



GOVERNMENT OF BERMUDA

Financial Statements

of the

Consolidated Fund

March 31, 2022

Issued by
Ministry of Finance
The Accountant General

**Government of Bermuda – Consolidated Fund
Financial Statements
March 31, 2022**

TABLE OF CONTENTS

Introduction.....	1
Special Note Regarding the Impact of COVID-19.....	2
Financial Statement Discussion and Analysis	
Financial Highlights of the Financial Statements.....	3
(Deficit) Surplus.....	4
Net Debt	5
Revenue.....	5
Expenses.....	8
Financial Assets.....	11
Liabilities.....	12
Non-Financial Assets	13
Accumulated Deficits.....	15
Cash Flows.....	16
Modified Cash Basis of Reporting	16
Economic Highlights.....	18
Audited Financial Statements	
Statement of Responsibility	26
Independent Auditor’s Report.....	27
Statement of Financial Position.....	31
Statement of Operations and Accumulated Deficit.....	32
Statement of Change in Net Debt.....	33
Statement of Cash Flow.....	34
Notes to the Financial Statements	35
Schedules to the Financial Statements	
1: Accounts Receivable.....	80
2: Inventories for Consumption.....	81
3: Due from Government Funds and Agencies.....	82
3(a): Due to Government Funds and Agencies	83
4: Long-Term Receivables.....	84
5: Accounts Payable and Accrued Liabilities	84
6: Deferred Revenue	85
7: Interest Bearing Debt – Net of Sinking Fund	86
8: Revenue by Type.....	87
9: Revenue by Ministry/Department	88
9(a): Interdepartmental Revenue by Ministry/Department	90
10: Expenses by Program.....	92

Government of Bermuda – Consolidated Fund
Financial Statements
March 31, 2022

10(a): Current Expenses by Type.....	94
10(b): Current Expenses by Ministry/Department.....	95
10(c): Interdepartmental Current Expenses by Ministry/Department	97
11: Tangible Capital Assets and Assets Under Construction.....	99
12: Current Expenditure - Estimates compared to Expenditures	100
13: Commitments - Legislated.....	102
14: Public Debt - Legislated Limit.....	103

**Government of Bermuda – Consolidated Fund
Financial Highlights
March 31, 2022**

**Financial Statement Discussion and Analysis
for the fiscal year ended March 31, 2022**

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 2022 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.

**Government of Bermuda – Consolidated Fund
Financial Highlights
March 31, 2022**

Special note regarding Impact of COVID-19

The outbreak of the COVID-19 pandemic has resulted in Bermuda enacting emergency measures to combat the spread of the virus. These measures, which included the implementation of travel bans, imposed quarantine periods and social distancing, have caused material disruption to both local and international businesses, resulting in an economic slowdown. As a result, it is not possible to reliably estimate the full length and severity of the impact on the CF's financial position and future financial results.

The Government incurred Covid-19 related expenditures approximating \$178.9 million for the period from March 2020 to November 2022. Unemployment and supplemental unemployment benefits for that same period is approximately \$69.4 million.

The pandemic also had impacted travel. Therefore, there were expenditures related to the Minimum Revenue Guarantee provisions in the Airport Project Agreement, against which amounts totaling \$16.29M were paid from the Fund in FY 2021/22 and \$5.69M were paid subsequent to the year end.

In July 2020, legislation was enacted to require travelers over the age of 2 to pay travel authorization fees to enter Bermuda after travelling internationally. The imposing of this fee came to an end on November 14, 2022 after having garnered an estimated \$41 million for the Country's coffers.

Government of Bermuda – Consolidated Fund Financial Highlights March 31, 2022

Summary Financial Information

The following tables and charts illustrate summary financial information for the fiscal year ended March 31, 2022.

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 2021/22*.

Budget and Actual Results 2021/22

(thousands of dollars)¹

	2021-22		2020-21	Variance	
	Budget	Actual	Actual	2021-22 Actual to Budget	2021-22 v 2020-21 Actual
Revenue					
Payroll Tax	447,700	460,127	438,798	12,427	21,329
Customs Duty	200,610	224,511	202,218	23,901	22,293
Other taxes	156,350	182,772	155,967	26,422	26,805
Other revenue (incl. fees, permits and licences, investment income)	194,205	218,229	201,297	24,024	16,932
Total Revenue	998,865	1,085,639	998,280	86,774	87,359
Expense by Function					
Economic Development	237,047	343,253	323,312	106,206	19,941
Health	191,851	218,852	205,778	27,001	13,074
National Security	155,525	158,723	166,778	3,198	-8,055
Education	128,737	129,358	125,513	621	3,845
Social Services & Assistance	90,281	90,132	141,764	-149	-51,632
Other Government Services	99,559	95,935	82,851	-3,624	13,084
Total Program Expense	903,000	1,036,253	1,045,996	133,253	-9,743
Interest on Debt	127,750	127,159	129,363	-591	-2,204
Pensions and Retirement Benefits	0	133,932	132,955	133,932	977
Early Tender Premium on Repurchased Debt	0	0	59,252	0	-59,252
Total Expense	1,030,750	1,297,344	1,367,566	266,594	-69,222
Annual Current Account Deficit	-31,885	-211,705	-368,286	-179,820	156,581

¹ Totals may not add due to rounding

² 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, 2022

(Deficit) Surplus

Consolidated Statement Of Operations and Accumulated Deficit

(thousands of dollars)¹

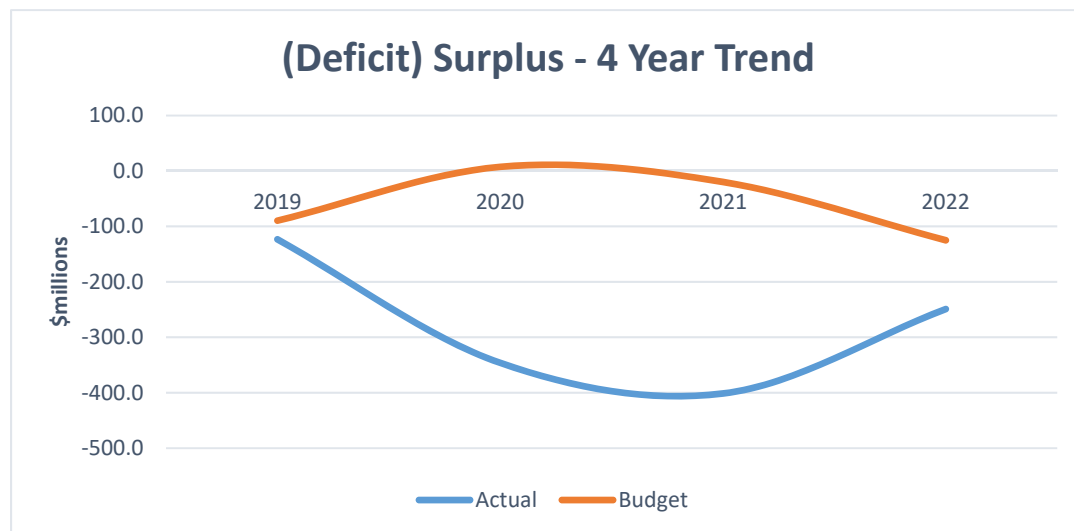
	2021-22	2020-21	Variance
	Actual	Actual	2021-22 v 2020-21
Total Revenue	1,085,639	998,280	87,359
Total Program Expense	1,334,292	1,399,648	-65,356
Deficit	-248,653	-401,368	152,715
Net Debt	-4,857,467	-4,618,103	-239,364

¹ 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, 2022, total revenue was \$1.09 billion (2021 – \$998.3 million) and total expenses were \$1.33 billion (2021 – \$1.40 billion). The resulting deficit of \$248.7 million was \$124 million higher than the budgeted deficit of \$125 million and \$153 million lower than the prior year's deficit of \$401.4 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 cash basis).

(Deficit) Surplus - 4 Year Trend



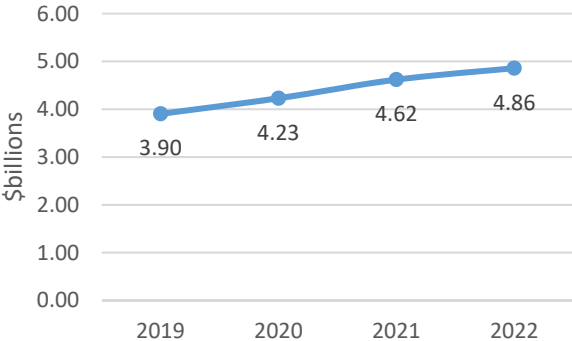
**Government of Bermuda – Consolidated Fund
Financial Highlights
March 31, 2022**

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 \$4.86 billion at March 31, 2022, \$239 million higher than the prior year due to the \$248.7 million deficit, offset by \$9.2 million net changes in tangible capital assets/assets under construction, net changes to inventories for consumption, and prepaid expenses. The Government has reported net debt in the past four years as follows:

Net Debt - 4 Year Trend

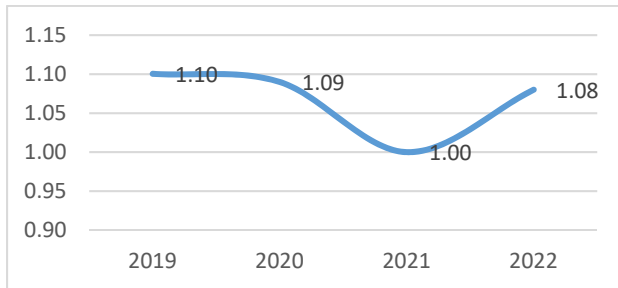


Revenue

Total revenue for the year was \$86.8 million or 8.6 per cent higher than estimates, and \$87.4 million or 8.7 per cent higher than the prior year. The increases from estimates were attributable primarily to changes in customs duties and tax revenues. The Consolidated Fund earned other revenues from a variety of sources.

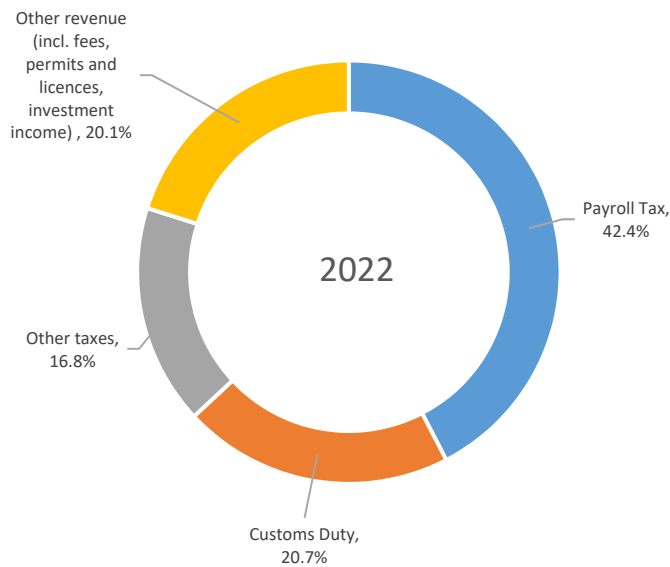
Government of Bermuda – Consolidated Fund Financial Highlights March 31, 2022

Total Revenue - 4 Year Trend

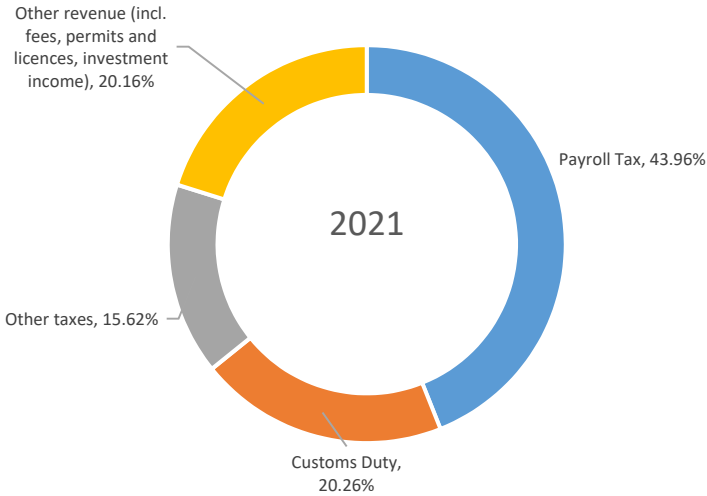


Revenue by Source

The Consolidated Fund’s revenue by major funding sources remained consistent with the prior year. The related breakdowns for fiscal years 2022 and 2021 were as follows:



**Government of Bermuda – Consolidated Fund
Financial Highlights
March 31, 2022**



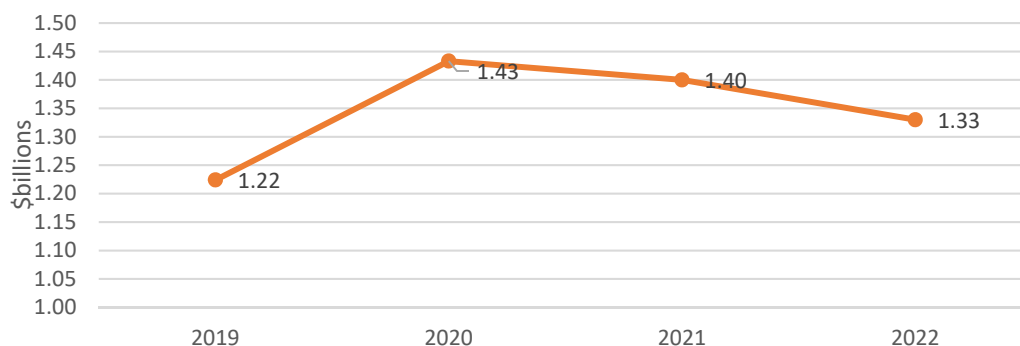
Government of Bermuda – Consolidated Fund Financial Highlights March 31, 2022

Expenses

Total expenses were \$210.77 million or 18.76 per cent higher than estimates. However the estimates do not take into account certain pension obligations which accounted for approximately \$133.93 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.

Similar to 2021, in 2022 the Consolidated Fund had to make payments as a result of the minimum revenue guarantee obligations of the Airport Project Agreement, 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

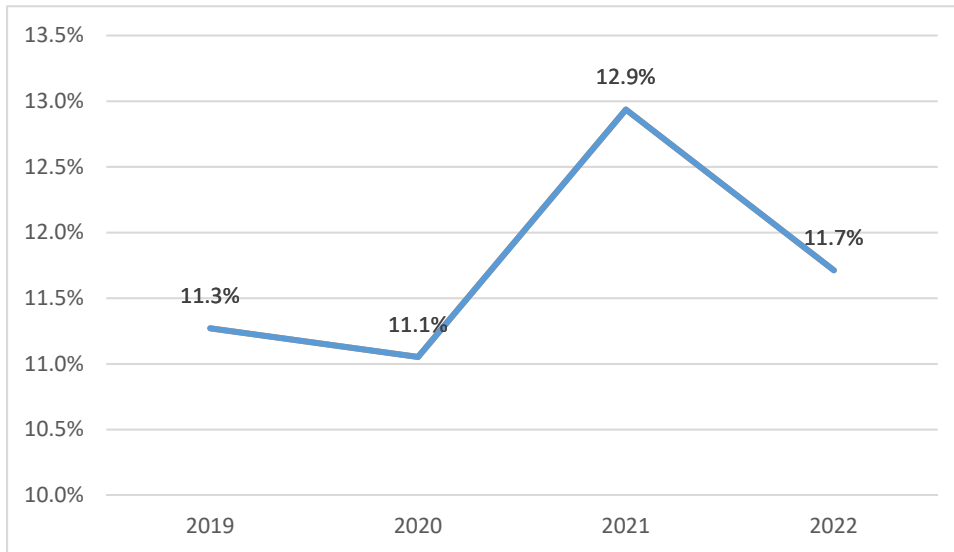


Debt Servicing Costs to Total Revenue

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 meeting financial and service commitments in the current year. The ratio of debt servicing costs to total revenue improved by 1.2 percentage points from the previous year to 11.7 per cent.

