



GOVERNMENT OF BERMUDA

# Financial Statements of the Consolidated Fund

March 31, 2017

Issued by  
Ministry of Finance  
The Accountant General

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## **Statement of Responsibility for the Consolidated Fund Financial Statements**

The financial statements are prepared under the general direction of the Minister of Finance by the Accountant General in accordance with public sector accounting standards, and include statements of financial position, operations and accumulated deficit, change in net debt, cash flow, notes and schedules integral to the statements. Together, they present fairly, the financial position of the Consolidated Fund as at March 31, 2017, and the results of its operations, the changes in its net debt, and its cash flows for the year then ended.

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

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

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

These financial statements are tabled in both Houses of the Legislature. They are referred to the Public Accounts Committee, which reports to the Legislature on the results of its examination together with any recommendations it may have with respect to the financial statements and accompanying audit opinion.

On behalf of the Government of Bermuda.



Anthony Manders, CPA, CGA  
Financial Secretary



Curtis Stovell, CPA, CA  
Accountant General

Hamilton, Bermuda  
November 20, 2017



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### INDEPENDENT AUDITOR'S REPORT

To the House of Assembly, the Governor and the Senate

I have audited the accompanying financial statements of the Consolidated Fund of the Government of Bermuda (the "Consolidated Fund"), which comprise the statement of financial position as at March 31, 2017, and the statements of operations and accumulated deficit, change in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in Bermuda and Canada. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Consolidated Fund as at March 31, 2017, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with public sector accounting standards generally accepted in Bermuda and Canada.

## **Other matters**

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

### *Increasing Net Debt*

Without qualifying my opinion, I wish to draw attention to the level of net debt which increased by \$243 million to \$3.7 billion as of March 31, 2017. Government needs to take concerted action to address this fiscal challenge.

### *Usefulness of these Financial Statements is Limited*

As described in Note 2, these financial statements represent the financial transactions of the Consolidated Fund and have been prepared primarily to provide accountability for the financial resources appropriated by the Legislature of Bermuda. These financial statements are not summary financial statements of the Government of Bermuda. Significant financial activities of the Government occur outside the Consolidated Fund. As such, the financial statements of the Consolidated Fund for the year ended March 31, 2017 do not represent the full nature and extent of the overall financial affairs and resources of the Government of Bermuda.



Hamilton, Bermuda  
November 20, 2017

Heather Thomas, CPA, CFE, CGMA  
Auditor General

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

		2017	2016
		Actual	Actual
		\$	\$
<b>Liabilities</b>			
	<u>Schedule</u>		
Accounts Payable and Accrued Liabilities	5	165,685,464	143,833,006
Deferred Revenue	6	535,646	2,789,073
Deferred Insurance Proceeds		7,391,368	1,539,268
		<u>173,612,478</u>	<u>148,161,347</u>
Interest Bearing Debt - Net of Sinking Fund	7	<u>2,397,309,070</u>	2,217,725,611
Pensions and Other Employee Future Benefits			
- Pensions and Retirement Benefits (Note 9(g))		1,401,936,784	1,327,853,129
- Compensated Absences (Note 8)		<u>28,396,590</u>	<u>27,257,382</u>
		<u>1,430,333,374</u>	1,355,110,511
<b>Other Liabilities</b>			
Due to Government Funds and Agencies	3(a)	19,849,773	13,315,236
<b>Total Liabilities</b>		<b>4,021,104,695</b>	<b>3,734,312,705</b>
<b>Financial Assets</b>			
Cash and Cash Equivalents		95,724,047	42,148,877
Accounts Receivable	1	156,516,312	163,452,212
Due from Government Funds and Agencies	3	39,987,652	42,725,144
Long-Term Receivables	4	714,469	1,634,488
Investment in BLDC (Note 14(b)(ii))		5,000,000	5,000,000
Investment in ACBDA (Note 14(b)(vii))		100	100
<b>Total Financial Assets</b>		<b>297,942,580</b>	<b>254,960,821</b>
<b>Net Debt</b>		<b>3,723,162,115</b>	<b>3,479,351,884</b>
<b>Non-Financial Assets</b>			
Tangible Capital Assets (Note 14(xi))	11	685,955,736	660,877,502
Assets under Construction	11	35,490,121	61,697,557
Inventories for Consumption	2	14,004,795	14,750,190
Prepaid Expenses		2,826,982	4,720,465
<b>Total Non-Financial Assets</b>		<b>738,277,634</b>	<b>742,045,714</b>
<b>Accumulated Deficit</b>		<b>2,984,884,481</b>	<b>2,737,306,170</b>

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

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

		2017	2016
		Actual <sup>1</sup>	Actual
		\$	\$
<b>Revenue</b>	<u>Schedule</u> 8, 9		
<b>Taxes &amp; Duties</b>			
Payroll Tax		401,754,701	361,135,536
Customs Duty		211,086,777	192,593,226
Other Taxes and Duties		62,649,771	69,826,118
Land Tax		62,422,116	67,068,082
Passenger Tax		41,025,248	40,794,380
<b>Total Taxes &amp; Duties</b>		778,938,613	731,417,342
Fees, Permits & Licenses		184,701,617	202,688,217
Other Revenue (Note 14(xi))		62,417,201	25,700,719
Investment Income		3,536,930	911,946
<b>Total Revenue</b>		1,029,594,361	960,718,224
<b>Expenses</b>	10		
Economic Development		429,770,841	372,063,292
Health		193,185,406	193,190,533
National Security		144,166,468	143,471,887
Education		132,327,600	131,937,467
Interest on Debt		120,619,921	116,217,365
Social Services & Assistance		88,030,765	85,102,907
Pensions and Retirement Benefits Expense		75,222,863	79,047,835
Other General Government Services		55,199,708	55,029,123
Early Tender Premium on Repurchased Debt (Note 15(b))		38,649,100	-
<b>Total Expenses</b>		1,277,172,672	1,176,060,409
<b>Annual Deficit</b>		(247,578,311)	(215,342,185)
<b>Accumulated Deficit, Beginning of Year</b>		(2,737,306,170)	(2,521,963,985)
<b>Accumulated Deficit, End of Year</b>		(2,984,884,481)	(2,737,306,170)

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

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

	2017	2016
	Actual	Actual
	\$	\$
Annual Deficit	<b>(247,578,311)</b>	(215,342,185)
Change Due to Tangible Capital Assets:		
Additions to Tangible Capital Assets	<b>(94,142,427)</b>	(22,588,823)
Loss on Disposal or Impairment of Tangible Capital Assets	<b>22,949,607</b>	-
Net Reductions to Assets under Construction	<b>26,207,436</b>	1,668,749
Amortization of Tangible Capital Assets	<b>46,114,586</b>	46,735,105
<b>Total Change Due to Tangible Capital Assets</b>	<b>1,129,202</b>	25,815,031
Net Reductions (Additions) to Inventories for Consumption	<b>745,395</b>	(961,191)
Net Reductions (Additions) to Prepaid Expenses	<b>1,893,483</b>	(980,968)
<b>Total Change Due to Inventories for Consumption and Prepaid Expenses</b>	<b>2,638,878</b>	(1,942,159)
<b>Increase in Net Debt</b>	<b>(243,810,231)</b>	(191,469,313)
<b>Net Debt, Beginning of Year</b>	<b>(3,479,351,884)</b>	(3,287,882,571)
<b>Net Debt, End of Year</b>	<b>(3,723,162,115)</b>	(3,479,351,884)



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

	2017	2016
	Actual	Actual
	\$	\$
<b>Operating Activities</b>		
Annual Deficit <sup>1</sup>	(247,578,311)	(215,342,185)
Items not affecting cash:		
Amortization of Tangible Capital Assets	46,114,586	46,735,105
Increase in Pension and Retirement Benefits Liability	74,083,655	78,102,509
Increase in Compensated Absences Liability	1,139,208	945,326
Loss on Disposal or Impairment of Tangible Capital Assets	22,949,607	-
Decrease in Non-Cash Working Capital	45,217,957	(54,861,807)
Cash Applied to Operating Activities	(58,073,298)	(144,421,052)
<b>Capital Activities</b>		
Additions to Tangible Capital Assets	(94,142,427)	(22,588,823)
Net Reductions to Assets under Construction	26,207,436	1,668,749
Cash Applied to Capital Activities	(67,934,991)	(20,920,074)
<b>Financing Activities</b>		
Debt issues	665,000,000	150,000,000
Sinking Fund redemption	30,648,459	18,073,169
Repayment of Debt	(516,065,000)	-
Cash Provided By Financing Activities	179,583,459	168,073,169
<b>Net Increase in Cash and Cash Equivalents</b>	<b>53,575,170</b>	<b>2,732,043</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>42,148,877</b>	<b>39,416,834</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>95,724,047</b>	<b>42,148,877</b>

<sup>1</sup> Interest received during the year was \$988,205 (2016 - \$958,977). Interest paid during the year was \$120,639,921 (2016 - \$115,909,987). Interest received is made up of interest income from the Statement of Operations and Accumulated Deficit in the amount of \$1,135,775 (2016 - \$911,946) plus the change in accrued interest receivable in the amount of \$25,617 (2016 - \$47,031). Interest paid is made up of interest expense from the Statement of Operations and Accumulated Deficit in the amount of \$120,639,921 (2016 - \$116,220,689) plus the change in accrued interest payable in the amount of \$5,947,475 (2016 - \$310,702).

