Finance HQ	94,892	134,912
Registry General	33,224	58,546
	310,245,018	285,348,814
Less: Provision for Doubtful Accounts	130,545,108	128,582,744
	179,699,910	156,766,070

Government of Bermuda - Consolidated Fund
Schedule 2: Inventories for Consumption
As at March 31

	2018	2017
	Actual	Actual
	\$	\$
Public Transportation	3,980,772	3,691,367
Works & Engineering	3,559,739	3,359,622
Marine & Ports	2,735,420	2,468,749
Ministry of Public Works HQ	2,680,937	3,756,929
Department of Education	1,030,068	1,027,394
Police	1,016,314	1,097,720
Department of Corrections	330,637	362,951
Environmental Protection	86,990	84,157
Post Office	81,922	81,922
Defence	54,459	54,459
Immigration	37,303	39,208
	15,594,561	16,024,478
Less: Provision for Obsolescence	2,313,976	2,019,683
	13,280,585	14,004,795

Government of Bermuda - Consolidated Fund
Schedule 3: Due From Government Funds and Agencies
As at March 31

	2018	2017
	Actual	Restated
	\$	\$
Government Employees Health Insurance Fund	32,062,744	24,752,998
Bermuda Civil Aviation Authority	20,291,710	-
Contributory Pension Fund	5,773,622	1,019,141
Regulatory Authority	5,295,374	4,752,079
Bermuda Hospitals Board	4,814,299	3,950,477
Bermuda Shipping and Maritime Authority (Note 14(b)(ix))	2,148,569	1,230,000
Public Service Superannuation Fund (Note 9(b))	2,138,791	-
Bermuda Casino Gaming Commission	1,615,623	-
Bermuda Monetary Authority	1,537,089	1,329,506
Confiscated Assets Fund	954,773	185,967
West End Development Corporation	926,213	329,638
Government Reserves Fund	568,370	268,490
Bermuda Land Development Company	487,662	112,462
Bermuda Housing Corporation	355,703	269,085
Bermuda College	323,305	217,290
CedarBridge Academy	211,677	126,787
Golf Courses	131,036	1,176,678
Unemployment Insurance Fund (Note 7)	115,188	-
Bermuda Tourism Authority	78,354	-
Financial Intelligence Agency	43,818	28,313
Berkeley Institute	38,366	21,561
Parish Councils	19,936	25,544
Bermuda Economic Development Corporation	19,501	27,392
Pension Commission	12,439	10,485
Whitney Institute	5,439	3,717
Sandys Secondary Middle School	4,682	5,223
St. George's Preparatory School	1,980	1,940
Bermuda Housing Trust	1,699	767
Bermuda Airport Authority	-	121,979
Bermuda Health Council	-	20,133
	79,977,962	39,987,652
Less: Provision for Doubtful Accounts	-	-
	79,977,962	39,987,652

Government of Bermuda - Consolidated Fund
Schedule 3(a): Due to Government Funds and Agencies
As at March 31

	2018	2017
	Actual	Actual
	\$	\$
Ministers and Members of the Legislature Pensions Fund (Note 9(b))	11,806,814	12,748,566
Bermuda Hospitals Board	226,096	97,716
Corporation of Hamilton	80,750	-
Bermuda Airport Authority	75,427	-
West End Development Corporation	6,981	6,981
Bermuda Land Development Company	5,142	5,142
Corporation of St. Georges	4,575	-
Bermuda Economic Development Corporation	3,800	3,800
Bermuda College	1,672	1,672
Bermuda Health Council	767	-
Bermuda Housing Corporation	400	400
Public Service Superannuation Fund (Note 9(b))	-	3,727,658
Bermuda Civil Aviation Authority	-	776,485
Department of Tourism North American Retirement Plan	-	197,175
Golf Courses	-	1,943
	12,212,424	17,567,538

Government of Bermuda - Consolidated Fund
Schedule 4: Long-Term Receivables
As at March 31

	2018	2017
	Actual	Actual
	\$	\$
Student Loans and Teacher Training Awards	395,983	516,625
Customs Duty	80,137	197,844
	476,120	714,469

Government of Bermuda - Consolidated Fund
Schedule 5: Accounts Payable and Accrued Liabilities
As at March 31

	2018	2017
	Actual	Restated
	\$	\$
Department Trade Accounts	32,668,502	44,507,787
Deposits Held	35,283,703	30,404,788
Interest on Debt	25,399,625	31,875,293
Base Lands Clean Up (Note 10(c))	23,742,614	34,380,059
Employees' Leave Entitlements	18,586,503	18,566,660
Teachers' Salaries & Leave Entitlements	8,649,303	8,552,954
Salaries, Wages and Benefits	1,552,159	1,494,793
Leases Payable	191,689	161,400
	146,074,098	169,943,734

Government of Bermuda - Consolidated Fund
Schedule 6: Deferred Revenue
As at March 31

	2018	2017
	Actual	Actual
	\$	\$
Post Office	261,624	255,249
Department of Health	171,568	160,764
Public Lands & Buildings	91,116	90,816
Youth, Sport & Recreation	17,364	22,981
Office of the Tax Commissioner	5,000	5,000
Department of Education	1,095	-
Accountant General	836	836
	548,603	535,646

Government of Bermuda - Consolidated Fund
Schedule 7: Interest Bearing Debt - Net of Sinking Fund
As at March 31

	2018	2017
	Actual	Actual
	\$	\$
Senior Notes Due 2019 - US\$		
Issue Date: May 21, 2009		
Interest: 7.38% payable semi-annually		
May 21 and November 21		
Notes Due: May 21, 2019	100,000,000	100,000,000
BNTB Loan Due May 2019 - US\$		
Issue Date: December 14, 2017		
Interest: 4% payable monthly		
Last business day of the month		
Loan Due: May 31, 2019	85,000,000	-
Senior Notes Due 2019 - US\$		
Issue Date: November 10, 2009		
Interest: 5.93% payable semi-annually		
November 10 and May 10		
Notes Due: November 10, 2019	80,000,000	80,000,000
Senior Notes Due 2020 - US\$		
Issue Date: July 13, 2010		
Interest: 5.603% payable semi-annually		
January 20 and July 20		
Notes Due: July 20, 2020	223,935,000	223,935,000
Senior Notes Due 2022 - US\$		
Issue Date: December 4, 2007		
Interest: 5.73% payable semi-annually		
June 4 and December 4		
Notes Due: December 4, 2022	140,000,000	140,000,000

Government of Bermuda - Consolidated Fund
Schedule 7: Interest Bearing Debt - Net of Sinking Fund (cont'd)
As at March 31

