



GOVERNMENT OF BERMUDA

# Financial Statements

of the

# Consolidated Fund

March 31, 2023

Issued by  
Ministry of Finance  
The Accountant General

**Government of Bermuda – Consolidated Fund  
Financial Statements  
March 31, 2023**

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**Financial Statement Discussion and Analysis  
for the fiscal year ended March 31, 2023**

**Introduction to the Public Accounts**

In accordance with the *Public Treasury (Administration & Payments) Act 1969*, the Ministry of Finance produces the Public Accounts annually to report on the operating results and financial condition of the Government. The Public Accounts include general-purpose financial statements meant to meet the needs of a variety of users. They are not prepared on a consolidated basis, which means that they do not include Quangos, boards, and other entities owned or controlled by the Government but include the financial information of the departments and public service units of government.

These financial statements are prepared in accordance with Canadian public sector accounting standards. For purposes of the Government's financial statements, this refers to the Public Sector Accounting Standards (PSAS) of the Public Sector Accounting Board (PSAB) 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), supplemented where appropriate by other accounting standards of CPA Canada and the International Federation of Accountants.

The 2023 Public Accounts commence with the Financial Statement Discussion and Analysis (FSD&A) section. The FSD&A is prepared by the Ministry of Finance. The information included in the FSD&A is based on the audited financial statements of the Consolidated Fund. The information provided includes narrative explanations and graphical illustrations highlighting the key relationships that exist among the quantitative representations set out in the financial statements, as well as explanations and illustrations of variances and trends. The Government is responsible for the integrity, objectivity, and fair presentation of the information in the FSD&A.

The Consolidated Fund (CF) is the level at which the annual estimates are prepared in detail for approval by the government. The purpose of the FSD&A is to provide additional analysis and key indicators of the CF's performance. The CF is comprised of all departments and public service units of the Bermuda Government.

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**Special Note on Cyber incident**

In September 2023, the Government of Bermuda was the victim of a highly sophisticated and methodical cyber attack that caused significant disruption to Government IT systems. Prior to this attack, the Government had been engaged in a purposeful process enhancing the security of the Government's IT infrastructure. However, despite these proactive efforts the Government's IT network fell victim to a malicious attack, the scale of which was unprecedented and incomparable to previous cyber attacks. In the wake of this incident, the teams within the Department of Information and Digital Technologies (IDT) have implemented new tools to further strengthen the Government's security posture. While assessments are still ongoing to determine the financial repercussions of this incident, it is expected that the Government will need to significantly increase capital investments in IT infrastructure to reduce the likelihood of similar incidents happening in the future.

# Government of Bermuda – Consolidated Fund

## Financial Highlights

### March 31, 2023

#### Summary Financial Information

The following tables and charts illustrate summary financial information for the fiscal year ended March 31, 2023.

#### Financial Highlights

The highlights section provides a summary of the key events affecting the financial statements based on information taken from the audited Financial Statements. The Actual figures referred to in the table below reflect Current Account Expenditures. The budget figures are from the book of *Approved Estimates of Revenue and Expenditure for the Year 2022/23*.

#### Budget and Actual Results 2022/23

(thousands of dollars)<sup>1</sup>

	2022-23		2021-22	Variance	
	Budget	Actual	Actual	2022-23	2022-23 v
				Actual to Budget	2021-22
<b>Revenue</b>					
Payroll Tax	453,657	488,142	460,127	34,485	28,014
Customs Duty	228,216	225,055	224,511	-3,161	544
Other taxes	183,073	201,078	182,772	18,005	18,306
Other revenue (incl. fees, permits and licences, investment income) <sup>2</sup>	212,856	214,827	218,229	1,971	-3,401
<b>Total Revenue</b>	<b>1,077,802</b>	<b>1,129,101</b>	<b>1,085,639</b>	<b>51,299</b>	<b>43,462</b>
<b>Expense by Function</b>					
Economic Development	259,871	338,346	343,253	78,475	-4,907
Health	198,442	220,197	218,852	21,755	1,345
National Security	158,637	162,837	158,723	4,200	4,114
Education	136,327	136,755	129,358	428	7,397
Social Services & Assistance	92,754	93,431	90,132	677	3,299
Other Government Services	99,034	87,083	95,935	-11,951	-8,852
<b>Total Program Expense</b>	<b>945,065</b>	<b>1,038,649</b>	<b>1,036,253</b>	<b>93,584</b>	<b>2,396</b>
Interest on Debt	129,750	136,515	127,159	6,765	9,356
Pensions and Retirement Benefits	0	144,816	133,932	144,816	10,884
Early Tender Premium on Repurchased Debt	0	3,766	0	3,766	3,766
<b>Total Expense</b>	<b>1,074,815</b>	<b>1,323,746</b>	<b>1,297,344</b>	<b>248,931</b>	<b>26,402</b>
<b>Annual Current Account Deficit</b>	<b>2,987</b>	<b>-194,645</b>	<b>-211,705</b>	<b>-197,632</b>	<b>17,061</b>

<sup>1</sup> Totals may not add due to rounding

<sup>2</sup> Other revenues are identified in the Statement of Operations and Accumulated Deficit in the Financial Statements.

# Government of Bermuda – Consolidated Fund Financial Highlights March 31, 2023

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## (Deficit) Surplus

### Consolidated Statement Of Operations and Accumulated Deficit

(thousands of dollars)<sup>1</sup>

	2022-23	2021-22	Variance
	Actual	Actual	2022-23 v 2021-22
Total Revenue	1,129,100	1,085,639	43,461
Total Program Expense	1,358,968	1,334,292	24,676
Deficit	-229,866	-248,653	18,787
Net Debt	-5,067,817	-4,857,467	-210,350

<sup>1</sup>Totals may not add due to rounding

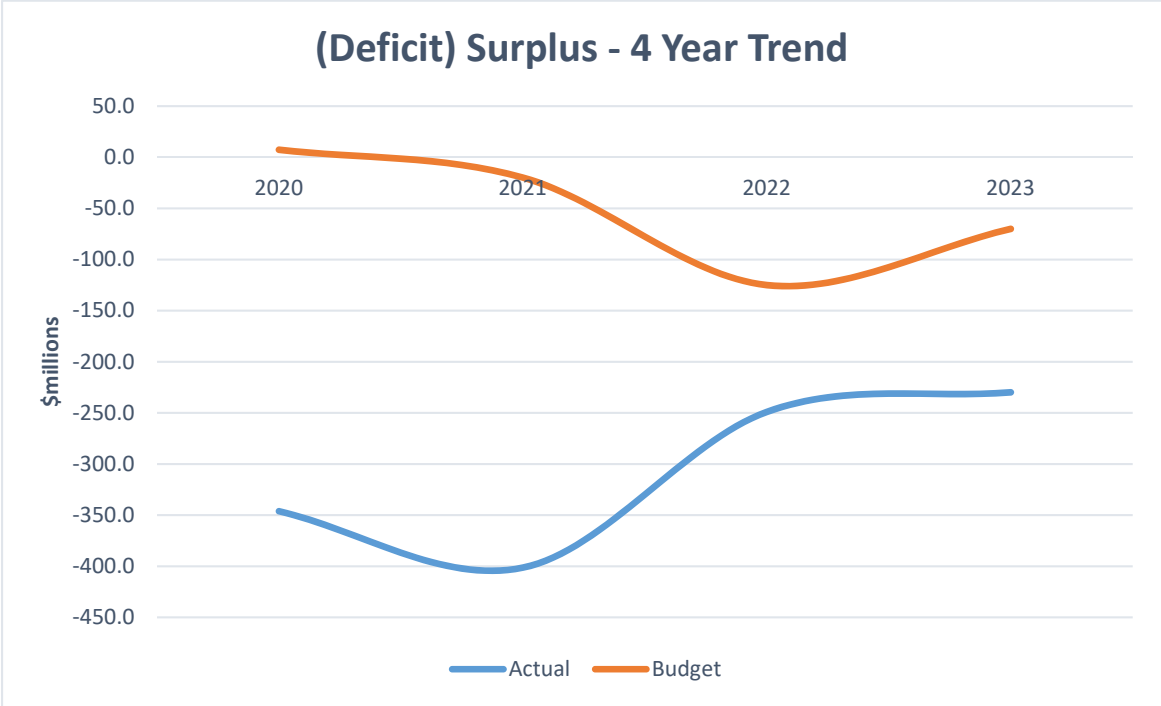
The (deficit) surplus is the net financial result of the year's operations. For the fiscal year ended March 31, 2023, total revenue was \$1.129 billion (2022 – \$1.09 billion) and total expenses were \$1.36 billion (2022 – \$1.33 billion). The resulting deficit of \$229.87 million was \$159.87 million higher than the budgeted deficit of \$70 million and \$18.79 million lower than the prior year's deficit of \$248.7 million. However, the budget deficit is done on a modified cash basis, while the deficit in the financial statements is done on an accrual basis.

The following chart shows the financial results on an accrual basis for the last 4 years against the budget estimates (on a modified bash basis).

**Government of Bermuda – Consolidated Fund  
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**(Deficit) Surplus - 4 Year Trend**



**Net Debt**

Net debt results when a government’s total liabilities exceed total financial assets. As a key measure of the Government’s financial position, net debt indicates the amount that current and past generations have accumulated through the incurrence of annual deficits and net investments in non-financial assets. Net debt represents the liabilities to be funded by future revenues. These amounts remain as obligations for future generations to fund through annual surpluses or to continue to carry as debt.

Net debt was \$5.07 billion at March 31, 2023, \$210 million higher than the prior year due to the \$230 million deficit, offset by \$19.5 million net acquisitions of tangible capital assets/assets under construction, net changes to inventories for consumption, and prepaid expenses, and adjustment of \$1.76 million of unrealized gains on adoption of PS 3450, *Financial Instruments*.

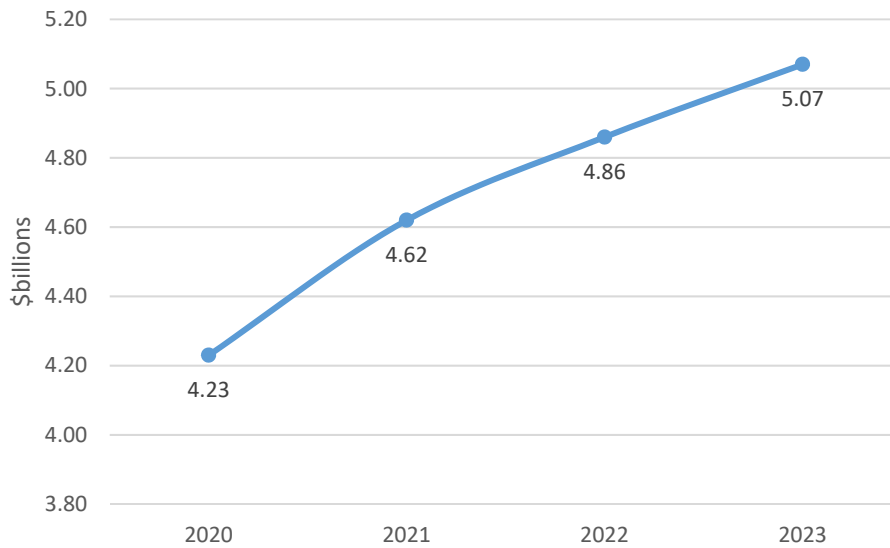


# Government of Bermuda – Consolidated Fund Financial Highlights March 31, 2023

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The Government has reported net debt in the past four years as follows:

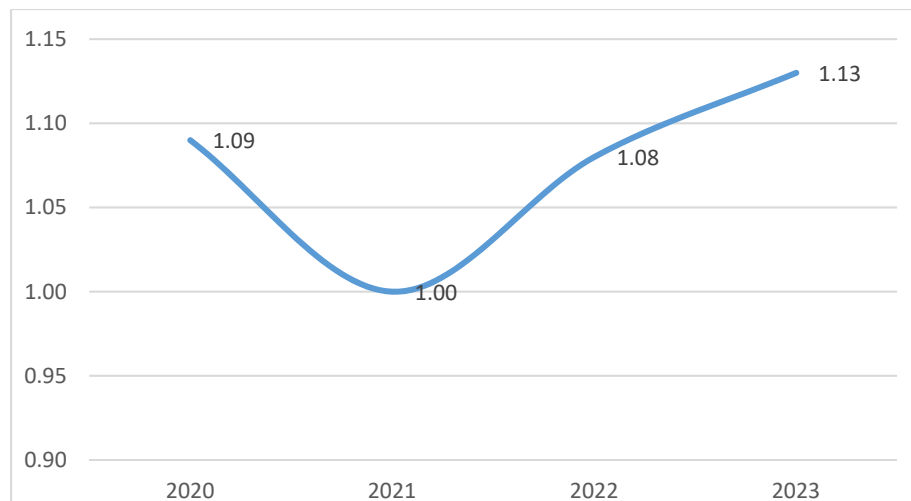
## Net Debt - 4 Year Trend



## Revenue

Total revenue for the year was \$51.3 million or 4.8 per cent higher than estimates, and \$43.5 million or 4 per cent higher than the prior year. The increases from estimates were attributable primarily to changes in payroll tax rates and an uptick in air travel resulting in increases in passenger tax revenues. The Consolidated Fund earned other revenues from a variety of sources.

## Total Revenue - 4 Year Trend

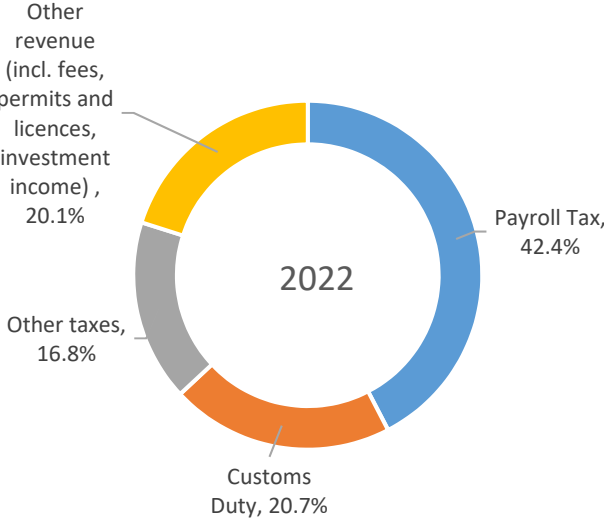
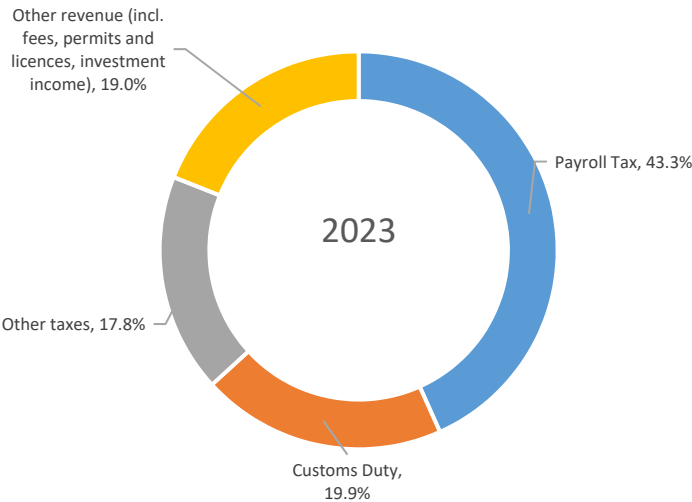


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**Revenue by Source**

The Consolidated Fund’s revenue by major funding sources remained consistent with the prior year. The related breakdowns for fiscal years 2023 and 2022 were as follows:



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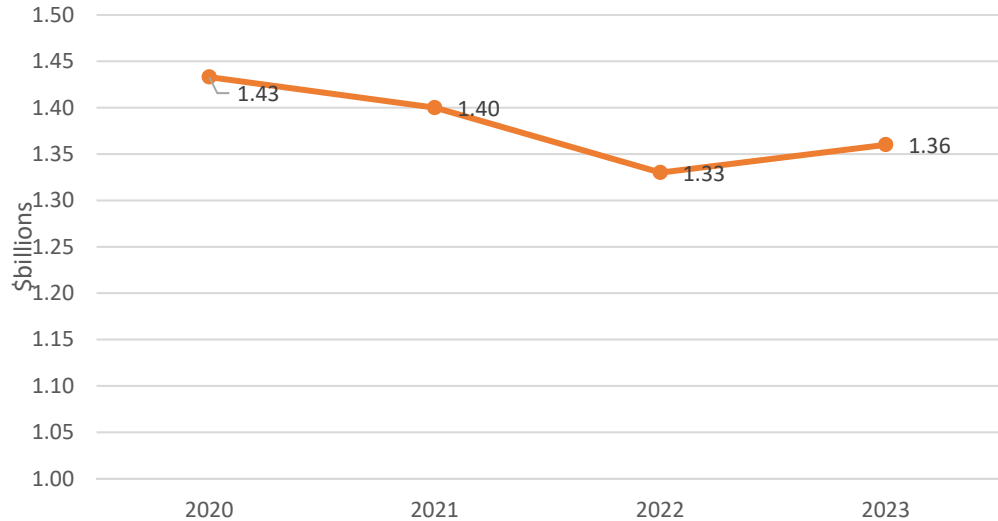
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**Expenses**

Total current expenses were \$248.9 million or 23.2 per cent higher than estimates. However, the estimates do not take into account certain pension obligations which accounted for approximately \$144.82 million in expenses. Other factors that contributed to the increase from the budget were the economic development sector exceeding estimates, increases in spending for the health sector and increases in spending on social services and other government services.

Similar to 2022, in 2023 the Consolidated Fund had to make payments as a result of the joint provisional liquidator, consultant and advisory fees relating to the Caroline Bay Project, and various projects undertaken by the Ministry of Public Works.

**Total Expenses - 4 Year Trend**



**Debt Servicing Costs to Total Revenue**

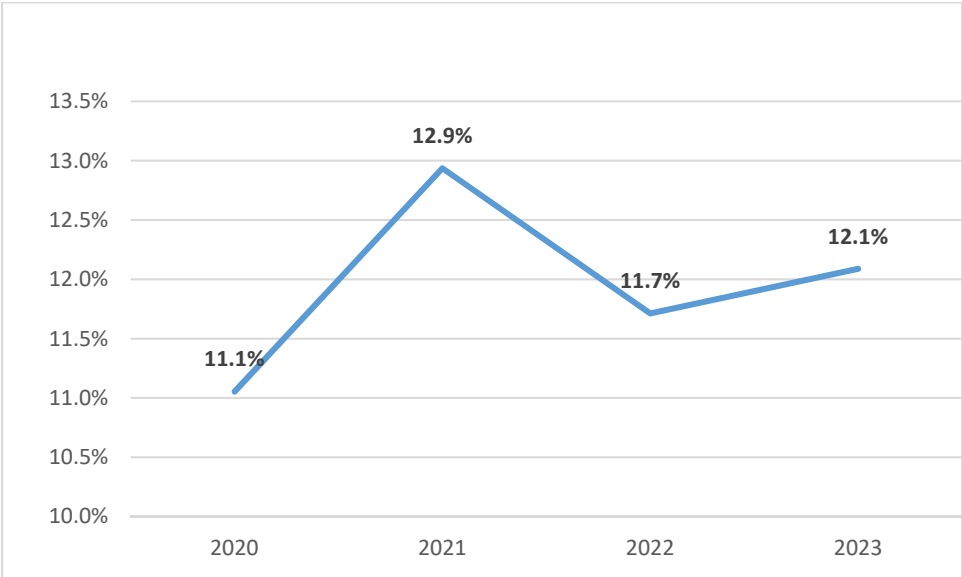
Debt servicing costs as a percentage of total revenue shows the proportion of every dollar of revenue that is needed to pay interest and thus is not available to provide program initiatives. A lower ratio means that the Government uses less revenues to meet the interest cost on total debt outstanding, which provides greater flexibility in

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meeting financial and service commitments in the current year. The ratio of debt servicing costs to total revenue increased by 0.4 percentage points from the previous year to 12.1 per cent.

**Debt Servicing Costs to Total Revenue - 4 Year Trend**



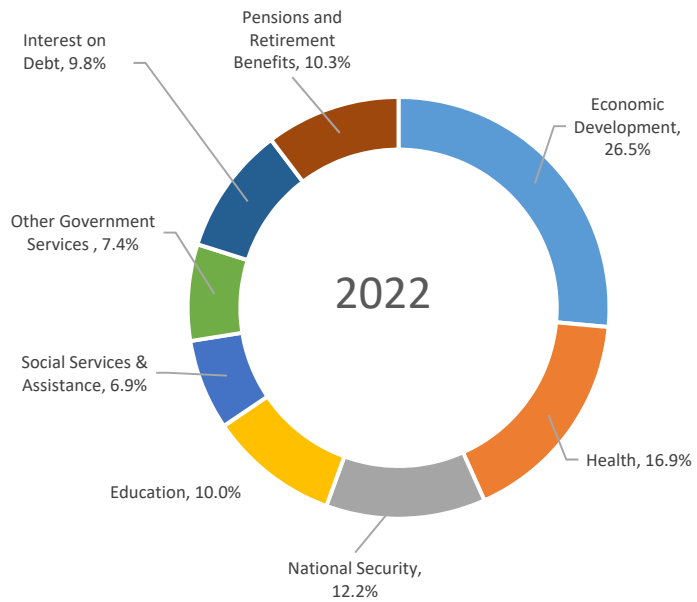
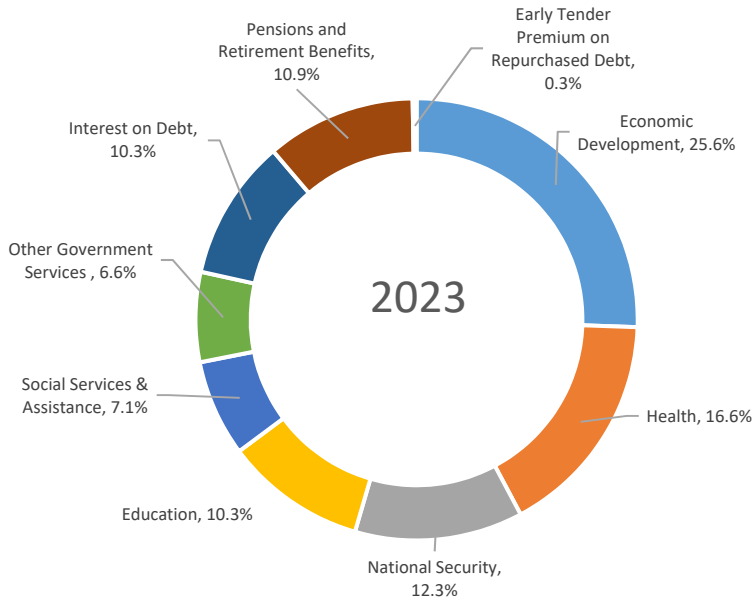
**Expenses by Program**

Economic Development decreased to 25.6 per cent of expenses by major function, down from 26.5 per cent in the prior year. The decrease was due primarily to reduced spending by Ministry of Transport HQ and Ministry of Public Works HQ and less provisions for doubtful collection of amounts due to the CF by other government funds and agencies. Health, national security, and education increased to 39.3 per cent of total expenses from 39.1 per cent in 2022. This was mainly due to \$15.2 million of unbudgeted COVID-19 expenditures due to the prolonged impact of the pandemic, a \$15 million grant provided to Bermuda Hospitals Board to support the hospital and additional funding for firefighters at the airport.