**Government of Bermuda – Consolidated Fund**  
**Notes to the Financial Statements**  
**March 31, 2017**

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## **1. Authority**

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

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

The Legislature provides authority to make payments out of the Fund in annual Appropriation Acts, Supplementary Estimates and other statutes. Unspent current account appropriations lapse at the end of each fiscal year. Unspent capital account appropriations are carried forward to subsequent fiscal years, subject to the approval of the Minister of Finance.

## **2. Reporting Entity**

The Fund’s financial statements report the financial position, results of operations, change in net debt and cash flow resulting from the activities of the Fund only, which comprise the accounts of the Senate, the House of Assembly, all Government departments and offices (including the Public Service Commission) and all courts. The Fund is established and defined pursuant to Section 94 of the Bermuda Constitution Order 1968.

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

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

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

## **3. Summary of Significant Accounting Policies**

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

### **(a) Basis of Accounting**

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

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

#### **(b) Revenue**

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

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

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

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

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

#### **(c) Expenses**

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

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

Classification of expenses between current account items and capital account items follows the classification in the Approved Estimates of Revenue and Expenditure for the year 2016/17 (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 and cash equivalents, accounts receivable, amounts due from Government funds and agencies, long-term receivables and investments in quasi-autonomous non-governmental organizations ("QUANGO"s).

Cash and cash equivalents include 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.

### **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, 2017**

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

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

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

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

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

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

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

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

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

#### **(g) Liabilities**

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

#### **(h) Translation of Foreign Currencies**

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

#### **(i) Measurement Uncertainty**

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

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

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

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

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

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

#### **(j) Risk Management**

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

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

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

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

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

#### **(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. The standards following are not yet effective and have not been applied in preparing these financial statements.

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

PS 2200 Related party disclosures – a new standard that defines a related party and establishes disclosures required for related party transactions. PS 3420 Inter-entity transactions – a new standard that establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. PS 3210 Assets – a new standard that provides guidance for applying the definition of assets set out in PS 1000, and establishes general disclosure standards for assets. PS 3320 Contingent assets – a new standard that defines and establishes disclosure standards on contingent assets. PS 3380 Contractual rights – a new standard that defines and establishes disclosure standards on contractual rights. Each of these new standards becomes effective for fiscal years beginning on or after April 1, 2017.

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

PS 3450 Financial Instruments – a new standard providing guidance on the recognition, measurement, presentation and disclosure of financial instruments, including derivatives. PS 1201 Financial Statement Presentation – replaces PS 1200 with revised general reporting principles and standards of presentation and disclosure in government financial statements. PS 2601 Foreign Currency Translation – replaces PS 2600 and has revised standards on accounting for and reporting transactions denominated in a foreign currency. PS 3041 Portfolio investments - when Sections PS 1201, PS 2601 and PS 3450 are adopted. Each of these new standards becomes effective for fiscal years beginning on or after April 1, 2019.

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

### **4. Approved Estimates of the Government**

#### **(a) Budget Process**

Annually, the Government presents a Budget (“Estimates”) of expected revenues and expenditures for the following fiscal year. The Government’s spending Estimates for the fiscal year commencing April 1, 2016 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.



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

##### **(b) Comparison of Expenses to Estimates and Expenditures**

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

- (i) Bad Debts – For financial statement purposes, a provision is established and expensed for accounts receivable where collection is doubtful. For budget purposes, no such provision is made.
- (ii) Pension – The financial statement pension-related expense is explained in Note 9. For budget purposes, pension expense is equal to its funding requirements.
- (iii) Government Borrowing Sinking Fund (Note 5) – Transfers to the Sinking Fund are recorded as cash transfers against long-term debt. For budget purposes, the Sinking Fund contribution is considered an expenditure.
- (iv) Compensated Absences – Certain Government employees are entitled to paid retirement leave, as explained in Note 8. For budget purposes, retirement pay is estimated based on anticipated salary spending for the current year.
- (v) Amortization – For financial statement purposes, annual amortization of tangible capital assets is expensed based on the respective assets as explained in Note 3(f). For budget purposes, amortization is not considered expenditure.
- (vi) Environmental Liability – As explained in Note 10(c), the Government has recognized a cost of restoration of land. Changes in the environmental liability are not considered expenditure for budget purposes.

#### **5. Government Borrowing Sinking Fund**

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

During each financial year, the Fund must pay to the GBSF, 2.5% of the public debt outstanding in the Fund at the end of the preceding year. Under Section 12AA of the Government Loans Act 1978 as amended, the Minister may, by Order, suspend the annual contribution for a period of twelve months. The contribution was not suspended for 2016 or 2017.

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

2016 \$		2017 \$		
Sinking Fund	Contributions	Earnings	Payments	Sinking Fund
117,274,389	58,375,000	976,541	(90,000,000)	86,625,930

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

The assets of the GBSF are comprised of the following:

	2017 \$	2016 \$
Cash & Cash Equivalents	37,940,013	46,296,028
Fixed Income Securities	48,488,243	70,755,069
Interest Receivable	197,675	223,292

The following is a schedule of projected contributions to the GBSF by the Fund up to March 31, 2022, based on estimated debt levels to March 31, 2018:

	\$
For 2018	62,098,375
For 2019	65,473,375
For 2020	66,148,375
For 2021	61,648,375
For 2022	61,550,000

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

## **6. Contingencies Fund**

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

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

## **7. Unemployment Insurance Fund**

The Unemployment Insurance Fund (the “Insurance Fund”) was established March 18, 2002 by amendment to the Public Treasury (Administration and Payments) Act 1969 as amended under the provisions of Section 10B. The Legislature authorized \$1 million to be set aside within the Fund to set up the Insurance Fund.

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

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

## **8. Compensated Absences**

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

The Government offered a Voluntary Early Retirement Incentive Plan (“VERIP”) in the year ended March 31, 2016, which allowed certain eligible employees to commence retirement. Eligible employees, who accepted, retired on September 30, 2015 or June 30, 2016 if employed in the education sector. This resulted in a curtailment gain of \$239,725 as at March 31, 2016 which is comprised of a decrease in accrued benefit obligation (“ABO”) of \$209,175 and recognition of unamortized gains of \$30,550.

**Government of Bermuda – Consolidated Fund**  
**Notes to the Financial Statements**  
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**8. Compensated Absences (cont'd)**

An actuarial valuation of the Government's obligation for retirement leave was performed at March 31, 2017, using similar various long-term assumptions as the Public Service Superannuation Fund (the "PSSF") pension plan (Note 9 (d)). The valuation determined that the liability for compensated absences is currently \$28,396,590 (2016 - \$27,257,382), as detailed in the table below.

<b>For the year ended March 31</b>	<b>2017</b>	<b>2016</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
<b>Liability for Compensated Absences</b>		
Accrued Benefit Obligation	23,955,043	23,783,757
Net Unamortized Experience Gain <sup>(a)</sup>	4,441,547	3,473,625
	28,396,590	27,257,382
	28,396,590	27,257,382

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

<b>For the year ended March 31</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Liability for Compensated Absences, beginning of year	27,257,382	26,312,056
Amortization of experience gain	(371,163)	(374,428)
Current period benefit cost	1,298,137	1,255,868
Interest accrued	1,544,824	1,461,363
Benefit payments	(1,332,590)	(1,157,752)
Curtailement gains	-	(239,725)
Liability for Compensated Absences, end of year	28,396,590	27,257,382
	28,396,590	27,257,382

## **9. Pensions and Retirement Benefits**

### **(a) Contributory Defined Benefit Pension Plans**

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

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

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

Employees contribute 8.0% of their basic salary to the PSSF and Ministers and Members contribute 12.5% of their salary to the MMLPF. The Government matches the participants' contribution in each plan. The amount of Government contributions made during the year for each plan was as follows: PSSF - \$29,934,927 (2016 - \$30,527,748), MMLPF - \$441,644 (2016 - \$435,249). The Public Service Superannuation Act 1981 and the Ministers and Members of the Legislature (Salaries and Pensions) Act 1975, as amended, provide that if at any time the funds are insufficient to meet the payments chargeable against them, the deficiency shall be made up out of the Fund.

### **b) Pension Liability**

The pension liability is calculated on an actuarial basis. Actuarial valuations are performed triennially using the projected benefit method, pro-rated on services. An actuarial valuation was performed for both the PSSF and the MMLPF at March 31, 2017. The results were then used to produce the estimates included in the financial statements.

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

**Government of Bermuda – Consolidated Fund**  
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**9. Pensions and Retirement Benefits (cont'd)**

relating to the retirement age assumption, termination rates, salary increase rates and marital status at retirement. These revised assumptions have been used in the valuation of the PSSF and MMLPF liabilities as at March 31, 2017. All assumptions reflect Government's best estimates of expected long-term rates and short-term forecasts.

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

The market-related value of assets for the PSSF was \$595,713,361 as at March 31, 2017 (2016 - \$590,445,169) compared to a real market value of \$574,089,560 (2016 - \$535,689,469).

For the MMLPF, there is no difference between the market value of plan assets and the market-related value. At March 31, 2017 the value was \$12,505,026 (2016 - \$12,765,139). The actual return on plan assets during the year was 11.59% (2016 - (3.7%)) for the PSSF and 7.22% (2016 - 7.18%) for the MMLPF.