Government of Bermuda – Consolidated Fund Financial Highlights March 31, 2022

Debt Servicing Costs to Total Revenue - 4 Year Trend

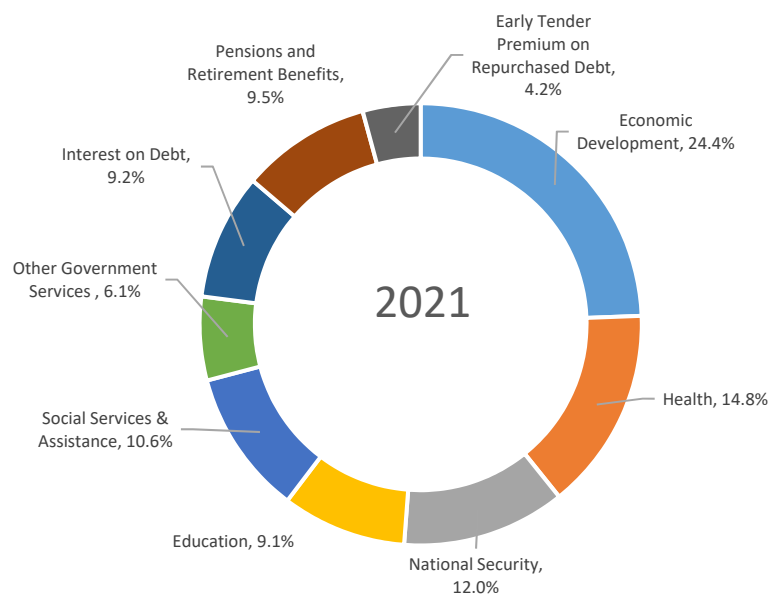
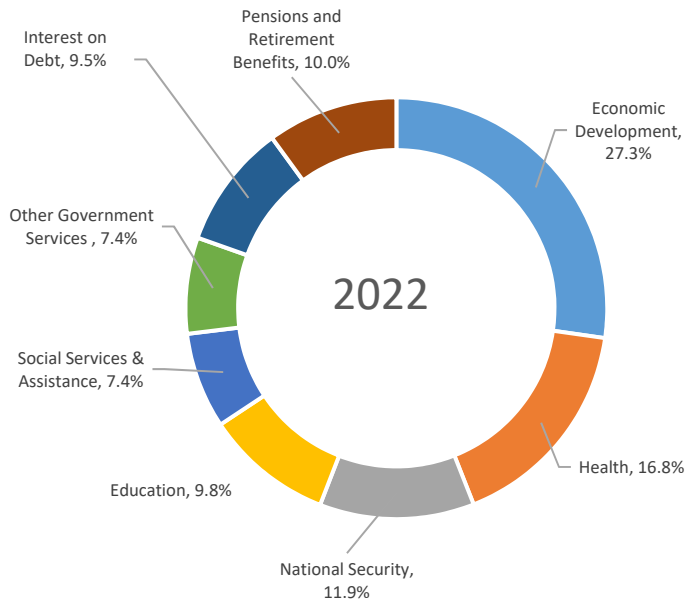


Expenses by Program

Economic Development increased to 27.3 per cent of expenses by major function, up from 24.4 per cent in the prior year. The increase was due primarily to the expiration of austerity measures which saw a resumption in the Government's pension contributions to the Public Service Superannuation Fund (PSSF) and the Ministers and Members of the Legislature Pension Fund (MMLPF), additional provisions for doubtful collection of amounts due to the CF by other government funds and agencies, and unemployment benefits payments. Health, national security, and education increased to 38.4 per cent of total expenses from 35.9 per cent in 2021. This was mainly due to increased Covid-19 expenditures and under budgeting for substitute teachers.

Government of Bermuda – Consolidated Fund Financial Highlights March 31, 2022

The related breakdowns for fiscal years 2022 and 2021 were as follows:



Government of Bermuda – Consolidated Fund

Financial Highlights

March 31, 2022

Summary Statement of Financial Position

(thousands of dollars)¹

	at March 31		Change from 2021	
	2022 Actual	2021 Actual		
Financial Assets	SFP	SFP		
Cash	100,026	61,225	38,802	63.4%
Accounts receivable and discount on debt	211,445	202,205	9,241	4.6%
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	49,123	64,301	-15,177	-23.6%
	365,596	332,731	32,865	9.9%
Liabilities				
Debt	3,052,960	3,001,529	51,431	1.7%
Pensions and other employee future benefits	1,919,463	1,785,531	133,932	7.5%
Accounts payable and deferred liabilities	250,640	163,775	86,865	53.0%
	5,223,063	4,950,834	272,229	5.5%
Net Debt	4,857,467	4,618,103	239,364	5.2%
Capital / Other Non-financial Assets	667,150	676,439	-9,289	-1.4%
Accumulated Deficit	4,190,317	3,941,664	248,653	6.3%

¹ 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 increased by \$32.87 million or 9.9 per cent from last year to \$365.60 million at the end of 2022. Cash increased by \$38.80 million as a result of the operating, investing, capital, and financing activities shown in the Statement of Cash Flow. Receivables and discount on debt were \$9.2 million higher than the prior year.

The net amount due from government funds and agencies decreased by \$15.2 million or 23.6 per cent from last year. The decrease was due to additional provisions for doubtful accounts of \$36 million primarily relating to collection uncertainty of a receivable of \$32.18 million from the Government Employees Health Insurance Fund and \$3 million from the Bermuda Civil Aviation Authority. 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, 2022

Liabilities

Liabilities, consisting of debts or other monetary obligations owing at year-end and to be settled in the future, increased by \$272.23 million from last year to \$5.2 billion. Pensions and Other Employee Future Benefits, increased by \$133.9 million due to current year Pensions and Retirement Benefits Expense.

Other changes to liabilities included an increase of \$86.87 million in Accounts payable and deferred liabilities mostly attributable to \$75.8 million in deposits for the Court and \$4.6 million related to deposits for the Registrar of Companies, Customs and other Government Departments.

Interest Bearing Debt- Net of Sinking Fund, increased by \$51.4 million from the prior year mainly due to the withdrawal of \$51.4 million from the Sinking Fund. Important to note is the Gross Debt figure of \$3.35 billion had no movement from the prior year.

Debt - 4 Year Trend

Over the past four years, unmatured debt has increased \$670 million from \$2.68 billion in 2019 to \$3.35 billion in 2022, 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.

Subsequent to year-end, 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 has been 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 \$405,190,066 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 \$2,204,167 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 actions addressed medium term refinancing risk and resulted in a slight decrease in gross debt.

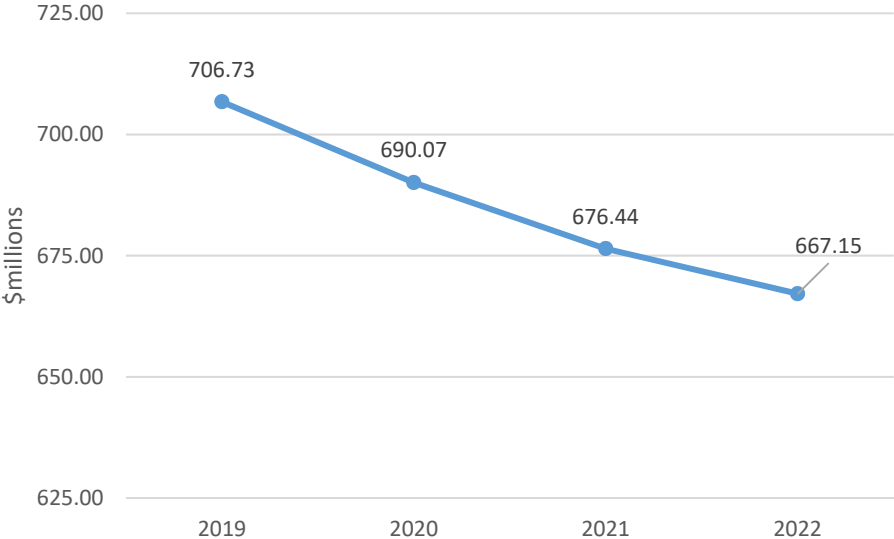
**Government of Bermuda – Consolidated Fund
Financial Highlights
March 31, 2022**

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 \$39.58 million to \$667.15 million at the end of the fiscal year. Over the past four years, total non-financial assets decreased from \$706.73 million at the end of 2019 to \$667.15 million at the end of 2022, largely due to annual amortization of tangible capital assets exceeding the purchase and construction of new capital assets.

Non-Financial Assets - 4 Year Trend



**Government of Bermuda – Consolidated Fund
Financial Highlights
March 31, 2022**

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 \$595.03 million at the end of 2022, a decrease of \$8.8 million from the end of the previous fiscal year. Net TCA 2022 additions of \$37.03 million were offset by \$45.80 million of annual amortization net of adjustments. This has been the trend since 2018.

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>2022</u>	<u>2021</u>	<u>Change from 2021</u>	
Land, Buildings & Betterments	385,111	391,766	-6,655	-1.7%
Infrastructure	138,184	145,906	-7,721	-5.3%
Plant, Machinery, Vehicles & Vessels	38,161	40,683	-2,522	-6.2%
Computers, Furniture & Equipment	33,576	25,449	8,126	31.9%
	<u>595,032</u>	<u>603,804</u>	<u>-8,773</u>	<u>-1.5%</u>

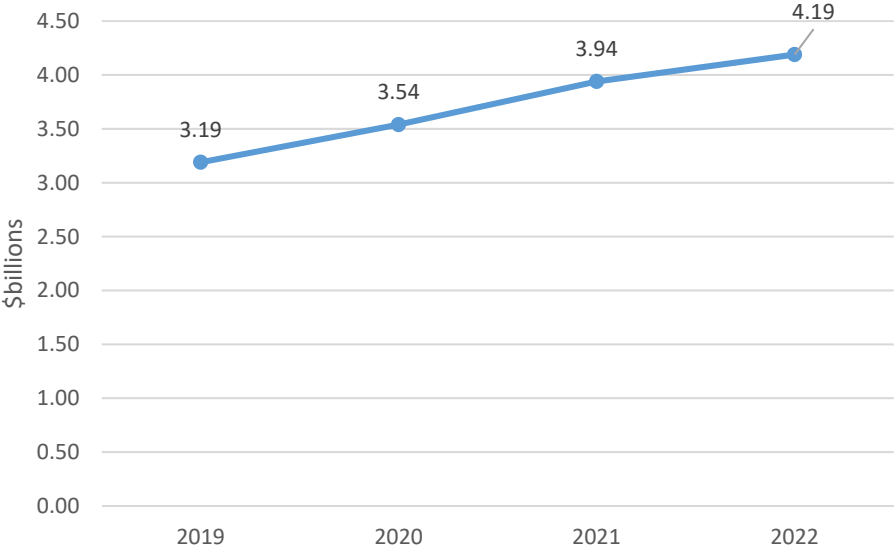
**Government of Bermuda – Consolidated Fund
Financial Highlights
March 31, 2022**

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 \$4.19 billion at March 31, 2022, \$249 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:

Accumulated Deficits - 4 Year Trend



**Government of Bermuda – Consolidated Fund
Financial Highlights
March 31, 2022**

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 2022, the CF's cash position increased by \$38.80 million. Cash outflows were used to purchase \$37.34 million in TCA and assets under construction. Cash inflows of \$24.7 million were generated from normal operating activities during the year and \$51.4 million in sinking fund withdrawals.

Cash Flows by Activity

(\$ thousands)

	<u>2022</u>	<u>2021</u>	<u>Change from 2021</u>
Operating	24,712	-253,055	277,767
Capital	-37,342	-32,723	-4,619
Financing	51,431	355,499	-304,068
	<u>38,802</u>	<u>69,721</u>	<u>-30,920</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 restate 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 2021/22, on a modified cash basis was \$1.086 billion, the same amount recorded in the financial statements. The budgeted figure was \$999 million.

Government of Bermuda – Consolidated Fund

Financial Highlights

March 31, 2022

Total current expenditure on a modified cash basis was \$1.076 billion (2020/21 – \$1.127 billion), which was \$9.09 million less than the adjusted estimates (2020/21 – \$65.8 million less).

Total capital account modified cash expenditure was \$75.9 million, which was \$16.9 million lower than the original budget estimates.

Total capital and current account modified cash expenditure for 2021/22 was \$1.152 billion, which was \$28.0 million or 2.5% higher than the original budget estimate of \$1.124 billion.

The all-inclusive result from government operations (both current and capital) on an accounting accrual basis for the year ending March 31, 2022, was a deficit of \$248.7 million, \$152.7 million lower than the prior year's deficit of \$401.4 million. This decrease was due to a reduction in Covid pandemic costs and no debt re-financing costs requirements.

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 \$66.0 million. This compares to a deficit of \$124.7 million that was originally budgeted. Therefore, the actual overall deficit was down by \$58.7 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, 2022

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, 2022

Bermuda's economy grew by 5.4% in 2021 based on constant market prices (real GDP). The largest increases in value added in absolute terms were recorded for International Business Activity, Accommodation and Food Services activity and Professional, Scientific and Technical activities. These positive results were partially offset by reductions in the value added for Public Administration and Construction and Quarrying.

The year to date (August) average Consumer Price Index was 3.6% and the 12 month average rate was 3.2%. The primary causes of inflation during the last twelve months were increased costs of overseas hotels and airfares in the Transportation & Foreign Travel sector and increases in the average costs of various food items throughout the year in the Food sector

Total retail sales to August 2022 grew by 3.0% or \$23.0 million to register at \$795.0 million. Apparel Stores exhibited the largest growth in sales followed by Service Stations and Building Material Stores. In the majority of categories with increased sales, retailers reported increased spending by residents with the easing of COVID-19 restrictions. This led to greater sales along the majority of product lines for businesses.

The total value of new construction projects started for the first six months of this year increased by 16.7% from \$77.4 million to \$90.3 million. The estimated value of construction work put in place in the first two quarters of 2022 was \$52.1 million, a decrease of 31.5%. The majority of the activity in this sector can be attributed to the \$16 million of work performed on hotels and guest houses.

The largest concentrations of international companies doing business in Bermuda are involved in the insurance and financial services sectors. There were 12,405 international companies and partnerships registered in Bermuda as of September 30, 2022, representing a 1.7% increase compared to the 2021 total of 12,200. Significantly, 643 new international companies and partnerships were registered in Bermuda during the first three quarters of 2022.

Bermuda's Balance of Payments for the first two quarters of 2022 recorded a surplus on the current account of \$567 million, which was \$46 million or 7.5% less than the corresponding surplus in 2021. The greatest contribution to the current account surplus was in the primary income account which increased by \$83 million in 2022. Within the primary income account, employee compensation and investment income grew by \$45 million and \$28 million respectively. This economic data indicates that Bermuda's economy is strongly rebounding from the pandemic.

The Government of Bermuda has historically maintained a conservative fiscal policy. The current administration considers the rise in debt as unsustainable and

Government of Bermuda – Consolidated Fund

Economic Highlights

March 31, 2022

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.

The Government expects the employment rate to improve by focusing on policy measures and investments designed to create a more diversified economy, which are 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 2021/22. While our

Government of Bermuda – Consolidated Fund

Economic Highlights

March 31, 2022

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.

In order to further support the tourism segment and make Bermuda a more attractive travel destination, the Government has legalized casino gaming. By creating a well-regulated casino industry in Bermuda, the Government seeks to enhance the available tourism products, increase investment in Bermuda and create employment opportunities.

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.

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.

Government of Bermuda – Consolidated Fund

Economic Highlights

March 31, 2022

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.

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.

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. As of November 16, 2022, Bermuda had experienced 18,463 confirmed cases of COVID-19 infections, of which 151 were fatal.

Government of Bermuda – Consolidated Fund

Economic Highlights

March 31, 2022

The Government has continued to take appropriate actions to protect the health and well-being of its residents.