# Government of Bermuda – Consolidated Fund Financial Highlights March 31, 2023

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The related breakdowns for fiscal years 2023 and 2022 were as follows:



# Government of Bermuda – Consolidated Fund

## Financial Highlights

### March 31, 2023

#### Summary Statement of Financial Position

(thousands of dollars)<sup>1</sup>

	at March 31			Change from 2022
	2023 Actual	2022 Actual		
<b>Financial Assets</b>	<b>SFP</b>	<b>SFP</b>		
Cash	44,943	100,026	-55,083	-55.1%
Accounts receivable	223,256	205,823	17,432	8.5%
Investment in Morgan's Point	1	1	0	0.0%
Investment in BLDC	5,000	5,000	0	0.0%
Net due from government funds and agencies	42,959	49,123	-6,164	-12.5%
	<b>316,159</b>	<b>359,974</b>	<b>-43,814</b>	<b>-12.2%</b>
<b>Liabilities</b>				
Debt	3,124,783	3,047,338	77,445	2.2%
Pensions and other employee future benefits	2,064,279	1,919,463	144,816	7.5%
Accounts payable and deferred liabilities	194,914	250,640	-55,726	-22.2%
	<b>5,383,976</b>	<b>5,217,441</b>	<b>166,535</b>	<b>3.2%</b>
<b>Net Debt</b>	<b>5,067,817</b>	<b>4,857,467</b>	<b>210,349</b>	<b>4.3%</b>
<b>Capital / Other Non-financial Assets</b>	<b>649,397</b>	<b>667,150</b>	<b>-17,753</b>	<b>-2.7%</b>
<b>Accumulated Deficit</b>	<b>4,418,420</b>	<b>4,190,317</b>	<b>228,102</b>	<b>5.4%</b>

<sup>1</sup> Totals may not add due to rounding

## Financial Assets

Financial assets consist of assets available to discharge existing liabilities or to finance future operations. Financial assets decreased by \$43.81 million or 12.2 per cent from last year to \$316.16 million at the end of 2023. Cash decreased by \$55.08 million as a result of the operating, investing, capital, and financing activities shown in the Statement of Cash Flow. Receivables were \$17.43 million higher than the prior year.

The net amount due from government funds and agencies decreased by \$6.16 million or 12.5 per cent from last year. The decrease was due to additional provisions for doubtful accounts of \$17.72 million primarily relating to collection uncertainty of a receivable of \$67.93 million from the Government Employees Health Insurance Fund. This was offset by increases and decreases in amounts due from and to other government funds and agencies.

# **Government of Bermuda – Consolidated Fund**

## **Financial Highlights**

### **March 31, 2023**

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#### **Liabilities**

Liabilities, consisting of debts or other monetary obligations owing at year-end and to be settled in the future, increased by \$166.54 million from last year to \$5.4 billion. Pensions and Other Employee Future Benefits, increased by \$144.8 million due to current year Pensions and Retirement Benefits Expense.

Other changes to liabilities included a decrease of \$55.73 million in Accounts payable and deferred liabilities mostly attributable to an increase in the payments made to vendors by Ministry of Public Works during the year.

Interest Bearing Debt- Net of Sinking Fund, increased by \$77.45 million from the prior year mainly due to the withdrawal of \$73.5 million from the Sinking Fund. Change in unamortized debt-related premium and discount amounted to \$10.0 million for the year. Important to note is the Gross Debt figure of \$3.34 billion had a decrease of \$6.1 million from the prior year amount of \$3.35 billion.

#### **Debt - 4 Year Trend**

Over the past four years, unmatured debt has increased by \$654 million from \$2.69 billion in 2020 to \$3.34 billion in 2023, as additional capital had to be sourced when a loan guaranteed by the Government was called and to address the health and financial challenges caused by the COVID-19 pandemic.

In July 2022, Government raised \$496.74 million through the issuance of 5% Senior Notes due in 2032. The Government utilized the proceeds to finance the early principal payment of the \$354 million 4.138% Senior notes due in January 2023, and \$1,915,658 was utilised for the facility charges and other ancillary fees related to the notes refinancing. The remainder was deposited in the Sinking Fund to be used to pay off the \$140 million 5.73 % due in December 2022.

The Government also raised an additional \$405.19 million on August 15, 2022 in an additional issuance of \$390 million 5% Senior Notes due in 2032. The proceeds were inclusive of accrued interest of \$2,004,167 and purchase premium of \$13,185,900 and was used for the early retirement of the \$402 million of 4.854% Senior notes due in 2024. These

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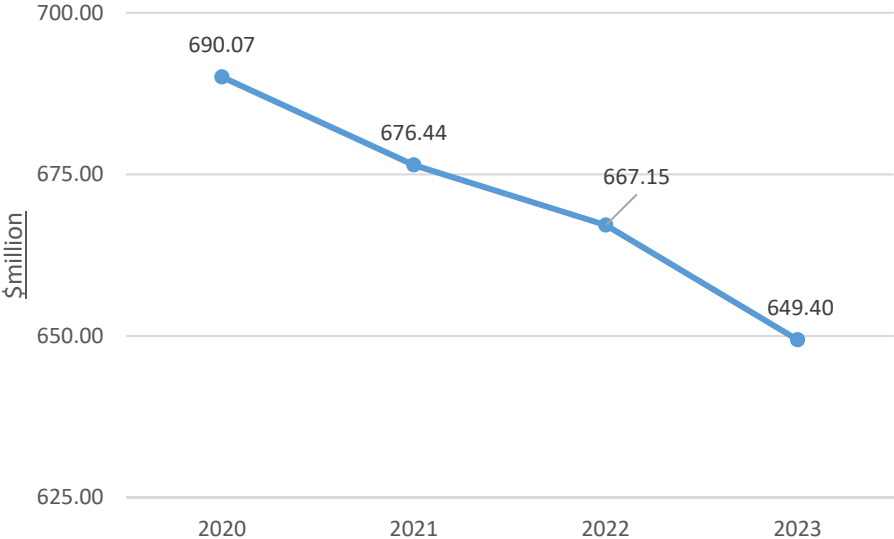
actions addressed medium term refinancing risk and resulted in a slight decrease in gross debt.

**Non-Financial Assets**

Non-financial assets are a significant component of the CF’s financial position and are assets to be used for the provision of services in the future. Non-financial assets consist primarily of tangible capital assets but also include inventories for consumption and prepaid expenses.

Total non-financial assets decreased by \$17.75 million to \$649.4 million at the end of the fiscal year. Over the past four years, total non-financial assets decreased from \$690.07 million at the end of 2020 to \$649.4 million at the end of 2023, largely due to annual amortization of tangible capital assets exceeding the purchase and construction of new capital assets.

**Non-Financial Assets - 4 Year Trend**





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**Tangible Capital Assets**

The net book value (acquisition cost less accumulated amortization) of tangible capital assets (TCA) makes up a substantial asset of the CF, totaling \$596.5 million at the end of 2023, an increase of \$1.47 million from the end of the previous fiscal year. Net TCA 2023 additions of \$46.13 million were offset by \$44.65 million of annual amortization net of adjustments. This has been the trend since 2020.

The table and chart below summarize the CF's TCA portfolio by major asset class and show the differences in each class compared to the prior year.

Tangible Capital Assets (Net Book Value)  
(thousands of dollars)

	<u>2023</u>	<u>2022</u>	<u>Change from 2022</u>	
Land, Buildings & Betterments	369,680	385,111	-15,431	-5.0%
Infrastructure Plant, Machinery, Vehicles & Vessels	129,931	138,184	-8,253	-6.0%
Computers, Furniture & Equipment	67,495	38,161	29,334	76.9%
	29,397	33,576	-4,179	-12.4%
	<u>596,503</u>	<u>595,032</u>	<u>1,471</u>	<u>0.2%</u>

**Accumulated Deficits**

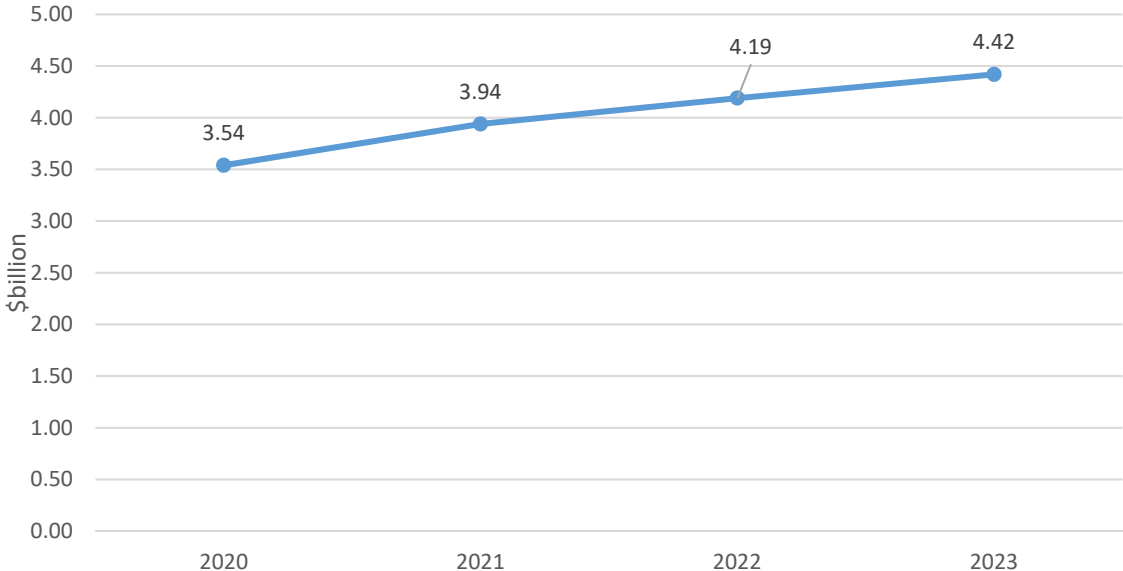
Accumulated deficits represent the difference between the CF's liabilities and both financial and non-financial assets. Further, they are the sum of all surpluses and deficits incurred to date, calculated according to current accounting policies. Accumulated deficits are a secondary measure of the Government's financial position.

The accumulated deficits were \$4.42 billion at March 31, 2023, \$230 million higher than a year ago as a result of the annual deficit. The CF has reported accumulated deficits in the past four years as follows:

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**Accumulated Deficits - 4 Year Trend**



**Cash Flows**

The CF’s financial statements are reported on the accrual basis, whereby the timing of transactions may vary from when actual cash is paid or received. The Statement of Cash Flow summarizes the increases and decreases in the CF’s cash flows in terms of the sources and uses of cash identified within the following activities: operating, capital, and financing.

During 2023, the CF’s net cash position decreased by \$55.08 million. Cash outflows were used to purchase \$47.84 million in TCA and assets under construction. Cash outflows of \$74.62 million were also used to fund normal operating activities including pensions and retirement benefits liabilities during the year, \$73.49 million in sinking fund withdrawals and \$6.11 million net repayment of debt.

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Cash Flows by Activity

(\$ thousands)

	<u>2023</u>	<u>2022</u>	<u>Change from 2022</u>
Operating	-74,624	24,712	-99,337
Capital	-47,836	-37,342	-10,494
Financing	67,378	51,431	15,947
	<u>-55,083</u>	<u>38,802</u>	<u>-93,884</u>

**Modified Cash Basis of Reporting**

The Ministry of Finance prepares annual Budget Estimates on the modified cash basis. The financial statements of the Consolidated Fund are prepared on an accrual basis. Due to the difference in accounting, Schedule 12 of the financial statements restates actual expenses on the modified cash basis for comparative and analytical purposes against the Adjusted Budget Estimates.

The total revenue raised by the Consolidated Fund (CF) for fiscal 2022/23, on a modified cash basis was \$1.13 billion, the same amount recorded in the financial statements. The budgeted figure was \$1.08 billion.

Total current expenditure on a modified cash basis was \$1.1 billion (2021/22 – \$1.076 billion), which was \$22.8 million more than original budget estimates (2021/22 – \$9.09 million less).

Total capital account modified cash expenditure was \$66.15 million, which was \$6.84 million lower than the original budget estimates.

Total capital and current account cash expenditure for 2022/23 was \$1.16 billion, which was \$16 million or 1.4% higher than the original budget estimate of \$1.15 billion.

The all-inclusive result from government operations (both current and capital) on an accounting accrual basis for the year ending March 31, 2023, was a deficit of \$229.9 million, \$18.8 million lower than the prior year’s deficit of \$248.7 million. This decrease was due to a reduction in Covid pandemic costs.

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There are many non-appropriated expenses included in this figure. If we strip those away, the modified cash all-inclusive results from government operations (on the same basis that is shown in the Budget Book) was a deficit of \$34.7 million. This compares to a deficit of \$70.0 million that was originally budgeted. Therefore, the actual overall deficit was down by \$35.3 million when compared to the original estimate. The decreased deficit is primarily a result of higher than budgeted revenues. This deficit reduction is part of the Government's Medium-Term expenditure Framework (MTEF) strategy to achieve a balanced budget. During this fiscal year the Government has continued to prudently manage discretionary current and capital expenditures.

# Government of Bermuda – Consolidated Fund

## Economic Highlights

### March 31, 2023

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#### Bermuda Economy Overview

The economy of Bermuda is based primarily on international business and the high-end segment of the tourism sector. Bermuda is regarded as a leading international financial center because of the following factors:

- a long-established and highly developed commercial and social infrastructure;
- geographic proximity to the United States and Canada and ease of access to and from major European cities and the United Kingdom;
- recognized by the Organization for Economic Cooperation and Development (the “OECD”), the International Monetary Fund (the “IMF”) and other multilateral organizations as having internationally acknowledged transparency standards;
- transparent and consistent application of financial services policy towards the financial services sector;
- close international relations in the financial sector, including bilateral relations with the G7 and G20 economies as well as other markets that are of significant economic importance to Bermuda;
- well-established reputation as a domicile of choice for insurance and reinsurance;
- the BSX is one of the world’s largest offshore, fully electronic securities markets recognized by the SEC as a “Designated Offshore Securities Market”;
- modern business infrastructure and facilities;
- high standards of living;
- well-educated population and world-class labor force;
- absence of direct taxation and exchange controls for international business; and
- stable regulatory framework.

# Government of Bermuda – Consolidated Fund

## Economic Highlights

### March 31, 2023

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Bermuda's economy, in spite of several global disruptions and shocks since COVID-19 has continued to show positive signs of recovery and growth. Key economic indicators such as employment, international business, tourism, construction, and exports are all showing signs of positive growth. Inflation has continued on a downward trend since peaking in the third quarter of 2022, employment income continues to grow, and the tourism sector has continued on its positive trajectory since the initial shock from the pandemic.

In 2023, the Government has sought to build on the GDP growth witnessed in 2021 and 2022 by continuing to execute its Economic Development Strategy, which has yielded economic benefits. For the first quarter of 2023, GDP growth was primarily driven by a 1.1% increase in household final consumption which includes higher expenditure for air travel, new and used motor vehicles, vehicle maintenance and repair services, and personal care services.

It is also worth noting that government expenditure declined by 3.2% due primarily to a reduction in expenditure on professional services, salaries, and equipment. Based on figures released by the Department of Statistics, Real GDP was estimated to have grown 3.0% in 2022 and 3.6% for the first quarter of 2023.

Inflation at the end of June stood at 2.7% compared to 4.7% in the previous year, with a twelve-month average rate of 4.1%. The primary drivers of inflation during the last twelve months were increased costs of overseas hotels and airfares in the transportation and foreign travel sector and increases in the average costs of various food items throughout the food sector.

Total retail sales to June grew by 2.4% or 13.8 million to register at \$595.7 million. Motor vehicle stores exhibited the highest growth in sales, followed by food and apparel stores.

The total value of new construction projects started for the first quarter of this year increased by 101.3% from \$36.7 million to \$73.8 million. The estimated value of construction work put in place in the first quarter of 2023 was \$24.7 million, a decrease of 19.7%. This was primarily driven by a decrease of work put in place in the industrial and plant category. This decline was tapered by an increase in work put in place related to offices, shops, and warehouses.

Imports increased by 0.5% over the first three months of the year to register at \$279 million. The majority of the increase can be attributed to a \$15.4 million (22.1%) uptick in the imports of finished equipment. On the other hand, imports of fuels for the first quarter of this year decreased by \$24 million (51%) when compared to 2022.

# **Government of Bermuda – Consolidated Fund**

## **Economic Highlights**

### **March 31, 2023**

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The largest concentrations of international companies doing business in Bermuda are involved in the insurance and financial services sectors. There were 12,263 international companies and partnerships registered in Bermuda as of the end of the first quarter, representing a 0.4% decrease compared to the 2022 total of 12,307. Significantly, 189 new international companies and partnerships were registered in Bermuda during the first quarter of 2023.

Bermuda's Balance of Payments for the first quarter of 2023 recorded a surplus on the current account of \$309 million, which was \$45 million or 12.7% less than the corresponding surplus in 2022. The greatest contribution to the current account surplus was in the primary income account which was \$564 million. Within the primary income account, employee compensation grew by \$43 million whereas investment income decreased by \$93 million.

The Government of Bermuda has historically maintained a conservative fiscal policy. The current administration considers the rise in debt as unsustainable and recognizes that it will take time to bring the fiscal position in line with achieving a net debt to revenue ratio that would not exceed 80% and a debt service cost to revenue ratio that would be below 10%. As it works towards these goals, the Government is also focused on targeted investment in growth, while maintaining fiscal discipline to reduce the debt to more manageable levels.

When the current Government took office in July 2017, public debt stood at \$2,397 million and the debt ceiling at \$2.5 billion. The Government came in with a focus on prudently managing the country's finances on behalf of the people of Bermuda and committed to a strategy of not increasing the debt ceiling. The Government was successful in honoring that commitment in the 2017/18 and 2018/19 fiscal years and was on track to do so again in the 2019/2020 fiscal year. However, in July 2019, in anticipation of borrowings to fund the purchase of indebtedness related to the guarantees associated with the stalled Caroline Bay project, the debt ceiling was increased by \$250 million to \$2.75 billion. Further in 2020, in order to meet urgent COVID-19 related matters the debt ceiling was further raised to \$3.5 billion and additional capital was raised.

Notwithstanding these actions, reducing the deficit and moving towards a budget surplus is a goal that the Government has committed to and is taking active steps to achieve this critical objective.

As of September 2023, total net government debt outstanding was \$3.1 billion, which is \$400 million below the debt ceiling.

The Government expects the employment rate to improve by focusing on policy measures and investments designed to create a more diversified economy, which are

# Government of Bermuda – Consolidated Fund

## Economic Highlights

### March 31, 2023

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expected to generate stronger economic growth. The Government expects this will be supported by various other employment initiatives, including immigration reform, improved work permit processes and numerous hotel and airport redevelopment projects.

In the 2020/21 fiscal year, the Government established the Economic Development Department (the “EDD”), the creation of which was approved by the Cabinet. Staff were redeployed from the Business Development Unit, the Fintech Unit and the Department of Information and Communication Technology to the EDD and a strategy was created for the economic development and diversification of Bermuda. The primary aim of the EDD is to advance the sustainable economic growth, development and diversity of the Bermuda economy.

#### *Expanding Financial Services and Tourism*

The Government’s economic plan is rooted in growing the twin pillars that have played key roles in the Bermuda economy over the years, namely financial services and tourism. Although tourism was significantly impacted by the COVID-19 pandemic, international business sector was resilient and has grown further in 2022/23. While our property, casualty and captive insurance sectors remain stable, we have witnessed significant growth in the long-term insurance sector. We continue to make strides in attracting more asset managers to our shores by addressing concerns raised by industry, and we expect to leverage our proximity to the financial centers on the eastern seaboard of the United States to attract more asset managers to Bermuda. It is expected that the international business will continue to be the main driver of our economy for the foreseeable future.

In tourism, we continue to invest more in marketing and product development, while recognizing that we must make tourism investment in Bermuda more attractive. The Government is working with unions and hoteliers to increase efficiency and boost productivity in Bermuda’s hospitality industry.

#### *Diversifying the Economy*

The Government, in conjunction with the BDA, has developed a multi-faceted approach to creating new areas of economic activity. Over the past years, progress has been made in establishing Bermuda as a domicile for technology companies in the emerging areas of Financial Technology (“FinTech”), Regulatory Technology (“RegTech”) and Insurance Technology (“InsurTech”). We believe the size of our relevant financial sectors and high regulatory standards make us an attractive jurisdiction for technology companies to develop and test their products in our market before exporting those products to the rest of the world.



# Government of Bermuda – Consolidated Fund

## Economic Highlights

### March 31, 2023

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In addition to looking to attract technology companies to Bermuda, our economic development and diversification strategy has been specifically focused on aviation and shipping, arbitration, biotech and life sciences, intellectual property, satellite and space and nearshoring. Additionally, the Cabinet Office in conjunction with the Ministry of Finance, BDA and BMA has worked on an appropriate framework for family office business to differentiate Bermuda’s offering in this competitive global space. Marketing efforts, policy and legislative changes are also being advanced as part of a targeted Asia and Hong Kong strategy.

#### *Addressing Issues impacting the Cost of Living*

The cost of energy, health insurance, and interest rates directly impact our ability to grow Bermuda’s economy. Steps continue to be taken to address costs in this area. We The Government has demonstrated its commitment to providing relief to Bermudians struggling with inflation, high interest rates and other financial challenges, while also making available appropriate assistance to Bermudian businesses during these challenging economic conditions.

In 2019, the Regulatory Authority of Bermuda (the “Regulatory Authority”) completed the Integrated Resource Plan which is Bermuda’s national plan for its future electricity needs. We believe the production of this plan is an important step to reducing the cost of electricity.

The Integrated Resource Plan documents Bermuda’s commitment to 85 per cent renewable energy by 2035. To achieve this, the Government has committed to measures which include 100 per cent electric public transport by 2030, 21 MW of Solar and 60 MW of Wind. The Airport 6 MW solar finger facility started producing clean power in December 2021. With this facility, Bermuda is expected to commission 30 per cent of the solar capacity necessary to achieve its 85 per cent renewable energy goal. Additionally, in February 2022, the Government added to its fleet of public transport 30 electric buses which are expected to improve the passenger experience for locals and visitors and provide a safer environment thanks to improved air quality. This move has proven successful, as further investments in the fleet of electric buses were made in 2023.

#### *Making Government More Efficient*

While we reduce the cost of doing business in Bermuda, we also understand the importance of making government more efficient so that we are able to provide services to residents in a cost effective manner. Government has continued its public service reform work and continues to take steps to more effectively incorporate its public value assessment work into the budgeting framework.

# **Government of Bermuda – Consolidated Fund**

## **Economic Highlights**

### **March 31, 2023**

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#### **Other Recent Developments**

##### **COVID-19**

On March 11, 2020, the World Health Organization (the “WHO”) characterized the COVID-19 outbreak as a pandemic. Measures to mitigate the spread and intensity of the outbreak have been undertaken by governments around the world, including mandatory quarantines, travel restrictions, social distancing and curtailment or suspension of economic and other forms of activity.

The COVID-19 pandemic has had an adverse impact on the Bermuda economy, in particular the tourism industry. However, information collected by the Government suggests that tourism is slowly returning to pre-pandemic levels. Air arrivals during the first three quarters of 2023 grew by 25.3%, increasing from 79,745 in 2022 to 99,907 in 2023. Cruise arrivals increased by 33.9%, increasing from 302,777 in 2022 to 405,310 in 2023. Total visitor arrivals grew from 382,522 to 505,217, an increase of 122,695 visitors (32.1%) versus a year ago. Total air visitor spending in the first three quarters of 2023 grew from approximately \$211.2 million in 2022 to approximately \$271.7 million in 2023, an increase of 28.7%. Total cruise visitor spending grew from approximately \$78.2 million in 2022 to approximately \$121.9 million in 2023, an increase of 56%. Requirements for the travel authorization application and fee has lifted, effective 14 November 2022.