At March 31, 2017, \$3,727,658 was due to the PSSF (2016 - \$2,754,002 due from PSSF) in respect of benefits paid in excess of contributions received by the Fund (Schedules 3 and 3(a)). At March 31, 2017, \$12,748,564 (2016- \$13,004,038) was due to the MMLPF in respect of contributions received in excess of benefits paid by the Fund (Schedule 3(a)).

**(c) Pension-Related Expenses**

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

The Government offered a VERIP in the year ended March 31, 2016, which allowed certain eligible employees to commence retirement. Eligible employees, who accepted, retired on September 30, 2015 or June 30, 2016 if employed in the education sector. This resulted in a prior service gain of \$374,000 which was immediately recognized in the Statement of Operations and Accumulated Deficit in the year ended March 31, 2016.

**Government of Bermuda – Consolidated Fund**  
**Notes to the Financial Statements**  
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**9. Pensions and Retirement Benefits (cont'd)**

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

**(d) Funded Status of Plans**

For the year ended March 31	2017 Actual \$	2016 Actual \$
<b>Pension Liability</b>		
Accrued Benefit Obligation		
PSSF	1,444,045,000	1,476,590,000
MMLPF	31,261,000	32,115,000
	1,475,306,000	1,508,705,000
Net Fund Assets		
PSSF	(595,713,000)	(590,445,000)
MMLPF	(12,505,000)	(12,765,000)
	(608,218,000)	(603,210,000)
Net Unamortized Experience Gain / (Loss) <sup>(a)</sup>	70,710,000	(13,677,000)
Pension Liability		
PSSF	919,042,000	872,468,000
MMLPF	18,756,000	19,350,000
Carried Forward to Note 9 (g)	937,798,000	891,818,000

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

**Government of Bermuda – Consolidated Fund**  
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**9. Pensions and Retirement Benefits (cont'd)**

For the year ended March 31	2017 Actual \$	2016 Actual \$
<b>Pension Expense</b>		
Cost of Pension Benefits	46,046,000	46,919,000
Employee Contributions	(30,377,000)	(30,963,000)
Interest on Pension Liability	59,855,000	56,223,000
Prior Period Service Costs	-	(374,000)
<b>Amortization of Experience (Gains) &amp; Losses</b>		
2015 Experience Gain	(293,000)	(293,000)
2016 Experience Loss	1,777,000	
Pensions Expense excluding Employer Contribution	<u>77,008,000</u>	<u>71,512,000</u>

**Value of Obligations Relating to Benefits for the Pension Plans**

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

**Actuarial Assumptions – PSSF**

<b>Economic Assumptions</b>		
Investment return (discount rate)	6.5% per annum	
Inflation Rate	3.00% per annum	
Interest credited on employee contributions	4.00% per annum	
Salary increase rate - March 31,2016	4.25% per annum	
Salary increase rates- March 31,2017	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**  
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**9. Pensions and Retirement Benefits (cont'd)**

**Actuarial Assumptions – MMLPF**

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

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

Impact of changes on the main assumptions on the value of the ABO relating to PSSF benefits at March 31, 2017:

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

<b>Assumption</b>	<b>Change</b>	<b>(Reduction) Increase in ABO</b>	
		<b>\$</b>	<b>%</b>
Discount rate	1.0% increase	(158,775,000)	(11.0)
	1.0% decrease	196,784,000	13.6
Salary increase rate	1.0% increase	65,837,000	4.6
	1.0% decrease	(57,594,000)	(4.0)
Life expectancy	1 year increase	22,967,000	1.6
	1 year decrease	(23,791,000)	(1.7)

**Government of Bermuda – Consolidated Fund**  
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**9. Pensions and Retirement Benefits (cont'd)**

Impact of changes on the main assumptions on the value of the ABO relating to MMLPF benefits as at March 31, 2017:

Assumption	Change	(Reduction) Increase in ABO	
		\$	%
Discount rate	1.0% increase	(2,969,000)	(9.5)
	1.0% decrease	3,542,000	11.3
Salary increase rate	1.0% increase	733,000	2.3
	1.0% decrease	(682,000)	(2.2)
Life expectancy	1 year increase	774,000	2.5
	1 year decrease	(791,000)	(2.5)

**(e) Contributory Pension Fund**

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

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

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

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

**Government of Bermuda – Consolidated Fund**  
**Notes to the Financial Statements**  
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**9. Pensions and Retirement Benefits (cont'd)**

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

The discount rate used in determining the accumulated post-retirement benefit obligation was 6.5% (2016 – 6.5%). The assumed health-care cost trend rate used was 7.5% (2016 – 8.0 %). This will be decreasing by 0.5% per annum to an ultimate rate of 4.5%.

The Government offered a VERIP in the year ended March 31, 2016, which allowed certain eligible employees to commence retirement. Eligible employees, who accepted, retired on September 30, 2015 or June 30, 2016 if employed in the education sector. The VERIP resulted in a curtailment charge of \$482,438 as at March 31, 2016, which is comprised of an increase in the benefit obligation of \$533,100 net of the recognition of unamortized gains of \$50,662.

Effective June 1, 2017 there were changes to the national Standard Health Benefit with consequent changes to the GEHI coverage. These changes gave rise to actuarial gains. These actuarial gains will be amortized into future year's expenses over the expected average remaining service life of active employees.

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

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Accrued benefit obligation at beginning of year	398,286,415	423,134,021
Current period benefit cost	14,292,700	15,540,300
Interest accrued	26,037,465	27,735,634
Benefit payments	(9,712,745)	(8,404,218)
Curtailment impact	-	533,100
	<hr/>	<hr/>
Accrued benefit obligation at end of year	<u>428,903,835</u>	<u>458,538,837</u>
Expected accrued benefit obligation at end of year	428,903,835	458,538,837
Actual accrued benefit obligation at end of year	398,602,100	398,286,415
	<hr/>	<hr/>
Experience gain	<u>30,301,735</u>	<u>60,252,422</u>

**Government of Bermuda – Consolidated Fund**  
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**9. Pensions and Retirement Benefits (cont'd)**

	<b>2017</b>	<b>2016</b>
Expected average remaining service life	14 years	11 years
Annual amortization	\$2,513,765	\$2,960,355

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

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Accrued benefit obligation, end of year	398,602,100	398,286,415
Unamortized experience gain	65,536,684	37,748,714
Liability for retirement benefits (Note 9(g))	<u>464,138,784</u>	<u>436,035,129</u>

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

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Current period benefit cost	14,292,700	15,540,300
Amortization of experience (gains)/losses	<u>(2,513,765)</u>	<u>2,960,355</u>
Retirement benefit expense	11,778,935	18,500,655
Retirement benefit interest expense	26,037,465	27,735,634
Curtailement impact	-	482,438
Total expenses related to retirement benefits	<u>37,816,400</u>	<u>46,718,727</u>

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

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Pensions (Note 9(d))	937,798,000	891,818,000
Retirement Benefits other than Pensions – Health Insurance Plan (Note 9(f))	<u>464,138,784</u>	<u>436,035,129</u>
Total Pensions and Retirement Benefits Liability	<u>1,401,936,784</u>	<u>1,327,853,129</u>

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

			2017 \$	2016 \$
	Pension Plans	Other Benefits	Total	Total
Plan amendments gain	-	-	-	(374,000)
Gain on benefit plans amendments	-	-	-	(374,000)
Current period benefit cost	46,046,000	15,590,837	61,636,837	63,715,168
Amortization of experience losses/ (gains)	1,484,000	(2,884,928)	(1,400,928)	2,292,927
Employee contributions	(30,377,000)	-	(30,377,000)	(30,963,000)
Interest on accrued benefits	59,855,000	27,582,589	87,437,589	85,419,997
Employer contributions	(31,028,000)	(11,045,335)	(42,073,335)	(41,285,970)
Curtailment impact	-	-	-	242,713
Pensions and retirement benefits expense	45,980,000	29,243,163	75,223,163	79,421,835

**10. Contingent Liabilities**

**(a) Guarantees**

**(i) National Education Guarantee Scheme**

In August 1994, the Government introduced the National Education Guarantee Scheme to provide qualifying students with financial guarantees on bank loans for post-secondary education. The repayment of principal and accrued interest is guaranteed by the Government. In the event of default by the student, the banks will call on the guarantee contract. At March 31, 2017, \$5,545 (2016 - \$9,965) is outstanding on guaranteed student loans with local banks.

**(ii) West End Development Corporation (“WEDCO”) Guarantee**

On April 1, 2009, the Minister of Finance consented to the borrowing of \$10 million by WEDCO from Clarien Bank (formerly Capital G Bank) to facilitate the completion of the new Sewage Treatment Plant at Dockyard.

The Minister of Finance further approved the guarantee given by the Ministry of Public Works to repay the indebtedness by way of annual payments to WEDCO until all indebtedness to Clarien Bank has been fully discharged.

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

The Ministry of Public Works further guaranteed and made 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 was fully discharged. At March 31, 2017, \$Nil (2016 - \$1,428,574) is outstanding on WEDCO's indebtedness to Clarien Bank (Schedule 5).

### **(iii) Bank of N.T. Butterfield Guarantee Agreement**

On June 12, 2009, the Government assisted The Bank of N.T. Butterfield & Son Limited ("BNTB") in raising qualifying Tier 1 capital via a perpetual preference share offering of US\$200 million.

Accordingly the Government provided the commitment that if the full \$200 million Preference Share Offering was not achieved on or prior to June 30, 2009, the Government would purchase no later than June 30, 2009 such number of Preference Shares as was sufficient to ensure that the Bank realized aggregate proceeds equal to and not less than US\$200 million. As the offering was fully subscribed, no such Government purchase was necessary.