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 2022 grew by 102.3%, increasing from 55,864 in 2021 to 113,020 in 2022. After experiencing only 2,710 cruise passengers over the first nine months of 2021, this year's figures totaled 302,777 which is a drastic improvement as the industry rebounds after the COVID-19 pandemic. Total visitor arrivals grew from 59,887 to 419,899, an increase of 360,012 visitors versus a year ago. Total air visitor spending in the first three quarters of 2022 grew from approximately \$93.4 million in 2021 to approximately \$211.2 million in 2022, an increase of 126.1%. Requirements for the travel authorization application and fee has lifted, effective 14 November 2022.

To assist residents to deal with the financial challenges arising from COVID-19, several types of relief and assistance were provided to individuals and families. In particular, unemployment benefits and supplemental unemployment benefits were critical sources of income during the crisis. These programs have now been phased out as the various health related restrictions have been lifted. More broadly, COVID-19 relief that was provided to businesses helped many to survive the pandemic and these have largely been curtailed as there continues to be evidence of growth throughout the economy.

In addition, 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. Good progress has been made on many of the initiatives and it is well on track to achieve the required objectives in relation 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 2022, with Moody's publishing their annual assessment in June 2022. Ratings address the creditworthiness of Bermuda and the likelihood of timely payment of Bermuda's long-term debt securities.

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

Government of Bermuda – Consolidated Fund

Economic Highlights

March 31, 2022

control of Bermuda. However, in assessing the outlook to be stable, each of the rating agencies reflected positively on 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. Fourteen out of the 19 reporting industries experienced positive GDP growth in 2021. The following table shows GDP by industry for the years indicated.

Real gross domestic product ⁽¹⁾ by economic sector 2017-2021:

	For the year ended December 31,				
	2017	2018	2019	2020	2021 ¹
	(dollars in thousands)				
Agriculture, Forestry and Fishing	19,809	17,075	17,292	17,517	21,856
Manufacturing	35,077	34,210	34,198	27,602	25,871
Electricity, Water Supply and Waste Management	65,488	71,943	75,701	89,002	98,331
Construction & Quarrying	242,841	264,421	318,648	240,946	233,715
Wholesale and Retail Trade	341,611	327,108	309,349	311,330	308,093
Transportation and Storage	132,079	133,029	129,613	101,874	107,030
Accommodation and Food Service	271,408	253,786	234,739	73,201	136,229
Information and Communication	182,170	174,049	168,190	149,360	151,194
Financial and Insurance Activities ⁽²⁾	906,103	913,647	879,425	828,868	828,082
Real Estate Activities	935,268	953,742	963,582	978,108	1,009,102
Professional, Scientific and Technical Activities	382,360	376,435	376,236	312,598	357,796
Administrative and Support Services	125,491	130,901	135,052	108,373	127,000
Public Administration	336,715	327,397	338,176	311,406	300,924
Education	129,507	128,177	127,159	110,707	110,828
Human Health and Social Work	315,367	313,661	329,471	321,158	341,783
Arts, Entertainment and Recreation	61,021	24,392	28,192	20,579	24,247
Other Service Activities	58,820	58,062	62,535	50,553	63,979
Activities of Households as Employers	13,739	13,161	14,270	11,254	13,036
International Business Activities	1,597,923	1,622,618	1,627,102	1,641,865	1,780,412
GDP at Constant Basic (2013) Prices	6,152,797	6,137,814	6,168,930	5,706,301	6,039,508
Add: Taxes less Subsidies on Products	305,825	292,856	281,433	302,988	295,095

Government of Bermuda – Consolidated Fund

Economic Highlights

March 31, 2022

GDP at Constant Purchasers' (2013) Prices	6,458,622	6,430,670	6,450,363	6,009,289	6,334,603
Percentage change from previous year	3.60%	-0.43%	0.31%	-6.84%	5.41%

^P - 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.

As noted previously, there is now tangible evidence that the economy is rebounding from its 2020 levels. Although activity in all sectors has not yet reached 2019 levels, the indicators for all sectors are generally moving in a positive direction. Based on figures released by the Department of Statistics, GDP grew by 1.4% in real terms over the first 2 was reflected in higher expenditure for accommodation services, air transport and personal quarters of 2022. This growth was primarily driven by increased household final consumption expenditure. The increase care services along with increased spending on clothing, fuel and household supplies. Although, Bermuda like other countries around the globe is facing challenges from the Russian/Ukraine war, rising inflation, rising interest rates and supply chain issues, it is expected that the economy will continue to grow in key areas and return to, or surpass 2019 activity levels in the medium term.

Government of Bermuda – Consolidated Fund

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
Date : December 15, 2022



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INDEPENDENT AUDITOR'S REPORT

To the House of Assembly, the Governor and the Senate

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, 2022, and the Statements of Operations and Accumulated Deficit, Statement of Changes 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Consolidated Fund as at March 31, 2022, and the results of operations, changes in its net debt, and its cash flows for the year then ended in accordance with public sector accounting standards generally accepted in Bermuda and Canada.

Basis for Opinion

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 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.

Key Audit Matter

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current year. In applying my professional judgement to determine key audit matters, I considered those matters that are complex, have a high degree of uncertainty, or are important to the public because of their significance. The key audit matters were addressed in the context of my audit of the financial statement as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have determined the matter described below to be the key audit matter to be communicated in my report.

Estimate of Government's Contaminated Sites Liabilities

Contaminated sites are a key audit matter because environmental liabilities are complex and subject to significant uncertainty, can be material and are estimates of future costs required to complete the remediation to international standards for the two former major base land sites. The expected costs of the remediation prepared by the Government and recorded as an estimated liability. At March 31, 2022, this liability was estimated at \$23.7 million. As added environmental work take place in the future, it possible that the Government will need to account for additional liabilities related to this remediation.

Contingent Liabilities Note 10 (c) and Measurement Uncertainty 3 (i) - discusses the hazardous materials to be removed and cleaned up along with the uncertainty in the determination of the estimate.

I concluded that the liabilities for contaminated sites are fairly stated, in all material respects, and are disclosed appropriately in accordance with public sector accounting standards generally accepted in Bermuda and Canada.

Audit work to address this key audit matter included obtaining an understanding of the processes and systems for the Government contaminated sites, review changes from the prior year, assess reasonableness of changes to the estimate, assess the adequacy of the estimate and disclosure in the notes along with Government's range of amounts in accordance to the public sector accounting standards generally accepted in Bermuda and Canada.

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.

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 that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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 assumption. The going concern basis of accounting has been used in the preparation of the Consolidated Fund financial statements, as the Government continue to operate as a going concern.

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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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. This description forms part of our auditor's report.

Hamilton, Bermuda
December 15, 2022



Heather Thomas, CPA, CFE, CGMA
Auditor General

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

		2022	2021
		Actual	Actual
		\$	\$
Liabilities			
	<u>Schedule</u>		
Accounts Payable and Accrued Liabilities	5	235,541,902	147,491,910
Deferred Revenue (Note 16)	6	12,301,751	14,996,291
Deferred Insurance Proceeds (Note 16)		2,796,277	1,286,551
		<u>250,639,930</u>	<u>163,774,752</u>
Interest Bearing Debt - Net of Sinking Fund	7	3,052,959,990	3,001,528,805
		<u>3,052,959,990</u>	<u>3,001,528,805</u>
Pensions and Other Employee Future Benefits			
- Pensions and Retirement Benefits (Note 9(g))		1,883,319,088	1,751,448,297
- Compensated Absences (Note 8)		36,143,955	34,082,373
		<u>1,919,463,043</u>	<u>1,785,530,670</u>
Other Liabilities			
Due to Government Funds and Agencies	3(a)	10,993,421	13,674,049
Total Liabilities		5,234,056,384	4,964,508,276
Financial Assets			
Cash		100,026,138	61,224,502
Accounts Receivable	1	205,265,695	195,527,662
Due from Government Funds and Agencies	3	60,116,512	77,974,561
Morgan's Point / Caroline Bay (Note 17)		1,000	1,000
Investment in BLDC (Note 14(b)(iv))		5,000,000	5,000,000
Discount on Interest Bearing Debt (Note 15(c))		5,622,007	6,141,706
Long-Term Receivables	4	557,780	535,505
Total Financial Assets		376,589,132	346,404,936
Net Debt		4,857,467,252	4,618,103,340
Non-Financial Assets			
Tangible Capital Assets	11	595,032,132	603,803,895
Assets under Construction	11	54,182,762	52,941,470
Inventories for Consumption	2	14,058,626	15,003,350
Prepaid Expenses		3,876,258	4,690,311
Total Non-Financial Assets		667,149,778	676,439,026
Accumulated Deficit		4,190,317,474	3,941,664,314

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

		2022	2021
		Actual ¹	Actual
		\$	\$
Revenue	<u>Schedule</u> 8, 9		
Taxes & Duties			
Payroll Tax		460,127,290	438,798,268
Customs Duty		224,511,373	202,218,140
Other Taxes and Duties		97,195,536	72,015,802
Land Tax		84,795,211	83,968,457
Passenger Tax		780,930	(17,715)
Total Taxes & Duties		867,410,340	796,982,952
Fees, Permits & Licenses		176,260,244	168,819,100
Other Revenue		40,019,066	30,067,216
Investment Income		1,949,310	2,410,794
Total Revenue		1,085,638,960	998,280,062
Expenses	10		
Economic Development		363,818,819	341,322,615
Health		223,629,356	207,734,938
National Security		158,325,938	167,574,373
Pensions and Retirement Benefits Expense (Note 9(g))		133,932,373	132,954,684
Education		130,875,612	127,431,003
Interest on Debt		127,158,771	129,363,404
Other Government Services		98,445,060	85,620,236
Social Services & Assistance		98,106,191	148,393,924
Early Tender Premium on Repurchased Debt (Note 15(b))		-	59,252,481
Total Expenses		1,334,292,120	1,399,647,658
Annual Deficit		(248,653,160)	(401,367,596)
Accumulated Deficit, Beginning of Year		(3,941,664,314)	(3,540,296,718)
Accumulated Deficit, End of Year		(4,190,317,474)	(3,941,664,314)

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

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

	2022	2021
	Actual	Actual
	\$	\$
Annual Deficit	(248,653,160)	(401,367,596)
Change Due to Tangible Capital Assets:		
Additions to Tangible Capital Assets	(36,100,735)	(19,149,618)
(Gain) Loss on Disposal or Impairment of Tangible Capital Assets and Adjustments	(1,424,856)	198,876
Net Additions to Assets under Construction	(1,241,292)	(13,573,159)
Amortization of Tangible Capital Assets	46,297,354	48,211,479
Total Change Due to Tangible Capital Assets	7,530,471	15,687,578
Net Reductions (Additions) to Inventories for Consumption	944,724	(2,460,622)
Net Additions to Prepaid Expenses	814,053	401,802
Total Change Due to Inventories for Consumption and Prepaid Expenses	1,758,777	(2,058,820)
Increase in Net Debt	(239,363,912)	(387,738,838)
Net Debt, Beginning of Year	(4,618,103,340)	(4,230,364,502)
Net Debt, End of Year	(4,857,467,252)	(4,618,103,340)

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

	2022 Actual	2021 Actual
	\$	\$
Operating Activities		
Annual Deficit ¹	(248,653,160)	(401,367,596)
Items not affecting cash:		
Amortization of Tangible Capital Assets	46,297,354	48,211,479
Increase in Pension and Retirement Benefits Liability	131,870,791	131,386,472
Increase in Compensated Absences Liability	2,061,582	1,568,211
(Gain) Loss on Disposal or Impairment of Tangible Capital Assets and Adjustments	(1,424,856)	198,876
Decrease (Increase) in Non-Cash Working Capital	94,560,767	(33,052,187)
Cash Provided by (Applied to) Operating Activities	24,712,478	(253,054,745)
Capital Activities		
Additions to Tangible Capital Assets	(36,100,735)	(19,149,618)
Net Additions to Assets under Construction	(1,241,292)	(13,573,159)
Cash Applied to Capital Activities	(37,342,027)	(32,722,777)
Financing Activities		
Debt Issues	-	1,350,000,000
Sinking Fund Application (Contribution) of Funds	51,431,185	(307,140,330)
Repayment of Debt	-	(687,360,979)
Cash Provided by Financing Activities	51,431,185	355,498,691
Net Increase in Cash	38,801,636	69,721,169
Cash (Overdraft, net of Cash), Beginning of Year	61,224,502	(8,496,667)
Cash, End of Year	100,026,138	61,224,502

1 - Interest received during the year was (\$1,434,265) (2021 - \$1,633,743). Interest received is made up of interest income from the Statement of Operations and Accumulated Deficit in the amount of (\$1,431,185) (\$2021 - \$1,637,034) plus the change in accrued interest receivable in the amount of \$3,080 (2021- \$3,291). Interest paid during the year was \$127,710,826 (2021 - \$124,284,980). Interest paid is made up of interest expense from the Statement of Operations and Accumulated Deficit in the amount of \$126,681,930 (2021 - \$125,546,915) plus the change in accrued interest payable in the amount of \$1,028,896 (2021 - \$1,261,935).

Government of Bermuda – Consolidated Fund

Notes to the Financial Statements

March 31, 2022

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, 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 2021/22 (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, 2022

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

(e) Financial Assets (Cont'd)

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

Investments in QUANGOs are recorded at cost.

(f) Non-Financial Assets

Non-Financial assets are resources that are employed for future services. They include tangible capital assets, assets under construction, inventories for consumption and prepaid expenses. The costs of acquiring land, buildings, equipment and other capital property are capitalized as tangible capital assets and are amortized over the estimated useful lives of the assets. Where original acquisition documents were difficult to retrieve, the Book Value Calculator, developed by the Chief Appraiser of Public Works and Government Services Canada (as modified by them to address the Bermuda Government situation), was used to establish reasonable estimates of Net Book Values in order to develop opening balances.

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

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

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

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2022

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

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

4 or More Wheeled Vehicles	
\$0 to \$99,999	5 years
\$100,000 and above	7 years
Boats & Vessels	
\$10,000 to \$99,999	5 years
\$100,000 and above	10 years
Capital Leases	
\$3,000 and above	3 – 20 years
Computer Hardware	
\$3,000 to \$99,999	3 years
\$100,000 and above	7 years
All laptops and desktop computers are capitalized	
Computer Software	
\$20,000 and above	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.

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

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

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

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

(g) Liabilities

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

(h) Translation of Foreign Currencies

The financial statements are reported in Bermuda dollars. The Bermuda dollar is valued at par with the United States dollar. Financial assets (excluding investments) and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the year-end date. Non-financial assets and investments are translated at historical rates of exchange. Revenues and expenses originating in foreign currencies are translated at the exchange rate in effect on the date the specific transactions occurred. Translation gains and losses are included in the Statement of Operations and Accumulated Deficit.

(i) Measurement Uncertainty

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)

(i) 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.

Certain estimates used in these financial statements may be subject to measurement uncertainty due to the COVID-19 pandemic. Actual results could differ from these estimates

(j) Risk Management

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

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

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

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

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

(j) Risk Management (Cont'd)

Liquidity risk is the risk that financial commitments will not be met over the short term. This risk is 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.

(k) 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.

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

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

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

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

PS 3050 Loans Receivable (Effective Interest Method) – replaces paragraph PS 3050.25 and establishes that a loan discount should be amortized using the effective interest rate method.

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

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

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

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

PS 3160 Public private partnerships- a new accounting standard that establishes how to account for public private partnership arrangements.

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

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

(k) Future Changes in Accounting Standards (Cont'd)

These new accounting standards have not been applied in preparing the Fund financial statements. An assessment will be done to determine the impact that these standards will have on the financial statements.

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, 2021 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(f). For budget purposes, amortization is not considered expenditure.

**Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2022**

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

(b) Comparison of Expenses to Estimates and Expenditures (Cont'd)

(vi) Environmental Liability – As explained in Note 10(c), the Government has recognized a cost of restoration of land. Changes in the environmental liability are not considered expenditure for budget purposes.