In addition, the Economic Development Strategy, which builds on the Economy Recovery Plan that was put in place in early 2021 to stimulate growth, is being advanced with a dedicated Project Management Office to ensure that there is focus and accountability in relation to the various initiatives that are part of the plan. The Strategy seeks to build an economy that creates greater opportunities for the people of Bermuda, supports entrepreneurship and small businesses, supports farmers and fisherman, and embraces new technologies and opportunities for diversification. Good progress has been made on the 31 initiatives, with over 80% of them well on track to achieve the required objectives in relation to the further strengthening of the economy.

##### **Credit Ratings**

Bermuda currently holds long-term foreign currency credit ratings of “A+” (stable outlook) from S&P Global Ratings (“S&P”) and “A2” (stable outlook) from Moody’s Investors Services Inc. (“Moody’s”). S&P released their most recent credit rating assessment of Bermuda in May 2023, with Moody’s publishing their annual assessment in December 2023. Ratings address the creditworthiness of Bermuda and the likelihood of timely payment of Bermuda’s long-term debt securities.

# Government of Bermuda – Consolidated Fund

## Economic Highlights

### March 31, 2023

Bermuda's current ratings and the rating outlooks currently assigned to it depend, in part, on economic conditions and other factors that affect credit risk and are outside the control of Bermuda. In assessing the outlook to be stable, each of the rating agencies reflected positively on the continued commitment to a prudent fiscal stance which will help to stabilize Bermuda's debt burden in the next two to three years, driving home their expectations for Bermuda's economy in the medium term.

## GDP

Bermuda continues to maintain an economy focused on international business, finance, tourism and construction. Twelve out of the 19 reporting industries experienced positive GDP growth in 2022. The following table shows GDP by industry for the years indicated.

Real gross domestic product <sup>(1)</sup> by economic sector 2018-2022:

	For the year ended December 31,				
	2018	2019	2020	2021	2022 <sup>P</sup>
	(dollars in thousands)				
Agriculture, Forestry and Fishing	17,075	17,292	17,517	21,856	16,128
Manufacturing	34,210	34,198	27,602	25,871	26,246
Electricity, Water Supply and Waste Management	71,943	75,701	89,002	98,331	99,538
Construction & Quarrying	264,421	318,648	240,946	233,715	252,056
Wholesale and Retail Trade	327,108	309,349	311,330	308,093	312,446
Transportation and Storage	133,029	129,613	101,874	107,030	106,198
Accommodation and Food Service	253,786	234,739	73,201	136,229	191,402
Information and Communication	174,049	168,190	149,360	151,194	151,016
Financial and Insurance Activities <sup>(2)</sup>	913,647	879,425	828,868	828,082	987,917
Real Estate Activities	953,742	963,582	978,108	1,009,102	1,039,145
Professional, Scientific and Technical Activities	376,435	376,236	312,598	357,796	366,097
Administrative and Support Services	130,901	135,052	108,373	127,000	131,089
Public Administration	327,397	338,176	311,406	300,924	299,454
Education	128,177	127,159	110,707	110,828	120,636
Human Health and Social Work	313,661	329,471	321,158	341,783	335,157
Arts, Entertainment and Recreation	24,392	28,192	20,579	24,247	23,617
Other Service Activities	58,062	62,535	50,553	63,979	67,865
Activities of Households as Employers	13,161	14,270	11,254	13,036	13,036
International Business Activities	1,622,618	1,627,102	1,641,865	1,780,412	1,917,369
<b>GDP at Constant Basic (2013) Prices</b>	<b>6,137,814</b>	<b>6,168,930</b>	<b>5,706,301</b>	<b>6,039,508</b>	<b>6,456,412</b>

# Government of Bermuda – Consolidated Fund

## Economic Highlights

### March 31, 2023

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Add: Taxes less Subsidies on Products	292,856	281,433	302,988	295,095	285,581
<b>GDP at Constant Purchasers' (2013) Prices</b>	<b>6,430,670</b>	<b>6,450,363</b>	<b>6,009,289</b>	<b>6,334,603</b>	<b>6,741,993</b>
Percentage change from previous year	-0.43%	0.31%	-6.84%	5.41%	6.43%

<sup>P</sup> - Provisional figures

Source: Department of Statistics, Bermuda.

(1) The GDP analysis by the Department of Statistics, Bermuda shifted focus from Nominal GDP to Real GDP as of its fiscal year 2016 report.

(2) Financial and insurance activities refers to domestic insurance and financial services.

Gross Domestic Product (GDP) at constant purchasers' prices rose by 6.4 per cent to \$6.7 billion in 2022. This figure is above the pre-pandemic figure of \$6.5 billion in 2019. Although activity in all sectors has not yet reached 2019 levels, the indicators for all sectors are generally moving in a positive direction. The largest increases to value added in absolute terms were recorded for Financial and Insurance Activities, international business Activities and Accommodation and Food Services Activities which grew by \$159.8 million, \$137.0 million and \$55.2 million, respectively. In contrast, value added in the Human Health and Social Work industry, the Agriculture, Forestry and Fishing industry and Public Administration decreased by \$6.6 million, \$5.7 million and \$1.5 million, respectively.

In 2023, the Government has sought to build on the GDP growth witnessed in 2021 and 2022 by continuing to execute its Economic Development Strategy, which has yielded economic benefits. The Bermuda Government's continued implementation of timely and targeted measures geared to increasing direct foreign investment in the economy, stimulating domestic spending, and maintaining employment will continue to drive economic growth and dampen the impact of internal and external risks.

### 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.

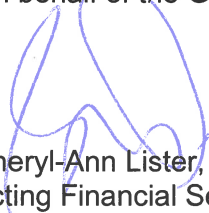
The Government is responsible for the integrity and objectivity of the financial statements. In the preparation of these statements, estimates are sometimes necessary because a precise determination of certain assets, liabilities, revenues and expenses is dependent on future events. The Government believes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

The Government, through the Accountant General's Department, is responsible for maintaining systems of financial management and internal control designed 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.



Cheryl-Ann Lister, CFA  
Acting Financial Secretary



Dionne Morrison-Shakir, FCCA  
Accountant General

Hamilton, Bermuda  
March 8, 2024



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### INDEPENDENT AUDITOR'S REPORT

To the House of Assembly, the Senate and the Governor

#### **Qualified Opinion**

I have audited the financial statements of the Consolidated Fund of the Government of Bermuda, which comprise the statement of financial position as at March 31, 2023, and the statement of operations and accumulated deficit, remeasurement gains and losses, change in net debt and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the Consolidated Fund as at March 31, 2023, and the results of its operations, its remeasurement gains and losses, change in its net debt and its cash flow for the year then ended in accordance with public sector accounting standards generally accepted in Bermuda and Canada.

#### **Basis for Qualified Opinion**

##### *Insufficient support for asset retirement obligations*

Under Public Sector Accounting Standards as of the year ended March 31, 2023, the Government was required to adopt *PS 3280 Asset Retirement Obligations*. Asset retirement obligations are legal obligations associated with the eventual retirement of tangible capital assets. The Government was required to identify all legal obligations associated with the retirement of its assets, and record, and estimate the future costs of remediation for these obligations to determine their valuation. Legal liabilities may exist, including the costs for the removal and disposal of asbestos within the government buildings that will undergo renovations or demolition. The Government did not complete its analysis in note 3(f), and thus liabilities arising from legal obligations associated with the retirement of tangible capital assets and their related disclosures were not recorded in the financial statements for the year ended March 31, 2023,

I conducted my audit in accordance with auditing standards generally accepted in Bermuda and Canada. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Consolidated Fund in accordance with the ethical requirements that are relevant to my audit of the Financial Statements in Bermuda, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

## **Emphasis of Matter**

I draw attention to Note 2 of the financial statements, which states these financial statements are not summary consolidated financial statements of the Government of Bermuda. My opinion is not modified in respect of this matter.

## **Other Information**

*The Government, through the Accountant General's Department, is responsible for the other information. The other information comprises the Financial Statement Discussion and Analysis information, but does not include the financial statements and my auditor's report thereon.*

*My opinion on the financial statements does not cover the other information and I do not and will not express any form of assurance conclusion thereon.*

*In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.*

*If, based on the work I have performed on the other information, I conclude that there is a material misstatement of this other information, I am required to report that fact. As described in the Basis for Qualified Opinion section above, the Government did not complete their analysis and record their legal obligations associated with the retirement of its assets. Accordingly, I am unable to conclude whether or not the other information is materially misstated with respect to this matter.*

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Consolidated Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Consolidated Fund's financial reporting process.

## **Auditor's Responsibility for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Bermuda and Canada will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Bermuda and Canada, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements (whether due to fraud or error), design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than from one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Consolidated Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Consolidated Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements (including the disclosures), and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, related safeguards.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the Office of the Auditor General website at: [www.oagbermuda.bm](http://www.oagbermuda.bm). This description forms part of our auditor's report.



Heather Thomas, CPA, CFE, CGMA  
Auditor General

Hamilton, Bermuda  
March 8, 2024



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

		2023	2022
		Actual	Actual
		\$	\$
<b>Liabilities</b>			
	<u>Schedule</u>		
Accounts Payable and Accrued Liabilities	5	180,742,730	235,541,902
Deferred Revenue (Note 16)	6	10,919,455	12,301,751
Deferred Insurance Proceeds (Note 16)		3,251,343	2,796,277
		<u>194,913,528</u>	<u>250,639,930</u>
Interest Bearing Debt - Net of Sinking Fund	7	3,124,783,461	3,047,337,983
		<u>3,124,783,461</u>	<u>3,047,337,983</u>
Pensions and Other Employee Future Benefits			
- Pensions and Retirement Benefits (Note 9(g))		2,027,004,341	1,883,319,088
- Compensated Absences (Note 8)		37,274,771	36,143,955
		<u>2,064,279,112</u>	<u>1,919,463,043</u>
<b>Other Liabilities</b>			
Due to Government Funds and Agencies	3(a)	10,369,417	10,993,421
<b>Total Liabilities</b>		<b>5,394,345,518</b>	<b>5,228,434,377</b>
<b>Financial Assets</b>			
Cash		44,943,335	100,026,138
Accounts Receivable	1	222,799,563	205,265,695
Due from Government Funds and Agencies	3	53,328,901	60,116,512
Morgan's Point / Caroline Bay (Note 17)		1,000	1,000
Investment in BLDC (Note 14(b)(iv))		5,000,000	5,000,000
Long-Term Receivables	4	455,996	557,780
<b>Total Financial Assets</b>		<b>326,528,795</b>	<b>370,967,125</b>
<b>Net Debt</b>		<b>5,067,816,723</b>	<b>4,857,467,252</b>
<b>Non-Financial Assets</b>			
Tangible Capital Assets	11	596,502,695	595,032,132
Assets under Construction	11	38,110,353	54,182,762
Inventories for Consumption	2	10,621,832	14,058,626
Prepaid Expenses		4,162,173	3,876,258
<b>Total Non-Financial Assets</b>		<b>649,397,053</b>	<b>667,149,778</b>
<b>Accumulated Deficit</b>		<b>4,418,419,670</b>	<b>4,190,317,474</b>

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

		2023	2022
		Actual <sup>1</sup>	Actual
		\$	\$
<b>Revenue</b>	<u>Schedule</u> 8, 9		
<b>Taxes &amp; Duties</b>			
Payroll Tax		488,141,500	460,127,290
Customs Duty		225,055,077	224,511,373
Other Taxes and Duties		96,445,191	97,195,536
Land Tax		85,877,910	84,795,211
Passenger Tax		18,754,455	780,930
<b>Total Taxes &amp; Duties</b>		<b>914,274,133</b>	867,410,340
Fees, Permits & Licenses		159,701,516	176,260,244
Other Revenue		47,089,900	40,019,066
Investment Income		8,035,745	1,949,310
<b>Total Revenue</b>		<b>1,129,101,294</b>	1,085,638,960
<b>Expenses</b>	10		
Economic Development		358,743,389	363,818,819
Health		220,478,572	223,629,356
National Security		163,529,186	158,325,938
Pensions and Retirement Benefits Expense (Note 9(g))		144,816,069	133,932,373
Education		138,443,713	130,875,612
Interest on Debt		136,514,640	127,158,771
Other Government Services		88,531,573	98,445,060
Social Services & Assistance		104,144,234	98,106,191
Early Tender Premium on Repurchased Debt (Note 15(b))		3,766,097	-
<b>Total Expenses</b>		<b>1,358,967,473</b>	1,334,292,120
<b>Annual Deficit</b>		<b>(229,866,179)</b>	(248,653,160)
<b>Accumulated Operating Deficit, Beginning of Year</b>		<b>(4,190,317,474)</b>	(3,941,664,314)
<b>Accumulated Operating Deficit, End of Year</b>		<b>(4,420,183,653)</b>	(4,190,317,474)
Accumulated Deficit comprised of:			
Accumulated Operating Deficit		(4,420,183,653)	(4,190,317,474)
Accumulated Remeasurement Gains		1,763,983	-
		<b>(4,418,419,670)</b>	(4,190,317,474)

<sup>1</sup> 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 Remeasurement Gains and Losses  
For the year ended March 31**

	2023
	Actual
	\$
<b>Accumulated Remeasurement Gains and Losses, Beginning of Year</b>	-
Adjustment on adoption of the PS 3450, <i>Financial Instruments, Implementation April 1, 2022 (note 3)</i>	<b>(2,302,963)</b>
As Restated	<b>(2,302,963)</b>
<b>Unrealized Gains During the Year</b>	
Portfolio Investments in an Active Market	<b>1,763,983</b>
<b>Realized Gains Reclassified to the Statement of Operations During the Year</b>	
Portfolio Investments in an Active Market	<b>2,302,963</b>
Net Remeasurement Gains for the Year	<b>4,066,946</b>
<b>Accumulated Remeasurement Gains, End of Year (Note 3)</b>	<b>1,763,983</b>

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

	<b>2023</b>	2022
	<b>Actual</b>	Actual
	\$	\$
Annual Deficit	<b>(229,866,179)</b>	(248,653,160)
Change Due to Tangible Capital Assets:		
Additions to Tangible Capital Assets	<b>(63,908,908)</b>	(36,100,735)
Loss (Gain) on Disposal or Impairment of Tangible Capital Assets and Adjustments	<b>16,410,159</b>	(1,424,856)
Net (Additions to) Transfers from Assets under Construction	<b>16,072,409</b>	(1,241,292)
Amortization of Tangible Capital Assets	<b>46,028,186</b>	46,297,354
Total Change Due to Tangible Capital Assets	<b>14,601,846</b>	7,530,471
Net Reductions to Inventories for Consumption	<b>3,436,794</b>	944,724
Net (Reductions) Additions to Prepaid Expenses	<b>(285,915)</b>	814,053
Total Change Due to Inventories for Consumption and Prepaid Expenses	<b>3,150,879</b>	1,758,777
Adjustment on adoption of the PS 3450, <i>Financial Instruments, Implementation April 1, 2022 (note 3)</i>	<b>(2,302,963)</b>	-
Net Remeasurement Gains for the Year	<b>4,066,946</b>	-
<b>Increase in Net Debt</b>	<b>(210,349,471)</b>	(239,363,912)
<b>Net Debt, Beginning of Year</b>	<b>(4,857,467,252)</b>	(4,618,103,340)
<b>Net Debt, End of Year</b>	<b>(5,067,816,723)</b>	(4,857,467,252)

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

	2023 Actual	2022 Actual
	\$	\$
<b>Operating Activities</b>		
Annual Deficit <sup>1</sup>	(229,866,179)	(248,653,160)
Items not affecting cash:		
Amortization of Tangible Capital Assets	46,028,186	46,297,354
Increase in Pension and Retirement Benefits Liability	143,685,253	131,870,791
Increase in Compensated Absences Liability	1,130,816	2,061,582
Loss (Gain) on Disposal or Impairment of Tangible Capital Assets and Adjustments	16,410,159	(1,424,856)
Adjustment on adoption of the PS 3450, <i>Financial Instruments, Implementation April 1, 2022 (note 3)</i>	(2,302,963)	-
Net Remeasurement Gains for the Year	4,066,946	-
Change in unamortized debt-related premium and discount	10,067,515	519,699
(Increase) Decrease in Non-Cash Working Capital	(63,844,000)	94,041,068
Cash (Applied to) Provided by Operating Activities	(74,624,267)	24,712,478
<b>Capital Activities</b>		
Additions to Tangible Capital Assets	(63,908,908)	(36,100,735)
Net Additions to (Transfers to) Assets under Construction	16,072,409	(1,241,292)
Cash Applied to Capital Activities	(47,836,499)	(37,342,027)
<b>Financing Activities</b>		
Debt Issues	890,000,000	-
Sinking Fund Application of Funds	73,485,963	51,431,185
Repayment of Debt	(896,108,000)	-
Cash Provided by Financing Activities	67,377,963	51,431,185
<b>Net (Decrease) Increase in Cash</b>	<b>(55,082,803)</b>	<b>38,801,636</b>
<b>Cash, Beginning of Year</b>	<b>100,026,138</b>	<b>61,224,502</b>
<b>Cash, End of Year</b>	<b>44,943,335</b>	<b>100,026,138</b>

1 - Interest received during the year was (\$9,096,611) (2022 - \$1,434,265). Interest received is made up of interest income from the Statement of Operations and Accumulated Deficit in the amount of (\$9,006,097) (\$2022 - \$1,431,185) plus the change in accrued interest receivable in the amount of \$90,514 (2021- \$3,080). Interest paid during the year was \$134,393,209 (2022 - \$127,710,826). Interest paid is made up of interest expense from the Statement of Operations and Accumulated Deficit in the amount of \$134,142,844 (2022 - \$126,681,930) plus the change in accrued interest payable in the amount of \$250,365 (2022 - \$1,028,896).

# **Government of Bermuda – Consolidated Fund**

## **Notes to the Financial Statements**

### **March 31, 2023**

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#### **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 that are controlled by the Government. Control exists regardless of whether the Government chooses not to exercise its power to govern so long as it has the ability to govern. 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. Accounts of the Government not controlled are excluded from the reporting entity.

#### **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) Revenues**

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, foreign currency purchase tax, financial service tax 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, transport infrastructure 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.

Costs arising from obligations under guarantees are recognized as expenses when management determines that Government will likely be called upon to make payment. The expense represents management's best estimate of future payments less recoveries.

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 2022/23 (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, 2023**

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### **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) Asset Retirement Obligations (ARO)**

Public Sector Accounting Standard PS 3280- Asset Retirement Obligations came into effect on 1 April 2022. This new accounting standard provides guidance on the reporting of legal obligations associated with the retirement of tangible capital assets.

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The estimate of a liability would include costs directly attributable to asset retirement activities. Costs would include post-retirement operation, maintenance and monitoring that are an integral part of the retirement of the tangible capital asset. The estimate would include costs of tangible capital assets acquired as part of asset retirement activities to the extent those assets have no alternative use.

The Government is currently in the process of completing its assessment on the impact of PS 3280's implementation.

#### **(g) Financial Instruments**

The Government prospectively implemented PS 3450, Financial Instruments, which requires the simultaneous adoption of PS 1201, Financial Statement Presentation, PS 2601, Foreign Currency Translation, and PS 3041, Portfolio Investments, effective April 1, 2022. These new standards provide comprehensive requirements for the recognition, measurement, presentation, and disclosure of financial instruments and foreign currency transactions.

As PS3450 standard was implemented prospectively, there is no prior period restatement. As such, the recognition, derecognition and measurement policies followed in financial statements for periods prior to the effective date of this new standard are not reversed and, therefore, the prior periods are not restated.

The Government recognized all financial assets and liabilities in accordance with the new standard on its Consolidated Fund Statement of Financial Position and an accumulated unrealized remeasurement gain on portfolio investments of \$1.7 million on its Consolidated Fund Statement of Remeasurement Gains and Losses.



### **3. Summary of Significant Accounting Policies (Cont'd)**

#### **(g) Financial Instruments (Cont'd)**

The Government classifies its financial instruments as either fair value or cost. The cost category includes cash, accounts receivable (Note 3(e)), Due from Government Funds and Agencies and liabilities (Note 3(i)), namely, accounts payable and accrued liabilities, Due to Government Funds and Agencies, and public debt.

The fair value category is comprised of the Government of Bermuda Sinking Fund portfolio investments. Financial instruments in the fair value category are recognized at cost on initial recognition and subsequently carried on a fair value basis. The determination of fair value requires judgment and is based on market information where available and appropriate. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, at which point they are transferred to the statement of operations. Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

Financial instruments that are measured subsequent to initial recognition at fair value, are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;
- Level 2 fair value measurements are those using quoted prices in markets that are not active or inputs that are not observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The cash equivalents and debt securities in the sinking fund investments portfolio consist of a combination of level 1 and 2 assets. There are no level 3 financial assets.

#### **(h) 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,

**Government of Bermuda – Consolidated Fund**  
**Notes to the Financial Statements**  
**March 31, 2023**

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**3. Summary of Significant Accounting Policies (Cont'd)**

**(h) Non-Financial Assets (Cont'd)**

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
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 – 20 years

**Government of Bermuda – Consolidated Fund**  
**Notes to the Financial Statements**  
**March 31, 2023**

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**3. Summary of Significant Accounting Policies (Cont'd)**

**(h) Non-Financial Assets (Cont'd)**

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		4 – 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		5 – 10 years
\$200,000 and above		10 – 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.

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.

### **3. Summary of Significant Accounting Policies (Cont'd)**

#### **(i) 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. Liabilities are recorded at the estimated amount ultimately payable.

#### **(j) 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. At the initial recognition of a financial instrument asset or financial instrument liability arising from a foreign currency transaction, the Government has elected to recognize the exchange gains and losses directly in the Statement of Operations and Accumulated Deficit, including those exchange gains and losses arising prior to settlement or derecognition.

The Government is required to disclose the carrying amounts of financial instrument assets and financial instrument liabilities in which exchange gains and losses, including the exchange gain or loss component of changes in fair value, are recognized directly in the statement of operations. However, the cost benefit analysis of conducting this exercise is not expected to have a material impact on the readability and understandability of the financial statements.

#### **(k) Measurement Uncertainty**

The preparation of financial statements requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses during the reporting period. Uncertainty in the determination of these amounts is known as 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.

### **3. Summary of Significant Accounting Policies (Cont'd)**

#### **(k) Measurement Uncertainty (Cont'd)**

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.

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 information available at the time of preparation of the financial statements, 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.

#### **(l) Risk Management**

During the normal course of business the Government is exposed to a number of financial risks including credit, liquidity, and market risk (including foreign currency exchange risk and interest rate risk). The Government employs various risk management strategies and operates within fixed risk exposure limits to ensure exposure to risk is managed in a prudent and cost effective manner.

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 and the risk of loss on the investments like fixed income securities associated with adverse fluctuations in interest rates. A rise in interest rates generally means a drop in the fair value of interest-bearing securities held as portfolio investments. This risk is managed by diversifying the investment portfolio and by setting asset mix guidelines which strike a balance between the money market investments/ cash equivalents and fixed income investments / bonds. It is estimated that a one per cent change in interest rates would impact the Government's operating results by \$834,628 due to the loss on the fixed income portfolio. On the Government borrowing, this risk is managed by issuing debt securities at predominately fixed rates of interest rather than floating rates of interest for fixed terms.

The Government is primarily exposed to foreign currency exchange risk on its investments and general debt. Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate unfavourably with a change in the value

### **3. Summary of Significant Accounting Policies (Cont'd)**

#### **(I) Risk Management (Cont'd)**

of the Bermudian dollar and that debt servicing costs will increase due to a decline of the Bermuda dollar relative to other currencies. Foreign currency exchange risk also arises from fixed income securities that are denominated in currencies other than Bermudian dollars. This risk is managed by maintaining a preference for debt and investments that are 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 financial instrument contract. The risk is managed by issuing debt securities and making investments that have no derivatives as the underlying securities. The debt instruments are senior notes of the Government and loan facilities with a domestic lender.