	2018	2017
	Actual	Actual
	\$	\$
Senior Notes Due 2023 - US\$		
Issue Date: July 3, 2012		
Interest: 4.138% payable semi-annually		
January 3 and July 3		
Notes Due: January 3, 2023	475,000,000	475,000,000
Senior Notes Due 2023 - BMD\$		
Issue Date: December 16, 2013		
Interest: 4.75% payable semi-annually		
June 16 and December 16		
Notes Due: December 16, 2023	50,000,000	50,000,000
Senior Notes Due 2024 - US\$		
Issue Date: August 6, 2013		
Interest: 4.854% payable semi-annually		
February 6 and August 6		
Notes Due: February 6, 2024	750,000,000	750,000,000
Senior Notes Due 2027 - US\$		
Issue Date: October 19, 2016		
Interest: 3.717% payable semi-annually		
January 25 and July 25		
Notes Due: January 25, 2027	665,000,000	665,000,000
	2,568,935,000	2,483,935,000
Less: Sinking Fund (Note 5)	150,178,144	86,625,930
	2,418,756,856	2,397,309,070

Government of Bermuda - Consolidated Fund
Schedule 8: Revenue By Type
For the year ended March 31

	2018 Original Estimates	2018 Actual	2017 Restated
	\$	\$	\$
Taxes & Duties			
Payroll Tax	439,000,000	456,736,461	401,754,701
Customs Duty	223,716,000	223,002,892	211,086,777
Land Tax	63,186,000	62,845,547	62,422,116
Passenger Tax	22,345,000	22,177,268	41,025,248
	748,247,000	764,762,168	716,288,842
Other Taxes & Duties			
Stamp Duty	20,986,000	26,714,093	23,125,474
Foreign Currency Purchase Tax	22,000,000	20,895,761	20,310,285
Hotel Occupancy Tax	11,500,000	11,990,807	7,950,651
Financial Services Tax	11,390,000	7,160,215	-
Non-Bermudian Land Acquisition Tax	6,000,000	6,069,965	5,044,735
Corporate Services Tax	5,900,000	5,393,207	5,221,796
Betting Tax	1,700,000	164,018	935,928
Timesharing Tax	20,000	50,663	60,902
	79,496,000	78,438,729	62,649,771
Total Taxes & Duties	827,743,000	843,200,897	778,938,613
Fees, Permits & Licences			
International Companies	69,965,000	63,353,109	62,606,713
Vehicle Licences & Registration	29,029,000	29,290,699	29,363,972
Immigration	15,000,000	15,981,522	16,652,240
Telecommunications	14,750,000	14,458,688	14,301,377
Bus Transportation	9,044,000	6,435,165	7,282,262
Solid Waste Services	5,050,000	5,359,466	4,996,171
Postal Services	4,343,000	4,665,107	4,036,455
Capital Cost Recovery Charge (Note 16)	-	2,048,310	-
Water	3,901,000	3,327,470	2,537,721
Services to Seaborne Shipping	3,000,000	3,081,634	3,043,471
Local Companies	2,800,000	2,652,582	2,714,830
Rentals	2,709,000	2,227,379	1,958,386
Other Customs Fees & Charges	2,321,000	1,918,909	1,914,236
Trade and Service Mark	1,401,000	1,787,210	1,877,033
Planning Fees and Searches	1,052,000	1,760,077	1,379,059
Ferry Services	2,038,000	1,532,215	1,182,334
Wharfage	800,000	805,309	794,852
Companies Licences	700,000	710,815	865,000
Liquor Licences	320,000	509,357	513,040
Plant Production and Marketing Centre	200,000	137,113	183,326
Air Terminal & Aviation	-	113,982	8,860,366
Civil Aviation Receipts	18,000,000	-	-
Registration of Shipping	1,000	-	3,065,117
Registration of Aircraft	-	-	16,619,656
	186,424,000	162,156,118	186,747,617
Other Revenue			
Other (Notes 14(b)(x), 10(c))	21,794,000	56,735,151	59,794,712
Fines & Forfeitures	2,982,000	2,910,696	2,622,489
Asset Sales	3,000,000	700,000	-
	27,776,000	60,345,847	62,417,201
Investment Income	406,000	3,674,224	3,536,930
	28,182,000	64,020,071	65,954,131
TOTAL REVENUE	1,042,349,000	1,069,377,086	1,031,640,361

Government of Bermuda - Consolidated Fund
Schedule 9: Revenue By Ministry / Department
For the year ended March 31

	2018 Original Estimates	2018 Actual	2017 Restated
	\$	\$	\$
Non-Ministry Departments			
05 Office of the Auditor General	1,196,000	1,363,019	1,143,402
63 Parliamentary Registrar	358,000	344,272	352,606
02 Legislature	-	5,383	(300)
	1,554,000	1,712,674	1,495,708
Cabinet Office Departments			
13 Post Office	4,550,000	4,646,621	4,006,791
09 Cabinet Office	-	1,246	1,446
14 Department of Statistics	-	1,203	47
26 Department of Human Resources	-	-	104
	4,550,000	4,649,070	4,008,388
Ministry of Transport & Regulatory Affairs			
34 Transport Control Department	29,033,000	29,408,245	29,491,093
48 Ministry of Transport & Regulatory Affairs HQ	18,653,000	23,739,314	2,813,147
67 ICT Policy and Innovation	14,750,000	14,954,989	1,000
35 Public Transportation	8,763,000	6,484,395	7,335,174
30 Marine & Ports	6,303,000	6,021,489	5,573,948
31 Airport Operations	-	115,741	8,970,111
57 Civil Aviation	-	-	14,587,756
73 Maritime Administration	-	-	3,180,274
	77,502,000	80,724,173	71,952,503
Ministry of Legal Affairs			
03 Judicial Department	8,288,000	10,395,033	5,859,255
87 Ministry of Legal Affairs HQ	-	130,853	98,904
04 Attorney General's Chambers	-	3,000	-
74 Department of Court Services	-	-	(190)
	8,288,000	10,528,886	5,957,969
Ministry of Finance			
38 Office of the Tax Commissioner	593,582,000	607,731,245	560,333,886
39 Registrar of Companies	74,071,000	67,189,597	66,381,714
11 Accountant General	404,000	10,657,918	3,542,707
10 Ministry of Finance HQ	188,000	382,866	1,487,316
28 Social Insurance	-	1,246	-
	668,245,000	685,962,872	631,745,623
Ministry of Education & Workforce Development			
17 Department of Education	230,000	153,567	181,991
60 Workforce Development	28,000	22,250	21,995
18 Libraries	15,000	17,080	17,301
19 Archives	2,000	339	868
	275,000	193,236	222,155
Ministry of Health			
22 Department of Health	3,516,000	3,344,628	3,550,853
21 Ministry of Health HQ	50,000	135,478	152,219
91 Health Insurance	-	-	7,000
	3,566,000	3,480,106	3,710,072

Government of Bermuda - Consolidated Fund
Schedule 9: Revenue By Ministry / Department (cont'd)
For the year ended March 31