5. Government Borrowing Sinking Fund

Effective March 31, 1993, the Government Borrowing Sinking Fund (the “GBSF”) was established as a separate legal entity for the repayment of Government borrowing under the provisions of the Government Loans Act 1978 as amended. Please see also Note 15(d).

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.

2021				2022	
\$				\$	
Sinking Fund	Excess Funds	Contributions	Earnings	Payments	Sinking Fund
348,471,195	-	-	(1,431,185)	(50,000,000)	297,040,010

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).

On June 21, 2019 an amendment to the Government Loans Act 1978 was tabled and passed in the Legislature. It was passed in the senate on July 3, 2019. 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 2021/2022.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2022

5. Government Borrowing Sinking Fund (Cont'd)

For the Financial Year ended March 31, 2022, the Fund reported Investment Income and Loss as shown below:

	2022	2021
	\$	\$
Investment Income	1,949,310	2,410,794
Investment Loss	(3,383,575)	-
<u>Investment Loss:</u>		
Unrealized loss on Sinking Fund Investments	2,302,963	-
Realized loss on Sinking Fund Investments	1,077,532	-
Others	3,080	-

The assets of the GBSF are comprised of the following:

	2022	2021
	\$	\$
Cash & Cash Equivalents	106,351,325	112,322,292
Fixed Income Securities	192,394,090	229,982,003
Securities (Payable) Receivable	(1,958,575)	5,630,894
Interest Receivable	253,170	536,006

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.

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

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2022

7. Unemployment Insurance Fund (Cont'd)

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

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

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

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.

During the year, \$10.2 million (2021 - \$58.7 million) was paid out in unemployment benefits and supplemental unemployment benefits as follows:

	2022	2021
	\$	\$
Temporary Unemployment Benefit	4,837,525	56,876,862
Bars Clubs and Restaurants Unemployment Benefit	2,219,357	595,500
Supplemental Unemployment Benefit	1,467,204	871,219
Quarantine Unemployment Benefit	1,048,879	211,746
Taxi Operators Unemployment Benefit	406,234	-
Member's Bars Clubs and Nightclub Unemployment Benefit	249,583	123,500
TOTAL	10,228,782	58,678,827

In addition a total of \$358,717 (2021 - \$385,999) was paid out to consultants during the fiscal year, who assisted with the unemployment benefit process.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2022

7. Unemployment Insurance Fund (Cont'd)

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. See also Note 21(e) (ii).

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 on the basis of 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, 2020. An actuarial extrapolation was performed to March 31, 2022 based on the results of the previous valuation, using similar various long-term assumptions as the Public Service Superannuation Fund (the “PSSF”) pension plan (Note 9 (d)). The closing discount rate used for pre-retirement leave benefits calculations was changed to 4.25% (2021 - 4.00%) following a review and validation of the assumptions used for the March 31, 2021 extrapolation 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, 2022.

The valuation determined that the liability for compensated absences at March 31, 2022 is \$36,143,955 (2021 - \$34,082,373), as detailed in the table below.

For the year ended March 31	2022	2021
	\$	\$
Liability for Compensated Absences		
Accrued Benefit Obligation	36,522,923	34,957,121
Net Unamortized Experience (Loss) Gain ^(a)	(378,968)	(874,748)
	36,143,955	34,082,373

^(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.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2022

8. Compensated Absences (Cont'd)

For the year ended March 31	2022	2021
	\$	\$
Liability for Compensated Absences, beginning of year	34,082,373	32,514,162
Amortization of experience gain	(268,891)	(325,575)
Current period benefit cost	2,040,440	1,899,062
Interest accrued	1,416,563	1,384,692
Benefit payments	(1,126,530)	(1,389,968)
Liability for Compensated Absences, end of year	36,143,955	34,082,373

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”).

For the PSSF, a service pension is available with a minimum of 8 years credited service. Subject to exceptions as outlined in the Public Service Superannuation Act 1981, it is based on the number of years of service times 1.5% of the salary payable immediately preceding the date of retirement. Additional benefits are provided to special groups such as police, corrections and fire services officers.

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

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 effect of this change is considered to be immaterial to the MMLPF and the impact of the increase in the liabilities will be captured in the next full valuation in March 2023.

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.

9. Pensions and Retirement Benefits (Cont'd)

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

In July 2020 the Government enacted the Public Service Superannuation Temporary Amendment Act 2020 and the Ministers and Members of the Legislature (Salaries and Pensions) Amendment Act 2020, to allow for a one year suspension of the Government's Contributions and an optional one year suspension of a contributor's contributions. For the MMLPF the suspension period runs from July 1, 2020 to June 30, 2021. For the PSSF the suspension period runs from August 1, 2020 to July 31, 2021 for most members. The suspension period for teachers runs from September 1, 2020 to August 31, 2021 and for police officers from November 1, 2020 to October 31, 2021. The suspension of contributors' contributions was taken into consideration by the actuaries when preparing the accounting schedules for the future pension obligations. Government made contributions to each plan during the year as follows: PSSF - \$19,378,367 (2021 - \$11,223,459), MMLPF - \$362,548 (2021 - \$120,089). 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, 2020. The results were then extrapolated to March 31, 2022, using the same assumptions, to produce the estimates included in the financial statements.

Actuarial valuations are based on a number of assumptions about future events, such as inflation, interest rates, wage and salary increases, employee turnover and mortality. The actuarial assumptions were reviewed for March 2020 valuation, and this review resulted in a change to the closing discount rate for the PSSF and MMLPF. The change in the closing discount rate has resulted in an increase in the liabilities reported in the Statement of Financial Position. Assumptions relating to the retirement age, termination rates, salary increase rates and marital status at retirement, supported by the results of Experience Studies performed for the March 2017 valuation, remain unchanged.

These assumptions were used in the actuarial extrapolation of the PSSF and MMLPF liabilities at March 31, 2022. All assumptions reflect Government's best estimates of expected long-term rates and short-term forecasts.

For the PSSF, pension fund assets consist primarily of listed stocks and bonds, short-term investment funds, hedge funds and private equity investments. Market-related asset values, which recognize the differences between the actual return on assets and the expected return on assets over a period of five years, have been used to determine the pension liability and pension-related expenses for the PSSF.

The market-related value of assets for the PSSF was \$605,215,956 as at March 31, 2022 (2021 - \$601,016,160) compared to a real market value of \$648,080,384 (2021 - \$649,293,381).

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2022

9. Pensions and Retirement Benefits (Cont'd)

(b) Pension Liability (Cont'd)

For the MMLPF, there is no difference between the market value of plan assets and the market-related value. At March 31, 2022 the value was \$8,631,770 (2021 - \$9,365,534). The actual return on plan assets during the year was 8.35% (2021 - 27.3%) for the PSSF and 3.36% (2021 - 3.33%) for the MMLPF.

At March 31, 2022, \$7,997,409 was due from the PSSF (2021 - \$7,675,550) in respect of benefits paid in excess of contributions received by the Fund (Schedule 3). At March 31, 2022 \$8,849,387 (2021 - \$9,595,311) 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:

For the year ended March 31	2022	2021
	\$	\$
Pension Liability		
Accrued Benefit Obligation		
PSSF	1,732,239,000	1,679,626,000
MMLPF	32,392,000	31,565,000
	<u>1,764,631,000</u>	<u>1,711,191,000</u>
Net Fund Assets		
PSSF	(605,216,000)	(601,016,000)
MMLPF	(8,632,000)	(9,366,000)
	<u>(613,848,000)</u>	<u>(610,382,000)</u>
	2022	2021
For the year ended March 31	\$	\$
Net Unamortized Experience Gain^a		
PSSF	35,371,000	23,598,000
MMLPF	747,000	1,212,000
	<u>36,118,000</u>	<u>24,810,000</u>
Pension Liability		
PSSF	1,162,394,000	1,102,208,000
MMLPF	24,507,000	23,411,000
Carried Forward to Note 9(g)	<u>1,186,901,000</u>	<u>1,125,619,000</u>

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2022

9. Pensions and Retirement Benefits (Cont'd)

(b) Pension Liability (Cont'd)

Accrued Benefit Obligation
For the year ended March 31

	2022			2021
	PSSF	MMLPF	Total	
	\$	\$	\$	\$
Accrued benefit obligation at beginning of year	1,679,626,000	31,565,000	1,711,191,000	1,667,312,000
Current Period Benefit Cost	35,883,000	1,153,000	37,036,000	29,773,000
Interest Accrued on benefits	104,477,000	1,973,000	106,450,000	103,281,000
Benefit payments	(87,747,000)	(2,299,000)	(90,046,000)	(89,175,000)
Expected accrued benefit obligation at end of year	1,732,239,000	32,392,000	1,764,631,000	1,711,191,000
Actual accrued benefit obligation at end of year	(1,732,239,000)	(32,392,000)	(1,764,631,000)	(1,711,191,000)
Experience loss	-	-	-	-

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

(c) Pension-Related Expenses

Pension-related expenses recognized by the Fund comprise the cost of pension benefits earned by employees during the year, interest on the pension benefit liability (net of interest on pension plan assets) and amortization of the Government's share of any experience gains or losses, less contributions made by the employees. The estimated total cost of the Government's share of plan amendments related to past service is expensed in the year the plan is amended. The pension-related expense is disclosed in Schedule 10(a) as a component of pensions and retirement benefits expense.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2022

9. Pensions and Retirement Benefits (Cont'd)

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

For the year ended March 31	2022	2021
	\$	\$
Pension Expense		
Cost of Pension Benefits	37,036,000	29,773,000
Employee Contributions	(22,871,000)	(18,468,000)
Interest on Pension Liability	69,768,000	66,332,000
 Amortization of Experience (Gains) & Losses		
2015 Experience Gain	(293,000)	(293,000)
2016 Experience Loss	1,777,000	1,777,000
2017 Experience Gain	(6,337,000)	(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)	-
 Pensions Expense excluding Employer Contribution	<u>81,530,000</u>	<u>76,148,000</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.

Actuarial Assumptions – PSSF

Economic Assumptions		
Investment rate	6.25% per annum	
Inflation Rate	3.00% per annum	
Interest credited on employee contributions	4.00% per annum	
Salary increase rates	Age band	% per annum
	20-25	6.00
	25-30	6.00
	30-35	5.10
	35-40	4.40
	40-45	4.15
	45-50	4.10
	50-55	3.90
	55-60	3.65
60-65	3.45	

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2022

9. Pensions and Retirement Benefits (Cont'd)

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

Actuarial Assumptions – MMLPF

Economic Assumptions	
Investment rate	6.25% per annum
Inflation Rate	3.00% per annum
Salary increase rate	3.50 % per annum

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

Impact of changes on the main assumptions on the value of the ABO relating to PSSF benefits at March 31, 2022:

Assumption	Change	(Reduction) Increase in ABO	
		\$	%
Discount rate	1.0% increase	(188,625,000)	(10.9)
	1.0% decrease	233,614,000	13.5
Salary increase rate	1.0% increase	73,461,000	4.2
	1.0% decrease	(64,468,000)	(3.7)
Life expectancy	1 year increase	28,213,000	1.6
	1 year decrease	(29,120,000)	(1.7)

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2022

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 MMLPF benefits as at March 31, 2022:

Assumption	Change	(Reduction) Increase in ABO	
		\$	%
Discount rate	1.0% increase	(3,145,000)	(9.7)
	1.0% decrease	3,765,000	11.6
Salary increase rate	1.0% increase	830,000	2.6
	1.0% decrease	(770,000)	(2.4)
Life expectancy	1 year increase	805,000	2.5
	1 year decrease	(824,000)	(2.5)

(e) Contributory Pension Fund

The Contributory Pension Fund (the “CPF”) was established under the Contributory Pensions Act 1970 as amended. The purpose of the CPF is to provide old age pension, disability and death benefits for persons satisfying certain contribution, citizenship and residency requirements.

Contributions to the CPF are compulsory for persons employed in Bermuda, the self-employed and employers. There is no legislative provision for the Fund to provide for any shortfall if, at any time, the CPF has insufficient funds to meet its current legislated obligations.

In June 2020 the Government enacted the Contributory Pension Temporary Amendment Act 2020 to allow for a one year suspension of contributions paid by employers, with the agreement of the employee and an optional one year suspension of the employee’s contribution. The suspension period ran from July1, 2020 to June 30, 2021.

(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.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2022

9. Pensions and Retirement Benefits (Cont'd)

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

An actuarial calculation of the Government's ABO for retirement benefits other than pensions was performed for accounting purposes at March 31, 2020, using various long-term assumptions. The results were then extrapolated to March 31, 2022 using the same, 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 4.25 % (2021- 4.0%) following a review and validation of the assumptions used for the March 31, 2022 extrapolation 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 discount rate has resulted in an increase in the liabilities reported in the Statement of Financial Position. The assumed healthcare cost trend rate used was 5.7% (2021 - 6.0%). This trend rate decreases by 0.3% per annum to reach an ultimate rate of 4.2%. 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:

	2022	2021
	\$	\$
Accrued benefit obligation at beginning of year	841,552,405	779,397,565
Current period benefit cost	31,602,481	29,465,003
Interest accrued	34,079,804	33,521,239
Benefit payments	(10,717,114)	(10,790,057)
Accrued benefit obligation at end of year	<u>896,517,576</u>	<u>831,593,750</u>
Expected accrued benefit obligation at end of year	896,517,576	831,593,750
Actual accrued benefit obligation at end of year	965,413,796	841,552,405
Experience loss	<u>(68,896,220)</u>	<u>(9,958,655)</u>
	2022	2021
Expected average remaining service life	14 years	14 years
Annual loss amortization	(\$4,921,159)	(\$711,333)

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2022

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

	2022	2021
	\$	\$
Accrued benefit obligation, end of year	965,413,796	841,552,405
Unamortized experience loss	<u>(268,995,708)</u>	<u>(215,723,108)</u>
Liability for retirement benefits (Note 9(g))	<u>696,418,088</u>	<u>625,829,297</u>

Expenses recorded in the statement of operations and accumulated deficit

	2022	2021
	\$	\$
Current period benefit cost	31,602,481	29,465,003
Amortization of experience gains	<u>15,623,620</u>	<u>14,912,287</u>
Retirement benefit expense	47,226,101	44,377,290
Retirement benefit interest expense	34,079,804	33,521,239
Total expenses related to retirement benefits	<u>81,305,905</u>	<u>77,898,529</u>

(g) Pensions and Retirement Benefits Liability and Expense Summary

	2022	2021
	\$	\$
Pensions (Note 9(b))	1,186,901,000	1,125,619,000
Retirement Benefits other than Pensions – Health Insurance Scheme (Note 9(f))	<u>696,418,088</u>	<u>625,829,297</u>
Total Pensions and Retirement Benefits Liability	<u>1,883,319,088</u>	<u>1,751,448,297</u>

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2022

9. Pensions and Retirement Benefits (Cont'd)

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

	2022			2021
	Pension Plans	Other Benefits	Total	Total
	\$	\$	\$	\$
Current period benefit cost	37,036,000	33,642,921	70,678,921	61,137,065
Amortization of experience gains (losses)	(2,403,000)	15,354,729	12,951,729	13,097,712
Employee contributions	(22,871,000)	-	(22,871,000)	(18,468,000)
Interest on accrued benefits	69,768,000	35,496,367	105,264,367	101,237,931
Employer contributions	(20,248,000)	(11,843,644)	(32,091,644)	(24,050,024)
Pensions and retirement benefits expense	61,282,000	72,650,373	133,932,373	132,954,684

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, 2022 amounted to \$25,000,000 (2021 - \$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, 2022 was \$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 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 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 until all indebtedness to Clarien Bank has been fully discharged.

The Government, consistent with the relevant accounting standards, has made adjustments to the Statement of Operations and Accumulated Deficit in relation to matters that may be subject to litigation.

(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, 2022 is \$15,642,192 (2021 - \$20,203,692).