The financial instruments that potentially subject the Government to credit risk mainly consist of accounts receivable, due from Government Funds and Agencies, portfolio investments and loan guarantees (Note 10(a)). For all classes of financial instruments held by the Government (including accrued investment income and cash and cash equivalents), the maximum credit risk exposure to the Government is the carrying value as disclosed on the Statement of Financial Position. The Government seeks to limit its credit risk with respect to amounts due from Government Funds and Agencies by stipulating reporting conditions to the relevant Government ministries in order to monitor financial stability of the Government Funds and Agencies and monitoring outstanding receivables from the general public. The Government also reviews balances and aging information to determine if a valuation allowance is necessary. The Government’s maximum exposure to credit risk on accounts receivables and the level of provision for doubtful accounts is disclosed in Schedule 1.

For cash and portfolio investments, the Government manages this risk by dealing solely with reputable financial institutions, and through an investment policy that limits investments to high credit quality as well as limits the maximum exposure with respect to any one issuer. Credit ratings for bonds held by the Government as at March 31, 2023 range from AAA to BBB as set out by Standard & Poor’s.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Government is exposed to three types of market risk, namely, foreign currency exchange risk, interest rate risk (discussed above), and refinancing risk. The Government continually monitors its exposure to these risks and uses a variety of strategies to manage these risks.

Refinancing risk refers to the possibility that the Government will not be able to replace an existing debt with new debt due to unfavorable market conditions. The orderly retirement of future debt obligations, without incurring undue refinancing risk, is important in terms of managing both future interest costs and accessing required funding in future years. To this end, the Government utilizes its best efforts to smooth out debt maturities and to refinance existing debt when the low interest rate regime is prevailing in the market.

**Government of Bermuda – Consolidated Fund**  
**Notes to the Financial Statements**  
**March 31, 2023**

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### **3. Summary of Significant Accounting Policies (Cont'd)**

#### **(l) Risk Management (Cont'd)**

The Government also identifies favourable bond buy-back opportunities, whereby the Sinking Fund investments can be utilized to buy back outstanding debt, thus reducing refinancing risk and future liquidity risk.

Liquidity risk is the risk that financial commitments will not be met over the short term. The Government is primarily exposed to liquidity risk on its accounts payable and accrued liabilities, pension liabilities, general debt and other liabilities. The Government manages its overall liquidity risk through its treasury function by managing cash resources which entails monitoring actual and forecasted cash flows from operating, investing and financing activities. This risk is also managed through prudent financial and debt management, and 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. The Government spreads debt maturities over many years, maintaining the sinking fund in which the investment maturities approximate that of the underlying long-term debt issues and maintaining adequate cash reserves and establishing short-term borrowing programs as contingent sources of liquidity. Schedule 7 provides a summary of contractual maturities for interest-bearing debt.

Apart from its interest-bearing debt, the Government expects to settle its liabilities within twelve months of the end of the fiscal year.

#### **(m) 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 (PSAB). The following standards are not yet effective and have not been applied in preparing these financial statements. An assessment will be done to determine the impact that these standards will have on the financial statements.

New standards effective for fiscal years beginning on or after April 1, 2023:

PSG-8 Purchased Intangibles- explains the scope of intangibles allowed to be recognized in financial statements.

PS 3160 Public private partnerships- establishes guidance on the recognition, measurement and disclosure of public private partnership arrangements.

PS 3400 Revenue –establishes guidance on the recognition, measurement, presentation and disclosure of revenues.

#### **(n) Change in Accounting Policies**

The Government adopted new accounting standards effective April 1 2022, inclusive of PS 3450- Financial Instruments and PS 3280- Asset Retirement Obligations. These have been applied prospectively and where required, restatements have been made (see notes 3(f) and 3(g) respectively for the accounting change impact.

## **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, 2022 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. 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.
- (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(h). 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.
- (vii) Inventory Usage- For budget purposes, inventory usage throughout the year is not considered expenditure.



**Government of Bermuda – Consolidated Fund**  
**Notes to the Financial Statements**  
**March 31, 2023**

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**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. Please see also Note 15(b).

Each year the Fund is required to pay into the GBSF 2.5% of the public debt outstanding at the end of the preceding year, or such other amount as the Minister may deem appropriate, upon taking into consideration the annual budget.

2022		2023			
\$		\$			
Sinking Fund	Excess Funds	Contributions	Earnings	Payments	Sinking Fund
297,040,010	739,037,409	-	9,006,097	(821,529,469)	223,554,047

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 GBSF 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. Please see also Note 15(b).

In 2019, an amendment to the Government Loans Act 1978 was tabled and passed in the Legislature. The amendment gives the Minister of Finance flexibility with regard to making a contribution into the GBSF and removes the provision for Government having to pay interest to the GBSF for late payments. This amendment applies to the current fiscal year, and therefore no contribution was made to the GBSF for the financial year 2022/2023.

For the Financial Year ended March 31, 2023, the Fund reported Investment Income and Loss as shown below:

	2023	2022
	\$	\$
Investment Income	8,035,745	1,949,310
Investment Gain (Loss)	1,151,380	(3,383,575)
<u>Investment Gain (Loss):</u>		
Unrealized gain (loss) on Sinking Fund Investments	1,763,983	(2,302,963)
Realized loss on Sinking Fund Investments	(703,117)	(1,077,532)
Others	90,514	(3,080)

**Government of Bermuda – Consolidated Fund**  
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**5. Government Borrowing Sinking Fund (Cont'd)**

The assets of the GBSF are comprised of the following:

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Cash & Cash Equivalents	78,933,373	106,351,325
Fixed Income Securities	144,991,825	192,394,090
Securities (Payable) Receivable	(1,435,690)	(1,958,575)
Interest Receivable	1,061,243	253,170

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Financial instruments were measured using a commonly used valuation model that includes all factors market participants would consider in pricing a transaction and is consistent with economic methodologies for financial instruments. The following table presents the fair value hierarchy for financial instruments recorded at fair value in the Statement of Financial Position, classified using the fair value hierarchy described in Note 3 (g):

	<b>Level 1</b>	<b>Level 2</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>	<b>Total</b>
			<b>\$</b>
Cash Equivalents	26,548,699	52,384,974	<b>78,933,373</b>
Fixed Income Securities	-	144,991,825	<b>144,991,825</b>
	<b>26,548,399</b>	<b>197,376,799</b>	<b>223,925,198</b>

Additionally, as at March 31, 2023, the GBSF had a cash balance of \$973,701 (2022 - \$1,307,562).

	<b>Cost</b>	<b>2023</b>
		<b>Carrying</b>
	<b>\$</b>	<b>value</b>
		<b>\$</b>
Cash Equivalents	77,768,293	<b>78,933,373</b>
Fixed Income Securities	146,299,853	<b>144,991,825</b>
	<b>224,068,146</b>	<b>223,925,198</b>

There are separate financial statements for the GBSF to which readers should refer for further information. The amounts disclosed are unaudited. Fiscal year 2016 was the last audit of GBSF.

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## **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 the Fund general operating cash and the 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 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.

On March 24, 2020 the Government enacted the Public Treasury (Administration and Payments) (Temporary Unemployment Benefit) Regulations 2020 to provide temporary unemployment benefits to individuals directly impacted by COVID-19. The unemployment benefit was paid to eligible individuals for a maximum period of eighteen weeks beginning from the date the application for the unemployment benefit was approved.

On September 17, 2020 the Government enacted the Public Treasury (Administration and Payments) (Supplemental Unemployment Benefit) Regulations 2020 to provide temporary relief to individuals who remained unemployed as a result of COVID-19. The supplemental unemployment benefit was for a twenty-six month period from the date the application was approved with the final payment to be made in November 2022. There were a number of amendments to this regulation, the last one which was effective October 13, 2022 which extends the payment of supplemental unemployment benefits to November 30, 2022.

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**7. Unemployment Insurance Fund (Cont'd)**

During the year, \$0.7 million (2022 - \$10.2 million) was paid out in unemployment benefits and supplemental unemployment benefits as follows:

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Temporary Unemployment Benefit	-	4,837,525
Bars Clubs and Restaurants Unemployment Benefit	-	2,219,357
Supplemental Unemployment Benefit	662,739	1,467,204
Quarantine Unemployment Benefit	67,341	1,048,879
Taxi Operators Unemployment Benefit	-	406,234
Member's Bars Clubs and Nightclub Unemployment Benefit	-	249,583
<b>TOTAL</b>	<b>730,080</b>	<b>10,228,782</b>

In addition a total of \$37,410 (2022 - \$358,717) was paid out to consultants during the fiscal year, who assisted with the unemployment benefit process.

There are separate financial statements for the Insurance Fund to which readers should refer for further information. The amounts disclosed are unaudited. Fiscal year 2020 was the last audit of the Fund.

**8. Compensated Absences**

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

An actuarial valuation of the Government's obligation for retirement leave was performed at March 31, 2023, using similar various long term assumptions as the Public Service Superannuation Fund (the "PSSF"). A review of the demographic assumptions of the PSSF was conducted as at March 2023 in preparation for the valuation, which resulted in changes to the demographic assumptions as follows:

- The retirement age assumptions have being modified to reflect the pattern of retirements based on the change in the compulsory retirement age from 65 to 68 years.
- The implied inflation rate was changed from 3.0% to 2.75%.
- Salary increase rate assumption was also reduced by 0.25% for consistency with inflation rate reduction.

**Government of Bermuda – Consolidated Fund**  
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**8. Compensated Absences (Cont'd)**

The closing discount rate used for pre-retirement leave benefits calculations was changed to 5.25% (2022 - 4.25%) following a review and validation of the assumptions used for the March 31, 2023 valuation of the Government's benefits obligation.

This change in discount rate is consistent with the rate of interest for the period committed by the Government on the amounts indebted under these plans. The change in the closing discount rate has resulted in an increase in the liabilities reported in the Statement of Financial Position for the financial year ended March 31, 2023.

The valuation determined that the liability for compensated absences at March 31, 2023 is \$37,274,771 (2022 - \$36,143,955), as detailed in the table below.

<b>For the year ended March 31</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Liability for Compensated Absences</b>		
Accrued Benefit Obligation	28,342,270	36,522,923
Net Unamortized Experience (Loss) Gain <sup>(a)</sup>	8,932,501	(378,968)
	37,274,771	36,143,955
	37,274,771	36,143,955

(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 thirteen years.

<b>For the year ended March 31</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Liability for Compensated Absences, beginning of year	36,143,955	34,082,373
Amortization of experience gain	(308,171)	(268,891)
Current period benefit cost	2,063,912	2,040,440
Interest accrued	1,549,868	1,416,563
Benefit payments	(2,174,793)	(1,126,530)
	37,274,771	36,143,955
	37,274,771	36,143,955

**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, all ministers and members of the Legislature, and some QUANGO employees. The Government currently operates the PSSF and the Ministers and Members of the Legislature Pensions Fund (the "MMLPF").

## **9. Pensions and Retirement Benefits (Cont'd)**

### **(a) Contributory Defined Benefit Pension Plans (Cont'd)**

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 3/1000<sup>th</sup> 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.

Effective July 27, 2020 the Ministers and Members of the Legislature (Salaries and Pension) Act 1975 was amended to add a life insurance benefit equal to year's basic salary of the Member at the date of his death. The cost associated with this death benefit provision have been included in the pension liabilities to be disclosed in the March 2023 financial statements.

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.

Government made contributions to each plan during the year as follows: PSSF - \$30,206,279 (2022- \$19,378,367), MMLPF - \$485,582 (2022 - \$362,548). 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, 2023.

Actuarial valuations are based on a number of assumptions about future events, such as inflation, interest rates, wage and salary increases, employee turnover and mortality. The actuarial assumptions were reviewed for March 2023 valuation, and this review resulted changes to the closing discount rate for the PSSF and MMLPF. This review also resulted in changes to the assumptions relating to, inflation rate, retirement age, termination rates, salary increase rates and marital status at retirement. A mortality review was conducted which showed that the mortality experience for the PSSF was closer to the CPM2014 aggregate mortality table. Accordingly, the mortality assumptions were changed to reflect the aggregate CPM2014 mortality table.

These assumptions were used in the actuarial valuation of the PSSF and MMLPF liabilities at March 31, 2023. All assumptions reflect Government's best estimates of expected long-term rates and short-term forecasts.

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**Notes to the Financial Statements**  
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**9. Pensions and Retirement Benefits (Cont'd)**

**(b) Pension Liability (Cont'd)**

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 \$606,045,946 as at March 31, 2023 (2022 - \$605,215,956) compared to a real market value of \$599,937,017 (2022 - \$648,080,384).

For the MMLPF, there is no difference between the market value of plan assets and the market-related value. As at March 31, 2023 the value was \$7,817,274 (2022 - \$8,631,770). The actual return on plan assets during the year was -1.91% (2022 – 8.35%) for the PSSF and 3.46% (2022 - 3.36%) for the MMLPF.

At March 31, 2023, \$12,077,256 was due from the PSSF (2022 - \$7,997,409) in respect of benefits paid in excess of contributions received by the Fund (Schedule 3). At March 31, 2023 \$8,191,397 (2022 - \$8,849,387) was due to the MMLPF in respect of contributions received in excess of benefits paid by the Fund (Schedule 3(a)).

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

<b>For the year ended March 31</b>	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Pension Liability</b>		
Accrued Benefit Obligation		
PSSF	1,632,342,000	1,732,239,000
MMLPF	36,176,000	32,392,000
	<u>1,668,518,000</u>	<u>1,764,631,000</u>
Net Fund Assets		
PSSF	(606,046,000)	(605,216,000)
MMLPF	(7,817,000)	(8,632,000)
	<u>(613,863,000)</u>	<u>(613,848,000)</u>
	<b>2023</b>	<b>2022</b>
<b>For the year ended March 31</b>	\$	\$
<b>Net Unamortized Experience (Loss)/Gain<sup>a</sup></b>		
PSSF	192,218,000	35,371,000
MMLPF	(2,627,000)	747,000
	<u>189,591,000</u>	<u>36,118,000</u>

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**9. Pensions and Retirement Benefits (Cont'd)**

**(b) Pension Liability (Cont'd)**

For the year ended March 31	2023	2022
	\$	\$
<b>Pension Liability</b>		
PSSF	1,218,514,000	1,162,394,000
MMLPF	25,732,000	24,507,000
Carried Forward to Note 9(g)	1,244,246,000	1,186,901,000

**Accrued Benefit Obligation**  
**For the year ended March 31**

	2023			2022
	PSSF	MMLPF	Total	\$
	\$	\$	\$	\$
Accrued benefit obligation at beginning of year	1,732,239,000	32,392,000	1,764,631,000	1,711,191,000
Current Period Benefit Cost	48,300,000	1,301,000	49,601,000	37,036,000
Interest Accrued on benefits	108,323,000	2,033,000	110,356,000	106,450,000
Benefit payments	(94,748,000)	(2,326,000)	(97,074,000)	(90,046,000)
Expected accrued benefit obligation at end of year	1,794,114,000	33,400,000	1,827,514,000	1,764,631,000
Actual accrued benefit obligation at end of year	(1,632,342,000)	(36,176,000)	(1,668,518,000)	(1,764,631,000)
Experience Gain /(loss)	161,772,000	(2,776,000)	158,996,000	-

<sup>(a)</sup> 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.

**(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.



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**9. Pensions and Retirement Benefits (Cont'd)**

**(c) Pension-Related Expenses (Cont'd)**

<b>For the year ended March 31</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Pension Expense</b>		
Cost of Pension Benefits	49,601,000	37,036,000
Employee Contributions	(30,692,000)	(22,871,000)
Interest on Pension Liability	73,091,000	69,768,000
<b>Amortization of Experience (Gains) &amp; Losses</b>		
2015 Experience Gain	(293,000)	(293,000)
2016 Experience Loss	1,777,000	1,777,000
2017 Experience Gain	(6,337,000)	(6,337,000)
2018 Experience Loss	539,000	539,000
2019 Experience Loss	824,000	824,000
2020 Experience Loss	2,001,000	2,001,000
2021 Experience Gain	(914,000)	(914,000)
2022 Experience Gain	(1,079,000)	(1,079,000)
<b>Pensions Expense excluding Employer Contribution</b>	<u>88,518,000</u>	<u>81,530,000</u>

**(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 assumptions made by the Government.

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**9. Pensions and Retirement Benefits (Cont'd)**

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

**Actuarial Assumptions – PSSF**

<b>Economic Assumptions</b>		
Investment rate	6.50% per annum	
Inflation Rate	2.75% per annum	
Interest credited on employee contributions	4.00% per annum	
Salary increase rates	Age band	% per annum
	20-25	5.75
	25-30	5.75
	30-35	4.85
	35-40	4.15
	40-45	3.90
	45-50	3.85
	50-55	3.65
	55-60	3.40
60-70	3.20	

**Actuarial Assumptions – MMLPF**

<b>Economic Assumptions</b>	
Investment rate	5.25% per annum
Inflation Rate	2.75% per annum
Salary increase rate	3.25 % 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 27.2 years for men and 29.6 years for women.

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**9. Pensions and Retirement Benefits (Cont'd)**

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

Impact of changes on the main assumptions on the value of the ABO relating to PSSF benefits at March 31, 2023:

Assumption	Change	(Reduction) Increase in ABO	
		\$	%
Discount rate	1.0% increase	(167,050,000)	(10.2)
	1.0% decrease	204,640,000	12.5
Salary increase rate	1.0% increase	60,888,000	3.7
	1.0% decrease	(53,769,000)	(3.3)
Life expectancy	1 year increase	27,280,000	1.7
	1 year decrease	(28,150,000)	(1.7)

Impact of changes on the main assumptions on the value of the ABO relating to MMLPF benefits as at March 31, 2023:

Assumption	Change	(Reduction) Increase in ABO	
		\$	%
Discount rate	1.0% increase	(3,617,000)	(10.0)
	1.0% decrease	4,365,000	12.1
Salary increase rate	1.0% increase	952,000	2.6
	1.0% decrease	(881,000)	(2.4)
Life expectancy	1 year increase	1,017,000	2.8
	1 year decrease	(1,034,000)	(2.9)

**(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.

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**9. Pensions and Retirement Benefits (Cont'd)**

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

The Government maintains a health insurance scheme, for substantially all of its current and retired employees, some ministers and members of the Legislature and some QUANGO employees. The Government Employees Health Insurance Fund (the “GEHI Fund”) pays for expenses incurred by insured persons and their enrolled dependants. Every insured person contributes to the GEHI Fund, with the Government matching those contributions.

An actuarial calculation of the Government’s ABO for retirement benefits other than pensions was performed for accounting purposes at March 31, 2023, using various long-term assumptions to produce the estimates included in the financial statements.

The closing discount rate used in determining the accumulated post-retirement benefit obligation was revised to 5.75% (2022- 4.25%) following a review and validation of the assumptions used for the March 31, 2023 valuation of the Government’s benefits obligation. This change in discount rate is consistent with the rate of interest for the period committed by the Government on the amounts indebted under these plans.

The assumed healthcare cost trend rate used was 5.75% (2022 – 5.7%). This trend rate decreases by 0.25% per annum to reach an ultimate rate of 4.0%. Where relevant, the other assumptions used are the same as those used for the PSSF.

Aggregate information about the health insurance scheme is in the following table:

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Accrued benefit obligation at beginning of year	965,413,796	841,552,405
Current period benefit cost	34,931,663	31,602,481
Interest accrued	41,542,820	34,079,804
Benefit payments	(10,803,009)	(10,717,114)
	<u>1,031,085,270</u>	<u>896,517,576</u>
Accrued benefit obligation at end of year		
Expected accrued benefit obligation at end of year	1,031,085,270	896,517,576
Actual accrued benefit obligation at end of year	738,491,792	965,413,796
	<u>292,593,478</u>	<u>(68,896,220)</u>
Experience gain/ (loss)		

	<b>2023</b>	<b>2022</b>
Expected average remaining service life	14 years	14 years
Annual loss/ (gain) amortization	20,899,534	(\$4,921,159)

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**9. Pensions and Retirement Benefits (Cont'd)**

**(f) Retirement Benefits Other than Pensions – Employee Health Insurance Scheme (Cont'd)**

**Liability for retirement benefits recorded in the statement of financial position**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Accrued benefit obligation, end of year	738,491,792	965,413,796
Unamortized experience gain/(loss)	44,266,549	(268,995,708)
Liability for retirement benefits (Note 9(g))	<u>782,758,341</u>	<u>696,418,088</u>

**Expenses recorded in the statement of operations and accumulated deficit**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Current period benefit cost	34,931,663	31,602,481
Amortization of experience gains	<u>20,668,779</u>	<u>15,623,620</u>
Retirement benefit expense	55,600,442	47,226,101
Retirement benefit interest expense	41,542,820	34,079,804
Total expenses related to retirement benefits	<u>97,143,262</u>	<u>81,305,905</u>

**(g) Pensions and Retirement Benefits Liability and Expense Summary**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Pensions (Note 9(b))	1,244,246,000	1,186,901,000
Retirement Benefits other than Pensions – Health Insurance Scheme (Note 9(f))	782,758,341	696,418,088
Total Pensions and Retirement Benefits Liability	<u>2,027,004,341</u>	<u>1,883,319,088</u>

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**9. Pensions and Retirement Benefits (Cont'd)**

**(g) Pensions and Retirement Benefits Liability and Expense Summary (Cont'd)**

	2023			2022
	Pension Plans	Other Benefits	Total	Total
	\$	\$	\$	\$
Current period benefit cost	49,601,000	36,995,575	86,596,575	70,678,921
Amortization of experience gains (losses)	(3,482,000)	20,360,608	16,878,608	12,951,729
Employee contributions	(30,692,000)	-	(30,692,000)	(22,871,000)
Interest on accrued benefits	73,091,000	43,092,688	116,183,688	105,264,367
Employer contributions	(31,173,000)	(12,977,802)	(44,150,802)	(32,091,644)
<b>Pensions and retirement benefits expense</b>	<b>57,345,000</b>	<b>87,471,069</b>	<b>144,816,069</b>	<b>133,932,373</b>

**10. Contingent Liabilities**

**(a) Guarantees**

**(i) Hotel Bermuda Holdings Ltd. (“HBH”) Guarantee**

The Government has a Master Development Agreement (“MDA”) with HBH, a part of the Desarrollos Hotel Co. 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 provides 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 outstanding balance of the loan as at March 31, 2023 amounted to \$25,000,000 (2022 - \$25,000,000).

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.

## **10. Contingent Liabilities (Cont'd)**

### **(a) Guarantees (Cont'd)**

#### **(ii) Bermudiana Development Company Limited (the “BDCL”)**

On June 16, 2021, the Government provided a letter of comfort on behalf of the BDCL supporting a \$10 million term loan facility at a 3.5% interest rate. The loan, which has a final repayment date of June 30, 2024, is to support the transition of the Grand Atlantic to the Bermudiana Beach Resort Development. The balance on the loan at March 31, 2023 was \$10,000,000 (2022 - \$10,000,000).

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

#### **(iii) InnoFund Limited**

On June 18, 2021, the Government provided a letter of comfort to Clarien Bank on behalf of InnoFund Limited supporting a \$2.5 million term loan facility. The loan is to fund a private-public partnership with the Government of Bermuda to enable the government to digitalize their various services and attract and support start-ups as they test their products on island.