	2018 Original Estimates	2018 Actual	2017 Restated
	\$	\$	\$
Ministry of Economic Development			
46 Telecommunications	-	-	14,129,377
	-	-	14,129,377
Ministry of the Environment			
50 Ministry of the Environment HQ	-	9,150	-
	-	9,150	-
Ministry of Social Development & Sports			
20 Youth, Sport & Recreation	621,000	617,809	585,689
23 Child & Family Services	192,000	167,430	165,620
52 Community & Cultural Affairs	89,000	94,050	183,943
88 National Drug Control	-	575	2,818
71 Ministry of Social Development & Sports HQ	-	-	-
55 Financial Assistance	-	-	-
	902,000	879,864	938,070
Ministry of National Security			
12 Customs	228,095,000	227,118,128	215,017,368
07 Police	350,000	610,132	501,809
45 Fire Services	180,000	147,506	776,843
06 Defence	-	130	-
25 Department of Corrections	-	100	50
83 Ministry of National Security HQ	-	25	111
	228,625,000	227,876,021	216,296,181
Ministry of Home Affairs			
27 Immigration	21,020,000	22,313,412	21,709,909
29 Registry General	1,679,000	2,030,977	2,109,749
32 Department of Planning	1,205,000	1,951,497	1,592,904
79 Environment & Natural Resources	1,755,000	1,601,963	1,823,136
93 Ministry of Home Affairs HQ	500,000	640,040	1,326,960
	26,159,000	28,537,889	28,562,658
Ministry of Public Works			
81 Public Lands & Buildings	5,545,000	13,269,830	43,411,270
82 Works & Engineering	16,532,000	11,323,795	9,099,347
97 Land Title & Registration	501,000	135,957	160
68 Parks	68,000	80,393	92,934
36 Ministry of Public Works HQ	31,000	13,170	17,379
49 Land Valuation	6,000	-	567
	22,683,000	24,823,145	52,621,657
TOTAL REVENUE	1,042,349,000	1,069,377,086	1,031,640,361

Government of Bermuda - Consolidated Fund
Schedule 9(a): Interdepartmental Revenue By Ministry / Department
For the year ended March 31

	2018 Interdepartmental Revenue	2018 Gross Revenue Actual	2018 Net Revenue
	\$	\$	\$
Non-Ministry Departments			
05 Office of the Auditor General	-	1,363,019	1,363,019
63 Parliamentary Registrar	305	344,272	343,967
01 Governor & Staff	-	-	-
92 Internal Audit	-	-	-
02 Legislature	-	5,383	5,383
56 Human Rights Commission	-	-	-
85 Ombudsman's Office	-	-	-
	305	1,712,674	1,712,369
Cabinet Office Departments			
13 Post Office	2,343	4,646,621	4,644,278
09 Cabinet Office	-	1,246	1,246
14 Department of Statistics	-	1,203	1,203
26 Department of Human Resources	-	-	-
	2,343	4,649,070	4,646,727
Ministry of Transport & Regulatory Affairs			
34 Transport Control Department	-	29,408,245	29,408,245
48 Ministry of Transport & Regulatory Affairs HQ	-	23,739,314	23,739,314
67 ICT Policy and Innovation	-	14,954,989	14,954,989
35 Public Transportation	163,844	6,484,395	6,320,551
30 Marine & Ports	(10,894)	6,021,489	6,032,383
31 Airport Operations	-	115,741	115,741
57 Civil Aviation	-	-	-
73 Maritime Administration	-	-	-
89 Energy	-	-	-
	152,950	80,724,173	80,571,223
Ministry of Legal Affairs			
03 Judicial Department	50,491	10,395,033	10,344,542
87 Ministry of Legal Affairs HQ	-	130,853	130,853
04 Attorney General's Chambers	-	3,000	3,000
74 Department of Court Services	-	-	-
	50,491	10,528,886	10,478,395
Ministry of Finance			
38 Office of the Tax Commissioner	-	607,731,245	607,731,245
39 Registrar of Companies	-	67,189,597	67,189,597
11 Accountant General	-	10,657,918	10,657,918
10 Ministry of Finance HQ	-	382,866	382,866
28 Social Insurance	-	1,246	1,246
	-	685,962,872	685,962,872
Ministry of Education & Workforce Development			
17 Department of Education	138,547	153,567	15,020
60 Workforce Development	150	22,250	22,100
18 Libraries	-	17,080	17,080
19 Archives	-	339	339
	138,697	193,236	54,539
Ministry of Health			
22 Department of Health	194,185	3,344,628	3,150,443
21 Ministry of Health HQ	64,372	135,478	71,106
91 Health Insurance	-	-	-
	258,557	3,480,106	3,221,549

Government of Bermuda - Consolidated Fund
Schedule 9(a): Interdepartmental Revenue By Ministry / Department (cont'd)
For the year ended March 31

	2018 Interdepartmental Revenue	2018 Gross Revenue Actual	2018 Net Revenue
	\$	\$	\$
Ministry of Economic Development			
46 Telecommunications	-	-	-
Ministry of the Environment			
50 Ministry of the Environment HQ	-	9,150	9,150
	-	9,150	9,150
Ministry of Social Development & Sports			
20 Youth, Sport & Recreation	540	617,809	617,269
23 Child & Family Services	724	167,430	166,706
52 Community & Cultural Affairs	-	94,050	94,050
88 National Drug Control	-	575	575
71 Ministry of Social Development & Sports HQ	13,677	-	(13,677)
55 Financial Assistance	123,995	-	(123,995)
	138,936	879,864	740,928
Ministry of National Security			
12 Customs	1,476,049	227,118,128	225,642,079
07 Police	4,189	610,132	605,943
45 Fire Services	-	147,506	147,506
06 Defence	-	130	130
25 Department of Corrections	-	100	100
83 Ministry of National Security HQ	-	25	25
	1,480,238	227,876,021	226,395,783
Ministry of Home Affairs			
27 Immigration	3,546	22,313,412	22,309,866
29 Registry General	5,019	2,030,977	2,025,958
32 Department of Planning	16,945	1,951,497	1,934,552
79 Environment & Natural Resources	11,398	1,601,963	1,590,565
93 Ministry of Home Affairs HQ	-	640,040	640,040
	36,908	28,537,889	28,500,981
Ministry of Public Works			
81 Public Lands & Buildings	92,529	13,269,830	13,177,301
82 Works & Engineering	175,963	11,323,795	11,147,832
97 Land Title & Registration	-	135,957	135,957
68 Parks	-	80,393	80,393
36 Ministry of Public Works HQ	-	13,170	13,170
49 Land Valuation	-	-	-
	268,492	24,823,145	24,554,653
TOTAL REVENUE	2,527,917	1,069,377,086	1,066,849,169

Government of Bermuda - Consolidated Fund
Schedule 10: Expenses By Program
For the year ended March 31