10. Contingent Liabilities (Cont'd)

(c) Base Lands Clean Up

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

A liability of \$23,743,465 (2021 - \$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 2022.

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 2022.

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;

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2022

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, 2022 was \$6,147,805 (2021 - \$2,134,661), which may be applied against any future payroll tax or hotel occupancy tax incurred by the applicable hotels.

In addition to this amount, \$47,362,500 (2021 - \$64,489,394) 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 10 November 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, 2022 was \$2,206,899.

Large hotel occupancy tax receivables from prior years have been relieved by non-cash concessions along with reduced hotel occupancy which have resulted in the credit position of the prior year's revenue balances shown on Schedule 8 of the financial statements.

(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.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2022

10. Contingent Liabilities (Cont'd)

(e) St. George's Resort Act 2018 (Cont'd)

The total relief applied as at March 31, 2022 was \$812,006 (2021 - \$nil).

(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, 2022 was \$1,325,386 (2021 - \$379,892).

(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 9th August 2020, 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, 2022 was \$69,506 (2021-\$nil).

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2022

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:

	\$
2023	753,175
2024	3,175
2025	3,175
2026	33,926
2027	-
2028 and subsequent	-
Total Future Operational Obligations	<u>793,451</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 \$401,248 for the year (2021 - \$374,308).

The following is an analysis of the leases:

	2022	2021
	\$	\$
Present value of lease cost	7,638,525	7,543,133
Less: Accumulated amortization	<u>(5,377,926)</u>	<u>(5,234,294)</u>
Present value of lease obligations	<u>2,260,599</u>	<u>2,308,839</u>

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2022

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:

	\$
2023	458,279
2024	422,384
2025	385,561
2026 and subsequent	<u>994,375</u>
Present value of lease obligations	<u><u>2,260,599</u></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:

	\$
2023	28,527,191
2024	5,000,692
2025	2,900,058
2026	1,318,718
2027	-
2028 and subsequent	<u>-</u>
Total Contractual Obligations	<u><u>37,746,659</u></u>

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2022

12. Contractual Obligations (Cont'd)

(c) Operating Leases

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

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

	\$
2023	7,001,869
2024	5,391,170
2025	3,657,635
2026	2,646,888
2027	2,312,799
2028 and subsequent	<u>5,926,888</u>
Total Future Minimum Operating Lease Payments	<u>26,937,249</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, \$54,637,361 (2021 - \$140,249,967) in Supplementary Estimates were approved and spent which consisted of \$54,087,361 (2021 - \$135,573,057) for current expenditure and \$550,000 (2021 - \$4,676,910) for capital expenditure.

During the year \$14,982,145 (2021 - \$3,596,617) in virements were approved and transferred which consisted of \$6,054,175 (2021 - \$2,025,899) for current expenditure and \$8,927,970 (2021 - \$1,570,718) for capital expenditure.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2022

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

Additional expenditures of \$14,437,852 (2021 - \$1,037) were incurred in excess of amounts appropriated by the Ministry and will require final approval, which consisted of \$12,844,763 (2021 - \$ Nil) for current expenditure and \$1,593,089 (2021 - \$1,037) for capital expenditure.

Additional virements of \$10,605,290 (2021 - \$24,172,694) require final approval and transfer, which consisted of \$6,544,259 (2021 - \$21,121,153) for current expenditure and \$4,061,031 (2021 - \$3,051,541) for capital expenditure.

14. Related Party Transactions

(a) Funds

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

The financial activities of these funds are reported separately in each fund's financial statements. The Fund provides accounting and certain administrative services to these funds. These transactions are in the normal course of operations and are measured at the appropriate exchange amount. The other activities represent the net position of contributions payable to the funds and expenses paid out of the Fund on behalf of the funds. Schedules 3 and 3(a) display details of unpaid balances due from and due to the funds, which have arisen from normal operating activities. The 3.5% per annum rate of interest accruing on the balances is the statutory rate as fixed by the Interest and Credit Charges (Regulation) Act 1975 (2021 – 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 \$28.3 million (2021 – \$30.1 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, 2022 is \$758.2 million (2021 – \$787.7 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.

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. Please refer to Note 21 (b)(i) for additional details.

(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, 2022 is \$1,700,825 (2021 - \$1,359,875).

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 Programme. The programme will provide relief in response to the significant impact of COVID-19 on Bermuda’s small and medium-sized businesses. For the year ended March 31, 2022, \$1,795,237 (2021 - \$3,798,192) in financial support has been deployed in a combination of grants, loans, and guarantees.

14. Related Party Transactions (Cont'd)

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

(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, 2021, and \$5,701,882 was transferred to the Fund subsequent to March 31, 2022 (2021- \$nil).

(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, 2022 was \$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.

(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, 2022 was \$14,039,000 (2021 - \$11,050,000).

(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.

14. Related Party Transactions (Cont'd)

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

(vi) WEDCO Guarantee (Cont'd)

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, 2022 was \$47,656,964 (2021 - \$51,256,964).

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, 2022 was \$12,751,849 (2021 - \$13,651,849), see also note 21(b)(ii).

- 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, 2022, WEDCO had a balance of \$1,034,689 on the facility.

14. Related Party Transactions (Cont'd)

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

(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, 2022 was \$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.

(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, 2022, the RA had a drawdown of \$Nil (2021 - \$1,000,000) and interest due of \$Nil (2021 - \$1,507).

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, 2022 was \$Nil (2021 - \$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

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 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.

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.

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 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.

Skyport reported a shortfall in the second quarter 2021 Senior Debt payment and as a result the Minimum Revenue Guarantee provisions of the Airport Project Agreement were triggered requiring a payment from BAA. On July 27, 2021, the BAA paid \$7.84 million to Skyport by way of a supplemental operating grant from the Fund. In November 2021, the Fund transferred to BAA an additional \$8.45 million for payment to Skyport due to the negative impact on passenger traffic during the quarter ended September 30, 2021 due to COVID-19.

(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, 2022, the BSMA had a loan of \$1,090,000 (2021 - \$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, 2021 and 2022.

14. Related Party Transactions (Cont'd)

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

(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 surplus of \$21,199,413 for the year ended March 31, 2022 (2021 - \$17,801,716). The amounts to be transferred to the Fund are included in Due from Government Funds and Agencies (Schedule 3) at March 31, 2022.

(xii) Bermuda Casino Gaming Commission

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

On January 5, 2019, the Government signed a guarantee on behalf of the BCGC 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 BCGC’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 BCGC’s existing overdraft facility with BNTB to \$8,175,000 million, 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. The Ministry of Finance guaranteed to make good any default on the part of BCGC until all indebtedness to BNTB has been fully discharged.

At March 31, 2022, \$6,329,650 (2021 - \$3,795,257) had been drawn on the facility.

(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.

14. Related Party Transactions (Cont'd)

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

(xiii) Bermuda Tourism Authority (Cont'd)

The loan balance was \$5,000,000 on March 31, 2022 (2021 – \$7,000,000).

(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 NSC's Solar Initiative to provide a solar energy source for the facilities. As at March 31, 2022 the balance on the loan is \$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 \$59.5 million (2021 - \$23.5 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. The daily charge applied to overdrawn balances remains unchanged at 1% per annum above BNTB's base rate. (See also Note 21(a)).

(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

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2022

15. Debt (Cont'd)

(b) Debt Issuance and Repayments (Cont'd)

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 to be used to fund anticipated deficits for the 2020/21 fiscal year and the next two years. (See also Note 21(c)).

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

(c) Discount on Bond

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 \$1,449,527 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 \$180,746 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 \$39,720 to date using the effective interest method.

(d) 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.

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, \$2,796,277 (2021 - \$1,286,551) 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.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2022

16. Deferred Revenue (Cont'd)

(b) Tugboats / NCL Primary Berthing Rights (Cont'd)

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, 2022, \$1,654,545 (2021 - \$2,122,727) has been recognised as revenue in the Statement of Operations and Accumulated Deficit and the deferred revenue remaining totalled \$11,222,728 (2021 - \$12,877,273). As of that date \$214,065 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.

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.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2022

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

(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.

On June 19, 2020, the Government submitted a claim to GBL’s provisional liquidators in the amount of \$217.5 million. The Government paid \$3,594,510 (2021 - \$15,746,218) for contractor’s balances, joint provisional liquidator, and consulting, advisory and legal services for the year ended March 31, 2022. 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 21(d).

18. Litigation Recovery

In August 2020, the Fund received \$369,195 (45%) of an \$820,000 judgement awarded from a 2018 case. In May 2021, a second payment of \$333,648 was received from this judgement.

In June 2021, the Fund received \$214,149 of a \$512,370 judgement awarded from a 2018 case. In July 2021, the remainder of the funds \$298,221 was received.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2022

19. 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, 2022 is \$2,452,381 (2021 - \$2,595,238).

20. Impact of COVID-19 Global Pandemic

As a result of the COVID-19 outbreak that was declared a global pandemic on March 11, 2020 the Government has been operating under a state of emergency through the release of the Public Accounts, throughout the year, varying degrees of restrictions were in place to control, prevent or suppress COVID-19. The Government COVID-19 response included closing business, organisations, imposing curfews, travel restrictions, entry screenings, and monitoring of air passengers. These measures and other responses to COVID-19 put in place by the Government significantly affected the local economy, individuals businesses and organisations. The evolving nature and the anomalies of the pandemic required adaptability and quick action to support the economic recovery and balance the delivery of necessary supports, emergency services and address the other challenges. COVID-19 related expenditure support totalled approximately \$54.2 million during the year (2021 - \$115.4 million). This expenditure includes in the \$36 million in supplemental operating grants approved to be provided to Government departments and entities during the year. The effects of this pandemic will continue into the foreseeable future. The future financial impacts of the pandemic is not determinable at this time

(a) Travel Authorization

As a further response to COVID-19, in July 2020, legislation was enacted to require travellers to pay travel authorization fees to enter Bermuda after travelling internationally. Approximately \$13.9 million (2021 - \$3.2 million) was received by the Government from travel authorization fees.

21. Subsequent Events

(a) Bank Overdraft

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.

(b) Guarantees

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

(i) BHB Guarantee

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.

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.

At the time of reporting, the BHB had not yet drawn down on the facility.

(ii) WEDCO Guarantee

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.

(iii) 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,

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2022

21. Subsequent Events (Cont'd)

(b) Guarantee (Cont'd)

(iii) Bermuda Commercial Bank (Cont'd)

for which each Government Guarantee will be a separate and independent 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
- iv. 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.

(c) Debt Issuance and Repayments

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 has been deposited in the Sinking Fund to be used to pay off the \$140 million 5.73 % 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, 204,167 and purchase premium of \$13,185, 900 and will be used to early retire the \$402 million of 4.854% Senior notes due 2024.

(d) Caroline Bay/ Morgan's Point Guarantee

Subsequent to the year end, an additional \$4.8 million was paid in consulting, advisory and legal services in connection with the Morgan's Point / Caroline Bay project.

(e) Impact of COVID-19 Pandemic

Subsequent to year end, COVID-19 related expenditure support totalled approximately \$9.3 million through to November 2022.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2022

21. Subsequent Events (Cont'd)

(e) Impact of COVID-19 Pandemic (Cont'd)

Approximately \$23.9 million was received by the Government through travel authorization fees from April 2022 to November 2022.

(i) BAA / Skyport Minimum Revenue Guarantees

Subsequent to year end, 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 (note 14(b)(ix)). In April 2022, the BAA paid \$2.22 million to Skyport by way of a supplemental operating grant from the Fund. In July 2022, the Fund transferred to BAA an additional \$3.47 million for payment to Skyport due to the negative impact on passenger traffic during the quarter ended June 30 due to COVID-19.

(ii) Unemployment Insurance Fund

Through November 2022, \$0.5 million has been paid out in unemployment benefits and supplemental unemployment benefits. \$0.2 million has been paid out to consultants who assisted in the unemployment benefit process.

(f) Tourism Orders

In August 2022, with an operative date of 11th August 2022, the Tourism Investment (Cambridge Beaches Resort and Spa) Order 2022 was approved. The total estimate relief resulting from this order has not been determined.

(g) BEDC COVID-19 Business Sustainability & Continuity Funding Programme

Subsequent to year end, COVID-19 related support totalled approximately \$504,820 through to November 2022.

(h) 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.

22. 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

	2022	2021
	Actual	Actual
	\$	\$
Office of the Tax Commissioner	314,957,319	300,902,777
Works & Engineering	17,707,157	17,316,087
Registrar of Companies	14,397,744	12,216,252
Customs	6,044,275	4,989,530
Judicial Department	4,902,475	5,141,662
Accountant General	3,879,242	2,809,553
Public Lands & Buildings	3,504,371	3,158,543
Airport Operations	2,921,565	2,922,665
Post Office	2,699,196	2,782,962
Ministry of Health HQ	2,587,062	689,957
Department of Health	1,992,903	1,814,095
Environment & Natural Resources	1,302,714	1,327,389
Department of Education	1,299,269	1,346,295
Marine & Ports	1,157,107	440,311
Ministry of Transport HQ	778,204	1,624,574
Financial Assistance	554,170	552,926
Other Departments	357,530	443,169
Public Transportation	233,627	222,300
Energy	228,861	238,576
Police	160,821	166,570
Immigration	133,625	138,125
Defence	129,066	129,066
Office of the Auditor General	129,000	129,000
Ministry of Public Works HQ	109,734	717,976
Department of Human Resources	70,018	70,518
Registry General	10,799	8,264
	382,247,854	362,299,142
Less: Provision for Doubtful Accounts	176,982,159	166,771,480
	205,265,695	195,527,662

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

	2022	2021
	Actual	Actual
	\$	\$
Works & Engineering	3,863,117	4,415,920
Ministry of Health HQ	3,362,671	3,663,250
Marine & Ports	3,051,362	2,913,964
Public Transportation	2,277,615	2,734,996
Ministry of Public Works HQ	1,759,338	1,408,701
Police	1,039,642	985,976
Department of Education	615,686	548,776
Department of Corrections	426,128	439,874
Post Office	95,849	95,849
Defence	75,298	75,298
Environment & Natural Resources	50,173	79,931
Immigration	22,956	29,706
	16,639,835	17,392,241
Less: Provision for Obsolescence	2,581,209	2,388,891
	14,058,626	15,003,350

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

	2022	2021
	Actual	Actual
	\$	\$
Government Employees Health Insurance Fund	50,656,109	34,294,533
Bermuda Civil Aviation Authority	18,503,619	20,822,839
Contributory Pension Fund	11,072,429	12,083,695
Public Service Superannuation Fund (Note 9(b))	7,997,409	7,675,550
Bermuda Monetary Authority	7,886,765	2,058,030
West End Development Corporation	6,091,482	5,613,335
Regulatory Authority	6,081,132	6,853,023
Bermuda Hospitals Board	2,708,045	4,326,646
Bermuda Casino Gaming Commission	2,124,749	2,116,537
Bermuda Land Development Company	1,587,481	1,288,298
Bermuda Shipping and Maritime Authority	1,114,359	1,110,826
Confiscated Assets Fund	1,007,554	1,075,622
Golf Courses	757,813	780,132
Bermuda Housing Corporation	555,075	341,545
Bermuda College	507,601	-
National Sports Centre	231,693	221,072
Corporation of Hamilton	226,312	71,506
Pembroke Parish Council	99,852	111,927
Whitney Institute	99,273	71,848
Bermuda Business Development Agency	67,833	56,175
Bermuda Tourism Authority	41,207	31,367
Berkeley Institute	40,221	24,365
Financial Intelligence Agency	39,580	39,568
Bermuda Airport Authority	27,143	29,567
Bermuda Economic Development Corporation	22,310	15,198
Bermuda Health Council	21,798	17,007
CedarBridge Academy	21,334	319,116
Government Reserves Fund	19,641	19,761
Parish Councils	17,728	19,125
Pension Commission	16,894	14,871
St. George's Preparatory School	10,552	10,946
Bermuda Sport Anti-Doping Agency	4,181	4,181
Sandys Secondary Middle School	3,055	-
Bermuda Deposit Insurance Corporation	3,039	2,997
Bermuda Housing Trust	901	910
	119,666,169	101,522,118
Less: Provision for Doubtful Accounts	(59,549,657)	(23,547,557)
	60,116,512	77,974,561