On June 22, 2009, the Government entered into a Preference Shares Guarantee Agreement with BNTB and others. The Government guaranteed payment of 100% of the liquidation value of the outstanding Preference Shares in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of BNTB during the term of the guarantee. Also, the Government acted as a guarantor for the dividend payments relating to the Preference Shares issuance. Should the BNTB fail to declare and pay dividends in any quarterly dividend period during the term of the guarantee, the Government agreed to pay such dividends at 8% per annum.

Pursuant to the Preference Share Offering, BNTB pays to the Government a fee of 1% per annum on the liquidation value of then outstanding Preference Shares issued to third party investors. The Government was in receipt of 4,279,601 warrants issued by BNTB to purchase a number of non-voting common shares of BNTB having an aggregate market price equal to US\$30 million. The warrants were set to expire on June 22, 2019.

On December 16, 2016, BNTB formally announced that all shareholders of record of the Preference Shares as of December 1, 2016 have been redeemed and all redemption proceeds owed to them were paid out as of December 15, 2016. As a result, the Guarantee Agreement was terminated as of December 16, 2016. The quantity of the warrants was 432,028 on December 15, 2016 (2016-432,061), the date they were transferred back to BNTB. The Government received consideration in the amount of \$100,000 for the transfer of these warrants.

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

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

On December 1, 2010, the Minister of Finance provided an irrevocable Guarantee to Paget Health Services Limited (“PHS”) on behalf of the BHB to facilitate the completion of the new acute care wing (the “New Facility”) of the King Edward VII Memorial Hospital in Paget. The Annual Service Payments commenced from June 12, 2014, the Service Commencement date, for a period of approximately thirty years, consisting of principal, interest, lifecycle and hard facilities management. A portion of the Annual Service Payment is indexed over the thirty year period to allow for changes in the cost of living and other related facility costs. The current year’s Annual Service Payment was \$26 million (2016 – \$25.7 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 principal balance of BHB’s remaining obligation to PHS at March 31, 2017 is \$280.6 million (2016 – \$284.3 million).

### **(v) 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, 2017 is \$1,217,004 (2016 - \$1,480,651).

### **(vi) Morgan’s Point Guarantee**

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

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

### **(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, 2017 is \$15,816,550 (2016 - \$13,821,429).

### **(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 \$ 34,380,059 (2016 - \$34,435,975) has been accrued, which is an estimate of the remaining costs of the clean-up and remediation at the three former major base land sites. The estimated range is \$28.9 million to \$41 million.

The cost for Southside (estimated at \$10.5 million, with a range of \$10.5 million to \$20 million) involves demolition of buildings beyond refurbishment and removal of asbestos.

The cost for clean-up of Tudor Hill (estimated at \$1 million, with a range of \$1 million to \$2 million) is for removal of asbestos and demolition of buildings on the site.

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

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

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



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

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

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

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

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

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

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

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

The concessions are granted at the discretion of the Minister of Tourism Development 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 and in instances where the payroll tax is deemed null and void due to the MoU, the concessions remain as a contra revenue amount to be applied against any future payroll tax incurred by those hotels.

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

The total of the hotel concessions granted as at March 31, 2017 was \$314,663 (2016 - \$1,098,833), which may be applied against any future payroll tax or hotel occupancy tax incurred by the applicable hotels.

**Government of Bermuda – Consolidated Fund**  
**Notes to the Financial Statements**  
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**10. Contingent Liabilities (cont'd)**

In addition to this amount, \$64,040,433 (2016 - \$36,118,898) is available for use but has not yet been granted by the Ministry of Tourism Development 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 in the House of Assembly. This act was approved. The total value of concessions to be applied in the future against payroll, hotel occupancy and land taxes under this Act cannot be determined at this time..

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

**(e) Air Service Agreements**

The Government had signed agreements with two commercial airlines whereby in consideration of providing regular scheduled air service to Bermuda, the Government commits to pay the airlines a calculated sum if there is a financial shortfall on the routes. The agreements vary in detail, but guarantee the airlines either a certain level of revenue or a specific level of profit on a particular route. Shortfalls occur when ticket revenues are insufficient to cover the cost of operating the routes, either due to insufficient passenger numbers or discounted tickets to attract passengers. At March 7, 2017, the vesting date, these air service agreements were vested in the Bermuda Airport Authority.

In accordance with the agreements, Government established and delivered to two commercial airlines irrevocable Letters of Credit ("LOC") issued by HSBC Bank of Bermuda Ltd. ("HSBC"), for US\$500,000 and BNTB for US\$100,000.

**(f) America's Cup Related Concessions**

In February 2015, the Minister of Economic Development tabled the America's Cup Act 2015 in the House of Assembly. This Act was approved which resulted in a number of concessions and exemptions from legislative requirements that would otherwise apply to the America's Cup Event Authority LLC, the Team, their designated commercial partners and the Regatta Officials. The concessions include relief from certain taxes and fees in the areas of advertising, air navigation, broadcasting and electronic communications, customs duties, employment, vehicle permits and licensing, marine vessel port dues, registration and mooring fees, and pilotage. The concessions in this Act cannot be determined as they are not capped.

**(g) Ferry Lease**

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

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**11. Non-Contractual Operational Obligations**

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

	<b>2017</b>
	<b>\$</b>
2018	167,341,705
2019	4,215,095
2020	3,128,645
2021	871,575
2022	3,478,385
2023 and subsequent	<u>43,451</u>
Total Future Operational Obligations	<u><u>179,078,856</u></u>

**12. Contractual Obligations**

**(a) Capital Leases**

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

The following is an analysis of the leases:

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Present value of lease cost	5,092,284	5,087,511
Less: Accumulated amortization	<u>(4,599,804)</u>	<u>(4,547,983)</u>
Present value of lease obligations (Schedule 11)	<u><u>492,480</u></u>	<u><u>539,528</u></u>

**Government of Bermuda – Consolidated Fund**  
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**12. Contractual Obligations (cont'd)**

The following is a schedule of discounted future minimum lease payments under leases expiring up to March 31, 2020:

	<b>2017</b>
	<b>\$</b>
2018	93,345
2019	40,256
2020	27,799
2021	-
Add: Discounted Amount	<u>331,080</u>
Present value of lease obligations	<u><u>492,480</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:

	<b>2017</b>
	<b>\$</b>
2018	41,698,961
2019	14,039,073
2020	6,050,482
2021	2,067,721
2022	742,240
2023 and subsequent	<u>1,812,781</u>
Total Contractual Obligations	<u><u>66,411,258</u></u>

## **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:

	<b>2017</b>
	<b>\$</b>
2018	8,491,808
2019	3,237,276
2020	1,826,890
2021	1,647,223
2022	1,623,198
2023 and subsequent	9,435,720
Total Future Minimum Operating Lease Payments	<u>26,262,115</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 \$25,476,209 (2016 - \$26,359,317) in Supplementary Estimates were approved and spent which consisted of \$15,854,566 (2016 - \$25,509,317) for current expenditure and \$9,621,643 (2016 - \$850,000) for capital expenditure.

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

During the year \$21,378,089 (2016 - \$13,132,892) in virements were approved and transferred which consisted of \$5,453,460 (2016 - \$3,342,028) for current expenditure and \$15,924,629 (2016 - \$9,790,864) for capital expenditure.

Additional expenditures of \$4,302,839 (2016 - \$122,801) were incurred in excess of amounts appropriated by the Ministry and will require final approval, which consisted of \$4,230,840 (2016 - \$0) for current expenditure and \$71,999 (2016 - \$122,801) for capital expenditure.

Additional virements of \$12,199,796 (2016 - \$3,530,828) require final approval and transfer, which consisted of \$4,228,812 (2016 - \$3,301,015) for current expenditure and \$7,970,984 (2016 - \$229,813) 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 7% per annum rate of interest accruing on the balances is the statutory rate as fixed by the Interest and Credit Charges (Regulation) Act 1975 (2016 – 7% per annum).

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

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

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

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

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.

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

In accordance with Section 8 (3) of the Bermuda Monetary Authority Act 1969, the BMA pays the remaining portion of its net profit (historically 50%) to the Fund after contributions to the BMA General Reserve and the paid up capital of the Authority. The BMA reported a net profit for the year ended December 31, 2016, however the Ministry of Finance allowed them to retain the Fund's portion.

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

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

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

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

On July 12, 2011, the Government provided a letter of comfort to BNTB on behalf of BHC which states, “To the extent that the BHC operates programmes which do not break even, the Government appropriates annual grants which enable BHC to comply with its legislation.” The annual grant awarded for the year ended March 31, 2017 was \$6,050,000 (2016 - \$6,050,000).

### **(iv) WEDCO Guarantee**

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

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

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

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

### **(v) BHC Guarantee**

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

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

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

On January 28, 2013 the Regulatory Authority Act 2011 (the “RAA”) came into operation. Section 111 of the RAA committed the Government to make an initial payment of \$2 million as paid-up capital, which was to be used for purposes prescribed under the RAA. In 2013 the Government paid the RA \$1 million towards the paid-up capital. The \$1 million was paid with the intent that the RA would have funding until collecting sufficient revenues to cover operating expenses as per Section 111 (b)(ii) of the RAA. The RA achieved operational independence within the Financial Year and it was deemed not necessary to provide further funding. The Government has fulfilled its financial obligations towards the establishment of the RA in accordance with the intent of the Act.