	2018 Capital Development	2018 Capital Acquisition	2018 Current Expenses	2018 Total Actual	2017 Total Restated
	\$	\$	\$	\$	\$
Economic Development					
11 Accountant General	-	23,994	83,886,475	83,910,469	83,914,436
82 Works & Engineering	7,579,975	-	55,145,055	62,725,030	55,001,867
48 Ministry of Transport & Regulatory Affairs HQ	253,154	-	46,218,627	46,471,781	32,662,459
81 Public Lands & Buildings	3,470,068	1,958	36,091,090	39,563,116	41,762,224
95 Ministry of Economic Development HQ	967,614	-	30,045,408	31,013,022	28,888,182
30 Marine & Ports	-	251,037	22,769,043	23,020,080	22,544,828
35 Public Transportation	-	177,820	21,986,345	22,164,165	20,876,402
12 Customs	-	82,900	17,926,891	18,009,791	17,111,524
13 Post Office	-	22,950	10,600,446	10,623,396	9,855,852
43 Dept. of Information and Digital Technology	(6,279)	438,688	7,656,624	8,089,033	7,998,087
36 Ministry of Public Works HQ	457,766	167,715	5,575,808	6,201,289	14,266,828
34 Transport Control Department	-	22,790	6,033,412	6,056,202	5,863,620
10 Ministry of Finance HQ	500,000	912,790	4,521,808	5,934,598	4,149,637
05 Office of the Auditor General	-	(22,495)	3,466,514	3,444,019	3,575,680
31 Airport Operations	(4,178)	-	(100,846)	(105,024)	49,633,038
39 Registrar of Companies	-	-	3,019,816	3,019,816	2,220,101
32 Department of Planning	-	7,256	2,714,544	2,721,800	2,479,626
93 Ministry of Home Affairs HQ	-	137	1,774,642	1,774,779	4,694,820
29 Registry General	-	-	1,603,704	1,603,704	1,430,959
67 ICT Policy and Innovation	320,354	-	1,139,382	1,459,736	1,094,512
38 Office of the Tax Commissioner	-	(143,461)	1,142,817	999,356	7,670,943
97 Land Title & Registration	-	-	923,349	923,349	925,616
49 Land Valuation	-	-	751,496	751,496	714,321
80 Project Management & Procurement	382	13,500	687,078	700,960	659,119
89 Energy	(1,226)	-	627,575	626,349	768,832
73 Maritime Administration	-	-	140,943	140,943	4,517,974
84 E-Government	-	-	-	-	1,090,201
46 Telecommunications	-	-	-	-	512,643
57 Civil Aviation	-	-	-	-	7,828,410
	13,537,630	1,957,579	366,348,046	381,843,255	434,712,741
Health					
24 Hospitals	120,000	-	120,199,891	120,319,891	145,120,892
22 Department of Health	13,667	3,336	25,688,529	25,705,532	24,802,657
21 Ministry of Health HQ	-	48,867	11,229,866	11,278,733	9,421,985
28 Social Insurance	-	-	5,057,741	5,057,741	6,368,346
91 Health Insurance	-	-	3,961,749	3,961,749	7,471,526
	133,667	52,203	166,137,776	166,323,646	193,185,406
National Security					
07 Police	98,874	137,471	63,839,139	64,075,484	66,777,338
25 Department of Corrections	(34,079)	47,052	26,045,750	26,058,723	25,082,860
45 Fire Services	-	(198,441)	14,004,833	13,806,392	13,453,201
03 Judicial Department	-	69,551	8,162,719	8,232,270	7,806,455
06 Defence	4,284	75,976	6,895,234	6,975,494	7,236,534
87 Ministry of Legal Affairs HQ	-	11,089	6,166,746	6,177,835	5,962,133
27 Immigration	-	1,200	5,464,293	5,465,493	5,464,117
04 Attorney General's Chambers	-	(1,869)	4,651,515	4,649,646	4,356,756
74 Department of Court Services	-	-	3,812,094	3,812,094	4,011,904
75 Department of Public Prosecutions	-	30,168	3,123,487	3,153,655	2,727,885
83 Ministry of National Security HQ	-	-	1,718,445	1,718,445	1,287,285
	69,079	172,197	143,884,255	144,125,531	144,166,468
Education					
17 Department of Education	1,943,601	492,188	112,588,660	115,024,449	110,405,783
41 Bermuda College	850,000	-	15,481,000	16,331,000	15,527,760
60 Workforce Development	-	(480)	4,172,658	4,172,178	4,185,990
16 Ministry of Education & Workforce Development HQ	-	-	2,318,661	2,318,661	2,208,067
	2,793,601	491,708	134,560,979	137,846,288	132,327,600

**Government of Bermuda - Consolidated Fund
Schedule 10: Expenses By Program (cont'd)
For the year ended March 31**

	2017 Capital Development	2018 Capital Acquisition	2018 Current Expenses	2018 Total Actual	2017 Total Restated
	\$	\$	\$	\$	\$
Public Debt					
58 Interest on Debt	-	-	117,722,643	117,722,643	120,619,921
Early Tender Premium on Repurchased Debt (Note 15(b))	-	-	-	-	38,649,100
	-	-	117,722,643	117,722,643	159,269,021
Social Services & Assistance					
55 Financial Assistance	-	199	51,948,833	51,949,032	53,621,280
23 Child & Family Services	-	(121,422)	13,386,225	13,264,803	14,224,573
53 Bermuda Housing Corporation	4,800,000	-	6,050,000	10,850,000	10,850,000
88 National Drug Control	-	12,253	4,432,024	4,444,277	4,460,803
52 Community & Cultural Affairs	-	635	2,700,343	2,700,978	2,664,049
71 Ministry of Social Development & Sports HQ	-	-	1,792,243	1,792,243	2,210,060
	4,800,000	(108,335)	80,309,668	85,001,333	88,030,765
Other General Government Services					
20 Youth, Sport & Recreation	308	9,597	9,248,854	9,258,759	8,769,907
79 Environment & Natural Resources	516,525	(61,735)	8,473,740	8,928,530	8,303,413
68 Parks	119,050	(2,323)	8,753,428	8,870,155	8,948,449
09 Cabinet Office	-	(8,820)	5,740,181	5,731,361	7,030,040
02 Legislature	-	74,681	4,985,319	5,060,000	5,094,845
26 Department of Human Resources	-	-	3,274,294	3,274,294	2,856,020
51 Department of Communications	-	28,449	2,783,440	2,811,889	2,095,806
14 Department of Statistics	-	-	1,992,441	1,992,441	2,678,670
18 Libraries	-	(9,666)	1,800,851	1,791,185	1,766,082
63 Parliamentary Registrar	-	-	1,612,370	1,612,370	1,400,557
01 Governor & Staff	(129,421)	-	1,383,868	1,254,447	1,250,762
56 Human Rights Commission	-	-	1,170,928	1,170,928	1,297,626
50 Ministry of the Environment HQ	-	-	1,109,721	1,109,721	-
92 Internal Audit	-	-	1,035,141	1,035,141	1,168,646
19 Archives	-	(17,655)	1,017,943	1,000,288	1,081,355
85 Ombudsman's Office	-	-	872,213	872,213	785,430
98 Information Commissioner's Office	-	-	854,609	854,609	672,100
69 Conservation Services	-	-	(170,702)	(170,702)	-
72 Environmental Protection	-	-	(273,027)	(273,027)	-
	506,462	12,528	55,665,612	56,184,602	55,199,708
Pensions and Other Employee Future Benefits					
Pensions and Retirement Benefits Expense	-	-	65,724,826	65,724,826	75,222,863
	-	-	65,724,826	65,724,826	75,222,863
TOTAL EXPENSES	21,840,439	2,577,880	1,130,353,805	1,154,772,124	1,282,114,572

Government of Bermuda - Consolidated Fund
Schedule 10(a): Current Expenses By Type
For the year ended March 31