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

	2022	2021
	Actual	Actual
	\$	\$
Ministers and Members of the Legislature		
Pensions Fund (Note 9(b))	8,849,387	9,595,311
Bermuda College	620,358	379,886
Bermuda Housing Corporation	560,178	640,146
West End Development Corporation	506,981	469,236
Bermuda Hospitals Board	412,284	-
Corporation of St. George's	34,811	64,232
Bermuda Land Development Company	5,142	5,142
Bermuda Economic Development Corporation	3,800	644,736
Unemployment Insurance Fund (Note 7)	480	360
Bermuda Tourism Authority	-	1,875,000
	10,993,421	13,674,049

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

	2022	2021
	Actual	Actual
	\$	\$
Student Loans and Teacher Training Awards	525,432	525,572
Customs Duty	32,348	9,933
	557,780	535,505

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

	2022	2021
	Actual	Actual
	\$	\$
Deposits Held	116,794,982	36,393,044
Trade Accounts Payable	32,840,642	29,078,371
Employees' Leave Entitlements	28,442,309	25,972,626
Base Lands Clean Up (Note 10(c))	23,743,465	23,743,465
Interest on Debt	20,583,898	21,612,794
Teachers' Salaries & Leave Entitlements	9,637,765	7,975,140
Leases Payable	2,244,903	2,308,839
Salaries, Wages and Benefits	1,253,938	407,631
	235,541,902	147,491,910

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

	2022	2021
	Actual	Actual
	\$	\$
Ministry of Tourism & Transport HQ (Note 16)	11,222,728	12,877,273
Office of the Tax Commissioner	280,350	45,600
Ministry of Home Affairs HQ	262,202	-
Post Office	260,800	260,800
Department of Health	135,385	184,366
Public Lands & Buildings	91,116	91,116
Youth, Sport & Recreation	41,536	37,801
Environment & Natural Resources	6,800	17,000
Accountant General	834	836
Ministry of Public Works HQ	-	1,445,561
Office of the Auditor General	-	35,000
Department of Education	-	938
	12,301,751	14,996,291

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

	2022	2021
	Actual	Actual
	\$	\$
Senior Notes Due 2022 - US\$		
Issue Date: December 4, 2007		
Interest: 5.73% payable semi-annually		
June 4 and December 4		
Notes Due: December 4, 2022	140,000,000	140,000,000
Senior Notes Due 2023 - US\$		
Issue Date: July 3, 2012		
Interest: 4.138% payable semi-annually		
January 3 and July 3		
Notes Due: January 3, 2023	353,905,000	353,905,000
Senior Notes Due 2023 - BMD\$		
Issue Date: December 16, 2013		
Interest: 4.75% payable semi-annually		
June 16 and December 16		
Notes Due: December 16, 2023	50,000,000	50,000,000
Senior Notes Due 2024 - US\$		
Issue Date: August 6, 2013		
Interest: 4.854% payable semi-annually		
February 6 and August 6		
Notes Due: February 6, 2024	402,203,000	402,203,000
Senior Notes Due 2027 - US\$		
Issue Date: October 19, 2016		
Interest: 3.717% payable semi-annually		
January 25 and July 25		
Notes Due: January 25, 2027	604,624,000	604,624,000
Senior Notes Due 2029 - US\$		
Issue Date: November 15, 2018		
Interest: 4.750% payable semi-annually		
February 15 and August 15		
Notes Due: February 15, 2029	449,268,000	449,268,000
Senior Notes Due 2030 - US\$		
Issue Date: August 17, 2020		
Interest: 2.375% payable semi-annually		
February 20 and August 20		
Notes Due: August 17, 2030	675,000,000	675,000,000
Senior Notes Due 2050 - US\$		
Issue Date: August 17, 2020		
Interest: 3.375% payable semi-annually		
February 20 and August 20		
Notes Due: August 17, 2050	675,000,000	675,000,000
	3,350,000,000	3,350,000,000
Less: Sinking Fund (Note 5)	297,040,010	348,471,195
	3,052,959,990	3,001,528,805

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

	2022 Original Estimates	2022 Actual	2021 Actual
	\$	\$	\$
Taxes & Duties			
Payroll Tax	447,700,000	460,127,290	438,798,268
Customs Duty	200,610,000	224,511,373	202,218,140
Land Tax	78,842,000	84,795,211	83,968,457
Passenger Tax	4,500,000	780,930	(17,715)
	731,652,000	770,214,804	724,967,150
Other Taxes & Duties			
Stamp Duty	22,127,000	38,278,884	23,700,847
Foreign Currency Purchase Tax	23,416,000	26,696,374	23,894,016
Financial Services Tax	11,790,000	14,226,543	13,349,203
Non-Bermudian Land Acquisition Tax	5,500,000	9,949,698	5,833,760
Corporate Services Tax	6,104,000	5,062,898	5,323,635
Hotel Occupancy Tax	2,000,000	2,719,319	(528,317)
Betting Tax	71,000	261,820	427,623
Timesharing Tax	-	-	15,035
Transport Infrastructure Tax	2,000,000	-	-
	73,008,000	97,195,536	72,015,802
Total Taxes & Duties	804,660,000	867,410,340	796,982,952
Fees, Permits & Licences			
International Companies	69,397,000	62,553,976	62,084,644
Vehicle Licences & Registration	29,035,000	31,084,157	32,335,108
Civil Aviation (Note 14(b)(xi))	10,000,000	20,632,461	18,499,496
Immigration	12,237,000	17,678,473	13,694,887
Telecommunications	15,558,000	17,044,576	17,010,308
Solid Waste Services	5,410,000	4,314,848	4,134,471
Water	4,999,000	3,598,561	4,662,198
Postal Services	4,006,000	2,921,874	3,376,090
Rentals	1,981,000	2,624,958	2,132,610
Local Companies	2,737,000	2,635,173	2,806,433
Services to Seaborne Shipping	3,300,000	2,271,642	868,895
Trade and Service Marks	1,402,000	1,770,383	1,506,054
Other Customs Fees & Charges	1,624,000	1,639,058	1,476,286
Bus Transportation	2,849,000	1,482,704	1,173,367
Planning Fees and Searches	1,077,000	1,389,135	1,155,076
Wharfage	749,000	835,033	788,482
Companies Licences	959,000	798,882	695,504
Liquor Licences	534,000	661,820	82,375
Plant Production and Marketing Centre	168,000	193,731	206,014
Ferry Services	1,143,000	128,799	130,802
	169,165,000	176,260,244	168,819,100
Other Revenue			
Other	19,805,000	38,278,000	28,164,757
Fines & Forfeitures	3,235,000	1,741,066	1,902,459
	23,040,000	40,019,066	30,067,216
Investment Income	2,000,000	1,949,310	2,410,794
	25,040,000	41,968,376	32,478,010
TOTAL REVENUE	998,865,000	1,085,638,960	998,280,062

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

	2022 Original Estimates	2022 Actual	2021 Actual
	\$	\$	\$
Non-Ministry Departments			
05 Office of the Auditor General	1,069,000	1,044,145	802,915
63 Parliamentary Registrar	250,000	312,024	213,830
02 Legislature	-	100	1,125
101 Privacy Commissioner's Office	-	-	2,454
	1,319,000	1,356,269	1,020,324
Cabinet Office Departments			
94 Department of Economic Development	6,343,000	11,115,202	-
13 Post Office	3,916,000	2,878,012	3,341,849
09 Cabinet Office	138,000	617,488	260,350
	10,397,000	14,610,702	3,602,199
Ministry of Transport			
34 Transport Control Department	29,033,000	31,099,724	32,340,637
48 Ministry of Transport HQ	10,000,000	22,016,611	21,072,931
30 Marine & Ports	6,004,000	3,554,670	2,716,881
35 Public Transportation	2,864,000	1,572,229	2,286,271
	47,901,000	58,243,234	58,416,720
Ministry of Legal Affairs & Constitutional Reform			
03 Judicial Department	5,422,000	7,265,140	4,045,610
88 National Drug Control	-	162,796	198,691
87 Ministry of Legal Affairs & Constitutional Reform HQ	-	36,137	12,522
	5,422,000	7,464,073	4,256,823
Ministry of Finance			
38 Office of the Tax Commissioner	597,053,000	628,496,181	586,998,341
12 Customs	204,384,000	228,476,389	206,000,810
39 Registrar of Companies	73,413,000	66,241,385	66,202,562
11 Accountant General	2,000,000	1,973,003	4,727,948
10 Ministry of Finance HQ	-	6,287,328	-
	876,850,000	931,474,286	863,929,661
Ministry of Education			
17 Department of Education	230,000	131,884	31,831
18 Libraries & Archives	16,000	6,046	5,300
	246,000	137,930	37,131
Ministry of Health			
21 Ministry of Health HQ	4,260,000	14,091,780	3,356,938
22 Department of Health	3,661,000	3,646,888	3,759,495
	7,921,000	17,738,668	7,116,433
Ministry of Social Development & Seniors			
23 Child and Family Services	192,000	111,660	112,371
	192,000	111,660	112,371

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

	2022 Original Estimates	2022 Actual	2021 Actual
	\$	\$	\$
Ministry of Labour			
27 Immigration	12,249,000	17,699,007	19,606,460
60 Workforce Development	8,000	2,745	253,730
	12,257,000	17,701,752	19,860,190
Ministry of National Security			
07 Police	697,000	660,778	755,334
45 Fire Services	382,000	197,618	173,954
	1,079,000	858,396	929,288
Ministry of Home Affairs			
89 Energy	15,661,000	17,218,024	17,332,712
32 Department of Planning	1,458,000	1,795,735	1,392,518
79 Environment & Natural Resources	1,101,000	1,155,246	1,245,960
29 Registry General	736,000	720,985	1,592,893
97 Land Title & Registration	407,000	557,849	384,452
93 Ministry of Home Affairs HQ	20,000	11,800	16,200
49 Land Valuation	6,000	-	-
	19,389,000	21,459,639	21,964,735
Ministry of Public Works			
82 Works & Engineering	13,552,000	11,537,581	13,688,050
81 Public Lands & Buildings	1,652,000	2,425,844	2,074,441
68 Parks	129,000	64,410	44,757
36 Ministry of Public Works HQ	13,000	10,974	901,811
	15,346,000	14,038,809	16,709,059
Ministry of Youth, Culture & Sports			
20 Youth, Sport & Recreation	545,000	443,542	324,418
52 Department of Culture	1,000	-	710
	546,000	443,542	325,128
TOTAL REVENUE	998,865,000	1,085,638,960	998,280,062

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

	2022 Interdepartmental Revenue	2022 Gross Revenue Actual	2022 Net Revenue
	\$	\$	\$
Non-Ministry Departments			
05 Office of the Auditor General	-	1,044,145	1,044,145
63 Parliamentary Registrar	-	312,024	312,024
02 Legislature	-	100	100
	-	1,356,269	1,356,269
Cabinet Office Departments			
94 Department of Economic Development	1,235	11,115,202	11,113,967
13 Post Office	-	2,878,012	2,878,012
09 Cabinet Office	-	617,488	617,488
	1,235	14,610,702	14,609,467
Ministry of Transport			
34 Transport Control Department	-	31,099,724	31,099,724
48 Ministry of Transport HQ	-	22,016,611	22,016,611
30 Marine & Ports	-	3,554,670	3,554,670
35 Public Transportation	600	1,572,229	1,571,629
	600	58,243,234	58,242,634
Ministry of Legal Affairs & Constitutional Reform			
03 Judicial Department	-	7,265,140	7,265,140
88 National Drug Control	-	162,796	162,796
87 Ministry of Legal Affairs & Constitutional Reform HQ	30,718	36,137	5,419
	30,718	7,464,073	7,433,355
Ministry of Finance			
38 Office of the Tax Commissioner	16,442	628,496,181	628,479,739
12 Customs	973,326	228,476,389	227,503,063
39 Registrar of Companies	-	66,241,385	66,241,385
10 Ministry of Finance HQ	-	6,287,328	6,287,328
11 Accountant General	33,450	1,973,003	1,939,553
	1,023,218	931,474,286	930,451,068
Ministry of Education			
17 Department of Education	-	131,884	131,884
18 Libraries & Archives	2,700	6,046	3,346
	2,700	137,930	135,230
Ministry of Health			
21 Ministry of Health HQ	-	14,091,780	14,091,780
22 Department of Health	92,243	3,646,888	3,554,645
	92,243	17,738,668	17,646,425
Ministry of Social Development & Seniors			
23 Child and Family Services	12,628	111,660	99,032
	12,628	111,660	99,032

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

	2022 Interdepartmental Revenue	2022 Gross Revenue Actual	2022 Net Revenue
	\$	\$	\$
Ministry of Labour			
27 Immigration	5,321	17,699,007	17,693,686
60 Workforce Development	-	2,745	2,745
	5,321	17,701,752	17,696,431
Ministry of National Security			
07 Police	692	660,778	660,086
45 Fire Services	7,791	197,618	189,827
	8,483	858,396	849,913
Ministry of Home Affairs			
89 Energy	-	17,218,024	17,218,024
32 Department of Planning	20,110	1,795,735	1,775,625
79 Environment & Natural Resources	1,210	1,155,246	1,154,036
29 Registry General	2,015	720,985	718,970
97 Land Title & Registration	-	557,849	557,849
93 Ministry of Home Affairs HQ	-	11,800	11,800
	23,335	21,459,639	21,436,304
Ministry of Public Works			
82 Works & Engineering	372,941	11,537,581	11,164,640
81 Public Lands & Buildings	64,844	2,425,844	2,361,000
68 Parks	-	64,410	64,410
36 Ministry of Public Works HQ	-	10,974	10,974
	437,785	14,038,809	13,601,024
Ministry of Youth, Culture & Sports			
20 Youth, Sport & Recreation	7,500	443,542	436,042
	7,500	443,542	436,042
TOTAL REVENUE	1,645,766	1,085,638,960	1,083,993,194