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

In accordance with Section 41 (1)(a) of the RAA, the RA will pay 50% of its net surplus to the Fund. The RA reported a net deficit for the year ended March 31, 2017 so Nil was owed to Government (2016 – \$48,000).

### **(vii) ACBDA Limited (“ACBDA”)**

On December 24, 2014 (date of inception), the Government purchased 100 common shares of ACBDA. The shares are valued at par \$1 each and are held in trust by the Minister of Economic Development.

### **(viii) L. F. Wade International Airport Redevelopment**

After several assessments commissioned by the Government, it was concluded that the useful life of the existing airport terminal was nearing expiration. The Government agreed to redevelop the airport by using a government to government contracting model with the Canadian Commercial Corporation (“CCC”) which is wholly owned by the Government of Canada. Since mid-2014 the Government has engaged with the CCC and its selected project partner



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

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

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

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

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

##### **(ix) Bermuda Shipping and Maritime Authority**

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

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

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

##### **(xi) Heritage Wharf**

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

The Wharf has been recorded as a tangible capital asset in the Fund's Statement of Financial Position at a value of \$41.6 million. Corresponding revenue of \$41.6 million is recorded as Other Revenue in the Statement of Operations and Accumulated Deficit.

## **15. Debt**

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

During the year the Government had an overdraft facility agreement at HSBC of \$50 million which expired on March 30, 2017. The daily charges applied to overdrawn balances was 3% above HSBC's base rate.

### **(b) Debt Issue**

On October 19, 2016, the Government issued debt of \$665 million of 3.717%, 10 year bonds, due January 2027. The proceeds were used to repay the \$200 million, 5.0% loan facility with BNTB. The proceeds were also used to repurchase \$276.1 million of the 5.603%, \$500 million senior notes due 2020. The repurchase of the 2020 notes included a \$38.7 million early tender premium, shown as a line item on the statement of operations and accumulated deficit, and accrued interest of \$3.8 million. The net increase in interest bearing debt as a result of the issue was \$188.9 million.

## **16. Subsequent Events**

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

As of May 2017, the Government has an overdraft facility agreement at HSBC of \$50 million which expires on November 30, 2017. The daily charges applied to overdrawn balances is 3% above HSBC's base rate.

### **(b) America's Cup Sponsorship Fee**

In August 2017, the Government paid an Additional Sponsorship Fee of \$19.4 million to the America's Cup Event Authority ("ACEA"), pursuant to the terms of the America's Cup Host Venue Agreement (the "HVA") executed in November 2014. This payment represented the final obligation of the Government to the ACEA under the HVA.

### **(c) Hotel Bermuda Holdings Ltd. ("HBH") Guarantee**

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

## **16. Subsequent Events (cont'd)**

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.

### **(d) Bermuda Casino Gaming Commission**

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

## **17. 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**

	2017	2016
	Actual	Actual
	\$	\$
Office of the Tax Commissioner	227,832,640	219,533,685
Works & Engineering	11,937,628	12,485,762
Registrar of Companies	8,941,249	9,234,286
Customs	6,434,678	3,735,119
Fire Services	6,330,116	5,709,801
Judicial Department	4,305,844	5,307,488
Accountant General	3,187,278	3,103,311
Public Lands & Buildings	2,214,575	2,062,738
Post Office	1,918,028	2,169,865
Department of Health	1,580,777	1,442,165
Department of Education	1,561,028	1,133,286
Office of the Auditor General	1,354,075	1,354,075
Environment & Natural Resources	1,268,048	859,645
Ministry of Public Works HQ	918,319	928,679
Ministry of Tourism Dev. & Transport HQ	721,420	129,420
Marine & Ports	494,938	710,919
Public Transportation	391,047	496,007
Telecommunications	271,148	280,047
Financial Assistance	219,708	89,784
Ministry of Finance HQ	134,912	235,588
Defence	128,936	128,936
Department of Human Resources	107,253	115,332
Police	70,933	85,606
Registry General	58,546	63,137
Immigration	44,000	45,000
Ministry of Health, Seniors & Environment HQ	31,708	31,708
Civil Aviation	-	2,645,982
Airport Operations	-	4,478,275
Maritime Administration	-	1,105,142
Other Departments	43,998	70,598
	<b>282,502,830</b>	279,771,386
Less: Provision for Doubtful Accounts	<b>125,986,518</b>	116,319,174
	<b>156,516,312</b>	163,452,212

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

	2017	2016
	Actual	Actual
	\$	\$
Ministry of Public Works HQ	<b>3,756,929</b>	4,433,210
Public Transportation	<b>3,691,367</b>	3,748,675
Works & Engineering	<b>3,359,622</b>	2,936,983
Marine & Ports	<b>2,468,749</b>	2,504,960
Police	<b>1,097,720</b>	1,254,111
Department of Education	<b>1,027,394</b>	872,089
Department of Corrections	<b>362,951</b>	352,204
Environment & Natural Resources	<b>84,157</b>	87,554
Post Office	<b>81,922</b>	81,156
Defence	<b>54,459</b>	54,459
Immigration	<b>39,208</b>	104,946
Department of Health	<b>-</b>	315,422
	<b>16,024,478</b>	16,745,769
Less: Provision for Obsolescence	<b>2,019,683</b>	1,995,579
	<b>14,004,795</b>	14,750,190

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

	2017	2016
	Actual	Actual
	\$	\$
Government Employees Health Insurance Fund	24,752,998	26,050,055
Regulatory Authority	4,752,079	3,363,683
Bermuda Hospitals Board	3,950,477	3,294,511
Bermuda Monetary Authority	1,329,506	1,221,758
Bermuda Shipping and Maritime Authority (Note 14(ix))	1,230,000	-
Golf Courses	1,176,678	840,286
Contributory Pension Fund	1,019,141	3,149,210
West End Development Corporation	329,638	321,897
Bermuda Housing Corporation	269,085	59,639
Government Reserves Fund	268,490	268,490
Bermuda College	217,290	203,273
Confiscated Assets Fund	185,967	793,144
CedarBridge Academy	126,787	108,544
Bermuda Airport Authority	121,979	-
Bermuda Land Development Company	112,462	90,225
Financial Intelligence Agency	28,313	25,810
Bermuda Economic Development Corporation	27,392	29,075
Parish Councils	25,544	21,213
Berkeley Institute	21,561	20,056
Bermuda Health Council	20,133	20,000
Pension Commission	10,485	9,762
Sandys Secondary Middle School	5,223	-
Whitney Institute	3,717	3,761
St. George's Preparatory School	1,940	1,795
Bermuda Housing Trust	767	767
Bermuda Deposit Insurance Corporation	-	73,987
Public Service Superannuation Fund (Note 9(b))	-	2,754,002
Unemployment Insurance Fund (Note 7)	-	201
	<b>39,987,652</b>	<b>42,725,144</b>

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

	2017	2016
	Actual	Actual
	\$	\$
Ministers and Members of the Legislature Pensions Fund (Note 9(b))	12,748,566	13,004,038
Public Service Superannuation Fund (Note 9(b))	3,727,658	-
Bermuda Civil Aviation Authority	3,058,720	-
Department of Tourism North American Retirement Plan	197,175	197,175
Bermuda Hospitals Board	97,716	94,085
West End Development Corporation	6,981	6,981
Bermuda Land Development Company	5,142	5,142
Bermuda Economic Development Corporation	3,800	3,800
Golf Courses	1,943	1,943
Bermuda College	1,672	1,672
Bermuda Housing Corporation	400	400
Parish Councils	-	-
Contributory Pension Fund	-	-
Bermuda Health Council	-	-
Sandys Secondary Middle School	-	-
Contributory Pension Fund	-	-
Unemployment Insurance Fund	-	-
Government Reserves Fund	-	-
Government Employees Health Insurance Fund	-	-
	<b>19,849,773</b>	<b>13,315,236</b>

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

	2017	2016
	Actual	Actual
	\$	\$
Student Loans and Teacher Training Awards	516,625	1,183,200
Customs Duty	197,844	451,288
	<b>714,469</b>	<b>1,634,488</b>

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

	2017	2016
	Actual	Actual
	\$	\$
Department Trade Accounts	40,249,517	35,821,228
Base Lands Clean Up (Note 10(c))	34,380,059	34,435,975
Interest on Debt	31,875,293	25,927,818
Deposits Held	30,404,788	20,455,423
Employees' Leave Entitlements	18,566,660	16,275,195
Teachers' Salaries & Leave Entitlements	8,552,954	8,446,019
Salaries, Wages and Benefits	1,494,793	862,192
Leases Payable	161,400	180,582
Guarantee Payable to WEDCO (Note 10(a)(ii))	-	1,428,574
	<b>165,685,464</b>	<b>143,833,006</b>



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

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	2017	2016
	Actual	Actual
	\$	\$
Post Office	<b>255,249</b>	336,373
Department of Health	<b>160,764</b>	122,971
Public Lands & Buildings	<b>90,816</b>	90,816
Youth, Sport & Recreation	<b>22,981</b>	15,948
Office of the Tax Commissioner	<b>5,000</b>	5,000
Accountant General	<b>836</b>	836
Civil Aviation	-	2,097,695
Environment & Natural Resources	-	118,894
Home Affairs	-	540
	<b>535,646</b>	2,789,073