The Ministry of Finance guaranteed to make good any default on the part of InnoFund Limited in the payment of the loan to Clarien Bank and all related interest fees and charges due as a result of default by the InnoFund Limited until all indebtedness to Clarien Bank has been fully discharged. As a result of the InnoFund Limited's default on the loan, the Government paid \$2,418,943 to Clarien Bank in December 2022 in settlement of the balance that was outstanding on the loan facility. An additional \$3,228 in late payment penalties was paid to the bank in January 2023, to fully absolve the Government's responsibility as the guarantor on the loan facility.

#### **(iv) Bermuda Commercial Bank**

Effective October 12, 2022, the Government partnered with the Bermuda Commercial Bank (BCB) for the rollout of a three-phase pilot program to assist Bermudian citizens with acquiring first time properties and/or necessary renovations.

Under this initiative, the Government will provide an aggregate guarantee to the BCB of up to a maximum amount of BMD \$50,000,000 to be applied in accordance with the terms of the Agreement and Program requirements. In turn, the BCB will offer reduced interest rates and reduced down payment terms to the successful applicants of the program.

The scope of the agreement details that the government guarantee per loan will be up to 25% of the purchase price or transfer amount, but no more than BMD \$250,000 maximum, for which each Government Guarantee will be a separate and independent

## **10. Contingent Liabilities (Cont'd)**

### **(a) Guarantees (Cont'd)**

#### **(iv) Bermuda Commercial Bank (Cont'd)**

obligation in respect of each loan. This guarantee shall remain in force until the earliest of:

- i. All sums due under the loan having been repaid; or
- ii. The Government has paid to the BCB the full amount of the guarantee set out in the relevant facility letter in respect of the relevant Government Guarantee; or
- iii. When the loan to value ratio (LTV) of the loan falls below 80%, save that the guarantee shall remain in place for a minimum of five years regardless of the LTV falling below 80% during the first five years of a loan; or ten years.

The maximum term for loans under this Program will be 360 months (30 years) and loan holders will benefit from a discounted interest rate which is a floating interest rate of the BCB base rate plus 2%, and a reduced down payment of 10% of the purchase price in cash.

As at March 31, 2023 there were no loans issued under this Program.

#### **(v) Non-Binding Heads of Terms Agreement**

In September 2022, the Government of Bermuda entered into a Non-Binding Heads of Terms Agreement with Gencom Acquisition LLC (Sponsor) and Westend Properties Limited (Property Owner). This non – binding agreement sets out the proposed terms and conditions for the provision of a US\$75,000,000 Tax Increment Financing loan guarantee to Clarien Bank Ltd. The guarantee when issued will form part of a financing package for the renovation of the Fairmont Southampton Hotel.

### **(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, 2023 is \$24,780,063 (2022 - \$15,642,192).

### **(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.



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**10. Contingent Liabilities (Cont'd)**

**(c) Base Lands Clean Up (Cont'd)**

A liability of \$23,743,465 (2022 - \$23,743,465) 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 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 is set at \$22.7 million, comprised of the prior year provision as no additional expenditures was 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.

**(d) Hotels Concession Act 2000 ,Tourism Investment Act 2017, Memorandum of Understanding for Bars and Restaurant and Bermuda Hotel Association Relief**

As a result of revenue loss related to closure of businesses in response to the COVID-19 pandemic in 2020, the Government entered into a Memorandum of Understanding ("MoU") with the Restaurant Division of the Bermuda Chamber of Commerce and bars to provide payroll tax relief to eligible businesses for both employee and employer portions. The relief was originally provided for June, July and August 2020 and has been subsequently extended to March 2023.

The Government entered into a similar MoU with the Bermuda Hotel Association to provide payroll tax relief to qualifying hotels for the employee and employer portions of payroll tax for October, November and December 2020 and subsequently extended to March 2023.

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;

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**10. Contingent Liabilities (Cont'd)**

**(d) Hotels Concession Act 2000, Tourism Investment Act 2017, Memorandum of Understanding for Bars and Restaurant and Bermuda Hotel Association Relief (Cont'd)**

- to create employment and entrepreneurial opportunities for Bermudians; and
- to encourage local investment.

The concessions are granted at the discretion of the Minister of Tourism and Transport 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.

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, 2023 was \$4,230,420 (2022 - \$6,147,805), which may be applied against any future payroll tax or hotel occupancy tax incurred by the applicable hotels.

In addition to this amount, \$45,304,500 (2022 - \$47,362,500) is available for use but has not yet been granted by the Ministry of Tourism and Transport 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.

The Tourism Investment Act 2017 became operative on November 10, 2017. As a result, the Hotel Concession Act 2000 has been discontinued and several hotel concessions were revoked.

The total of the Tourism Investment Order relief granted as at March 31, 2023 was \$6,134,324 (2022- \$2,206,899).

**(e) St. George's Resort Act 2018**

In July 2018, with an operative date of August 31, 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 is not capped.

The total relief applied as at March 31, 2023 was \$2,201,029 (2022 - \$812,006).

## **10. Contingent Liabilities (Cont'd)**

### **(f) Tourism Investment (Bermudiana Beach Resort) Order 2018**

In February 2019, with an operative date of February 21, 2019, the Tourism Investment (Bermudiana Beach Resort) Order 2018 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 \$5,000,000 over a period of ten years and is restricted to the actual tax due. The land tax concession cannot be determined until the valuation of the property is completed and will be applied over a period of 5 years. The value of these concessions is not capped but is restricted to the tax due.

### **(g) Rosewood Tucker's Point**

In August 2020, with an operative date of August 7, 2020, the Tourism Investment (Rosewood Bermuda) Order 2020 was approved. The Hotels Concession (Tucker's Point Hotel and Resort) Order 2016 was simultaneously repealed. The total relief applied as at March 31, 2023 was \$2,816,040 (2022 - \$1,325,386).

### **(h) St. George's Club**

In August 2020, with an operative date of August 7, 2020, the Tourism Investment (St. George's Club) Order 2020 was approved. The total estimated relief resulting from this order has not been determined.

### **(i) Nautilus Hotel**

In August 2021, with an operative date of August 9, 2021, the Tourism Investment (Nautilus Hotel) Order 2021 was approved. The total estimated relief resulting from this order has not been determined.

### **(j) The Loren Pink Beach**

In January 2022, with an operative date of January 14, 2022, the Tourism Investment (The Loren at Pink Beach) Order 2022 was approved. The total relief applied as at March 31, 2023 was \$1,066,706 (2022 - \$69,506).

### **(k) Cambridge Beaches Resort and Spa**

In August 2022, with an operative date of August 11, 2022, the Tourism Investment (Cambridge Beaches Resort and Spa) Order 2022 was approved. The total relief applied as at March 31, 2023 was \$50,549.

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**11. Non-Contractual Operational Obligations**

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

	\$
2024	3,175
2025	3,175
2026	33,926
2027 and subsequent	<u>-</u>
Total Future Operational Obligations	<u>40,276</u>

**12. Contractual Obligations**

**(a) Capital Leases**

The average period of capitalized leased office machines is 3 years. The lease payments period of capitalized leased LED street lights (luminaires) is over 10 years. The useful life of the capitalized LED street lights (luminaries) is 20 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. Interest expense for leased capital assets were \$421,181 for the year (2022 - \$401,248).

The following is an analysis of the leases:

	<b>2023</b>	<b>2022</b>
	\$	\$
Present value of lease cost	7,636,625	7,638,525
Less: Accumulated amortization	<u>(5,421,727)</u>	<u>(5,377,926)</u>
Present value of lease obligations	<u>2,214,898</u>	<u>2,260,599</u>

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**12. Contractual Obligations (Cont'd)**

**(a) Capital Leases (Cont'd)**

The following is a schedule of discounted future minimum lease payments under leases expiring up to August 31, 2026:

	\$
2024	449,518
2025	406,690
2026	<u>1,358,690</u>
Present value of lease obligations	<u>2,214,898</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.

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

	\$
2024	25,685,207
2025	5,481,964
2026	1,746,524
2027 and subsequent	<u>-</u>
Total Contractual Obligations	<u><u>32,913,695</u></u>

**(c) Operating Leases**

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

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## **12. Contractual Obligations (Cont'd)**

### **(c) Operating Leases (Cont'd)**

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

	\$
2024	4,782,939
2025	3,159,521
2026	2,163,690
2027	1,812,160
2028	1,594,362
2029 and subsequent	<u>10,920,784</u>
Total Future Minimum Operating Lease Payments	<u>24,433,456</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, \$51,312,129 (2022 - \$54,637,361) in Supplementary Estimates were approved and spent which consisted of \$39,562,129 (2022 - \$54,087,361) for current expenditure and \$11,750,000 (2022 - \$550,000) for capital expenditure.

During the year \$22,612,312 (2022 - \$14,982,145) in virements were approved and transferred which consisted of \$13,830,294 (2022 - \$6,054,175) for current expenditure and \$8,782,018 (2022 - \$8,927,970) for capital expenditure.

### **13. Supplementary Estimates and Virements (Transfers) (Cont'd)**

Additional expenditures of \$6,723,609 (2022 - \$14,437,852) were incurred in excess of amounts appropriated by the Ministry and will require final approval, which consisted of \$6,723,609 (2022 - \$12,844,763) for current expenditure and \$Nil (2022 - \$1,593,089) for capital expenditure.

Additional virements of \$8,516,979 (2022 - \$10,605,290) require final approval and transfer, which consisted of \$6,531,089 (2022 - \$6,544,259) for current expenditure and \$1,985,890 (2022 - \$4,061,031) for capital expenditure.

### **14. Related Party Transactions**

#### **(a) Funds**

The Fund is related to the GEHI Fund, the CPF, the MMLPF, 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 (2022 – 3.5% per annum). The exceptions to this interest charge allocation are the GEHI and CAF Fund balances, for which no interest is accrued.

#### **(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)**

### **(b) QUANGOs and Other Government-Related Organizations (Cont'd)**

#### **(i) Bermuda Hospitals Board (the “BHB”) Guarantee**

a) 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 \$29.5 million (2022 – \$28.3 million). 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 total of BHB’s remaining contractual obligation, which is to March 2044, to PHS at March 31, 2023 is \$727.9 million (2022 – \$758.2 million).

b) On February 17, 2021, the Minister of Finance approved for the BHB to enter into a credit facility of up to \$30 million with Clarien Bank for purposes of supporting the BHB’s cash flow requirements.

On June 7, 2022, the Government provided a letter of comfort to Clarien Bank, approving the BHB’s extension of an overdraft facility of up to \$20 million. The purpose of this extension to the facility is to support BHB in sustaining its cash flow requirements. As at March 31, 2023, BHB had an outstanding balance of \$11,775,305 on the facility.

The Ministry of Finance acknowledged BHB’s obligations in connection with the overdraft facility and the government’s intentions to cause BHB to continue operating and be in a financial position to discharge its obligations to Clarien Bank.

#### **(ii) 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, 2023 is \$1,763,741 (2022 - \$1,700,825).

In April 2020, the Government announced it would provide the BEDC with a grant of \$12 million to fund their COVID-19 Business Sustainability & Continuity Funding



## **14. Related Party Transactions (Cont'd)**

### **(b) QUANGOs and Other Government-Related Organizations (Cont'd)**

#### **(ii) Bermuda Economic Development Corporation (the “BEDC”) Guarantee (Cont'd)**

Programme to provide relief in response to the significant impact of COVID-19 on Bermuda’s small and medium-sized businesses. As of March 31, 2023 BEDC is no longer offering the COVID-19 Business Sustainability & Continuity Funding Programme product; however, the residual balance of \$5,598,232 under the programme has been channeled towards direct funding offered to the beneficiaries through BEDC’s existing financial products. For the year ended March 31, 2023, \$808,339 (2022 - \$1,795,237) in financial support has been deployed in a combination of grants, loans, and guarantees.

#### **(iii) 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 profit as at December 31, 2022, and \$1,000,000 was transferred to the Fund subsequent to March 31, 2023 (2022 - \$5,701,882).

#### **(iv) 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.

On March 18, 2021, the Minister of Finance the Government provided a letter of comfort to Clarien Bank Limited. (“Clarien”) on behalf of BLDC supporting a \$30 million term loan facility for the development of a water and sewage treatment system for the parish of St. George’s. The balance outstanding on the loan facility as at March 31, 2023 was \$29,005,371 (2022- \$21,586,678).

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

## **14. Related Party Transactions (Cont'd)**

### **(b) QUANGOs and Other Government-Related Organizations (Cont'd)**

#### **(v) Bermuda Housing Corporation (the “BHC”)**

On July 12, 2011, the Government provided a letter of comfort to Butterfield Bank (“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, 2023 was \$17,750,000 (2022 - \$14,039,000).

#### **(vi) WEDCO Guarantee**

- a) On February 13, 2019, the Minister of Finance consented to a new credit facility comprising of a term loan and a project loan. The loan facility is for a term of seven years, maturing on February 28, 2026.

The term loan is a consolidation of two existing facilities:

- i. The Infrastructure and Housing Project Loan - 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.
- ii. The Land Reclamation Project loan - 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.

Under the new credit facility, the WEDCO loans are secured by one guarantee in the amount of \$71,850,000. 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. The balance of the new credit facility as at March 31, 2023 was \$Nil (2022 - \$47,656,964).

The project loan - The \$15 million project loan was to facilitate the payment of the King’s Wharf project. The Government initiated an accelerated replacement program of King’s Wharf in October 2018 due to major deterioration and structural and safety issues. King’s Wharf is owned by WEDCO.

The BNTB loan facility will be serviced by grants in the coming years. The balance outstanding on the loan facility as at March 31, 2023 was \$Nil (2022 - \$12,751,849).

## **14. Related Party Transactions (Cont'd)**

### **(b) QUANGOs and Other Government-Related Organizations (Cont'd)**

#### **(vi) WEDCO Guarantee (Cont'd)**

On August 9, 2022, the Minister of Finance provided a guarantee for WEDCO's term loan facility with Clarien Bank for an amount up to \$60,275,042, for the purpose of re-financing existing indebtedness with BNTB.

The Ministry of Finance guaranteed, up to a maximum liability of \$60,205,042 to make good any default on the part of WEDCO, in the payment of the loan to Clarien Bank and all related interest fees and charges due as a result of default by WEDCO until all indebtedness to Clarien Bank has been fully discharged. The notional amortization period of the loan is 18 years. As at March 31, 2023, WEDCO had a balance of \$ 58,178,673 on the facility.

b) On May 25, 2020, the Ministry of Finance granted approval for WEDCO to enter into a credit facility of up to \$1,000,000 with Clarien Bank Ltd for purposes of financing the proposed Utility Improvements Project at the Boaz Island Village, Sandy's, and to provide up to \$50,000 for interest capitalization for the first twelve months of the term of the loan.

On July 13 2020, WEDCO secured a term loan of \$1.05M at 5% with a final repayment date of December 1, 2038. WEDCO is obligated to make monthly payments of \$7,381.86 which cover both principal and interest for an amortization period of 216 months. As at March 31, 2023, WEDCO had a balance of \$996,997 (2022- \$1,034,689) on the facility.

#### **(vii) BHC Guarantee**

BHC had 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.

On July 20, 2021 the Minister of Finance granted his consent for the BHC to enter into a facility agreement with Clarien Bank for an amount up to \$29,300,000 for the purpose of re-financing existing indebtedness with BNTB. The final repayment date of this facility will be July 31, 2036. The balance outstanding as at March 31, 2023 was \$26,781,212 (2022 - \$28,386,595).

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

## **14. Related Party Transactions (Cont'd)**

### **(b) QUANGOs and Other Government-Related Organizations (Cont'd)**

#### **(viii) Regulatory Authority (the “RA”)**

On February 25, 2019, the Government provided a letter of comfort to Clarien Bank Limited. (“Clarien”) on behalf of the RA supporting a revolving line of credit of \$2 million. A line of credit for \$1.5 million at Clarien was finalized on September 9, 2019.

On October 24, 2019, the Ministry of Finance issued a letter of comfort to Clarien approving the borrowing of \$1,500,000 by RA to assist with short term working capital requirements. On November 25, 2019, the RA established a two year Revolving Line of Credit with Clarien in the amount of \$1,500,000 at a fixed interest of 5.0% per annum. This facility expired on December 20, 2021 and was renewed for another two years under similar terms and conditions noted above. As at March 31, 2023, the RA had a drawdown of \$Nil (2022 - \$Nil) and interest due of \$Nil (2022 - \$Nil).

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, 2023 was \$Nil (2022 - \$Nil).

#### **(ix) 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.

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.

## **14. Related Party Transactions (Cont'd)**

### **(b) QUANGOs and Other Government-Related Organizations (Cont'd)**

#### **(ix) L.F. Wade International Airport Redevelopment (Cont'd)**

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 Airport Development Agreement 2015 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.

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 BAA subject to the Agreement’s hand-back standards.

## **14. Related Party Transactions (Cont'd)**

### **(b) QUANGOs and Other Government-Related Organizations (Cont'd)**

#### **(ix) L.F. Wade International Airport Redevelopment (Cont'd)**

Skyport reported a shortfall in the first quarter 2022 Senior Debt payment and as a result the Minimum Revenue Guarantee provisions of the Airport Project Agreement were triggered requiring a payment from BAA. In April 2022, the BAA paid \$2.22 million to Skyport by way of a supplemental operating grant from the Fund. In July 2022, December 2022 and January 2023, the Fund transferred additional amounts of \$3.47 million, \$3.38 million and \$362,751, respectively, to BAA for payment to Skyport, by way of supplemental operating grants from the Fund.

#### **(x) 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 “BSMA Act”). At March 31, 2023, the BSMA had a loan of \$1,090,000 (2022 - \$1,090,000) from the Fund. This balance is included in the Due from Government Funds and Agencies (Schedule 3) and is fully provided for.

In accordance with Section 19(1) (a) of the BSMA Act, the BSMA will transfer a percentage of its net surplus, if any, to the Fund. The 2018 net position of the BSMA provided for an operating surplus of \$1,873,166. However, in May 2020, the BSMA received approvals from the Minister of Finance and the Minister of Tourism and Transport for the surplus to be utilized to recoup anticipated net losses for the 2019 and 2020 years. The BSMA reported net deficits for the years ended March 31, 2023 and 2023.

#### **(xi) Bermuda Civil Aviation Authority**

In accordance with Section 18(1)(a) of the Bermuda Civil Aviation Authority Act 2016 (the “BCAA Act”), the Bermuda Civil Aviation Authority (the “BCAA”) will transfer a percentage of its net surplus to the Fund. The BCAA reported a net loss for the year ended March 31, 2023 of approximately \$2 million (2022 – a net surplus of \$21,199,413). The prior year amounts to be transferred to the Fund are included in Due from Government Funds and Agencies (Schedule 3) at March 31, 2023.

#### **(xii) Bermuda Gaming Commission**

On April 4, 2017, the Government authorized the transfer of \$1.6 million from the Fund to the Bermuda Gaming Commission (formerly the Bermuda Casino Gaming Commission) (the “BGC”) in the form of an interest-free loan. In July 2018, the Government transferred a further \$500,000 to the BGC. As at March 31, 2023, \$2.1 million (2022- \$2.1 million) is outstanding from the loan.

## **14. Related Party Transactions (Cont'd)**

### **(b) QUANGOs and Other Government-Related Organizations (Cont'd)**

#### **(xii) Bermuda Gaming Commission (Cont'd)**

On January 5, 2019, the Government signed a guarantee on behalf of the BGC supporting an overdraft facility with BNTB of \$1.2 million, which was increased to \$2.7 million by March 31, 2020. On May 14, 2020, the Minister of Finance consented to a \$700,000 increase in the BGC's existing overdraft facility with BNTB to \$3.4 million, with expiry on February 28, 2021. On March 24, 2021, the Minister of Finance consented to a \$3,875,000 increase in the BGC's existing overdraft facility with BNTB to \$8,175,000, with expiry on May 31, 2022. In June 2022, the expiry date was further extended to September 30, 2022. On October 31, 2022, the Minister of Finance further consented to an extension of the credit facility to January 31, 2023 under the existing terms and conditions of the facility.

On December 19, 2022, the acting Minister of Finance approved an increase of BGC's overdraft facility from \$8,175,000 to \$9,800,000. Additionally, an Amendment Letter was endorsed by BGC, BNTB and the Minister of Finance on March 27, 2023. This letter formally increased the overdraft facility from \$8,175,000 to \$9,800,000 and extended the credit facility until June 30, 2023.

The Ministry of Finance guaranteed to make good any default on the part of BGC until all indebtedness to BNTB has been fully discharged.

At March 31, 2023, \$8,121,894 (2022 - \$6,329,650) had been drawn on the facility. See Note 19 (d).

#### **(xiii) Bermuda Tourism Authority**

On May 18, 2020, the Minister of Finance consented to the \$2 million increase in borrowing on an existing fixed rate loan facility by the Bermuda Tourism Authority (the "BTA") with BNTB. The maximum principal amount of the 5 year 4.75% fixed interest rate loan is \$9,666,667. The loan was used to facilitate the repayment in full of the outstanding project capital costs and accrued interest on the widening of the North Channel to permit Quantum Class cruise ships passage to Bermuda.

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

The loan balance was \$3,000,000 on March 31, 2023 (2022 – \$5,000,000).

#### **(xiv) National Sports Centre (the "NSC")**

On May 26, 2021, the Government provided a letter of comfort to HSBC on behalf of the NSC supporting a \$3.235 million term loan facility. The loan is to support

## **14. Related Party Transactions (Cont'd)**

### **(b) QUANGOs and Other Government-Related Organizations (Cont'd)**

#### **(xiv) National Sports Centre (the “NSC”) (Cont'd)**

NSC's Solar Initiative to provide a solar energy source for the facilities. As at March 31, 2023 the balance on the loan is \$2,707,670 (2022- \$2,606,451).

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

### **(c) Provision for Doubtful Accounts – Due from Government Funds & Agencies**

A provision for doubtful accounts is recorded when there is no reasonable assurance of collection of the carrying amounts of a loan or receivable balance. Due to this uncertainty, a provision of \$75.7 million (2022 - \$59.5 million) has been made for balances owed to the Fund by various Government Funds and Agencies (see also Schedule 3).

## **15. Debt**

### **(a) Bank Overdraft**

In September 2020, the Government renewed the two BNTB overdraft facilities of \$2 million and \$500,000, with a new expiry date of June 30, 2021. In June 2021, the Government renewed its two overdraft facility agreements at BNTB, of \$2 million and \$500,000, with expiry on June 30, 2022. In June 2022, the Government renewed its two overdraft facility agreements at BNTB, of \$2 million and \$500,000, with expiry on June 30, 2023. The daily charge applied to overdrawn balances remains unchanged at 1% per annum above BNTB's base rate. The two overdraft facilities were not renewed upon the June 30, 2023 expiration date.

### **(b) Debt issuance and payments**

In August 2020, the Government raised \$1.35 billion with the issuance of a \$675 million 2.375% Note due 2030 and a \$675M 3.375% Note due 2050. With the proceeds, the following short term borrowings were paid off: a \$200 million combined loan facility with HSBC and BNTB, a \$150 million combined loan facility with HSBC and Clarien, and a \$55 million overdraft facility with Clarien. In addition, principal payments were made on the following outstanding Senior Notes: \$121,095,000 on the \$475 million 4.138% Note due 2023, \$147,797,000 on the \$750 million 4.854% Note due 2024, \$60,376,000 on the \$665 million 3.717% Note due 2027, and \$170,732,000 on the \$620 million 4.750% Note due 2029. The remainder deposited in the GBSF is to be used to fund anticipated deficits. During the year, \$3,766,097 was utilised for the payment of Early Tender Premium on repurchased debt.