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

	2022 Capital Development	2022 Capital Acquisition	2022 Current Expenses	2022 Total Actual	2021 Total Actual
	\$	\$	\$	\$	\$
Economic Development					
11 Accountant General	-	111,579	105,214,160	105,325,739	62,244,813
82 Works & Engineering	4,490,876	(185,208)	50,512,878	54,818,546	57,841,183
81 Public Lands & Buildings	4,296,345	-	34,984,256	39,280,601	40,226,209
48 Ministry of Transport HQ	246,504	-	34,329,623	34,576,127	59,945,359
35 Public Transportation	80,985	53,996	23,370,601	23,505,582	21,689,433
30 Marine & Ports	-	(193,939)	17,080,446	16,886,507	16,758,557
36 Ministry of Public Works HQ	9,343,378	166,233	6,783,235	16,292,846	19,425,331
10 Ministry of Finance HQ	744,461	94,750	19,941,057	20,780,268	7,344,867
13 Post Office	(18,388)	20,258	9,113,224	9,115,094	10,928,851
43 Department of Information and Digital Technologies	-	732,863	8,139,110	8,871,973	10,251,990
38 Office of the Tax Commissioner	-	295,675	7,733,473	8,029,148	136,841
39 Registrar of Companies	-	(7,397)	5,782,825	5,775,428	3,713,143
34 Transport Control Department	-	(4,928)	4,499,560	4,494,632	4,374,402
58.2 Caroline Bay/Morgan's Point (Note 17)	-	-	3,594,510	3,594,510	15,746,218
94 Department of Economic Development	-	-	3,243,500	3,243,500	1,122,515
32 Department of Planning	-	(44,948)	2,930,224	2,885,276	2,756,541
93 Ministry of Home Affairs HQ	-	-	1,700,229	1,700,229	1,650,024
97 Land Title & Registration	-	-	1,269,084	1,269,084	1,242,794
89 Energy	-	296,295	734,689	1,030,984	852,309
29 Registry General	-	40,008	911,982	951,990	1,531,376
49 Land Valuation	-	-	821,475	821,475	835,323
80 Project Management & Procurement	-	6,909	562,371	569,280	566,125
Department of Information & Communication	-	-	-	-	-
67 Technology	-	-	-	-	138,411
	19,184,161	1,382,146	343,252,512	363,818,819	341,322,615
Health					
24 Hospitals	4,620,000	-	158,351,163	162,971,163	148,771,163
22 Department of Health	(42,137)	199,091	27,430,045	27,586,999	27,670,269
21 Ministry of Health HQ	-	-	26,369,224	26,369,224	23,024,854
28 Social Insurance	-	-	4,020,490	4,020,490	4,908,423
91 Health Insurance	-	-	2,681,480	2,681,480	3,360,229
	4,577,863	199,091	218,852,402	223,629,356	207,734,938
National Security					
07 Police	(66,465)	(49,800)	59,850,565	59,734,300	64,606,388
25 Department of Corrections	80,694	4,949	24,273,520	24,359,163	26,069,999
12 Customs	-	42,104	17,269,977	17,312,081	16,905,755
45 Fire Services	161,650	(615,210)	14,065,760	13,612,200	15,054,119
06 Defence	33,775	9,864	9,220,805	9,264,444	13,213,833
03 Judicial Department	-	(190)	8,378,882	8,378,692	7,121,076
27 Immigration	-	23,424	5,383,403	5,406,827	3,820,304
87 Ministry of Legal Affairs & Constitutional Reform HQ	-	(22,339)	4,998,034	4,975,695	5,537,022
04 Attorney General's Chambers	-	(3,750)	4,606,870	4,603,120	5,089,437
74 Department of Court Services	-	3,820	3,917,044	3,920,864	3,819,104
83 Ministry of National Security HQ	-	-	3,858,548	3,858,548	3,409,306
75 Department of Public Prosecutions	-	-	2,900,004	2,900,004	2,928,030
	209,654	(607,128)	158,723,412	158,325,938	167,574,373
Education					
17 Department of Education	920,465	396,700	110,127,690	111,444,855	108,039,708
41 Bermuda College	200,000	-	15,382,697	15,582,697	15,906,000
16 Ministry of Education HQ	-	-	3,848,060	3,848,060	3,485,295
	1,120,465	396,700	129,358,447	130,875,612	127,431,003

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

	2022 Capital Development	2022 Capital Acquisition	2022 Current Expenses	2022 Total Actual	2021 Total Actual
	\$	\$	\$	\$	\$
Public Debt					
58 Interest on Debt	-	-	127,158,771	127,158,771	129,363,404
Early Tender Premium on Repurchased Debt (Note 15(b))	-	-	-	-	59,252,481
	-	-	127,158,771	127,158,771	188,615,885
Social Services & Assistance					
55 Financial Assistance Ministry of Social Development & Seniors HQ	-	4,800	52,424,245	52,429,045	52,861,308
86 Seniors HQ	-	-	6,179,315	6,179,315	-
23 Child and Family Services	28,314	(18,426)	14,985,614	14,995,502	14,698,999
53 Bermuda Housing Corporation	7,964,000	-	6,050,000	14,014,000	12,050,000
88 National Drug Control	-	(2,861)	4,250,000	4,247,139	4,304,474
60 Workforce Development	-	(2,025)	3,076,587	3,074,562	62,140,591
52 Department of Culture	-	-	1,210,597	1,210,597	872,994
44 Ministry of Labour HQ	-	-	1,041,296	1,041,296	-
71 Ministry of Youth, Culture & Sports HQ	-	-	914,735	914,735	1,465,558
	7,992,314	(18,512)	90,132,389	98,106,191	148,393,924
Other General Government Services					
09 Cabinet Office	705,585	-	42,527,413	43,232,998	32,563,838
20 Youth, Sport & Recreation	500,000	-	9,048,723	9,548,723	8,912,899
68 Parks	188,467	43,900	8,014,559	8,246,926	8,062,879
79 Environment & Natural Resources Department of Employee & Organizational Development	122,862	74,199	7,838,676	8,035,737	7,774,068
02 Legislature	316,979	-	6,307,301	6,314,989	1,553,006
05 Office of the Auditor General	-	-	4,961,779	5,278,758	4,825,969
51 Department of Communications	-	-	3,380,379	3,380,379	3,521,815
18 Libraries & Archives	-	(4,021)	2,955,635	2,951,614	2,993,241
14 Department of Statistics	-	-	2,870,785	2,870,785	2,882,349
01 Governor & Staff	609,264	(15)	1,940,598	1,940,583	2,124,940
92 Internal Audit	-	-	949,357	1,558,621	1,661,662
56 Human Rights Commission	-	-	1,139,539	1,139,539	1,117,625
98 Information Commissioner's Office	-	-	1,044,671	1,044,671	1,037,534
85 Ombudsman's Office	-	(33,885)	913,230	879,345	828,406
63 Parliamentary Registrar	-	2,190	887,221	889,411	1,026,404
101 Privacy Commissioner's Office	(14,181)	-	639,149	639,149	1,360,542
26 Department of Human Resources	-	(8,600)	515,613	492,832	333,437
	2,428,976	81,456	95,934,628	98,445,060	85,620,236
Pensions and Other Employee Future Benefits					
Pensions and Retirement Benefits					
11a Expense	-	-	133,932,373	133,932,373	132,954,684
	-	-	133,932,373	133,932,373	132,954,684
TOTAL EXPENSES	35,513,433	1,433,753	1,297,344,934	1,334,292,120	1,399,647,658

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

	2022 Original Estimates ¹	2022 Actual	2021 Actual
	\$	\$	\$
Employees			
Salaries	297,305,000	306,197,025	298,992,936
Pensions and Retirement Benefits Expense	-	131,870,791	131,386,473
Wages	65,343,000	71,789,829	76,858,533
Employer Overhead	66,306,000	64,261,529	54,947,510
Other Personnel Costs	5,201,000	4,557,035	4,383,849
Compensated Absences	-	2,061,582	1,568,211
Training	2,851,000	1,839,254	1,291,153
	437,006,000	582,577,045	569,428,665
Operations			
Grants & Contributions	306,038,000	342,649,543	407,615,003
Interest on Debt	127,845,000	127,158,771	129,363,404
Professional Services	49,686,000	63,928,151	51,135,689
Amortization (Note 4(b)(v))	-	46,297,354	48,211,479
Bad Debt Expense (Note 14(c))	-	41,697,602	2,736,164
Materials & Supplies	33,303,000	20,691,926	19,418,118
Repairs & Maintenance	18,688,000	17,637,037	16,922,089
Energy	15,923,000	12,655,729	11,218,713
Rentals	12,340,000	11,681,831	11,405,953
Insurance	9,116,000	7,178,572	6,869,377
Communications	7,560,000	5,838,428	6,109,227
Morgan's Point / Caroline Bay (Note 17)	-	3,594,510	15,746,218
Investment Loss (Note 5)	-	3,383,575	-
Equipment	1,480,000	2,515,074	2,860,207
Bank Charges & Commissions	-	2,305,412	1,984,218
Clothing & Uniforms	1,107,000	1,240,025	1,108,854
Other	3,387,000	1,126,592	2,651,506
Transport	2,093,000	1,091,610	1,918,976
Travel	2,612,000	1,088,149	441,713
Advertising & Promotion	2,566,000	1,007,998	1,249,824
(Gain) on Disposal of Tangible Capital Assets	-	-	(81,545)
Early Tender Premium on Repurchased Debt (Note 15(b))	-	-	59,252,481
	593,744,000	714,767,889	798,137,668
TOTAL CURRENT EXPENSES	1,030,750,000	1,297,344,934	1,367,566,333

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

	2022 Original Estimates	2022 Actual	2021 Actual
	\$	\$	\$
Non-Ministry Departments			
02 Legislature	5,289,000	4,961,779	4,741,129
05 Office of the Auditor General	3,988,000	3,380,379	3,521,815
92 Internal Audit	1,356,000	1,139,539	1,117,625
56 Human Rights Commission	1,200,000	1,044,671	1,037,534
01 Governor & Staff	1,279,000	949,357	1,222,823
98 Information Commissioner's Office	990,000	913,230	808,034
85 Ombudsman's Office	990,000	887,221	1,026,405
63 Parliamentary Registrar	1,346,000	639,149	1,360,542
101 Privacy Commissioner's Office	582,000	515,613	324,839
	17,020,000	14,430,938	15,160,746
Cabinet Office Departments			
09 Cabinet Office	39,022,000	42,527,413	30,887,340
13 Post Office	9,194,000	9,113,224	10,927,577
43 Department of Information and Digital Technologies	7,932,000	8,139,110	8,571,265
61 Department of Employee & Organizational Development	6,897,000	6,307,301	1,560,694
94 Department of Economic Development	2,130,000	3,243,500	1,112,800
51 Department of Communications	2,890,000	2,955,635	2,966,715
14 Department of Statistics	2,234,000	1,940,598	2,124,940
80 Project Management & Procurement	682,000	562,371	566,125
67 Department of Information & Communication Technology	-	-	138,411
26 Department of Human Resources	-	-	3,039,622
	70,981,000	74,789,152	61,895,489
Ministry of Transport			
48 Ministry of Transport HQ	15,504,000	34,329,623	59,950,512
35 Public Transportation	19,532,000	23,370,601	21,380,578
30 Marine & Ports	19,572,000	17,080,446	16,575,441
34 Transport Control Department	4,496,000	4,499,560	4,374,402
	59,104,000	79,280,230	102,280,933
Ministry of Legal Affairs & Constitutional Reform			
03 Judicial Department	8,808,000	8,378,882	7,207,053
87 Ministry of Legal Affairs & Constitutional Reform HQ	5,802,000	4,998,034	5,415,355
04 Attorney General's Chambers	5,437,000	4,606,870	5,082,482
88 National Drug Control	4,292,000	4,250,000	4,298,490
74 Department of Court Services	4,656,000	3,917,044	3,819,104
75 Department of Public Prosecutions	2,961,000	2,900,004	2,931,088
	31,956,000	29,050,834	28,753,572
Ministry of Finance			
11a Pensions and Retirement Benefits Expense	-	133,932,373	132,954,684
58 Interest on Debt	127,750,000	127,158,771	129,363,404
11 Accountant General	72,261,000	105,214,160	62,198,733
10 Ministry of Finance HQ	16,889,000	19,941,057	6,592,681
38 Office of the Tax Commissioner	3,685,000	7,733,473	78,287
39 Registrar of Companies	4,817,000	5,782,825	4,044,600
28 Social Insurance	4,611,000	4,020,490	4,908,423
58.2 Caroline Bay/Morgan's Point (Note 17)	-	3,594,510	15,746,218
58.1 Early Tender Premium on Repurchased Debt (Note 15(b))	-	-	59,252,481
	230,013,000	407,377,659	415,139,511
Ministry of Education			
17 Department of Education	105,592,000	110,127,690	106,121,749
41 Bermuda College	15,383,000	15,382,697	15,906,000
16 Ministry of Education HQ	4,160,000	3,848,060	3,485,295
18 Libraries & Archives	2,975,000	2,870,785	2,882,349
	128,110,000	132,229,232	128,395,393
Ministry of Health			
24 Hospitals	147,251,000	158,351,163	147,251,163
22 Department of Health	27,912,000	27,430,045	27,233,994
21 Ministry of Health HQ	9,408,000	26,369,224	23,024,629
91 Health Insurance	2,669,000	2,681,480	3,360,229
	187,240,000	214,831,912	200,870,015

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

	2022 Original Estimates \$	2022 Actual \$	2021 Actual \$
Ministry of Labour			
55 Financial Assistance	51,406,000	52,424,245	52,861,308
27 Immigration	5,234,000	5,383,403	4,346,309
60 Workforce Development	3,602,000	3,076,587	62,140,591
44 Ministry of Labour HQ	1,458,000	1,041,296	-
	61,700,000	61,925,531	119,348,208
Ministry of Youth, Culture & Sports			
20 Youth, Sport & Recreation	9,591,000	9,048,723	8,703,810
52 Department of Culture	1,973,000	1,210,597	872,994
71 Ministry of Youth, Culture & Sports HQ	1,369,000	914,735	1,465,558
	12,933,000	11,174,055	11,042,362
Ministry of National Security			
07 Police	61,298,000	59,850,565	64,591,124
25 Department of Corrections	22,829,000	24,273,520	26,038,043
12 Customs	16,086,000	17,269,977	16,904,165
45 Fire Services	13,137,000	14,065,760	13,841,988
06 Defence	7,282,000	9,220,805	13,225,834
83 Ministry of National Security HQ	1,995,000	3,858,548	3,375,185
	122,627,000	128,539,175	137,976,339
Ministry of Home Affairs			
79 Environment & Natural Resources	8,038,000	7,838,676	7,536,806
32 Department of Planning	3,390,000	2,930,224	2,716,541
93 Ministry of Home Affairs HQ	2,676,000	1,700,229	1,662,015
97 Land Title & Registration	1,388,000	1,269,084	1,242,794
29 Registry General	1,047,000	911,982	1,509,185
49 Land Valuation	994,000	821,475	835,323
89 Energy	790,000	734,689	871,489
	18,323,000	16,206,359	16,374,153
Ministry of Public Works			
82 Works & Engineering	26,976,000	50,512,878	53,349,664
81 Public Lands & Buildings	19,610,000	34,984,256	37,358,314
68 Parks	8,762,000	8,014,559	7,988,078
36 Ministry of Public Works HQ	5,612,000	6,783,235	11,508,790
53 Bermuda Housing Corporation	6,050,000	6,050,000	5,437,500
	67,010,000	106,344,928	115,642,346
Ministry of Social Development & Seniors			
86 Ministry of Social Development & Seniors HQ	6,084,000	6,179,315	-
23 Child and Family Services	17,649,000	14,985,614	14,687,266
	23,733,000	21,164,929	14,687,266
TOTAL CURRENT EXPENSES	1,030,750,000	1,297,344,934	1,367,566,333

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

	2022 Interdepartmental Expense	2022 Actual Gross Expense	2022 Net Expense
	\$	\$	\$
Non-Ministry Departments			
02 Legislature	-	4,961,779	4,961,779
05 Office of the Auditor General	-	3,380,379	3,380,379
92 Internal Audit	-	1,139,539	1,139,539
56 Human Rights Commission	65	1,044,671	1,044,606
01 Governor & Staff	6,525	949,357	942,832
98 Information Commissioner's Office	65	913,230	913,165
85 Ombudsman's Office	65	887,221	887,156
63 Parliamentary Registrar	-	639,149	639,149
101 Privacy Commissioner's Office	-	515,613	515,613
	6,720	14,430,938	14,424,218
Cabinet Office Departments			
09 Cabinet Office	1,125	42,527,413	42,526,288
13 Post Office	7,234	9,113,224	9,105,990
43 Department of Information and Digital Technologies	-	8,139,110	8,139,110
61 Department of Employee & Organizational Development	-	6,307,301	6,307,301
94 Department of Economic Development	-	3,243,500	3,243,500
51 Department of Communications	-	2,955,635	2,955,635
14 Department of Statistics	-	1,940,598	1,940,598
80 Project Management & Procurement	-	562,371	562,371
	8,359	74,789,152	74,780,793
Ministry of Transport			
48 Ministry of Transport HQ	-	34,329,623	34,329,623
35 Public Transportation	204,503	23,370,601	23,166,098
30 Marine & Ports	420	17,080,446	17,080,026
34 Transport Control Department	20,617	4,499,560	4,478,943
	225,540	79,280,230	79,054,690
Ministry of Legal Affairs			
03 Judicial Department	770	8,378,882	8,378,112
87 Ministry of Legal Affairs & Constitutional Reform HQ	30,718	4,998,034	4,967,316
04 Attorney General's Chambers	-	4,606,870	4,606,870
88 National Drug Control	2,160	4,250,000	4,247,840
74 Department of Court Services	844	3,917,044	3,916,200
75 Department of Public Prosecutions	-	2,900,004	2,900,004
	34,492	29,050,834	29,016,342
Ministry of Finance			
11a Pensions and Retirement Benefits Expense	-	133,932,373	133,932,373
58 Interest on Debt	-	127,158,771	127,158,771
11 Accountant General	-	105,214,160	105,214,160
10 Ministry of Finance HQ	-	19,941,057	19,941,057
38 Office of the Tax Commissioner	-	7,733,473	7,733,473
39 Registrar of Companies	-	5,782,825	5,782,825
28 Social Insurance	85,892	4,020,490	3,934,598
58.2 Caroline Bay/Morgan's Point (Note 17)	-	3,594,510	3,594,510
	85,892	407,377,659	407,291,767
Ministry of Education			
17 Department of Education	64,151	110,127,690	110,063,539
41 Bermuda College	-	15,382,697	15,382,697
16 Ministry of Education HQ	-	3,848,060	3,848,060
18 Libraries & Archives	-	2,870,785	2,870,785
	64,151	132,229,232	132,165,081
Ministry of Health			
24 Hospitals	-	158,351,163	158,351,163
22 Department of Health	105,523	27,430,045	27,324,522
21 Ministry of Health HQ	1,615	26,369,224	26,367,609
91 Health Insurance	-	2,681,480	2,681,480
	107,138	214,831,912	214,724,774