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

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	2017	2016
	Actual	Actual
	\$	\$
<b>Senior Notes Due 2016 - US\$</b>		
Issue Date: May 21, 2009		
Interest: 6.98% payable semi-annually		
May 21 and November 21		
Notes Due: May 21, 2016	-	30,000,000
<b>Senior Notes Due 2016 - US\$</b>		
Issue Date: November 10, 2009		
Interest: 5.27% payable semi-annually		
November 10 and May 10		
Notes Due: November 10, 2016	-	60,000,000
<b>BNTB Loan Due July 2017 - US\$</b>		
Issue Date: July 20, 2015		
Interest: 4.75% payable monthly		
Last business day of the month		
Loan Due: July 31, 2017	-	150,000,000
<b>Senior Notes Due 2019 - US\$</b>		
Issue Date: May 21, 2009		
Interest: 7.38% payable semi-annually		
May 21 and November 21		
Notes Due: May 21, 2019	<b>100,000,000</b>	100,000,000
<b>Senior Notes Due 2019 - US\$</b>		
Issue Date: November 10, 2009		
Interest: 5.93% payable semi-annually		
November 10 and May 10		
Notes Due: November 10, 2019	<b>80,000,000</b>	80,000,000
<b>Senior Notes Due 2020 - US\$</b>		
Issue Date: July 13, 2010		
Interest: 5.603% payable semi-annually		
January 20 and July 20		
Notes Due: July 20, 2020	<b>223,935,000</b>	500,000,000
<b>Senior Notes Due 2022 - US\$</b>		
Issue Date: December 4, 2007		
Interest: 5.73% payable semi-annually		
June 4 and December 4		
Notes Due: December 4, 2022	<b>140,000,000</b>	140,000,000

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

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	2017	2016
	Actual	Actual
	\$	\$
<b>Senior Notes Due 2023 - US\$</b>		
Issue Date: July 3, 2012		
Interest: 4.138% payable semi-annually		
January 3 and July 3		
Notes Due: January 3, 2023	<b>475,000,000</b>	475,000,000
<b>Senior Notes Due 2023 - BMD\$</b>		
Issue Date: December 16, 2013		
Interest: 4.75% payable semi-annually		
June 16 and December 16		
Notes Due: December 16, 2023	<b>50,000,000</b>	50,000,000
<b>Senior Notes Due 2024 - US\$</b>		
Issue Date: August 6, 2013		
Interest: 4.854% payable semi-annually		
February 6 and August 6		
Notes Due: February 6, 2024	<b>750,000,000</b>	750,000,000
<b>Senior Notes Due 2027 - US\$</b>		
Issue Date: October 19, 2016		
Interest: 3.717% payable semi-annually		
January 25 and July 25		
Notes Due: January 25, 2027	<b>665,000,000</b>	-
	<b>2,483,935,000</b>	2,335,000,000
Less: Sinking Fund (Note 5)	<b>86,625,930</b>	117,274,389
	<b>2,397,309,070</b>	2,217,725,611

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

	2017 Original Estimates	2017 Actual	2016 Actual
	\$	\$	\$
<b>Taxes &amp; Duties</b>			
Payroll Tax	390,000,000	<b>401,754,701</b>	361,135,536
Customs Duty	209,484,000	<b>211,086,777</b>	192,593,226
Land Tax	63,186,000	<b>62,422,116</b>	67,068,082
Passenger Tax	43,166,000	<b>41,025,248</b>	40,794,380
	705,836,000	<b>716,288,842</b>	661,591,224
<b>Other Taxes &amp; Duties</b>			
Stamp Duty	24,159,000	<b>23,125,474</b>	25,215,554
Foreign Currency Purchase Tax	21,000,000	<b>20,310,285</b>	19,628,127
Hotel Occupancy Tax	11,000,000	<b>7,950,651</b>	10,337,484
Non-Bermudian Land Acquisition Tax	9,000,000	<b>5,044,735</b>	6,914,789
Corporate Services Tax	5,750,000	<b>5,221,796</b>	5,919,034
Betting Tax	1,375,000	<b>935,928</b>	1,637,786
Timesharing Tax	20,000	<b>60,902</b>	173,344
	72,304,000	<b>62,649,771</b>	69,826,118
<b>Total Taxes &amp; Duties</b>	<b>778,140,000</b>	<b>778,938,613</b>	<b>731,417,342</b>
<b>Fees, Permits &amp; Licences</b>			
International Companies	66,063,000	<b>62,606,713</b>	60,074,386
Vehicle Licences & Registration	28,047,000	<b>29,363,972</b>	29,030,678
Registration of Aircraft	17,000,000	<b>14,573,656</b>	25,872,268
Immigration	11,429,000	<b>16,652,240</b>	22,159,934
Air Terminal & Aviation	17,895,000	<b>8,860,366</b>	12,508,016
Telecommunications	13,366,000	<b>14,301,377</b>	11,542,127
Bus Transportation	8,750,000	<b>7,282,262</b>	8,741,726
Registration of Shipping	501,000	<b>3,065,117</b>	4,611,604
Solid Waste Services	3,849,000	<b>4,996,171</b>	4,550,956
Postal Services	4,541,000	<b>4,036,455</b>	4,466,331
Water	2,888,000	<b>2,537,721</b>	3,900,523
Services to Seaborne Shipping	2,693,000	<b>3,043,471</b>	2,885,317
Local Companies	2,800,000	<b>2,714,830</b>	2,787,164
Trade and Service Mark	1,624,000	<b>1,877,033</b>	1,818,414
Other Customs Fees & Charges	2,077,000	<b>1,914,236</b>	1,803,757
Rentals	2,096,000	<b>1,958,386</b>	1,655,424
Ferry Services	1,538,000	<b>1,182,334</b>	1,314,996
Planning Fees and Searches	970,000	<b>1,379,059</b>	992,907
Wharfage	750,000	<b>794,852</b>	730,192
Companies Licences	635,000	<b>865,000</b>	660,113
Liquor Licences	320,000	<b>513,040</b>	384,928
Plant Production and Marketing Centre	200,000	<b>183,326</b>	196,456
	190,032,000	<b>184,701,617</b>	202,688,217
<b>Other Revenue</b>			
Other (Note 14(xi))	25,375,000	<b>59,794,712</b>	22,306,454
Fines & Forfeitures	2,982,000	<b>2,622,489</b>	3,394,265
	28,357,000	<b>62,417,201</b>	25,700,719
<b>Investment Income</b>	406,000	<b>3,536,930</b>	911,946
	28,763,000	<b>65,954,131</b>	26,612,665
<b>TOTAL REVENUE</b>	<b>996,935,000</b>	<b>1,029,594,361</b>	<b>960,718,224</b>

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

	2017 Original Estimates	2017 Actual	2016 Actual
	\$	\$	\$
<b>Non-Ministry Departments</b>			
05 Office of the Auditor General	700,000	1,143,402	1,211,355
63 Parliamentary Registrar	330,000	352,606	358,403
01 Governor & Staff	-	-	1,458
92 Internal Audit	-	-	848
02 Legislature	-	(300)	900
	1,030,000	1,495,708	1,572,964
<b>Cabinet Office Departments</b>			
09 Cabinet Office	-	1,446	161
26 Department of Human Resources	-	104	-
14 Department of Statistics	-	47	1,282
	-	1,597	1,443
<b>Ministry of Tourism Development &amp; Transport</b>			
34 Transport Control Department	28,051,000	29,491,093	29,152,072
57 Civil Aviation	17,000,000	14,587,756	25,893,098
31 Airport Operations	18,015,000	8,970,111	12,635,892
35 Public Transportation	8,763,000	7,335,174	8,807,497
30 Marine & Ports	5,551,000	5,573,948	5,529,087
73 Maritime Administration	500,000	3,180,274	4,849,403
48 Ministry of Tourism Dev. & Transport HQ	-	767,147	405,165
	77,880,000	69,905,503	87,272,214
<b>Ministry of Legal Affairs</b>			
03 Judicial Department	8,288,000	5,859,255	7,966,713
87 Ministry of Legal Affairs HQ	-	98,904	57,594
04 Attorney General's Chambers	-	-	100,270
74 Department of Court Services	-	(190)	1,250
	8,288,000	5,957,969	8,125,827
<b>Ministry of Finance</b>			
38 Office of the Tax Commissioner	554,946,000	560,333,886	527,965,758
11 Accountant General	406,000	3,542,707	3,448,291
10 Ministry of Finance HQ	1,846,000	1,487,316	2,011,785
28 Social Insurance	-	-	150
	557,198,000	565,363,909	533,425,984
<b>Ministry of Education</b>			
17 Department of Education	230,000	181,991	149,937
	230,000	181,991	149,937
<b>Ministry of Health, Seniors &amp; Environment</b>			
22 Department of Health	3,453,000	3,550,853	3,502,692
79 Environment & Natural Resources	1,755,000	1,823,136	1,739,080
21 Ministry of Health, Seniors & Environment HQ	50,000	152,219	127,855
91 Health Insurance	-	7,000	7,000
	5,258,000	5,533,208	5,376,627