	2018 Original Estimates	2018 Actual	2017 Restated
	\$	\$	\$
Employees			
Salaries	299,958,000	292,060,471	287,832,690
Wages	69,141,000	77,643,974	78,709,347
Employer Overhead	78,588,000	75,881,372	76,865,880
Pensions and Retirement Benefits Expense	-	64,236,262	74,083,655
Other Personnel Costs	6,368,000	4,721,722	5,355,877
Training	3,304,000	2,492,215	1,664,780
Compensated Absences	-	1,488,564	1,139,208
	457,359,000	518,524,580	525,651,437
Operations			
Grants & Contributions	311,428,000	285,298,228	293,192,509
Interest on Debt	124,050,000	117,911,001	120,639,928
Amortization (Note 4(b)(v))	-	51,267,256	46,551,599
Professional Services	49,985,000	41,184,111	57,066,589
Advertising & Promotion	2,389,000	24,646,096	9,782,712
Materials & Supplies	23,928,000	19,091,680	20,757,517
Repairs & Maintenance	19,411,000	16,416,827	16,395,615
Energy	16,608,000	14,512,955	16,676,024
Rentals	12,755,000	11,639,311	13,424,096
Insurance	9,121,000	8,002,813	10,948,236
Communications	7,097,000	6,249,833	6,580,876
Other	3,488,000	3,510,236	6,238,125
Bad Debts	-	3,730,536	6,969,057
Transport	5,153,000	2,389,858	5,209,018
Travel	3,010,000	2,043,095	2,324,881
Bank Charges & Commissions	-	1,796,233	1,819,340
Clothing & Uniforms	1,146,000	1,486,142	1,266,393
Loss on Disposal of Tangible Capital Assets	-	130,271	27,879,192
Equipment	563,000	522,743	651,403
Early Tender Premium on Repurchased Debt (Note 15(b))	-	-	38,649,100
Sinking Fund Contribution (Note 4(b)(iii))	62,085,000	-	-
	652,217,000	611,829,225	703,022,210
TOTAL CURRENT EXPENSES	1,109,576,000	1,130,353,805	1,228,673,647

Government of Bermuda - Consolidated Fund
Schedule 10(b): Current Expenses By Ministry / Department
For the year ended March 31

	2018 Original Estimates	2018 Actual	2017 Restated
	\$	\$	\$
Non-Ministry Departments			
02 Legislature	5,166,000	4,985,319	5,093,938
05 Office of the Auditor General	4,083,000	3,466,514	3,575,680
63 Parliamentary Registrar	2,502,000	1,612,370	1,400,557
01 Governor & Staff	1,395,000	1,383,868	1,250,762
56 Human Rights Commission	1,269,000	1,170,928	1,297,626
92 Internal Audit	1,574,000	1,035,141	1,168,646
85 Ombudsman's Office	910,000	872,213	785,430
98 Information Commissioner's Office	957,000	854,609	672,100
101 Privacy Commissioner's Office	867,000	-	-
	18,723,000	15,380,962	15,244,739
Cabinet Office Departments			
13 Post Office	10,677,000	10,600,446	9,840,882
43 Dept. of Information and Digital Technology	6,976,000	7,656,624	7,208,666
09 Cabinet Office	6,912,000	5,740,181	7,023,054
26 Department of Human Resources	3,846,000	3,274,294	2,856,020
51 Department of Communications	2,945,000	2,783,440	2,080,516
14 Department of Statistics	2,493,000	1,992,441	2,678,670
80 Project Management & Procurement	773,000	687,078	658,737
84 E-Government	-	-	678,464
	34,622,000	32,734,504	33,025,009
Ministry of Transport & Regulatory Affairs			
48 Ministry of Transport & Regulatory Affairs HQ	39,467,000	46,218,627	30,728,762
30 Marine & Ports	20,097,000	22,769,043	22,022,465
35 Public Transportation	21,615,000	21,986,345	20,932,329
34 Transport Control Department	5,350,000	6,033,412	5,863,620
31 Airport Operations	-	(100,846)	42,994,670
67 ICT Policy and Innovation	1,631,000	1,139,382	1,094,512
89 Energy	899,000	627,575	768,832
73 Maritime Administration	-	140,943	3,865,774
57 Civil Aviation	-	-	6,999,167
	89,059,000	98,814,481	135,270,131
Ministry of Legal Affairs			
03 Judicial Department	8,361,000	8,162,719	7,767,228
87 Ministry of Legal Affairs HQ	6,203,000	6,166,746	5,954,795
04 Attorney General's Chambers	4,808,000	4,651,515	4,338,317
74 Department of Court Services	4,318,000	3,812,094	4,011,904
75 Department of Public Prosecutions	3,389,000	3,123,487	2,794,277
	27,079,000	25,916,561	24,866,521
Ministry of Finance			
58 Interest on Debt	124,000,000	117,722,643	120,619,921
11 Accountant General	86,637,000	83,886,475	83,836,496
11a Pensions and Retirement Benefits Expense	-	65,724,826	75,222,863
28 Social Insurance	6,009,000	5,057,741	6,368,346
10 Ministry of Finance HQ	4,297,000	4,521,808	4,070,044
39 Registrar of Companies	2,587,000	3,019,816	2,220,101
38 Office of the Tax Commissioner	3,451,000	1,142,817	7,521,214
Early Tender Premium on Repurchased Debt (Note 15(b))	-	-	38,649,100
59 Sinking Fund Contribution	62,085,000	-	-
	289,066,000	281,076,126	338,508,085
Ministry of Education & Workforce Development			
17 Department of Education	109,096,000	112,588,660	109,270,166
41 Bermuda College	15,481,000	15,481,000	15,527,760
60 Workforce Development	4,478,000	4,172,658	4,185,990
16 Ministry of Education & Workforce Development HQ	2,414,000	2,318,661	2,208,067
18 Libraries	1,926,000	1,800,851	1,766,082
19 Archives	1,296,000	1,017,943	1,103,612
	134,691,000	137,379,773	134,061,677
Ministry of Health			
24 Hospitals	120,200,000	120,199,891	145,000,892
22 Department of Health	27,339,000	25,688,529	24,786,576
21 Ministry of Health HQ	11,186,000	11,229,866	9,421,985
91 Health Insurance	3,995,000	3,961,749	7,471,526
	162,720,000	161,080,035	186,680,979

Government of Bermuda - Consolidated Fund
Schedule 10(b): Current Expenses By Ministry / Department (cont'd)
For the year ended March 31