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

	2022 Interdepartmental Expense	2022 Actual Gross Expense	2022 Net Expense
	\$	\$	\$
Ministry of Labour			
55 Financial Assistance	1,920	52,424,245	52,422,325
27 Immigration	-	5,383,403	5,383,403
60 Workforce Development	65	3,076,587	3,076,522
44 Ministry of Labour HQ		1,041,296	1,041,296
	1,985	61,925,531	61,923,546
Ministry of National Security			
07 Police	17,962	59,850,565	59,832,603
25 Department of Corrections	73,571	24,273,520	24,199,949
12 Customs	6,386	17,269,977	17,263,591
45 Fire Services	330	14,065,760	14,065,430
06 Defence	270	9,220,805	9,220,535
83 Ministry of National Security HQ	4,543	3,858,548	3,854,005
	103,062	128,539,175	128,436,113
Ministry of Home Affairs			
79 Environment & Natural Resources	22,381	7,838,676	7,816,295
32 Department of Planning	-	2,930,224	2,930,224
93 Ministry of Home Affairs HQ	-	1,700,229	1,700,229
97 Land Title & Registration	-	1,269,084	1,269,084
29 Registry General	4,529	911,982	907,453
49 Land Valuation	65	821,475	821,410
89 Energy	-	734,689	734,689
	26,975	16,206,359	16,179,384
Ministry of Public Works			
82 Works & Engineering	615	50,512,878	50,512,263
81 Public Lands & Buildings	-	34,984,256	34,984,256
68 Parks	8,842	8,014,559	8,005,717
36 Ministry of Public Works HQ	863,889	6,783,235	5,919,346
53 Bermuda Housing Corporation	-	6,050,000	6,050,000
	873,346	106,344,928	105,471,582
Ministry of Social Development & Seniors			
23 Child and Family Services	23,158	14,985,614	14,962,456
86 Ministry of Social Development & Seniors HQ	-	6,179,315	6,179,315
	23,158	21,164,929	21,141,771
Ministry of Youth, Culture & Sports			
20 Youth, Sport & Recreation	78,468	9,048,723	8,970,255
52 Department of Culture	6,480	1,210,597	1,204,117
71 Ministry of Youth, Culture & Sports HQ	-	914,735	914,735
	84,948	11,174,055	11,089,107
TOTAL CURRENT EXPENSES	1,645,766	1,297,344,934	1,295,699,168

Government of Bermuda - Consolidated Fund
Schedule 11: Schedules of Tangible Capital Assets and Assets Under Construction
As at March 31, 2022

	Estimated Useful Life	COST				ACCUMULATED AMORTIZATION				31-Mar-22 Net Book Value	31-Mar-21 Net Book Value
		Opening Balance	Additions	Disposals & Adjustments	Closing Balance	Opening Balance	Amortization Expense	Disposals & Adjustments	Closing Balance		
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Tangible Capital Assets											
Land	Indefinite	45,649,928	-	-	45,649,928	-	-	-	-	45,649,928	45,649,928
Buildings & Betterments	2 - 40 years	656,490,143	9,612,080	1,223,162	667,325,385	(310,374,006)	(17,559,036)	68,383	(327,864,659)	339,460,726	346,116,137
Infrastructure	10 - 40 years	264,268,037	2,542,051	-	266,810,088	(118,362,389)	(10,263,514)	-	(128,625,903)	138,184,185	145,905,648
Vehicles & Heavy Equipment	5 - 7 years	100,971,501	3,185,809	(458,399)	103,698,911	(90,613,224)	(3,745,334)	431,194	(93,927,364)	9,771,547	10,358,277
Boats & Vessels	5 - 10 years	47,762,710	3,439,491	-	51,202,201	(46,502,999)	(688,026)	-	(47,191,025)	4,011,176	1,259,711
Computer Software	10 years	53,607,347	11,543,757	7,074	65,158,178	(40,385,546)	(3,055,781)	(8,863)	(43,450,190)	21,707,988	13,221,801
Office Equipment	5 years	22,418,170	1,968,849	32	24,387,051	(18,175,234)	(1,858,710)	(26,679)	(20,060,623)	4,326,428	4,242,936
Computer Hardware	3 - 7 years	30,160,331	1,159,655	10,817	31,330,803	(27,311,132)	(1,766,475)	35,543	(29,042,064)	2,288,739	2,849,199
Capital Leases	3 - 20 years	7,546,733	95,392	-	7,642,125	(4,547,838)	(219,340)	-	(4,767,178)	2,874,947	2,998,895
Furniture & Fixtures	7 years	8,727,737	744,991	142,592	9,615,320	(6,591,822)	(645,599)	-	(7,237,421)	2,377,899	2,135,915
Plant, Machinery & Equipment	10 - 30 years	133,329,594	1,808,660	-	135,138,254	(104,264,146)	(6,495,539)	-	(110,759,685)	24,378,569	29,065,448
Total Tangible Capital Assets		1,370,932,231	36,100,735	925,278	1,407,958,244	(767,128,336)	(46,297,354)	499,578	(812,926,112)	595,032,132	603,803,895
Assets Under Construction		52,941,470	32,313,639	(31,072,347)	54,182,762	-	-	-	-	54,182,762	52,941,470

Government of Bermuda - Consolidated Fund
Schedule 12: Current Expenditure - Estimates Compared to Expenditures
For the year ended March 31, 2022

	Expenses	Expenditure ¹	Adjusted Estimates ²	Under (Over) Spent	
	\$	\$	\$	\$	
Non-Ministry Departments					
02	Legislature	4,961,779	4,936,304	5,287,594	351,290
05	Office of the Auditor General	3,380,379	3,357,278	3,988,465	631,187
92	Internal Audit	1,139,539	1,135,324	1,356,011	220,687
56	Human Rights Commission	1,044,671	1,044,209	1,200,468	156,259
01	Governor & Staff	949,357	940,679	1,279,252	338,573
98	Information Commissioner's Office	913,230	894,908	1,029,847	134,939
85	Ombudsman's Office	887,221	882,055	989,847	107,792
63	Parliamentary Registrar	639,149	634,640	1,346,436	711,796
101	Privacy Commissioner's Office	515,613	508,015	541,931	33,916
		14,430,938	14,333,412	17,019,851	2,686,439
Cabinet Office Departments					
09	Cabinet Office	42,527,413	42,531,552	42,369,359	(162,193)
13	Post Office	9,113,224	9,085,603	9,193,968	108,365
43	Department of Information and Digital Technologies	8,139,110	6,714,412	7,931,790	1,217,378
61	Department of Employee & Organizational Development	6,307,301	6,303,113	6,896,573	593,460
94	Department of Economic Development	3,243,500	3,243,500	2,130,419	(1,113,081)
51	Department of Communications	2,955,635	2,749,977	2,889,588	139,611
14	Department of Statistics	1,940,598	1,907,045	2,233,846	326,801
80	Project Management & Procurement	562,371	559,571	682,399	122,828
		74,789,152	73,094,773	74,327,942	1,233,169
Ministry of Tourism & Transport					
48	Ministry of Transport HQ	34,329,623	31,060,828	31,134,683	73,855
35	Public Transportation	23,370,601	22,339,225	21,446,126	(893,099)
30	Marine & Ports	17,080,446	17,263,490	18,471,926	1,208,436
34	Transport Control Department	4,499,560	4,395,420	4,496,335	100,915
		79,280,230	75,058,963	75,549,070	490,107
Ministry of Legal Affairs & Constitutional reform					
03	Judicial Department	8,378,882	8,118,821	8,907,828	789,007
	Ministry of Legal Affairs & Constitutional				
87	Reform HQ	4,998,034	4,959,116	5,701,946	742,830
04	Attorney General's Chambers	4,606,870	4,604,293	5,437,425	833,132
88	National Drug Control	4,250,000	3,644,297	4,292,058	647,761
74	Department of Court Services	3,917,044	3,893,696	4,656,021	762,325
75	Department of Public Prosecutions	2,900,004	2,888,440	2,960,723	72,283
		29,050,834	28,108,663	31,956,001	3,847,338
Ministry of Finance					
	Pension and Retirement Benefits				
11a	Expense	133,932,373	-	-	-
58	Interest on Debt	127,158,771	127,158,771	127,750,000	591,229
11	Accountant General	105,214,160	70,129,455	70,595,247	465,792
10	Ministry of Finance HQ	19,941,057	17,271,696	18,689,489	1,417,793
38	Office of the Tax Commissioner	7,733,473	4,920,568	5,079,505	158,937
39	Registrar of Companies	5,782,825	4,005,205	4,817,476	812,271
28	Social Insurance	4,020,490	4,027,923	4,081,283	53,360
58.2	Caroline Bay/Morgan's Point (Note 17)	3,594,510	3,594,510	5,500,000	1,905,490
		407,377,659	231,108,128	236,513,000	5,404,872

¹ Adjusted for Non-Cash, Non-Budget Items

² Includes all Approved Supplementary amounts during the year

Government of Bermuda - Consolidated Fund
Schedule 12: Current Expenditure - Estimates Compared to Expenditures (cont'd)
For the year ended March 31, 2022

	Expenses	Expenditure ¹	Adjusted Estimates ²	Under (Over) Spent
	\$	\$	\$	\$
Ministry of Education				
17 Department of Education	110,127,690	109,525,441	105,592,148	(3,933,293)
41 Bermuda College	15,382,697	15,382,697	15,382,697	-
16 Ministry of Education HQ	3,848,060	3,848,060	4,159,979	311,919
18 Libraries & Archives	2,870,785	2,860,829	2,974,808	113,979
	<u>132,229,232</u>	<u>131,617,027</u>	<u>128,109,632</u>	<u>(3,507,395)</u>
Ministry of Health				
24 Hospitals	158,351,163	158,351,163	158,351,163	-
22 Department of Health	27,430,045	27,006,154	26,949,718	(56,436)
21 Ministry of Health HQ	26,369,224	26,333,281	22,806,406	(3,526,875)
91 Health Insurance	2,681,480	2,678,949	2,669,306	(9,643)
	<u>214,831,912</u>	<u>214,369,547</u>	<u>210,776,593</u>	<u>(3,592,954)</u>
Ministry of Labour				
55 Financial Assistance	52,424,245	52,393,662	52,394,441	779
27 Immigration	5,383,403	4,996,423	5,469,536	473,113
60 Workforce Development	3,076,587	3,011,679	3,766,008	754,329
44 Ministry of Labour HQ	1,041,296	1,041,296	1,058,423	17,127
	<u>61,925,531</u>	<u>61,443,060</u>	<u>62,688,408</u>	<u>1,245,348</u>
Ministry of Social Development & Seniors				
86 Ministry of Social Development & Seniors HQ	6,179,315	6,183,105	6,592,772	409,667
23 Child and Family Services	14,985,614	14,849,993	17,140,227	2,290,234
	<u>21,164,929</u>	<u>21,033,098</u>	<u>23,732,999</u>	<u>2,699,901</u>
Ministry of Youth, Culture & Sports				
20 Youth, Sport & Recreation	9,048,723	8,985,811	9,591,301	605,490
52 Department of Culture	1,210,597	1,210,597	1,973,365	762,768
71 Ministry of Youth, Culture & Sports HQ	914,735	876,715	1,368,330	491,615
	<u>11,174,055</u>	<u>11,073,123</u>	<u>12,932,996</u>	<u>1,859,873</u>
Ministry of National Security				
07 Police	59,850,565	59,072,137	61,110,856	2,038,719
25 Department of Corrections	24,273,520	23,833,653	22,828,748	(1,004,905)
12 Customs	17,269,977	16,639,788	16,086,110	(553,678)
45 Fire Services	14,065,760	13,804,379	13,137,338	(667,041)
06 Defence	9,220,805	9,019,267	9,095,137	75,870
83 Ministry of National Security HQ	3,858,548	3,448,724	3,639,180	190,456
	<u>128,539,175</u>	<u>125,817,948</u>	<u>125,897,369</u>	<u>79,421</u>
Ministry of Home Affairs				
79 Environment & Natural Resources	7,838,676	7,744,969	8,038,315	293,346
32 Department of Planning	2,930,224	2,783,004	3,390,192	607,188
93 Ministry of Home Affairs HQ	1,700,229	1,699,706	2,674,975	975,269
97 Land Title & Registration	1,269,084	1,240,395	1,388,040	147,645
29 Registry General	911,982	910,575	1,047,092	136,517
49 Land Valuation	821,475	817,386	993,920	176,534
89 Energy	734,689	734,689	790,470	55,781
	<u>16,206,359</u>	<u>15,930,724</u>	<u>18,323,004</u>	<u>2,392,280</u>
Ministry of Public Works				
82 Works & Engineering	50,512,878	31,851,967	26,855,801	(4,996,166)
81 Public Lands & Buildings	34,984,256	19,068,935	19,610,433	541,498
36 Ministry of Public Works HQ	6,783,235	6,783,235	5,730,960	(2,472,612)
68 Parks	8,014,559	7,579,577	8,762,443	1,182,866
53 Bermuda Housing Corporation	6,050,000	6,050,000	6,050,000	-
	<u>106,344,928</u>	<u>72,754,051</u>	<u>67,009,637</u>	<u>(5,744,414)</u>
TOTAL CURRENT	1,297,344,934	1,075,742,517	1,084,836,502	9,093,985

¹ Adjusted for Non-Cash, Non-Budget Items

² Includes all Approved Supplementary amounts during the year

Government of Bermuda - Consolidated Fund
Schedule 13: Commitments - Legislated
For the year ended March 31, 2022

	2022	2021
	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	-	4,042,571
Capital Acquisition	-	677,653
	-	4,720,224

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	1,047,945,605	1,021,231,775
Projects Completed during the year	(29,145,000)	(30,245,000)
Supplementary Estimate	550,000	4,676,910
Revised Total Authorized Funding	1,019,350,605	995,663,685
Appropriated Capital Development	(469,183,455)	(430,252,862)
Unappropriated Capital Development Commitments	550,167,150	565,410,823

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

	2022	2021
	Actual	Actual
	\$	\$

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

Section 2A(1) of the Act limits public debt (net of sinking fund assets) to \$3.5 billion, as amended August 5, 2020. (Note 15(d))

Debt (Schedule 7)	3,350,000,000	3,350,000,000
Less:		
Sinking Fund (Schedule 7)	297,040,010	348,471,195
Public Debt	3,052,959,990	3,001,528,805
Legislated Limit (Note 15 (d))	3,500,000,000	3,500,000,000
Available Limit	447,040,010	498,471,195