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

	2017 Original Estimates	2017 Actual	2016 Actual
	\$	\$	\$
<b>Ministry of Economic Development</b>			
39 Registrar of Companies	70,054,000	66,381,714	64,054,479
46 Telecommunications	13,466,000	14,129,377	11,590,127
67 E-Commerce	-	1,000	125
	83,520,000	80,512,091	75,644,731
<b>Ministry of Community, Culture &amp; Sports</b>			
20 Youth, Sport & Recreation	587,000	585,689	637,406
52 Community & Cultural Affairs	86,000	183,943	65,646
23 Child & Family Services	192,000	165,620	168,760
18 Libraries	16,000	17,301	14,090
19 Archives	2,000	868	1,886
	883,000	953,421	887,788
<b>Ministry of National Security</b>			
12 Customs	213,075,000	215,017,368	196,237,863
13 Post Office	4,467,000	4,006,791	4,437,551
45 Fire Services	8,000	776,843	667,692
07 Police	350,000	501,809	1,217,328
88 National Drug Control	6,000	2,818	1,000
83 Ministry of National Security HQ	-	111	-
25 Department of Corrections	-	50	450
06 Defence	-	-	1,530
	217,906,000	220,305,790	202,563,414
<b>Ministry of Home Affairs</b>			
27 Immigration	20,549,000	21,709,909	29,227,223
29 Registry General	1,910,000	2,109,749	2,085,194
32 Department of Planning	1,125,000	1,592,904	1,196,202
93 Ministry of Home Affairs HQ	614,000	1,326,960	1,011,004
60 Workforce Development	10,000	21,995	1,907
	24,208,000	26,761,517	33,521,530
<b>Ministry of Public Works</b>			
81 Public Lands & Buildings	4,900,000	43,411,270	1,533,183
82 Works & Engineering	14,319,000	9,099,347	10,462,067
68 Parks	59,000	92,934	149,684
36 Ministry of Public Works HQ	106,000	17,379	30,271
49 Land Valuation	6,000	567	545
97 Land, Surveys & Registration	1,144,000	160	15
	20,534,000	52,621,657	12,175,765
<b>TOTAL REVENUE</b>	<b>996,935,000</b>	<b>1,029,594,361</b>	<b>960,718,224</b>

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

	2017 Interdepartmental Revenue	2017 Gross Revenue Actual	2017 Net Revenue
	\$	\$	\$
<b>Non-Ministry Departments</b>			
05 Office of the Auditor General	-	1,143,402	1,143,402
63 Parliamentary Registrar	979	352,606	351,627
02 Legislature	-	(300)	(300)
	979	1,495,708	1,494,729
<b>Cabinet Office Departments</b>			
09 Cabinet Office	-	1,446	1,446
26 Department of Human Resources	-	104	104
14 Department of Statistics	-	47	47
	-	1,597	1,597
<b>Ministry of Tourism Development &amp; Transport</b>			
34 Transport Control Department	-	29,491,093	29,491,093
57 Civil Aviation	-	14,587,756	14,587,756
31 Airport Operations	58,156	8,970,111	8,911,955
35 Public Transportation	210,832	7,335,174	7,124,342
30 Marine & Ports	-	5,573,948	5,573,948
73 Maritime Administration	-	3,180,274	3,180,274
48 Ministry of Tourism Dev. & Transport HQ	-	767,147	767,147
	268,988	69,905,503	69,636,515
<b>Ministry of Legal Affairs</b>			
03 Judicial Department	-	5,859,255	5,859,255
87 Ministry of Legal Affairs HQ	-	98,714	98,714
	-	5,957,969	5,957,969
<b>Ministry of Finance</b>			
38 Office of the Tax Commissioner	1,610	560,333,886	560,332,276
11 Accountant General	-	3,542,707	3,542,707
10 Ministry of Finance HQ	-	1,487,316	1,487,316
	1,610	565,363,909	565,362,299
<b>Ministry of Education</b>			
17 Department of Education	940	181,991	181,051
	940	181,991	181,051
<b>Ministry of Health, Seniors &amp; Environment</b>			
22 Department of Health	188,598	3,550,853	3,362,255
79 Environment & Natural Resources	13,147	1,823,136	1,809,989
21 Ministry of Health, Seniors & Environment HQ	7,374	152,219	144,845
91 Health Insurance	-	7,000	7,000
	209,119	5,533,208	5,324,089

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

	2017 Interdepartmental Revenue	2017 Gross Revenue Actual	2017 Net Revenue
	\$	\$	\$
<b>Ministry of Economic Development</b>			
39 Registrar of Companies	-	66,381,714	66,381,714
46 Telecommunications	-	14,129,377	14,129,377
67 E-Commerce	-	1,000	1,000
	-	<b>80,512,091</b>	80,512,091
<b>Ministry of Community, Culture &amp; Sports</b>			
20 Youth, Sport & Recreation	10,995	585,689	574,694
52 Community & Cultural Affairs	80	183,943	183,863
23 Child & Family Services	1,600	165,620	164,020
18 Libraries	-	17,301	17,301
19 Archives	-	868	868
	12,675	<b>953,421</b>	940,746
<b>Ministry of National Security</b>			
12 Customs	1,087,676	215,017,368	213,929,692
13 Post Office	4,866	4,006,791	4,001,925
45 Fire Services	351	776,843	776,492
07 Police	3,332	501,809	498,477
88 National Drug Control	-	2,818	2,818
83 Ministry of National Security HQ	-	111	111
25 Department of Corrections	-	50	50
	1,096,225	<b>220,305,790</b>	219,209,565
<b>Ministry of Home Affairs</b>			
27 Immigration	4,145	21,709,909	21,705,764
29 Registry General	5,307	2,109,749	2,104,442
32 Department of Planning	18,230	1,592,904	1,574,674
93 Ministry of Home Affairs HQ	-	1,326,960	1,326,960
60 Workforce Development	-	21,995	21,995
	27,682	<b>26,761,517</b>	26,733,835
<b>Ministry of Public Works</b>			
81 Public Lands & Buildings	99,666	43,411,270	43,311,604
82 Works & Engineering	285,841	9,099,347	8,813,506
68 Parks	50	92,934	92,884
36 Ministry of Public Works HQ	-	17,379	17,379
49 Land Valuation	-	567	567
97 Land, Surveys & Registration	-	160	160
	385,557	<b>52,621,657</b>	52,236,100
<b>TOTAL REVENUE</b>	<b>2,003,775</b>	<b>1,029,594,361</b>	<b>1,027,590,586</b>



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

	2017 Capital Development	2017 Capital Acquisition	2017 Current Expenses	2017 Total Actual	2016 Total Actual
	\$	\$	\$	\$	\$
<b>Economic Development</b>					
11 Accountant General	-	77,940	83,836,496	<b>83,914,436</b>	80,506,308
82 Works & Engineering	3,413,626	-	48,923,280	<b>52,336,906</b>	49,857,644
31 Airport Operations	6,556,312	82,056	39,624,542	<b>46,262,910</b>	24,596,879
81 Public Lands & Buildings	6,652,011	-	35,110,213	<b>41,762,224</b>	42,000,604
48 Ministry of Tourism Dev. & Transport HQ	1,933,697	-	29,539,716	<b>31,473,413</b>	27,156,952
95 Ministry of Economic Development HQ	15,747,000	-	13,141,182	<b>28,888,182</b>	16,344,801
30 Marine & Ports	-	522,363	22,022,465	<b>22,544,828</b>	21,650,373
35 Public Transportation	-	(55,927)	20,932,329	<b>20,876,402</b>	21,876,005
12 Customs	-	6,398	17,105,126	<b>17,111,524</b>	17,391,312
36 Ministry of Public Works HQ	3,891,219	164,077	10,211,532	<b>14,266,828</b>	9,043,003
57 Civil Aviation	500,000	329,243	9,281,402	<b>10,110,645</b>	7,370,215
13 Post Office	-	14,970	9,840,882	<b>9,855,852</b>	10,170,875
43 Information Technology Office	-	789,421	7,208,666	<b>7,998,087</b>	8,203,328
38 Office of the Tax Commissioner	-	149,729	7,521,214	<b>7,670,943</b>	2,957,127
34 Transport Control Department	-	-	5,863,620	<b>5,863,620</b>	6,053,112
93 Ministry of Home Affairs HQ	1,480,224	-	3,214,596	<b>4,694,820</b>	4,080,813
73 Maritime Administration	650,000	2,200	3,865,774	<b>4,517,974</b>	2,994,509
10 Ministry of Finance HQ	-	79,593	4,070,044	<b>4,149,637</b>	4,439,091
05 Office of the Auditor General	-	-	3,575,680	<b>3,575,680</b>	3,111,519
32 Department of Planning	-	(5,158)	2,484,784	<b>2,479,626</b>	2,695,779
39 Registrar of Companies	-	-	2,220,101	<b>2,220,101</b>	1,902,556
29 Registry General	-	2,158	1,428,801	<b>1,430,959</b>	1,419,330
67 E-Commerce	-	-	1,094,512	<b>1,094,512</b>	886,052
84 E-Government	-	411,737	678,464	<b>1,090,201</b>	928,284
97 Land, Surveys & Registration	-	2,600	923,016	<b>925,616</b>	1,200,726
89 Energy	-	-	768,832	<b>768,832</b>	858,571
49 Land Valuation	-	15,137	699,184	<b>714,321</b>	748,270
80 Project Management & Procurement	382	-	658,737	<b>659,119</b>	680,615
46 Telecommunications	123,782	-	388,861	<b>512,643</b>	938,639
	<b>40,948,253</b>	<b>2,588,537</b>	<b>386,234,051</b>	<b>429,770,841</b>	<b>372,063,292</b>
<b>Health</b>					
24 Hospitals	120,000	-	145,000,892	<b>145,120,892</b>	148,115,140
22 Department of Health	13,217	2,864	24,786,576	<b>24,802,657</b>	24,369,671
21 Ministry of Health, Seniors & Environment HQ	-	-	9,421,985	<b>9,421,985</b>	12,876,752
91 Health Insurance	-	-	7,471,526	<b>7,471,526</b>	1,046,480
28 Social Insurance	-	-	6,368,346	<b>6,368,346</b>	6,782,490
	<b>133,217</b>	<b>2,864</b>	<b>193,049,325</b>	<b>193,185,406</b>	<b>193,190,533</b>
<b>National Security</b>					
07 Police	31,725	95,215	66,650,398	<b>66,777,338</b>	65,930,032
25 Department of Corrections	(23,122)	(10,763)	25,116,745	<b>25,082,860</b>	24,849,352
45 Fire Services	-	90,641	13,362,560	<b>13,453,201</b>	14,690,397
03 Judicial Department	-	39,227	7,767,228	<b>7,806,455</b>	7,355,565
06 Defence	(45)	(1,075)	7,237,654	<b>7,236,534</b>	7,352,218
87 Ministry of Legal Affairs HQ	-	7,338	5,954,795	<b>5,962,133</b>	5,845,544
27 Immigration	-	39,826	5,424,291	<b>5,464,117</b>	5,044,642
04 Attorney General's Chambers	-	18,439	4,338,317	<b>4,356,756</b>	4,320,406
74 Department of Court Services	-	-	4,011,904	<b>4,011,904</b>	3,917,499
75 Department of Public Prosecutions	-	(66,392)	2,794,277	<b>2,727,885</b>	2,797,770
83 Ministry of National Security HQ	-	-	1,287,285	<b>1,287,285</b>	1,368,462
	<b>8,558</b>	<b>212,456</b>	<b>143,945,454</b>	<b>144,166,468</b>	<b>143,471,887</b>
<b>Education</b>					
17 Department of Education	424,950	710,667	109,270,166	<b>110,405,783</b>	109,814,670
41 Bermuda College	-	-	15,527,760	<b>15,527,760</b>	16,008,136
60 Workforce Development	-	-	4,185,990	<b>4,185,990</b>	4,160,723
16 Ministry of Education HQ	-	-	2,208,067	<b>2,208,067</b>	1,953,938
	<b>424,950</b>	<b>710,667</b>	<b>131,191,983</b>	<b>132,327,600</b>	<b>131,937,467</b>