	2018 Original Estimates	2018 Actual	2017 Restated
	\$	\$	\$
Ministry of Economic Development			
95 Ministry of Economic Development HQ	35,059,000	30,045,408	13,141,182
46 Telecommunications	-	-	388,861
	35,059,000	30,045,408	13,530,043
Ministry of the Environment			
50 Ministry of the Environment HQ	1,314,000	1,109,721	-
	1,314,000	1,109,721	-
Ministry of Social Development & Sports			
55 Financial Assistance	53,555,000	51,948,833	53,614,366
23 Child & Family Services	15,634,000	13,386,225	13,844,699
20 Youth, Sport & Recreation	9,388,000	9,248,854	8,762,215
88 National Drug Control	4,179,000	4,432,024	4,450,283
52 Community & Cultural Affairs	3,011,000	2,700,343	2,664,049
71 Ministry of Social Development & Sports HQ	2,457,000	1,792,243	2,210,060
	88,224,000	83,508,522	85,545,672
Ministry of National Security			
07 Police	67,241,000	63,839,139	66,650,398
25 Department of Corrections	25,337,000	26,045,750	25,116,745
12 Customs	17,112,000	17,926,891	17,105,126
45 Fire Services	13,261,000	14,004,833	13,362,560
06 Defence	7,272,000	6,895,234	7,237,654
83 Ministry of National Security HQ	1,497,000	1,718,445	1,287,285
	131,720,000	130,430,292	130,759,768
Ministry of Home Affairs			
79 Environment & Natural Resources	8,221,000	8,030,011	7,977,660
27 Immigration	4,754,000	5,464,293	5,424,291
32 Department of Planning	3,304,000	2,714,544	2,484,784
93 Ministry of Home Affairs HQ	4,132,000	1,774,642	3,214,596
29 Registry General	1,870,000	1,603,704	1,428,801
	22,281,000	19,587,194	20,530,132
Ministry of Public Works			
82 Works & Engineering	32,279,000	55,145,055	48,923,280
81 Public Lands & Buildings	19,641,000	36,091,090	35,110,213
68 Parks	10,002,000	8,753,428	8,733,666
53 Bermuda Housing Corporation	6,050,000	6,050,000	6,050,000
36 Ministry of Public Works HQ	5,186,000	5,575,808	10,211,532
97 Land Title & Registration	1,069,000	923,349	923,016
49 Land Valuation	791,000	751,496	699,184
	75,018,000	113,290,226	110,650,891
TOTAL CURRENT EXPENSES	1,109,576,000	1,130,353,805	1,228,673,647

Government of Bermuda - Consolidated Fund
Schedule 10(c): Interdepartmental Current Expenses By Ministry/Department
For the year ended March 31

	2018 Interdepartmental Expense	2018 Actual Gross Expense	2018 Net Expense
	\$	\$	\$
Non-Ministry Departments			
02 Legislature	17,261	4,985,319	4,968,058
05 Office of the Auditor General	130	3,466,514	3,466,384
63 Parliamentary Registrar	3,274	1,612,370	1,609,096
01 Governor & Staff	-	1,383,868	1,383,868
56 Human Rights Commission	350	1,170,928	1,170,578
92 Internal Audit	150	1,035,141	1,034,991
85 Ombudsman's Office	-	872,213	872,213
98 Information Commissioner's Office	(6)	854,609	854,615
101 Privacy Commissioner's Office	-	-	-
	21,159	15,380,962	15,359,803
Cabinet Office Departments			
13 Post Office	7,494	10,600,446	10,592,952
43 Dept. of Information and Digital Technology	-	7,656,624	7,656,624
09 Cabinet Office	325	5,740,181	5,739,856
26 Department of Human Resources	-	3,274,294	3,274,294
51 Department of Communications	6,727	2,783,440	2,776,713
14 Department of Statistics	65	1,992,441	1,992,376
80 Project Management & Procurement	-	687,078	687,078
84 E-Government	-	-	-
	14,611	32,734,504	32,719,893
Ministry of Transport & Regulatory Affairs			
48 Ministry of Transport & Regulatory Affairs HQ	1,373	46,218,627	46,217,254
30 Marine & Ports	144,871	22,769,043	22,624,172
35 Public Transportation	414,865	21,986,345	21,571,480
34 Transport Control Department	24,022	6,033,412	6,009,390
31 Airport Operations	-	(100,846)	(100,846)
67 ICT Policy and Innovation	655	1,139,382	1,138,727
89 Energy	-	627,575	627,575
73 Maritime Administration	-	140,943	140,943
57 Civil Aviation	-	-	-
	585,786	98,814,481	98,228,695
Ministry of Legal Affairs			
03 Judicial Department	32,555	8,162,719	8,130,164
87 Ministry of Legal Affairs HQ	-	6,166,746	6,166,746
04 Attorney General's Chambers	215	4,651,515	4,651,300
74 Department of Court Services	2,587	3,812,094	3,809,507
75 Department of Public Prosecutions	-	3,123,487	3,123,487
	35,357	25,916,561	25,881,204
Ministry of Finance			
58 Interest on Debt	-	117,722,643	117,722,643
11 Accountant General	190	83,886,475	83,886,285
11a Pensions and Retirement Benefits Expense	-	65,724,826	65,724,826
28 Social Insurance	191,560	5,057,741	4,866,181
10 Ministry of Finance HQ	-	4,521,808	4,521,808
39 Registrar of Companies	-	3,019,816	3,019,816
38 Office of the Tax Commissioner	330	1,142,817	1,142,487
Early Tender Premium on Repurchased Debt (Note 15(b))	-	-	-
59 Sinking Fund Contribution	-	-	-
	192,080	281,076,126	280,884,046
Ministry of Education & Workforce Development			
17 Department of Education	82,812	112,588,660	112,505,848
41 Bermuda College	-	15,481,000	15,481,000
60 Workforce Development	65	4,172,658	4,172,593
16 Ministry of Education & Workforce Development HQ	-	2,318,661	2,318,661
18 Libraries	583	1,800,851	1,800,268
19 Archives	-	1,017,943	1,017,943
	83,460	137,379,773	137,296,313
Ministry of Health			
24 Hospitals	-	120,199,891	120,199,891
22 Department of Health	140,322	25,688,529	25,548,207
21 Ministry of Health HQ	9,031	11,229,866	11,220,835
91 Health Insurance	-	3,961,749	3,961,749
	149,353	161,080,035	160,930,682

Government of Bermuda - Consolidated Fund
Schedule 10(c): Interdepartmental Current Expenses By Ministry/Department (cont'd)
For the year ended March 31

	2018 Interdepartmental Expense \$	2018 Actual Gross Expense \$	2018 Net Expense \$
Ministry of Economic Development			
95 Ministry of Economic Development HQ	65	30,045,408	30,045,343
46 Telecommunications	-	-	-
	65	30,045,408	30,045,343
Ministry of the Environment			
50 Ministry of the Environment HQ	-	1,109,721	1,109,721
	-	1,109,721	1,109,721
Ministry of Social Development & Sports			
55 Financial Assistance	63,233	51,948,833	51,885,600
23 Child & Family Services	16,942	13,386,225	13,369,283
20 Youth, Sport & Recreation	217,004	9,248,854	9,031,850
88 National Drug Control	3,775	4,432,024	4,428,249
52 Community & Cultural Affairs	1,005	2,700,343	2,699,338
71 Ministry of Social Development & Sports HQ	13,952	1,792,243	1,778,291
	315,911	83,508,522	83,192,611
Ministry of National Security			
07 Police	71,556	63,839,139	63,767,583
25 Department of Corrections	67,782	26,045,750	25,977,968
12 Customs	25,203	17,926,891	17,901,688
45 Fire Services	13,113	14,004,833	13,991,720
06 Defence	1,374	6,895,234	6,893,860
83 Ministry of National Security HQ	1,670	1,718,445	1,716,775
	180,698	130,430,292	130,249,594
Ministry of Home Affairs			
79 Environment & Natural Resources	25,013	8,030,011	8,004,998
27 Immigration	694	5,464,293	5,463,599
32 Department of Planning	-	2,714,544	2,714,544
93 Ministry of Home Affairs HQ	780	1,774,642	1,773,862
29 Registry General	-	1,603,704	1,603,704
	26,487	19,587,194	19,560,707
Ministry of Public Works			
82 Works & Engineering	9,088	55,145,055	55,135,967
81 Public Lands & Buildings	11,900	36,091,090	36,079,190
68 Parks	320	8,753,428	8,753,108
53 Bermuda Housing Corporation	-	6,050,000	6,050,000
36 Ministry of Public Works HQ	901,577	5,575,808	4,674,231
97 Land Title & Registration	-	923,349	923,349
49 Land Valuation	65	751,496	751,431
Amortization (Note 3(f))	-	-	-
	922,950	113,290,226	112,367,276
TOTAL CURRENT EXPENSES	2,527,917	1,130,353,805	1,127,825,888