**Government of Bermuda – Consolidated Fund**  
**Notes to the Financial Statements**  
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**15. Debt (Cont'd)**

**(b) Debt issuance and payments (Cont'd)**

In July 2022, the Government raised \$496,740,000 with a new issuance of \$500 million 5% Senior Notes due in 2032. The proceeds were utilised to finance the early principal payment of the \$354 million 4.138% Senior notes due in January 2023, and \$1,915,658 was utilised for the facility charges and other ancillary fees related to the notes refinancing. The remainder was deposited in the Sinking Fund and utilised to pay off the \$140 million 5.73 % Senior Notes due in December 2022.

On August 15, 2022, the Government raised an additional \$405,190,066 which represented an additional issuance of \$390 million 5% Senior Notes due in 2032. The proceeds were inclusive of accrued interest of \$2,004,167 and purchase premium of \$13,185,900 and were used to early retire the \$402 million of 4.854% Senior notes due 2024.

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

**(c) Discount on Bonds**

In November 2018, Government issued debt of \$620 million of 4.750%, 10 year bonds, due February 2029 at an issue price of \$615 million, resulting in a discount of \$4,619,000. The discount has been amortized by \$1,839,637 to date using the effective interest method.

In August 2020, the Government issued debt of two \$675 million bonds of 2.375% and 3.375%, respectively. The 2.375% bond is due August 2030 and was issued at a price of \$673 million, resulting in a discount of \$1,336,500. The discount has been amortized by \$304,884 to date using the effective interest method. The 3.375% bond is due August 2050 and was issued at a price of \$673 million, resulting in a discount of \$1,336,500. The discount has been amortized by \$67,334 to date using the effective interest method.

In July 2022, the Government issued debt of \$500 million of 5%, 10 year bonds at a discount of \$3,260,000. The discount has been amortized by \$127,081 to date using the effective interest method.

**(d) Premium on Bond**

In August 2022, Government issued debt of \$390 million of 5%, 10 year bonds at a premium of \$13,185,900. The premium has been amortized by \$527,328 to date using the effective interest method.

**(e) Limit on the Public Debt**

In August 2020, section 2A (1) of the Government Loans Act 1978 was amended to raise the debt ceiling to \$3.50 billion.

**Government of Bermuda – Consolidated Fund**  
**Notes to the Financial Statements**  
**March 31, 2023**

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## **16. Deferred Revenue**

### **(a) Insurance Claims**

Monies not yet spent for the purpose specified are accounted for as deferred revenue. During the year, the Fund received proceeds from insurance claims to be used to cover financial losses due to specific events. At year end, \$3,251,342 (2022 - \$2,796,277) of these funds remained, and were due to various insurance claims.

### **(b) Tugboats / NCL Primary Berthing Rights**

In December 2019, the Government executed an amendment to an existing berthing and operating agreement with Norwegian Cruise Lines (NCL), whereby that entity provided \$15,000,000 in exchange for primary berthing rights for NCL ships during the cruise season until December 2028. As per the amended agreement, the Government has restricted the use of the funds for the purchase of two new Azimuth Stern Drive tugboats. The \$15 million dollars has been recorded as deferred revenue, which will be recognised over a period of time to 2028.

The two new tugboats arrived in Bermuda on September 26, 2020 and were officially handed over to the Government on October 16, 2020.

At March 31, 2023, \$1,642,508 (2022 - \$1,654,545) has been recognised as revenue in the Statement of Operations and Accumulated Deficit and the deferred revenue remaining totalled \$9,580,220 (2022 - \$11,222,728). As of that date \$66,703 of the funds remain unspent for staff training and additional tugboat parts.

## **17. Morgan's Point / Caroline Bay**

### **(a) Certificate Purchase Agreements**

On March 14, 2016, the Minister of Finance provided irrevocable Guarantee Agreements to lenders, replacing a letter of comfort issued August 2013, 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. George's Bay Limited ("GBL"), a subsidiary of MPL, entered into a number of transactions to obtain financing for the project. The financing guaranteed was provided under separate groups of loans – US\$85 million senior secured debt ("Tranche B") and US\$75 million unsecured debt ("Tranche C"), each maturing in five years with two one year options to extend.

## **17. Morgan’s Point / Caroline Bay (Cont’d)**

### **(a) Certificate Purchase Agreements (Cont’d)**

MPL and GBL were unsuccessful in securing funding to meet the financial obligations to the lenders, resulting in defaults of those obligations. As a result of the defaults, the Tranche B lenders demanded repayment of the outstanding loans in full. In September 2019, the Government proactively exercised its rights under the Intercreditor Agreement, to purchase the lenders’ rights and interests under the Tranche B Loan Agreement, at a cost of US\$88.5 million. In October 2019, the Government again proactively exercised its rights under the Intercreditor Agreement, purchasing the lenders’ rights under the Tranche C Loan Agreement at a cost of US\$80 million. The Government also purchased an aggregate 1,500 Class B Non-Voting Participating Common Shares, \$0.01 par value of GBL, pursuant to the loan and share purchase agreements between the Government and the Tranche C Lenders. In December 2019, the Government undertook to settle \$11.1 million outstanding contractors’ balances owed by GBL for work performed.

In March 2020, the Government successfully petitioned the Supreme Court to wind up GBL and appoint provisional liquidators to implement a corporate restructuring.

### **(b) Recognition of Asset**

An independent assessment of the value of the assets in respect of its secured and unsecured claims against GBL was done. The Government has a secured claim against the assets of GBL as recourse for the Tranche B debt and an unsecured claim relating to the Tranche C debts. The Government also acquired the various outstanding contractor balances due from GBL. The loans and equity acquired in the Certificate Purchase Agreement totalled \$168,472,958, and the outstanding contractors balance acquired was \$11,051,438. The acquired loans, equity and various contractor balances would normally be considered to meet the definition of an asset, however there are a number of factors that create significant measurement uncertainty in the valuation of the amounts expected to be ultimately recovered by the Government. While it has not been concluded that the asset has nil value, as there a number of GBL tangible assets that have value, the Government deems it appropriate to provide a valuation allowance of \$168,471,958 for the asset, such that its carrying value in the financial statements is \$1,000.

The contractors balances along with legal advisory and consulting cost totalling \$14,814,279 were added to the valuation allowance presented in the March 31, 2020 Statement of Operations and Accumulated Deficit.

The amount recognised as recoverable could change materially in the future, dependent on the outcome of future events, including the prospective use of the development site, future investment decisions by the Government and others, and future operations of GBL.

### **(c) Morgan’s Point Guarantee**

There is currently no counterparty to whom the Government has any obligation under the guarantee, as the Government acquired the loans for which it acts as guarantor. Although owned by the Government, the Tranche B and Tranche C debts still exist and have the potential to be disposed of at a future date. As a result, the Government’s guarantee has not been formally extinguished.

**Government of Bermuda – Consolidated Fund**  
**Notes to the Financial Statements**  
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**17. Morgan’s Point / Caroline Bay (Cont’d)**

**(c) Morgan’s Point Guarantee (Cont’d)**

On June 19, 2020, the Government submitted a claim to GBL’s provisional liquidators in the amount of \$217.5 million. The Government paid \$4,133,499 (2022 - \$3,594,510) for contractor’s balances, joint provisional liquidator, and consulting, advisory and legal services for the year ended March 31, 2023. In addition, Government also paid out interest on the facility used to pay the Caroline Bay/Morgan’s Point amounting to \$3.1 million. See also Note 19(c).

**18. WEDCO / Moresby House**

On August 30, 2016, the Government of Bermuda approved a grant of \$3 million to WEDCO for the redevelopment and refurbishment of Moresby House, located at 26 Pender Road, Sandys, Bermuda. Although initially provided by way of a grant to expedite the refurbishment works, WEDCO was required to repay the Government in full, with specific terms and conditions to be agreed.

In April 2018, WEDCO entered into a lease agreement with the Government, wherein WEDCO would lease Watford House, located at 35 Malabar Road, Sandys, Bermuda, to the Government for 21 years, commencing May 1, 2018 and expiring on April 29, 2039.

The rent amount under the terms of lease is \$nil. At the end of the lease period, the amount owed to the Government is deemed to be zero.

The balance remaining at March 31, 2023 is \$2,309,524 (2022 - \$2,452,381).

**19. Subsequent Events**

**(a) Guarantees**

Subsequent to year end, the Government entered into the following guarantee arrangements:

**(i) Bermudiana Development Company Limited (the “BDCL”)**

On August 17, 2023, the Government provided a letter of comfort to Clarien Bank supporting an aggregate \$25 million, multi-currency facility agreement between Clarien Bank Limited and BDCL. The facility is split equally into a Bermuda dollar facility of up to BD\$12,500,000 and a United States facility of up to US\$12,500,000.

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

**Government of Bermuda – Consolidated Fund**  
**Notes to the Financial Statements**  
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**19. Subsequent Events (Cont'd)**

**(a) Guarantees (Cont'd)**

**(ii) Bermuda Commercial Bank**

The total government guarantee for all the loans issued under the BCB mortgage guarantee program (Note 10(a) (iv)) for the period from April 2023 to January 2024 was \$2,751,250.

**(b) Debt Repayment**

In December 2023, the Government redeemed in full its outstanding \$50 million 4.75% Senior notes due on December 16, 2023. Additionally, \$1,187,500 and \$1,000 was paid in interest and bank charges, respectively.

**(c) Caroline Bay/ Morgan's Point Guarantee**

Subsequent to the year end, an additional \$2 million was paid in consulting, advisory and legal services in connection with the Morgan's Point / Caroline Bay project.

**(d) BGC credit facility**

In June 2023, the Ministry of Finance and BGC paid BNTB \$9,675,000 and \$33,138, respectively, in full settlement of the BGC loan balance due to BNTB. This loss on guarantees was recognized in the Statement of Operations and Accumulated Deficit.

**(e) BSMA loan deferral and Letter of Comfort**

In August 2023, the Ministry of Finance approved a deferral of an \$850,000 loan repayment to the Bermuda Government by BSMA. The loan was set to be repaid by the end of June 2022 and the repayment date was extended for a further 24 months until the end of June 2024.

On August 25, 2023, the Ministry of Finance issued a Letter of Comfort to BSMA to formally show its support for the Quango. The letter noted that BSMA presently has an annual deficit which is forecasted to continue and the Government is working on progressing the recommendations from a review it conducted on the BSMA and BCAA current structure. The Government stated its commitment to the success of BSMA noting the Quango's importance to the economic recovery of Bermuda. The Government further noted its support to BSMA both strategically and financially to ensure the Quango meets its financial obligations for a period of at least 12 months from the date of the letter.

**(f) BCAA Letter of Comfort**

On September 5, 2023, the Ministry of Finance issued a Letter of Comfort to BCAA to formally show its support for the Quango. The letter noted that BCAA currently has an annual deficit which is forecasted to continue until new revenue streams can be found to replace revenue lost from international sanctions on Russian Aircraft Operators. To support BCAA's ongoing work of turning the current deficit into a surplus, the Government

## **19. Subsequent Events (Cont'd)**

### **(f) BCAA Letter of Comfort (Cont'd)**

is working on progressing the recommendations from a review it conducted on the BCAA and BSMA current structure. The Government stated its commitment to the success of BCAA noting the Quango's importance to the economic recovery of Bermuda. The Government further noted its support to BCAA both strategically and financially to ensure the Quango meets its financial obligations for a period of at least 12 months from the date of the letter.

### **(g) Approved Residential Scheme Kickstart Programme Guarantees**

On March 7, 2024 the Government signed a Memorandum of Understanding with three banks, HSBC Bank Bermuda Limited, Clarien Bank Limited and Bermuda Commercial Bank Limited, in relation to a maximum \$50 million guarantee against loans to be made to developers meeting the relevant credit and related requirements, who will build affordable housing units within the Economic Empowerment Zones. The government's commitment will be limited to a period of six years after completion of the construction and is intended to achieve lower interest costs for borrowers in the scheme, stimulate economic activity and provide much needed housing units.

## **20. Cyber Incident**

In September 2023, the Government of Bermuda experienced a cyber incident that resulted in a significant disruption to Government IT systems. The incident was discovered on September 20, 2023 and the Government took immediate action to contain the incident and investigate its impact. While assessments are still ongoing to determine the financial repercussions of this incident, it is expected that substantial capital investments in the IT infrastructure will be needed to reduce the likelihood of similar incidents in the future.

## **21. Comparative Figures**

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

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

	2023	2022
	Actual	Actual
	\$	\$
Office of the Tax Commissioner	334,696,867	314,957,319
Works & Engineering	17,968,002	17,707,157
Registrar of Companies	16,373,878	14,397,744
Customs	6,727,024	6,044,275
Judicial Department	4,661,389	4,902,475
Accountant General	4,325,188	3,879,242
Public Lands & Buildings	3,899,241	3,504,371
Airport Operations	2,921,565	2,921,565
Post Office	2,635,722	2,699,196
Department of Health	2,006,569	1,992,903
Marine & Ports	1,507,806	1,157,107
Department of Education	1,323,506	1,299,269
Environment & Natural Resources	1,302,693	1,302,714
Ministry of Transport HQ	778,204	778,204
Financial Assistance	507,203	554,170
Other Departments	386,453	357,530
Public Transportation	270,715	233,627
Ministry of Health HQ	238,756	2,587,062
Energy	221,361	228,861
Police	187,097	160,821
Immigration	133,625	133,625
Defence	129,066	129,066
Office of the Auditor General	129,000	129,000
Department of Human Resources	70,018	70,018
Registry General	7,627	10,799
Ministry of Public Works HQ	-	109,734
	<b>403,408,575</b>	382,247,854
Less: Provision for Doubtful Accounts	<b>180,609,012</b>	176,982,159
	<b>222,799,563</b>	205,265,695

The age of a receivable is an indicator of its collectability. The aging of these receivables is as follows:

	0-30 days	>30-90 days	> 90 days	Total
Accounts Receivable	161,086,972	3,916,916	238,404,688	<b>403,408,575</b>

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

	2023	2022
	Actual	Actual
	\$	\$
Works & Engineering	<b>4,094,869</b>	3,863,117
Public Transportation	<b>2,738,527</b>	2,277,615
Marine & Ports	<b>2,512,474</b>	3,051,362
Ministry of Public Works HQ	<b>1,768,360</b>	1,759,338
Police	<b>1,178,960</b>	1,039,642
Department of Corrections	<b>575,285</b>	426,128
Department of Education	<b>394,891</b>	615,686
Post Office	<b>88,488</b>	95,849
Defence	<b>75,298</b>	75,298
Environment & Natural Resources	<b>63,064</b>	50,173
Immigration	<b>16,535</b>	22,956
Ministry of Health HQ	-	3,362,671
	<b>13,506,751</b>	16,639,835
Less: Provision for Obsolescence	<b>2,884,919</b>	2,581,209
	<b>10,621,832</b>	14,058,626



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

	2023	2022
	Actual	Actual
	\$	\$
Government Employees Health Insurance Fund	67,927,538	50,656,109
Bermuda Civil Aviation Authority	18,108,733	18,503,619
Public Service Superannuation Fund (Note 9(b))	12,077,265	7,997,409
Regulatory Authority	7,651,956	6,081,132
West End Development Corporation	6,886,334	6,091,482
Bermuda Monetary Authority	3,709,256	7,886,765
Bermuda Hospitals Board	2,808,240	2,708,045
Bermuda Land Development Company	2,777,045	1,587,481
Bermuda Casino Gaming Commission	2,127,200	2,124,749
Bermuda Shipping and Maritime Authority	1,115,554	1,114,359
Confiscated Assets Fund	1,026,355	1,007,554
Golf Courses	787,722	757,813
Bermuda Housing Corporation	559,629	555,075
Bermuda College	493,103	507,601
National Sports Centre	287,208	231,693
Corporation of Hamilton	165,925	226,312
Whitney Institute	126,697	99,273
Pembroke Parish Council	99,852	99,852
Bermuda Tourism Authority	49,659	41,207
Berkeley Institute	47,170	40,221
Bermuda Business Development Agency	37,807	67,833
Financial Intelligence Agency	30,331	39,580
Bermuda Health Council	27,225	21,798
Bermuda Economic Development Corporation	23,659	22,310
CedarBridge Academy	23,094	21,334
Government Reserves Fund	19,481	19,641
Parish Councils	17,380	17,728
Pension Commission	16,560	16,894
Bermuda Airport Authority	16,322	27,143
St. George's Preparatory School	5,498	10,552
Bermuda Sport Anti-Doping Agency	4,103	4,181
Sandys Secondary Middle School	3,161	3,055
Bermuda Deposit Insurance Corporation	2,969	3,039
Bermuda Housing Trust	943	901
Contributory Pension Fund	-	11,072,429
	<b>129,060,974</b>	<b>119,666,169</b>
Less: Provision for Doubtful Accounts	<b>(75,732,073)</b>	<b>(59,549,657)</b>
	<b>53,328,901</b>	<b>60,116,512</b>

The age of a receivable from Government Funds and Agencies is an indicator of its collectability. The aging of these receivables is as follows:

	0-30 days	>30-90 days	> 90 days	Total
Due from Government Funds and Agencies	15,351,463	11,267,719	102,441,792	<b>129,060,974</b>

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

	2023	2022
	Actual	Actual
	\$	\$
Ministers and Members of the Legislature		
Pensions Fund (Note 9(b))	8,191,397	8,849,387
Bermuda Housing Corporation	723,161	560,178
Bermuda Economic Development Corporation	563,488	3,800
Bermuda College	329,832	620,358
Bermuda Hospitals Board	277,263	412,284
Contributory Pension Fund	224,718	-
Corporation of St. George's	46,795	34,811
West End Development Corporation	6,981	506,981
Bermuda Land Development Company	5,142	5,142
Unemployment Insurance Fund (Note 7)	640	480
	<b>10,369,417</b>	<b>10,993,421</b>

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

	<b>2023</b>	2022
	<b>Actual</b>	Actual
	<b>\$</b>	\$
Student Loans and Teacher Training Awards	<b>421,014</b>	525,432
Customs Duty	<b>34,982</b>	32,348
	<b>455,996</b>	557,780

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

	<b>2023</b>	2022
	<b>Actual</b>	Actual
	<b>\$</b>	\$
Deposits Held	<b>48,872,333</b>	116,794,982
Trade Accounts Payable	<b>48,170,256</b>	32,840,642
Employees' Leave Entitlements	<b>27,490,939</b>	28,442,309
Base Lands Clean Up (Note 10(c))	<b>23,743,465</b>	23,743,465
Interest on Debt	<b>20,834,263</b>	20,583,898
Teachers' Salaries & Leave Entitlements	<b>9,124,452</b>	9,637,765
Leases Payable	<b>2,214,898</b>	2,244,903
Salaries, Wages and Benefits	<b>292,124</b>	1,253,938
	<b>180,742,730</b>	235,541,902

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

	<b>2023</b>	<b>2022</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
Ministry of Tourism & Transport HQ (Note 16)	<b>9,580,220</b>	11,222,728
Office of the Tax Commissioner	<b>553,350</b>	280,350
Ministry of Home Affairs HQ	<b>312,895</b>	262,202
Post Office	<b>260,800</b>	260,800
Public Lands & Buildings	<b>91,116</b>	91,116
Department of Health	<b>75,849</b>	135,385
Youth, Sport & Recreation	<b>42,564</b>	41,536
Environment & Natural Resources	<b>1,825</b>	6,800
Accountant General	<b>836</b>	834
	<b>10,919,455</b>	12,301,751

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

	2023 Actual			2022 Actual		
	Face value	Discount / (Premium)	Net Debt	Face value	Discount / (Premium)	Net Debt
	\$	\$	\$	\$	\$	\$
<b>Senior Notes Due 2022 - US\$</b>						
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
<b>Senior Notes Due 2023 - US\$</b>						
Issue Date: July 3, 2012						
Interest: 4.138% payable semi-annually January 3 and July 3						
Notes Due: January 3, 2023	-	-	-	353,905,000	-	353,905,000
<b>Senior Notes Due 2023 - BMD\$</b>						
Issue Date: December 16, 2013						
Interest: 4.75% payable semi-annually June 16 and December 16						
Notes Due: December 16, 2023	<b>50,000,000</b>	-	<b>50,000,000</b>	50,000,000		50,000,000
<b>Senior Notes Due 2024 - US\$</b>						
Issue Date: August 6, 2013						
Interest: 4.854% payable semi-annually February 6 and August 6						
Notes Due: February 6, 2024	-	-	-	402,203,000	-	402,203,000
<b>Senior Notes Due 2027 - US\$</b>						
Issue Date: October 19, 2016						
Interest: 3.717% payable semi-annually January 25 and July 25						
Notes Due: January 25, 2027	<b>604,624,000</b>	-	<b>604,624,000</b>	604,624,000	-	604,624,000
<b>Senior Notes Due 2029 - US\$</b>						
Issue Date: November 15, 2018						
Interest: 4.750% payable semi-annually February 15 and August 15						
Notes Due: February 15, 2029	<b>449,268,000</b>	<b>(2,779,363)</b>	<b>446,488,637</b>	449,268,000	(3,169,473)	446,098,527
<b>Senior Notes Due 2030 - US\$</b>						
Issue Date: August 17, 2020						
Interest: 2.375% payable semi-annually February 20 and August 20						
Notes Due: August 17, 2030	<b>675,000,000</b>	<b>(1,031,616)</b>	<b>673,968,384</b>	675,000,000	(1,155,754)	673,844,246
<b>Senior Notes Due 2050 - US\$</b>						
Issue Date: August 17, 2020						
Interest: 3.375% payable semi-annually February 20 and August 20						
Notes Due: August 17, 2050	<b>675,000,000</b>	<b>(1,269,166)</b>	<b>673,730,834</b>	675,000,000	(1,296,780)	673,703,220
<b>Senior Notes Due 2032 - US\$</b>						
Issue Dates: July 11, 2022 (\$500m) and August 15, 2022 (\$390m)						
Interest: 5% payable semi-annually January 15 and July 15						
Notes Due: July 15, 2032	<b>890,000,000</b>	<b>9,525,653</b>	<b>899,525,653</b>	-	-	-
	<b>3,343,892,000</b>	<b>4,445,508</b>	<b>3,348,337,508</b>	<b>3,350,000,000</b>	<b>(5,622,007)</b>	<b>3,344,377,993</b>
Less: Sinking Fund (Note 5)	<b>223,554,047</b>	-	<b>223,554,047</b>	<b>297,040,010</b>	-	<b>297,040,010</b>
	<b>3,120,337,953</b>	<b>4,445,508</b>	<b>3,124,783,461</b>	<b>3,052,959,990</b>	<b>(5,622,007)</b>	<b>3,047,337,983</b>