Government of Bermuda - Consolidated Fund
 Schedule 11: Schedules of Tangible Capital Assets and Assets Under Construction
 As at March 31, 2018

	Estimated Useful Life	COST			ACCUMULATED AMORTIZATION			31-Mar-18 Net Book Value	31-Mar-17 Net Book Value		
		Opening Balance	Additions	Disposals & Adjustments	Closing Balance	Opening Balance	Amortization Expense			Disposals & Adjustments	Closing Balance
Tangible Capital Assets		\$	\$	\$	\$	\$	\$	\$	\$		
Land	Indefinite	45,642,338	-	-	45,642,338	-	-	-	45,642,338		
Buildings & Betterments	2 - 40 years	645,214,371	4,374,795	(42,247)	649,546,919	(241,521,085)	(19,397,150)	1,368,287	(259,549,958)	389,996,961	403,693,276
Infrastructure	10 - 40 years	245,283,557	10,681,332	(42,921)	255,921,968	(74,510,576)	(12,545,999)	(1,228,639)	(88,285,214)	167,636,754	170,772,981
Vehicles & Heavy Equipment	5 - 7 years	97,631,383	4,387,820	(2,296,199)	99,723,004	(90,461,200)	(2,644,278)	2,160,984	(90,944,494)	8,778,510	7,170,183
Boats & Vessels	5 - 10 years	47,183,192	1,948,808	-	49,132,000	(43,783,267)	(1,382,976)	(17,382)	(45,183,605)	3,948,395	3,399,925
Computer Software	10 years	40,797,677	4,216,013	23,008	45,036,698	(25,957,573)	(3,754,017)	14,227	(29,697,363)	15,339,335	14,840,104
Office Equipment	5 years	15,470,375	1,950,751	(14,377)	17,435,503	(12,736,207)	(1,109,819)	(11,706)	(13,857,732)	3,577,771	2,794,168
Computer Hardware	3 - 7 years	23,753,273	2,322,387	(23,008)	26,052,652	(19,150,194)	(2,376,688)	8,365	(21,518,517)	4,534,135	4,603,079
Capital Leases	3 years	5,092,284	169,091	(24,686)	5,236,689	(4,599,804)	(135,225)	(34,266)	(4,769,295)	467,394	492,480
Furniture & Fixtures	7 years	5,844,777	326,135	(4,500)	6,166,412	(4,712,063)	(308,845)	(1,987)	(5,022,885)	1,143,517	1,132,714
Plant, Machinery & Equipment	10 - 30 years	114,305,472	15,799,788	42,921	130,148,181	(70,729,684)	(7,612,259)	(40,550)	(78,382,493)	51,765,688	43,575,788
Total Tangible Capital Assets		<u>1,286,218,699</u>	<u>46,176,920</u>	<u>(2,353,255)</u>	<u>1,330,042,364</u>	<u>(688,161,683)</u>	<u>(51,267,256)</u>	<u>2,217,353</u>	<u>(637,211,566)</u>	<u>692,830,798</u>	<u>698,057,036</u>
Assets Under Construction		35,490,121	12,389,096	(28,394,476)	19,484,741	-	-	-	-	19,484,741	35,490,121

Government of Bermuda - Consolidated Fund
Schedule 12: Current Expenditure - Estimates Compared to Expenditures
For the year ended March 31, 2018

	Expenses	Expenditure ¹	Adjusted Estimates ²	Under (Over) Spent	
	\$	\$	\$	\$	
Non-Ministry Departments					
02	Legislature	4,985,319	4,936,584	5,165,976	229,392
05	Office of the Auditor General	3,466,514	3,443,241	4,082,621	639,380
01	Governor & Staff	1,383,868	1,378,760	1,395,034	16,274
92	Internal Audit	1,035,141	1,034,811	1,573,942	539,131
63	Parliamentary Registrar	1,612,370	1,598,737	2,356,591	757,854
56	Human Rights Commission	1,170,928	1,124,119	1,269,395	145,276
85	Ombudsman's Office	872,213	869,858	909,703	39,845
98	Information Commissioner's Office	854,609	846,184	957,093	110,909
101	Privacy Commissioner's Office	-	-	842,342	842,342
		15,380,962	15,232,294	18,552,697	3,320,403
Cabinet Office Departments					
13	Post Office	10,600,446	9,683,770	10,526,719	842,949
43	Dept. of Information and Digital Technology	7,656,624	6,117,183	6,975,890	858,707
09	Cabinet Office	5,740,181	5,734,328	6,911,818	1,177,490
26	Department of Human Resources	3,274,294	3,270,268	3,846,058	575,790
51	Department of Communications	2,783,440	2,751,206	2,945,349	194,143
14	Department of Statistics	1,992,441	1,956,943	2,493,100	536,157
84	E-Government	-	-	-	-
80	Project Management & Procurement	687,078	685,920	773,238	87,318
96	Sustainable Development	-	-	-	-
		32,734,504	30,199,618	34,472,172	4,272,554
Ministry of , Transport & Regulatory Affairs					
48	Ministry of Transport & Regulatory Affairs HQ	46,218,627	44,424,569	44,799,795	375,226
30	Marine & Ports	22,769,043	21,348,975	21,773,578	424,603
35	Public Transportation	21,986,345	21,764,408	21,614,895	(149,513)
34	Transport Control Department	6,033,412	5,465,289	5,350,001	(115,288)
67	ICT Policy and Innovation	1,139,382	1,135,991	1,630,823	494,832
89	Energy	627,575	627,575	899,169	271,594
73	Maritime Administration	140,943	-	-	-
31	Airport Operations	(100,846)	-	-	-
		98,814,481	94,766,807	96,068,261	1,301,454
Ministry of Legal Affairs					
03	Judicial Department	8,162,719	7,755,538	8,361,233	605,695
87	Ministry of Legal Affairs HQ	6,166,746	6,143,632	6,239,297	95,665
04	Attorney General's Chambers	4,651,515	4,542,247	4,771,768	229,521
74	Department of Court Services	3,812,094	3,781,674	4,317,818	536,144
75	Department of Public Prosecutions	3,123,487	3,105,662	3,388,908	283,246
		25,916,561	25,328,753	27,079,024	1,750,271
Ministry of Finance					
58	Interest on Debt	117,722,643	117,722,643	124,000,000	6,277,357
11	Accountant General	83,886,475	82,505,473	85,887,178	3,381,705
11a	Pension and Retirement Benefits Expense	65,724,826	-	-	-
28	Social Insurance	5,057,741	5,053,552	5,923,500	869,948
10	Ministry of Finance HQ	4,521,808	4,509,429	5,047,358	537,929
39	Registrar of Companies	3,019,816	2,245,622	2,717,385	471,763
38	Office of the Tax Commissioner	1,142,817	3,449,053	3,450,900	1,847
59	Sinking Fund Contribution	-	62,098,375	62,085,000	(13,375)
		281,076,126	277,584,147	289,111,321	11,527,174
Ministry of Education & Workforce Development					
17	Department of Education	112,588,660	111,471,768	110,059,386	(1,412,382)
41	Bermuda College	15,481,000	15,481,000	15,481,000	-
60	Workforce Development	4,172,658	4,110,371	4,478,011	367,640
16	Ministry of Education & Workforce Development	2,318,661	2,318,661	2,450,741	132,080
18	Libraries	1,800,851	1,780,526	1,926,216	145,690
19	Archives	1,017,943	998,613	1,295,748	297,135
		137,379,773	136,160,939	135,691,102	(469,837)
Ministry of Health					
24	Hospitals	120,199,891	120,199,891	120,199,868	(23)
22	Department of Health	25,688,529	25,165,475	27,063,711	1,898,236
21	Ministry of Health HQ	11,229,866	11,211,186	11,460,465	249,279
91	Health Insurance	3,961,749	3,959,099	3,995,285	36,186
		161,080,035	160,535,651	162,719,329	2,183,678

¹ Adjusted for Non-Budgeted, Non-Cash Items

² Includes all Approved Supplementary amounts during the year

Government of Bermuda - Consolidated Fund
Schedule 12: Current Expenditure - Estimates Compared to Expenditures (cont'd)
For the year ended March 31, 2018

	Expenses	Expenditure ¹	Adjusted Estimates ²	Under (Over) Spent
	\$	\$	\$	\$
Ministry of Economic Development				
95 Ministry of Economic Development HQ	30,045,408	30,044,687	39,229,071	9,184,384
46 Telecommunications	-	-	-	-
	30,045,408	30,044,687	39,229,071	9,184,384
Ministry of the Environment				
50 Ministry of the Environment HQ	1,109,721	1,108,841	1,313,956	205,115
	1,109,721	1,108,841	1,313,956	205,115
Ministry of Social Development & Sports				
55 Financial Assistance	51,948,833	51,914,798	53,555,111	1,640,313
23 Child & Family Services	13,386,225	13,361,243	15,634,232	2,272,989
20 Youth, Sport & Recreation	9,248,854	9,171,827	9,427,999	256,172
88 National Drug Control	4,432,024	3,808,991	4,079,289	270,298
52 Community & Cultural Affairs	2,700,343	2,694,260	3,011,287	317,027
71 Ministry of Social Development & Sports HQ	1,792,243	1,783,971	2,416,778	632,807
	83,508,522	82,735,090	88,124,696	5,389,606
Ministry of National Security				
07 Police	63,839,139	62,181,522	67,140,718	4,959,196
25 Department of Corrections	26,045,750	26,323,766	25,337,456	(986,310)
12 Customs	17,926,891	17,131,965	17,111,765	(20,200)
45 Fire Services	14,004,833	13,658,456	13,260,562	(397,894)
06 Defence	6,895,234	6,692,145	7,272,151	580,006
83 Ministry of National Security HQ	1,718,445	1,722,922	1,846,573	123,651
	130,430,292	127,710,776	131,969,225	4,258,449
Ministry of Home Affairs				
79 Environment & Natural Resources	8,030,011	7,860,223	8,221,431	361,208
27 Immigration	5,464,293	4,770,542	4,877,720	107,178
32 Department of Planning	2,714,544	2,692,784	3,304,222	611,438
93 Ministry of Home Affairs HQ	1,774,642	1,771,694	3,973,750	2,202,056
29 Registry General	1,603,704	1,606,023	1,904,820	298,797
	19,587,194	18,701,266	22,281,943	3,580,677
Ministry of Public Works				
82 Works & Engineering	55,145,055	32,526,997	32,278,889	(248,108)
81 Public Lands & Buildings	36,091,090	19,507,380	19,640,794	133,414
68 Parks	8,753,428	8,539,290	10,002,373	1,463,083
36 Ministry of Public Works HQ	5,575,808	4,359,475	5,186,066	826,591
53 Bermuda Housing Corporation	6,050,000	6,050,000	6,050,000	-
97 Land Title & Registration	923,349	878,547	1,069,038	190,491
49 Land Valuation	751,496	715,042	790,964	75,922
	113,290,226	72,576,731	75,018,124	2,441,393
TOTAL CURRENT	1,130,353,805	1,072,685,600	1,121,630,921	48,945,321

¹ Adjusted for Non-Budgeted, Non-Cash Items

² Includes all Approved Supplementary amounts during the year

Government of Bermuda - Consolidated Fund
Schedule 13: Commitments - Legislated
For the year ended March 31, 2018

	2018	2017
	Actual	Actual
	\$	\$

Unspent Capital Appropriations

In accordance with Section 6 of the Appropriations Act 2017, unspent capital appropriations for incomplete capital projects to be carried forward to future years are as follows:

Capital Development	14,396,511	8,319,573
Capital Acquisition	8,679,984	8,651,718
	23,076,495	16,971,291

Total Authorized Funding

Total Authorized Funding represents the estimated total cost of 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	1,030,189,800	1,018,725,575
Projects Completed during the year	(207,221,800)	(54,965,218)
Supplementary Estimate No.1 & 2	3,343,154	9,621,643
Revised Total Authorized Funding	826,311,154	973,382,000
Appropriated Capital Development	(370,861,521)	(395,939,820)
Unappropriated Capital Development Commitments	455,449,633	577,442,180

**Government of Bermuda - Consolidated Fund
 Schedule 14: Public Debt - Legislated Limit
 As at March 31**

	2018	2017
	Actual	Actual
	\$	\$

The Government Loans Act 1978 as amended, defines public debt as debt owed or guaranteed by the Fund, but only if and when, and to the extent that, the guarantee obligation becomes due and payable by the Government.

Section 2A(1) of the Act limits public debt (net of sinking fund assets) to \$2.50 billion, as amended February 22, 2013.

Debt (Schedule 7)	2,568,935,000	2,483,935,000
Less:		
Sinking Fund (Schedule 7)	150,178,144	86,625,930
Public Debt	2,418,756,856	2,397,309,070
Legislated Limit	2,500,000,000	2,500,000,000
Available Limit	81,243,144	102,690,930