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

	2023 Original Estimates	2023 Actual	2022 Actual
	\$	\$	\$
<b>Taxes &amp; Duties</b>			
Payroll Tax	453,657,000	488,141,500	460,127,290
Customs Duty	228,216,000	225,055,077	224,511,373
Land Tax	80,000,000	85,877,910	84,795,211
Passenger Tax	12,854,000	18,754,455	780,930
	774,727,000	817,828,942	770,214,804
<b>Other Taxes &amp; Duties</b>			
Foreign Currency Purchase Tax	24,275,000	30,217,353	26,696,374
Stamp Duty	27,200,000	28,827,161	38,278,884
Financial Services Tax	13,501,000	13,924,264	14,226,543
Transport Infrastructure Tax	5,900,000	8,939,825	-
Non-Bermudian Land Acquisition Tax	8,000,000	6,667,737	9,949,698
Corporate Services Tax	4,848,000	5,057,774	5,062,898
Hotel Occupancy Tax	6,400,000	2,779,489	2,719,319
Timesharing Tax	-	30,088	-
Betting Tax	95,000	1,500	261,820
	90,219,000	96,445,191	97,195,536
<b>Total Taxes &amp; Duties</b>	864,946,000	914,274,133	867,410,340
<b>Fees, Permits &amp; Licences</b>			
International Companies	63,840,000	61,586,874	62,553,976
Vehicle Licences & Registration	29,250,000	30,141,658	31,084,157
Telecommunications	16,757,000	18,756,802	17,044,576
Immigration	13,758,000	18,532,219	17,678,473
Solid Waste Services	4,299,000	4,345,622	4,314,848
Bus Transportation	2,849,000	3,746,925	1,482,704
Services to Seaborne Shipping	3,263,000	3,581,255	2,271,642
Local Companies	2,700,000	2,876,366	2,635,173
Water	3,659,000	2,800,634	3,598,561
Rentals	2,634,000	2,713,688	2,624,958
Postal Services	3,403,000	2,414,391	2,921,874
Other Customs Fees & Charges	1,525,000	2,038,486	1,639,058
Trade and Service Marks	1,407,000	2,003,443	1,770,383
Planning Fees and Searches	1,233,000	1,555,301	1,389,135
Wharfage	845,000	921,065	835,033
Companies Licences	865,000	898,399	798,882
Ferry Services	695,000	522,942	128,799
Liquor Licences	400,000	473,070	661,820
Plant Production and Marketing Centre	191,000	181,859	193,731
Civil Aviation (Note 14(b)(xi))	17,800,000	(389,483)	20,632,461
	171,373,000	159,701,516	176,260,244
<b>Other Revenue</b>			
Other	37,762,000	44,332,009	38,278,000
Fines & Forfeitures	2,521,000	2,757,891	1,741,066
	40,283,000	47,089,900	40,019,066
<b>Investment Income</b>	1,200,000	8,035,745	1,949,310
	41,483,000	55,125,645	41,968,376
<b>TOTAL REVENUE</b>	1,077,802,000	1,129,101,294	1,085,638,960

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

	2023 Original Estimates	2023 Actual	2022 Actual
	\$	\$	\$
<b>Non-Ministry Departments</b>			
05 Office of the Auditor General	1,124,000	415,385	1,044,145
63 Parliamentary Registrar	250,000	261,320	312,024
02 Legislature	-	-	100
	1,374,000	676,705	1,356,269
<b>Cabinet Office Departments</b>			
13 Post Office	3,312,000	2,470,085	2,878,012
09 Cabinet Office	338,000	491,680	617,488
61 Department of Employee & Organizational Development	-	125,297	-
43 Department of Information and Digital Technologies	-	80,595	-
	3,650,000	3,167,657	3,495,500
<b>Ministry of Legal Affairs &amp; Constitutional Reform</b>			
03 Judicial Department	4,564,000	4,971,572	7,265,140
04 Attorney General's Chambers	-	28,482	-
75 Department of Public Prosecutions	-	3,913	-
88 National Drug Control	-	-	162,796
87 Ministry of Legal Affairs & Constitutional Reform HQ	-	-	36,137
	4,564,000	5,003,967	7,464,073
<b>Ministry of Finance</b>			
38 Office of the Tax Commissioner	627,227,000	680,412,173	628,496,181
12 Customs	232,157,000	229,521,880	228,476,389
39 Registrar of Companies	67,716,000	66,562,823	66,241,385
11 Accountant General	1,200,000	8,407,756	1,973,003
10 Ministry of Finance HQ	-	1,083,047	6,287,328
	928,300,000	985,987,679	931,474,286
<b>Ministry of Education</b>			
17 Department of Education	248,000	96,372	131,884
18 Libraries & Archives	16,000	6,573	6,046
	264,000	102,945	137,930
<b>Ministry of Health</b>			
21 Ministry of Health HQ	22,055,000	23,850,190	14,091,780
22 Department of Health	3,672,000	3,749,671	3,646,888
	25,727,000	27,599,861	17,738,668
<b>Ministry of Economy &amp; Labour</b>			
27 Immigration	13,775,000	18,542,245	17,699,007
94 Department of Economic Development	8,000,000	6,847,090	11,115,202
60 Workforce Development	8,000	42,324	2,745
44 Ministry of Economy & Labour HQ	-	10,500	-
	21,783,000	25,442,159	28,816,954
<b>Ministry of Transport</b>			
34 Transport Control Department	29,244,000	30,134,481	31,099,724
30 Marine & Ports	5,487,000	5,562,869	3,554,670
35 Public Transportation	2,864,000	3,759,379	1,572,229
48 Ministry of Transport HQ	17,800,000	1,265,062	22,016,611
	55,395,000	40,721,791	58,243,234

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

	2023 Original Estimates	2023 Actual	2022 Actual
	\$	\$	\$
<b>Ministry of Public Works</b>			
82 Works & Engineering	10,573,000	9,912,220	11,537,581
81 Public Lands & Buildings	2,308,000	2,492,887	2,425,844
36 Ministry of Public Works HQ	13,000	369,840	10,974
68 Parks	117,000	146,978	64,410
	13,011,000	12,921,925	14,038,809
<b>Ministry of Youth, Culture &amp; Sports</b>			
20 Youth, Sport & Recreation	660,000	678,699	443,542
71 Ministry of Youth, Culture & Sports HQ	-	90	-
52 Department of Culture	1,000	84	-
	661,000	678,873	443,542
<b>Ministry of National Security</b>			
07 Police	698,000	709,986	660,778
83 Ministry of National Security HQ	-	505,370	-
45 Fire Services	356,000	279,896	197,618
25 Department of Corrections	-	1,280	-
	1,054,000	1,496,532	858,396
<b>Ministry of Social Development &amp; Seniors</b>			
23 Child and Family Services	336,000	163,541	111,660
86 Ministry of Social Development & Seniors HQ	5,000	-	-
	341,000	163,541	111,660
<b>Ministry of Home Affairs</b>			
89 Energy	16,940,000	18,888,998	17,218,024
29 Registry General	1,502,000	2,223,373	720,985
32 Department of Planning	1,648,000	1,912,429	1,795,735
79 Environment & Natural Resources	1,140,000	1,508,024	1,155,246
97 Land Title & Registration	424,000	535,235	557,849
93 Ministry of Home Affairs HQ	18,000	69,600	11,800
49 Land Valuation	6,000	-	-
	21,678,000	25,137,659	21,459,639
<b>TOTAL REVENUE</b>	<b>1,077,802,000</b>	<b>1,129,101,294</b>	<b>1,085,638,960</b>



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

	2023 Interdepartmental Revenue	2023 Gross Revenue Actual	2023 Net Revenue
	\$	\$	\$
<b>Non-Ministry Departments</b>			
05 Office of the Auditor General	-	415,385	415,385
63 Parliamentary Registrar	250	261,320	261,070
	250	676,705	676,455
<b>Cabinet Office Departments</b>			
13 Post Office	85	2,470,085	2,470,000
09 Cabinet Office	-	491,680	491,680
61 Department of Employee & Organizational Development	-	125,297	125,297
43 Department of Information and Digital Technologies	-	80,595	80,595
	85	3,167,657	3,167,572
<b>Ministry of Legal Affairs &amp; Constitutional Reform</b>			
03 Judicial Department	2,278	4,971,572	4,969,294
04 Attorney General's Chambers	-	28,482	28,482
75 Department of Public Prosecutions	-	3,913	3,913
	2,278	5,003,967	5,001,689
<b>Ministry of Finance</b>			
38 Office of the Tax Commissioner	-	680,412,173	680,412,173
12 Customs	1,134,352	229,521,880	228,387,528
39 Registrar of Companies	-	66,562,823	66,562,823
11 Accountant General	-	8,407,756	8,407,756
10 Ministry of Finance HQ	-	1,083,047	1,083,047
	1,134,352	985,987,679	984,853,327
<b>Ministry of Education</b>			
17 Department of Education	3,516	96,372	92,856
18 Libraries & Archives	-	6,573	6,573
	3,516	102,945	99,429
<b>Ministry of Health</b>			
21 Ministry of Health HQ	-	23,850,190	23,850,190
22 Department of Health	30,834	3,749,671	3,718,837
	30,834	27,599,861	27,569,027
<b>Ministry of Economy &amp; Labour</b>			
27 Immigration	867	18,542,245	18,541,378
94 Department of Economic Development	-	6,847,090	6,847,090
60 Workforce Development	-	42,324	42,324
44 Ministry of Economy & Labour HQ	-	10,500	10,500
	867	25,442,159	25,441,292
<b>Ministry of Transport</b>			
34 Transport Control Department	-	30,134,481	30,134,481
30 Marine & Ports	14,181	5,562,869	5,548,688
35 Public Transportation	395	3,759,379	3,758,984
48 Ministry of Transport HQ	-	1,265,062	1,265,062
	14,576	40,721,791	40,707,215

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

	2023 Interdepartmental Revenue	2023 Gross Revenue Actual	2023 Net Revenue
	\$	\$	\$
<b>Ministry of Public Works</b>			
82 Works & Engineering	198,629	9,912,220	9,713,591
81 Public Lands & Buildings	61,063	2,492,887	2,431,824
36 Ministry of Public Works HQ	1,065	369,840	368,775
68 Parks	-	146,978	146,978
	260,757	12,921,925	12,661,168
<b>Ministry of Youth, Culture &amp; Sports</b>			
20 Youth, Sport & Recreation	4,500	678,699	674,199
71 Ministry of Youth, Culture & Sports HQ	-	90	90
52 Department of Culture	-	84	84
	4,500	678,873	674,373
<b>Ministry of National Security</b>			
07 Police	-	709,986	709,986
83 Ministry of National Security HQ	666	505,370	504,704
45 Fire Services	3,552	279,896	276,344
25 Department of Corrections	-	1,280	1,280
	4,218	1,496,532	1,492,314
<b>Ministry of Social Development &amp; Seniors</b>			
23 Child and Family Services	2,100	163,541	161,441
	2,100	163,541	161,441
<b>Ministry of Home Affairs</b>			
89 Energy	-	18,888,998	18,888,998
29 Registry General	7,065	2,223,373	2,216,308
32 Department of Planning	-	1,912,429	1,912,429
79 Environment & Natural Resources	640	1,508,024	1,507,384
97 Land Title & Registration	-	535,235	535,235
93 Ministry of Home Affairs HQ	-	69,600	69,600
	7,705	25,137,659	25,129,954
<b>TOTAL REVENUE</b>	1,466,038	1,129,101,294	1,127,635,256

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

	2023 Capital Development	2023 Capital Acquisition	2023 Current Expenses	2023 Total Actual	2022 Total Actual
	\$	\$	\$	\$	\$
<b>Economic Development</b>					
11 Accountant General	-	61,044	99,419,911	<b>99,480,955</b>	105,325,739
82 Works & Engineering	5,089,945	-	49,760,314	<b>54,850,259</b>	54,818,546
81 Public Lands & Buildings	4,410,400	-	39,532,770	<b>43,943,170</b>	39,280,601
35 Public Transportation	(925,113)	1,169,309	24,892,310	<b>25,136,506</b>	23,505,582
48 Ministry of Transport HQ	1,269,389	-	23,014,088	<b>24,283,477</b>	34,576,127
30 Marine & Ports	19,401	229,304	21,075,966	<b>21,324,671</b>	16,886,507
10 Ministry of Finance HQ	-	96,277	18,978,974	<b>19,075,251</b>	20,780,268
36 Ministry of Public Works HQ	6,530,923	(71,506)	5,859,501	<b>12,318,918</b>	16,292,846
43 Department of Information and Digital Technologies	-	2,248,498	8,808,739	<b>11,057,237</b>	8,871,973
13 Post Office	-	13,882	9,796,217	<b>9,810,099</b>	9,115,094
39 Registrar of Companies	-	-	9,404,640	<b>9,404,640</b>	5,775,428
94 Department of Economic Development	-	-	6,797,546	<b>6,797,546</b>	3,243,500
34 Transport Control Department	-	29,925	4,669,737	<b>4,699,662</b>	4,494,632
58.2 Caroline Bay/Morgan's Point (Note 17)	-	-	4,133,499	<b>4,133,499</b>	3,594,510
32 Department of Planning	-	-	3,026,680	<b>3,026,680</b>	2,885,276
38 Office of the Tax Commissioner	-	2,645	2,549,865	<b>2,552,510</b>	8,029,148
93 Ministry of Home Affairs HQ	-	18,000	1,672,694	<b>1,690,694</b>	1,700,229
29 Registry General	-	-	1,677,316	<b>1,677,316</b>	951,990
97 Land Title & Registration	-	(360)	1,287,443	<b>1,287,083</b>	1,269,084
49 Land Valuation	-	-	835,605	<b>835,605</b>	821,475
89 Energy	(500)	205,850	559,392	<b>764,742</b>	1,030,984
	<b>16,394,445</b>	<b>4,002,868</b>	<b>338,346,075</b>	<b>358,743,389</b>	<b>363,818,819</b>
<b>Health</b>					
24 Hospitals	120,000	-	162,336,163	<b>162,456,163</b>	162,971,163
22 Department of Health	331,512	(151,722)	28,903,392	<b>29,083,182</b>	27,586,999
21 Ministry of Health HQ	-	(18,000)	22,933,414	<b>22,915,414</b>	26,369,224
28 Social Insurance	-	-	3,378,518	<b>3,378,518</b>	4,020,490
91 Health Insurance	-	-	2,645,295	<b>2,645,295</b>	2,681,480
	<b>451,512</b>	<b>(169,722)</b>	<b>220,196,782</b>	<b>220,478,572</b>	<b>223,629,356</b>
<b>National Security</b>					
07 Police	(4,875)	92,973	60,698,517	<b>60,786,615</b>	59,734,300
25 Department of Corrections	(94,022)	314,246	25,987,137	<b>26,207,361</b>	24,359,163
12 Customs	-	(1,091)	17,812,184	<b>17,811,093</b>	17,312,081
45 Fire Services	-	1	17,227,618	<b>17,227,619</b>	13,612,200
03 Judicial Department	-	284,434	8,543,837	<b>8,828,271</b>	8,378,692
06 Defence	32,683	91,197	8,025,068	<b>8,148,948</b>	9,264,444
27 Immigration	-	5,521	5,941,600	<b>5,947,121</b>	5,406,827
87 Ministry of Legal Affairs & Constitutional Reform HQ	-	(31,038)	5,629,830	<b>5,598,792</b>	4,975,695
04 Attorney General's Chambers	-	-	4,436,763	<b>4,436,763</b>	4,603,120
74 Department of Court Services	-	-	3,984,527	<b>3,984,527</b>	3,920,864
75 Department of Public Prosecutions	-	1,590	2,744,805	<b>2,746,395</b>	2,900,004
83 Ministry of National Security HQ	-	467	1,805,214	<b>1,805,681</b>	3,858,548
	<b>(66,214)</b>	<b>758,300</b>	<b>162,837,100</b>	<b>163,529,186</b>	<b>158,325,938</b>
<b>Education</b>					
17 Department of Education	706,311	807,317	116,589,424	<b>118,103,052</b>	111,444,855
41 Bermuda College	175,000	-	14,653,900	<b>14,828,900</b>	15,582,697
16 Ministry of Education HQ	-	-	5,511,761	<b>5,511,761</b>	3,848,060
	<b>881,311</b>	<b>807,317</b>	<b>136,755,085</b>	<b>138,443,713</b>	<b>130,875,612</b>

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

	2023 Capital Development	2023 Capital Acquisition	2023 Current Expenses	2023 Total Actual	2022 Total Actual
	\$	\$	\$	\$	\$
<b>Public Debt</b>					
58 Interest on Debt	-	-	136,514,640	<b>136,514,640</b>	127,158,771
Early Tender Premium on Repurchased Debt (Note 15(b))	-	-	3,766,097	<b>3,766,097</b>	-
	-	-	140,280,737	<b>140,280,737</b>	127,158,771
<b>Social Services &amp; Assistance</b>					
55 Financial Assistance	-	2,005	51,436,924	<b>51,438,929</b>	52,429,045
23 Child and Family Services	126,253	32,160	16,968,921	<b>17,127,334</b>	14,995,502
53 Bermuda Housing Corporation Ministry of Social Development & Seniors HQ	10,550,000	-	6,050,000	<b>16,600,000</b>	14,014,000
88 National Drug Control	-	5,776	7,085,633	<b>7,085,633</b>	6,179,315
60 Workforce Development	-	-	4,363,429	<b>4,369,205</b>	4,247,139
52 Department of Culture	-	-	3,481,637	<b>3,481,637</b>	3,074,562
44 Ministry of Economy & Labour HQ	-	1,236	1,612,932	<b>1,614,168</b>	1,210,597
71 Ministry of Youth, Culture & Sports HQ	-	(3,897)	1,403,556	<b>1,399,659</b>	1,041,296
	-	-	1,027,669	<b>1,027,669</b>	914,735
	10,676,253	37,280	93,430,701	<b>104,144,234</b>	98,106,191
<b>Other General Government Services</b>					
09 Cabinet Office	50,000	(36,677)	30,614,747	<b>30,628,070</b>	43,232,998
20 Youth, Sport & Recreation	250,000	-	9,622,135	<b>9,872,135</b>	9,548,723
68 Parks	433,375	4,259	8,512,824	<b>8,950,458</b>	8,246,926
79 Environment & Natural Resources Department of Employee & Organizational Development	172,037	1,211	7,861,090	<b>8,034,338</b>	8,035,737
02 Legislature	88,145	20,410	6,598,360	<b>6,644,249</b>	6,314,989
05 Office of the Auditor General	-	-	5,219,831	<b>5,328,386</b>	5,278,758
18 Libraries & Archives	-	-	3,090,378	<b>3,090,378</b>	3,380,379
51 Department of Communications	-	3,495	3,026,138	<b>3,029,633</b>	2,870,785
14 Department of Statistics	-	23,929	2,838,544	<b>2,862,473</b>	2,951,614
01 Governor & Staff	406,459	-	2,060,061	<b>2,060,061</b>	1,940,583
56 Human Rights Commission	-	-	1,647,709	<b>2,054,168</b>	1,558,621
98 Information Commissioner's Office	-	-	1,190,707	<b>1,190,707</b>	1,044,671
92 Internal Audit	-	-	1,178,469	<b>1,178,469</b>	879,345
85 Ombudsman's Office	-	-	981,196	<b>981,196</b>	1,139,539
101 Privacy Commissioner's Office	-	(15,855)	974,509	<b>958,654</b>	889,411
63 Parliamentary Registrar	-	1,683	953,158	<b>954,841</b>	492,832
	-	-	713,357	<b>713,357</b>	639,149
	1,400,016	48,344	87,083,213	<b>88,531,573</b>	98,445,060
<b>Pensions and Other Employee Future Benefits</b>					
Pensions and Retirement Benefits					
11a Expense	-	-	144,816,069	<b>144,816,069</b>	133,932,373
	-	-	144,816,069	<b>144,816,069</b>	133,932,373
<b>TOTAL EXPENSES</b>	<b>29,737,323</b>	<b>5,484,387</b>	<b>1,323,745,762</b>	<b>1,358,967,473</b>	<b>1,334,292,120</b>

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

	2023 Original Estimates <sup>1</sup>	2023 Actual	2022 Actual
	\$	\$	\$
<b>Employees</b>			
Salaries	310,947,000	<b>316,412,814</b>	306,197,025
Pensions and Retirement Benefits Expense	-	<b>143,685,253</b>	131,870,791
Wages	66,356,000	<b>78,515,602</b>	71,789,829
Employer Overhead	80,848,000	<b>75,701,068</b>	64,261,529
Other Personnel Costs	4,829,000	<b>5,148,770</b>	4,557,035
Training	2,834,000	<b>2,162,197</b>	1,839,254
Compensated Absences	-	<b>1,130,816</b>	2,061,582
	465,814,000	<b>622,756,520</b>	582,577,045
<b>Operations</b>			
Grants & Contributions	320,330,000	<b>328,994,473</b>	342,649,543
Interest on Debt	127,845,000	<b>136,514,640</b>	127,158,771
Professional Services	62,641,000	<b>59,894,128</b>	63,928,151
Amortization (Note 4(b)(v))	-	<b>46,028,186</b>	46,297,354
Bad Debt Expense (Note 14(c))	-	<b>28,527,588</b>	41,697,602
Materials & Supplies	23,452,000	<b>22,969,614</b>	20,691,926
Repairs & Maintenance	19,776,000	<b>18,234,432</b>	17,637,037
Energy	14,847,000	<b>14,742,508</b>	12,655,729
Rentals	11,926,000	<b>10,648,290</b>	11,681,831
Insurance	9,232,000	<b>7,514,230</b>	7,178,572
Communications	7,255,000	<b>6,481,500</b>	5,838,428
Morgan's Point / Caroline Bay (Note 17)	-	<b>4,133,499</b>	3,594,510
Early Tender Premium on Repurchased Debt (Note 15(b))	-	<b>3,766,097</b>	-
Other	3,609,000	<b>3,177,431</b>	1,126,592
Bank Charges & Commissions	-	<b>2,295,222</b>	2,305,412
Travel	2,767,000	<b>2,037,792</b>	1,088,149
Transport	1,944,000	<b>1,838,870</b>	1,091,610
Clothing & Uniforms	1,094,000	<b>1,066,763</b>	1,240,025
Advertising & Promotion	1,684,000	<b>925,040</b>	1,007,998
Investment (Gain) / Loss (Note 5)	-	<b>703,117</b>	3,383,575
Equipment	599,000	<b>463,266</b>	2,515,074
(Gain) on Disposal of Tangible Capital Assets	-	<b>32,556</b>	-
	609,001,000	<b>700,989,242</b>	714,767,889
<b>TOTAL CURRENT EXPENSES</b>	1,074,815,000	<b>1,323,745,762</b>	1,297,344,934

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

	2023 Original Estimates	2023 Actual	2022 Actual
	\$	\$	\$
<b>Non-Ministry Departments</b>			
02 Legislature	5,288,000	5,219,831	4,961,779
05 Office of the Auditor General	4,082,000	3,090,378	3,380,379
01 Governor & Staff	1,353,000	1,647,709	949,357
56 Human Rights Commission	1,216,000	1,190,707	1,044,671
98 Information Commissioner's Office	1,048,000	1,178,469	913,230
92 Internal Audit	1,320,000	981,196	1,139,539
85 Ombudsman's Office	990,000	974,509	887,221
101 Privacy Commissioner's Office	990,000	953,158	515,613
63 Parliamentary Registrar	1,022,000	713,357	639,149
	17,309,000	15,949,314	14,430,938
<b>Cabinet Office Departments</b>			
09 Cabinet Office	32,162,000	30,614,747	42,527,413
13 Post Office	8,935,000	9,796,217	9,113,224
43 Department of Information and Digital Technologies	7,708,000	8,808,739	8,139,110
61 Department of Employee & Organizational Development	6,704,000	6,598,360	6,307,301
51 Department of Communications	2,808,000	2,838,544	2,955,635
80 Project Management & Procurement	800,000	592,869	562,371
	59,117,000	59,249,476	69,605,054
<b>Ministry of Legal Affairs &amp; Constitutional Reform</b>			
03 Judicial Department	8,919,000	8,543,837	8,378,882
87 Ministry of Legal Affairs & Constitutional Reform HQ	5,858,000	5,629,830	4,998,034
04 Attorney General's Chambers	5,556,000	4,436,763	4,606,870
88 National Drug Control	4,311,000	4,363,429	4,250,000
74 Department of Court Services	4,711,000	3,984,527	3,917,044
75 Department of Public Prosecutions	3,362,000	2,744,805	2,900,004
	32,717,000	29,703,191	29,050,834
<b>Ministry of Finance</b>			
11a Pensions and Retirement Benefits Expense	-	144,816,069	133,932,373
58 Interest on Debt	129,750,000	136,514,640	127,158,771
11 Accountant General	87,289,000	99,419,912	105,214,160
10 Ministry of Finance HQ	6,943,000	18,978,974	19,941,057
39 Registrar of Companies	7,602,000	9,404,640	5,782,825
58.2 Caroline Bay/Morgan's Point (Note 17)	-	4,133,499	3,594,510
58.1 Early Tender Premium on Repurchased Debt (Note 15(b))	-	3,766,097	-
28 Social Insurance	3,942,000	3,378,518	4,020,490
38 Office of the Tax Commissioner	4,113,000	2,549,865	7,733,473
	239,639,000	422,962,214	407,377,659
<b>Ministry of Education</b>			
17 Department of Education	112,328,000	116,589,424	110,127,690
41 Bermuda College	14,654,000	14,653,900	15,382,697
16 Ministry of Education HQ	5,341,000	5,511,761	3,848,060
18 Libraries & Archives	3,027,000	3,026,138	2,870,785
	135,350,000	139,781,223	132,229,232
<b>Ministry of Health</b>			
24 Hospitals	147,251,000	162,336,163	158,351,163
22 Department of Health	28,690,000	28,903,392	27,430,045
21 Ministry of Health HQ	15,890,000	22,933,414	26,369,224
91 Health Insurance	2,669,000	2,645,295	2,681,480
	194,500,000	216,818,264	214,831,912
<b>Ministry of Economy &amp; Labour</b>			
55 Financial Assistance	52,960,000	51,436,924	52,424,245
94 Department of Economic Development	7,695,000	6,797,546	3,243,500
27 Immigration	5,518,000	5,941,600	5,383,403
60 Workforce Development	4,004,000	3,481,637	3,076,587
14 Department of Statistics	2,171,000	2,060,061	1,940,598
44 Ministry of Economy & Labour HQ	1,589,000	1,403,556	1,041,296
	73,937,000	71,121,324	67,109,629

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

	2023 Original Estimates \$	2023 Actual \$	2022 Actual \$
<b>Ministry of Transport</b>			
48 Ministry of Transport HQ	30,054,000	23,014,088	34,329,623
35 Public Transportation	17,788,000	24,892,310	23,370,601
30 Marine & Ports	19,713,000	21,075,966	17,080,446
34 Transport Control Department	4,482,000	4,669,737	4,499,560
	72,037,000	73,652,101	79,280,230
<b>Ministry of Public Works</b>			
82 Works & Engineering	27,716,000	49,760,314	50,512,878
81 Public Lands & Buildings	20,410,000	39,532,770	34,984,256
68 Parks	9,458,000	8,512,824	8,014,559
53 Bermuda Housing Corporation	6,050,000	6,050,000	6,050,000
36 Ministry of Public Works HQ	5,625,000	5,859,501	6,783,235
	69,259,000	109,715,409	106,344,928
<b>Ministry of Youth, Culture &amp; Sports</b>			
20 Youth, Sport & Recreation	9,616,000	9,622,135	9,048,723
52 Department of Culture	1,980,000	1,612,932	1,210,597
71 Ministry of Youth, Culture & Sports HQ	1,273,000	1,027,669	914,735
	12,869,000	12,262,736	11,174,055
<b>Ministry of National Security</b>			
07 Police	62,158,000	60,698,517	59,850,565
25 Department of Corrections	22,893,000	25,987,137	24,273,520
12 Customs	16,575,000	17,812,184	17,269,977
45 Fire Services	13,212,000	17,227,618	14,065,760
06 Defence	7,857,000	8,025,068	9,220,805
83 Ministry of National Security HQ	2,018,000	1,805,214	3,858,548
	124,713,000	131,555,738	128,539,175
<b>Ministry of Social Development &amp; Seniors</b>			
23 Child and Family Services	17,666,000	16,968,921	14,985,614
86 Ministry of Social Development & Seniors HQ	6,925,000	7,085,631	6,179,315
	24,591,000	24,054,552	21,164,929
<b>Ministry of Home Affairs</b>			
79 Environment & Natural Resources	8,084,000	7,861,090	7,838,676
32 Department of Planning	3,349,000	3,026,680	2,930,224
29 Registry General	1,649,000	1,677,316	911,982
93 Ministry of Home Affairs HQ	2,811,000	1,672,694	1,700,229
97 Land Title & Registration	1,392,000	1,287,443	1,269,084
49 Land Valuation	1,008,000	835,605	821,475
89 Energy	484,000	559,392	734,689
	18,777,000	16,920,220	16,206,359
<b>TOTAL CURRENT EXPENSES</b>	1,074,815,000	1,323,745,762	1,297,344,934

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

	2023 Interdepartmental Expense	2023 Actual Gross Expense	2023 Net Expense
	\$	\$	\$
<b>Non-Ministry Departments</b>			
02 Legislature	1,867	5,219,831	5,217,964
05 Office of the Auditor General	-	3,090,378	3,090,378
01 Governor & Staff	405	1,647,709	1,647,304
56 Human Rights Commission	65	1,190,707	1,190,642
98 Information Commissioner's Office	65	1,178,469	1,178,404
92 Internal Audit	85	981,196	981,111
85 Ombudsman's Office	65	974,509	974,444
101 Privacy Commissioner's Office	-	953,158	953,158
63 Parliamentary Registrar	-	713,357	713,357
	2,552	15,949,314	15,946,762
<b>Cabinet Office Departments</b>			
09 Cabinet Office	135	30,614,747	30,614,612
13 Post Office	3,154	9,796,217	9,793,063
43 Department of Information and Digital Technologies	-	8,808,739	8,808,739
61 Department of Employee & Organizational Development	-	6,598,360	6,598,360
51 Department of Communications	-	2,838,544	2,838,544
80 Project Management & Procurement	-	592,869	592,869
	3,289	59,249,476	59,246,187
<b>Ministry of Legal Affairs &amp; Constitutional Reform</b>			
03 Judicial Department	150	8,543,837	8,543,687
87 Ministry of Legal Affairs & Constitutional Reform HQ	1,463	5,629,830	5,628,367
04 Attorney General's Chambers	65	4,436,763	4,436,698
88 National Drug Control	765	4,363,429	4,362,664
74 Department of Court Services	3,688	3,984,527	3,980,839
75 Department of Public Prosecutions	625	2,744,805	2,744,180
	6,756	29,703,191	29,696,435
<b>Ministry of Finance</b>			
11a Pensions and Retirement Benefits Expense	-	144,816,069	144,816,069
58 Interest on Debt	-	136,514,640	136,514,640
11 Accountant General	-	99,419,912	99,419,912
Early Tender Premium on Repurchased Debt (Note 15(b))	-	3,766,097	3,766,097
10 Ministry of Finance HQ	-	18,978,974	18,978,974
39 Registrar of Companies	-	9,404,640	9,404,640
58.2 Caroline Bay/Morgan's Point (Note 17)	-	4,133,499	4,133,499
28 Social Insurance	30,000	3,378,518	3,348,518
38 Office of the Tax Commissioner	740	2,549,865	2,549,125
	30,740	422,962,214	422,931,474
<b>Ministry of Education</b>			
17 Department of Education	18,762	116,589,424	116,570,662
41 Bermuda College	-	14,653,900	14,653,900
16 Ministry of Education HQ	-	5,511,761	5,511,761
18 Libraries & Archives	-	3,026,138	3,026,138
	18,762	139,781,223	139,762,461
<b>Ministry of Health</b>			
24 Hospitals	-	162,336,163	162,336,163
22 Department of Health	130,666	28,903,392	28,772,726
21 Ministry of Health HQ	338	22,933,414	22,933,076
91 Health Insurance	-	2,645,295	2,645,295
	131,004	216,818,264	216,687,260
<b>Ministry of Economy &amp; Labour</b>			
55 Financial Assistance	650	51,436,924	51,436,274
94 Department of Economic Development	65	6,797,546	6,797,481
27 Immigration	-	5,941,600	5,941,600
60 Workforce Development	165	3,481,637	3,481,472
14 Department of Statistics	65	2,060,061	2,059,996
44 Ministry of Economy & Labour HQ	-	1,403,556	1,403,556
	945	71,121,324	71,120,379



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

	2023 Interdepartmental Expense	2023 Actual Gross Expense	2023 Net Expense
	\$	\$	\$
<b>Ministry of Transport</b>			
48 Ministry of Transport HQ	-	<b>23,014,088</b>	23,014,088
35 Public Transportation	218,402	<b>24,892,310</b>	24,673,908
30 Marine & Ports	1,039	<b>21,075,966</b>	21,074,927
34 Transport Control Department	8,270	<b>4,669,737</b>	4,661,467
	<b>227,711</b>	<b>73,652,101</b>	73,424,390
<b>Ministry of Public Works</b>			
82 Works & Engineering	550	<b>49,760,314</b>	49,759,764
81 Public Lands & Buildings	660	<b>39,532,770</b>	39,532,110
68 Parks	5,540	<b>8,512,824</b>	8,507,284
53 Bermuda Housing Corporation	-	<b>6,050,000</b>	6,050,000
36 Ministry of Public Works HQ	822,845	<b>5,859,501</b>	5,036,656
	<b>829,595</b>	<b>109,715,409</b>	108,885,814
<b>Ministry of Youth, Culture &amp; Sports</b>			
20 Youth, Sport & Recreation	94,322	<b>9,622,135</b>	9,527,813
52 Department of Culture	-	<b>1,612,932</b>	1,612,932
71 Ministry of Youth, Culture & Sports HQ	-	<b>1,027,669</b>	1,027,669
	<b>94,322</b>	<b>12,262,736</b>	12,168,414
<b>Ministry of National Security</b>			
07 Police	37,182	<b>60,698,517</b>	60,661,335
25 Department of Corrections	33,330	<b>25,987,137</b>	25,953,807
12 Customs	3,281	<b>17,812,184</b>	17,808,903
45 Fire Services	1,245	<b>17,227,618</b>	17,226,373
06 Defence	130	<b>8,025,068</b>	8,024,938
83 Ministry of National Security HQ	10,029	<b>1,805,214</b>	1,795,185
	<b>85,197</b>	<b>131,555,738</b>	131,470,541
<b>Ministry of Social Development &amp; Seniors</b>			
23 Child and Family Services	11,428	<b>16,968,921</b>	16,957,493
86 Ministry of Social Development & Seniors HQ	-	<b>7,085,631</b>	7,085,631
	<b>11,428</b>	<b>24,054,552</b>	24,043,124
<b>Ministry of Home Affairs</b>			
79 Environment & Natural Resources	23,022	<b>7,861,090</b>	7,838,068
32 Department of Planning	250	<b>3,026,680</b>	3,026,430
93 Ministry of Home Affairs HQ	100	<b>1,672,694</b>	1,672,594
29 Registry General	-	<b>1,677,316</b>	1,677,316
97 Land Title & Registration	-	<b>1,287,443</b>	1,287,443
49 Land Valuation	365	<b>835,605</b>	835,240
89 Energy	-	<b>559,392</b>	559,392
	<b>23,737</b>	<b>16,920,220</b>	16,896,483
<b>TOTAL CURRENT EXPENSES</b>	<b>1,466,038</b>	<b>1,323,745,762</b>	<b>1,322,279,724</b>

**Government of Bermuda - Consolidated Fund**  
**Schedule 11: Schedules of Tangible Capital Assets and Assets Under Construction**  
**As at March 31, 2023**

	Estimated Useful Life	COST				ACCUMULATED AMORTIZATION				31-Mar-23 Net Book Value	31-Mar-22 Net Book Value
		Opening Balance	Additions	Disposals & Adjustments	Closing Balance	Opening Balance	Amortization Expense	Disposals & Adjustments	Closing Balance		
		\$	\$	\$	\$	\$	\$	\$	\$		
<b>Tangible Capital Assets</b>											
Land	Indefinite	45,649,928	-	-	45,649,928	-	-	-	-	45,649,928	45,649,928
Buildings & Betterments	2 - 40 years	667,325,385	3,179,329	(638,649)	669,866,065	(327,864,659)	(17,767,589)	(204,088)	(345,836,336)	324,029,729	339,460,726
Infrastructure	10 - 40 years	266,810,088	1,854,146	-	268,664,234	(128,625,903)	(10,106,976)	-	(138,732,879)	129,931,355	138,184,185
Vehicles & Heavy Equipment	5 - 7 years	103,698,911	6,419,974	(1,838,658)	108,280,227	(93,927,364)	(4,556,082)	1,560,750	(96,922,696)	11,357,531	9,771,547
Boats & Vessels	5 - 10 years	51,202,201	22,163,767	(3,439,491)	69,926,477	(47,191,025)	(789,518)	-	(47,980,543)	21,945,934	4,011,176
Computer Software	10 years	65,158,178	12,290,204	(11,130,747)	66,317,635	(43,450,190)	(3,577,992)	(1,790)	(47,029,972)	19,287,663	21,707,988
Office Equipment	5 years	24,387,051	2,014,510	(738,934)	25,662,627	(20,060,623)	(1,787,085)	21,448	(21,826,260)	3,836,367	4,326,428
Computer Hardware	3 - 7 years	31,330,803	610,060	-	31,940,863	(29,042,064)	(1,648,634)	-	(30,690,698)	1,250,165	2,288,739
Capital Leases	3 - 20 years	7,642,125	13,795	-	7,655,920	(4,767,178)	(235,966)	-	(5,003,144)	2,652,776	2,874,947
Furniture & Fixtures	7 years	9,615,320	699,895	-	10,315,215	(7,237,421)	(707,866)	-	(7,945,287)	2,369,928	2,377,899
Plant, Machinery & Equipment	10 - 30 years	135,138,254	14,663,228	-	149,801,482	(110,759,685)	(4,850,478)	-	(115,610,163)	34,191,319	24,378,569
<b>Total Tangible Capital Assets</b>		<b>1,407,958,244</b>	<b>63,908,908</b>	<b>(17,786,479)</b>	<b>1,454,080,673</b>	<b>(812,926,112)</b>	<b>(46,028,186)</b>	<b>1,376,320</b>	<b>(857,577,978)</b>	<b>596,502,695</b>	<b>595,032,132</b>
<b>Assets Under Construction</b>		<b>54,182,762</b>	<b>26,809,431</b>	<b>(42,881,840)</b>	<b>38,110,353</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,110,353</b>	<b>54,182,762</b>

**Government of Bermuda - Consolidated Fund**  
**Schedule 12: Current Expenditure - Estimates Compared to Expenditures**  
**For the year ended March 31, 2023**

	Expenses	Expenditure <sup>1</sup>	Adjusted Estimates <sup>2</sup>	Under (Over) Spent	
	\$	\$	\$	\$	
<b>Non-Ministry Departments</b>					
02	Legislature	5,219,831	5,201,448	5,287,594	86,146
05	Office of the Auditor General	3,090,378	3,076,364	4,082,261	1,005,897
92	Internal Audit	981,196	976,981	1,320,000	343,019
56	Human Rights Commission	1,190,707	1,196,578	1,223,767	27,189
01	Governor & Staff	1,647,709	1,641,872	1,353,115	(288,757)
98	Information Commissioner's Office	1,178,469	1,148,885	1,158,731	9,846
85	Ombudsman's Office	974,509	975,297	989,737	14,440
63	Parliamentary Registrar	713,357	721,798	838,062	116,264
101	Privacy Commissioner's Office	953,158	941,512	1,055,062	113,550
		15,949,314	15,880,735	17,308,329	1,427,594
<b>Cabinet Office Departments</b>					
09	Cabinet Office	30,614,747	30,613,276	32,562,026	1,948,750
13	Post Office	9,796,217	9,738,112	8,934,765	(803,347)
	Department of Information and Digital Technologies	8,808,739	7,456,675	8,108,114	651,439
43	Department of Employee & Organizational Development	6,598,360	6,595,797	6,703,891	108,094
51	Department of Communications	2,838,544	2,814,763	3,008,103	193,340
80	Project Management & Procurement	592,869	591,227	799,675	208,448
		59,249,476	57,809,850	60,116,574	2,306,724
<b>Ministry of Transport</b>					
48	Ministry of Transport HQ	23,014,088	22,698,184	24,053,788	1,355,604
35	Public Transportation	24,892,310	23,292,399	23,537,675	245,276
30	Marine & Ports	21,075,966	19,488,018	19,963,063	475,045
34	Transport Control Department	4,669,737	4,613,518	4,482,464	(131,054)
		73,652,101	70,092,119	72,036,990	1,944,871
<b>Ministry of Legal Affairs &amp; Constitutional reform</b>					
03	Judicial Department	8,543,837	8,473,192	9,119,469	646,277
	Ministry of Legal Affairs & Constitutional Reform HQ	5,629,830	5,577,071	5,768,702	191,631
04	Attorney General's Chambers	4,436,763	4,434,707	5,494,726	1,060,019
88	National Drug Control	4,363,429	3,760,529	4,310,545	550,016
74	Department of Court Services	3,984,527	3,965,780	4,660,639	694,859
75	Department of Public Prosecutions	2,744,805	2,735,721	3,361,919	626,198
		29,703,191	28,947,000	32,716,000	3,769,000
<b>Ministry of Finance</b>					
11a	Pension and Retirement Benefits Expense	144,816,069	-	-	-
58	Interest on Debt	136,514,640	136,514,640	140,375,877	3,861,237
58.1	Early Tender Premium on Repurchased Debt	3,766,097	-	-	-
11	Accountant General	99,419,912	80,809,702	81,293,811	484,109
10	Ministry of Finance HQ	18,978,974	9,146,275	11,825,884	2,679,609
38	Office of the Tax Commissioner	2,549,865	3,487,513	4,113,194	625,681
39	Registrar of Companies	9,404,640	6,311,493	7,232,406	920,913
28	Social Insurance	3,378,518	3,368,790	3,765,357	396,567
58.2	Caroline Bay/Morgan's Point (Note 17)	4,133,499	4,133,499	-	(4,133,499)
		422,962,214	243,771,912	248,606,529	4,834,617

<sup>1</sup> Adjusted for Non-Cash, Non-Budget Items

<sup>2</sup> 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, 2023**

	Expenses	Expenditure <sup>1</sup>	Adjusted Estimates <sup>2</sup>	Under (Over) Spent
	\$	\$	\$	\$
<b>Ministry of Education</b>				
17 Department of Education	116,589,424	115,646,765	112,328,409	(3,318,356)
41 Bermuda College	14,653,900	14,653,900	14,653,901	1
16 Ministry of Education HQ	5,511,761	5,511,761	6,128,547	616,786
18 Libraries & Archives	3,026,138	3,003,370	3,027,471	24,101
	139,781,223	138,815,796	136,138,328	(2,677,468)
<b>Ministry of Health</b>				
24 Hospitals	162,336,163	162,336,163	162,336,163	-
22 Department of Health	28,903,392	28,517,918	29,007,334	489,416
21 Ministry of Health HQ	22,933,414	19,601,516	19,647,209	45,693
91 Health Insurance	2,645,295	2,642,764	2,669,306	26,542
	216,818,264	213,098,361	213,660,012	561,651
<b>Ministry of Economy &amp; Labour</b>				
55 Financial Assistance	51,436,924	51,414,860	53,891,586	2,476,726
94 Department of Economic Development	6,797,546	6,797,546	7,561,101	763,555
27 Immigration	5,941,600	5,548,434	6,272,065	723,631
60 Workforce Development	3,481,637	3,424,280	4,004,120	579,840
14 Department of Statistics	2,060,061	2,028,761	2,470,198	441,437
44 Ministry of Economy & Labour HQ	1,403,556	1,400,776	1,589,412	188,636
	71,121,324	70,614,657	75,788,482	5,173,825
<b>Ministry of Social Development &amp; Seniors</b>				
86 Ministry of Social Development & Seniors HQ	7,085,631	7,084,331	7,074,651	(9,680)
23 Child and Family Services	16,968,921	16,826,284	17,515,972	689,688
	24,054,552	23,910,615	24,590,623	680,008
<b>Ministry of Youth, Culture &amp; Sports</b>				
20 Youth, Sport & Recreation	9,622,135	9,575,130	9,887,301	312,171
52 Department of Culture	1,612,932	1,612,932	1,964,792	351,860
71 Ministry of Youth, Culture & Sports HQ	1,027,669	989,914	1,036,905	46,991
	12,262,736	12,177,976	12,888,998	711,022
<b>Ministry of National Security</b>				
07 Police	60,698,517	60,295,938	62,157,878	1,861,940
25 Department of Corrections	25,987,137	25,649,511	22,893,206	(2,756,305)
12 Customs	17,812,184	17,473,032	16,641,256	(831,776)
45 Fire Services	17,227,618	16,787,020	17,037,282	250,262
06 Defence	8,025,068	7,837,060	7,857,009	19,949
83 Ministry of National Security HQ	1,805,214	1,770,458	2,151,506	381,048
	131,555,738	129,813,019	128,738,137	(1,074,882)
<b>Ministry of Home Affairs</b>				
79 Environment & Natural Resources	7,861,090	7,829,909	8,083,773	253,864
32 Department of Planning	3,026,680	2,902,823	3,349,064	446,241
93 Ministry of Home Affairs HQ	1,672,694	1,670,120	2,706,497	1,036,377
97 Land Title & Registration	1,287,443	1,259,850	1,392,417	132,567
29 Registry General	1,677,316	1,678,416	1,649,123	(29,293)
49 Land Valuation	835,605	822,437	1,007,910	185,473
89 Energy	559,392	575,892	589,217	13,325
	16,920,220	16,739,447	18,778,001	2,038,554
<b>Ministry of Public Works</b>				
82 Works & Engineering	49,760,314	34,742,490	31,466,946	(3,275,544)
81 Public Lands & Buildings	39,532,770	19,923,627	20,410,406	486,779
36 Ministry of Public Works HQ	5,859,501	7,162,976	5,624,654	(1,538,322)
68 Parks	8,512,824	8,102,139	9,457,966	1,355,827
53 Bermuda Housing Corporation	6,050,000	6,050,000	6,050,000	-
	109,715,409	75,981,232	73,009,972	(2,971,260)
<b>TOTAL CURRENT</b>	<b>1,323,745,762</b>	<b>1,097,652,719</b>	<b>1,114,376,975</b>	<b>16,724,256</b>

<sup>1</sup> Adjusted for Non-Cash, Non-Budget Items

<sup>2</sup> Includes all Approved Supplementary amounts during the year

**Government of Bermuda - Consolidated Fund**  
**Schedule 13: Commitments - Legislated**  
**For the year ended March 31, 2023**

	2023	2022
	Actual	Actual
	\$	\$

**Unspent Capital Appropriations**

In accordance with Section 6 of the Appropriations Act 2022, unspent capital appropriations for incomplete capital projects to be carried forward to future years are as follows:

Capital Development	8,772,254	-
Capital Acquisition	5,101,442	-
	<b>13,873,696</b>	-

**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	1,136,912,375	1,047,945,605
Projects Completed during the year	(29,245,000)	(29,145,000)
Supplementary Estimate	11,250,000	550,000
Revised Total Authorized Funding	1,118,917,375	1,019,350,605
Appropriated Capital Development	(526,407,802)	(469,183,455)
<b>Unappropriated Capital Development Commitments</b>	<b>592,509,573</b>	<b>550,167,150</b>

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

	<b>2023</b>	2022
	<b>Actual</b>	Actual
	<b>\$</b>	\$

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 \$3.5 billion, as amended August 5, 2020. (Note 15(e))

Debt (Schedule 7)	<b>3,343,892,000</b>	3,350,000,000
Less:		
Sinking Fund (Schedule 7)	<b>223,554,047</b>	297,040,010
Public Debt	<b>3,120,337,953</b>	3,052,959,990
Legislated Limit (Note 15 (d))	<b>3,500,000,000</b>	3,500,000,000
<b>Available Limit</b>	<b>379,662,047</b>	447,040,010