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

	2017 Capital Development	2017 Capital Acquisition	2017 Current Expenses	2017 Total Actual	2016 Total Actual
	\$	\$	\$	\$	\$
<b>Public Debt</b>					
58 Interest on Debt	-	-	120,619,921	<b>120,619,921</b>	116,217,365
Early Tender Premium on Repurchased Debt (Note 15(b))	-	-	38,649,100	<b>38,649,100</b>	-
	-	-	159,269,021	<b>159,269,021</b>	116,217,365
<b>Social Services &amp; Assistance</b>					
55 Financial Assistance	-	6,914	53,614,366	<b>53,621,280</b>	54,607,684
23 Child & Family Services	-	379,874	13,844,699	<b>14,224,573</b>	13,341,123
53 Bermuda Housing Corporation	4,800,000	-	6,050,000	<b>10,850,000</b>	8,210,000
88 National Drug Control	-	10,520	4,450,283	<b>4,460,803</b>	4,177,580
52 Community & Cultural Affairs	-	-	2,664,049	<b>2,664,049</b>	2,509,330
71 Ministry of Community, Culture and Sports HQ	-	-	2,210,060	<b>2,210,060</b>	2,257,190
	4,800,000	397,308	82,833,457	<b>88,030,765</b>	85,102,907
<b>Other General Government Services</b>					
68 Parks	218,776	(3,993)	8,733,666	<b>8,948,449</b>	9,520,669
20 Youth, Sport & Recreation	-	7,692	8,762,215	<b>8,769,907</b>	9,171,519
79 Environment & Natural Resources	263,753	62,000	7,977,660	<b>8,303,413</b>	8,319,088
09 Cabinet Office	6,219	767	7,023,054	<b>7,030,040</b>	6,296,919
02 Legislature	(34,752)	35,659	5,093,938	<b>5,094,845</b>	4,820,944
26 Department of Human Resources	-	-	2,856,020	<b>2,856,020</b>	2,995,986
14 Department of Statistics	-	-	2,678,670	<b>2,678,670</b>	2,202,088
51 Department of Communication & Information	-	15,290	2,080,516	<b>2,095,806</b>	2,251,129
18 Libraries	-	-	1,766,082	<b>1,766,082</b>	1,768,764
63 Parliamentary Registrar	-	-	1,400,557	<b>1,400,557</b>	1,022,665
56 Human Rights Commission	-	-	1,297,626	<b>1,297,626</b>	1,332,447
01 Governor & Staff	-	-	1,250,762	<b>1,250,762</b>	1,440,908
92 Internal Audit	-	-	1,168,646	<b>1,168,646</b>	1,261,357
19 Archives	(38,225)	15,968	1,103,612	<b>1,081,355</b>	1,269,755
85 Ombudsman's Office	-	-	785,430	<b>785,430</b>	851,112
98 Information Commissioner's Office	-	-	672,100	<b>672,100</b>	503,773
	415,771	133,383	54,650,554	<b>55,199,708</b>	55,029,123
<b>Pensions and Other Employee Future Benefits</b>					
Pensions and Retirement Benefits Expense	-	-	75,222,863	<b>75,222,863</b>	79,047,835
	-	-	75,222,863	<b>75,222,863</b>	79,047,835
<b>TOTAL EXPENSES</b>	46,730,749	4,045,215	1,226,396,708	<b>1,277,172,672</b>	1,176,060,409

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

	2017 Original Estimates	2017 Actual	2016 Actual
	\$	\$	\$
<b>Employees</b>			
Salaries	296,975,000	<b>287,832,690</b>	295,881,467
Wages	69,397,000	<b>78,709,347</b>	75,909,524
Employer Overhead	78,511,000	<b>76,865,880</b>	74,457,094
Pensions and Retirement Benefits Expense	-	<b>74,083,655</b>	78,102,509
Other Personnel Costs	6,240,000	<b>5,355,877</b>	5,238,295
Training	3,006,000	<b>1,664,780</b>	1,867,324
Compensated Absences	-	<b>1,139,208</b>	945,326
	454,129,000	<b>525,651,437</b>	532,401,539
<b>Operations</b>			
Grants & Contributions	300,955,000	<b>293,192,509</b>	292,286,476
Interest on Debt	129,050,000	<b>120,639,928</b>	116,220,689
Professional Services	56,278,000	<b>57,066,589</b>	58,949,432
Amortization (Note 4(b)(v))	-	<b>46,114,586</b>	46,735,105
Early Tender Premium on Repurchased Debt (Note 15(b))	-	<b>38,649,100</b>	-
Loss on Disposal of Tangible Capital Assets	-	<b>26,791,299</b>	-
Materials & Supplies	23,674,000	<b>20,757,517</b>	17,201,248
Energy	20,234,000	<b>16,676,024</b>	16,139,652
Repairs & Maintenance	19,732,000	<b>16,395,615</b>	17,046,228
Rentals	13,768,000	<b>13,424,096</b>	13,665,371
Insurance	9,566,000	<b>10,948,236</b>	11,731,257
Advertising & Promotion	3,556,000	<b>9,782,712</b>	8,731,286
Bad Debts	-	<b>6,969,057</b>	6,173,307
Communications	7,484,000	<b>6,580,876</b>	6,458,080
Transport	4,519,000	<b>5,209,018</b>	3,624,904
Other	3,061,000	<b>5,486,092</b>	1,053,562
Travel	3,030,000	<b>2,324,881</b>	2,619,838
Bank Charges & Commissions	-	<b>1,819,340</b>	1,335,716
Clothing & Uniforms	1,090,000	<b>1,266,393</b>	785,974
Equipment	567,000	<b>651,403</b>	411,407
Sinking Fund Contribution (Note 4(b)(iii))	58,375,000	-	-
	654,939,000	<b>700,745,271</b>	621,169,532
<b>TOTAL CURRENT EXPENSES</b>	1,109,068,000	<b>1,226,396,708</b>	1,153,571,071

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

	2017 Original Estimates	2017 Actual	2016 Actual
	\$	\$	\$
<b>Non-Ministry Departments</b>			
02 Legislature	5,051,000	<b>5,093,938</b>	4,810,833
05 Office of the Auditor General	3,572,000	<b>3,575,680</b>	3,111,519
63 Parliamentary Registrar	1,502,000	<b>1,400,557</b>	1,018,659
56 Human Rights Commission	1,268,000	<b>1,297,626</b>	1,324,648
01 Governor & Staff	1,395,000	<b>1,250,762</b>	1,440,908
92 Internal Audit	1,504,000	<b>1,168,646</b>	1,261,357
85 Ombudsman's Office	910,000	<b>785,430</b>	851,112
98 Information Commissioner's Office	864,000	<b>672,100</b>	503,773
	16,066,000	<b>15,244,739</b>	14,322,809
<b>Cabinet Office Departments</b>			
43 Information Technology Office	6,142,000	<b>7,208,666</b>	7,070,382
09 Cabinet Office	7,070,000	<b>7,023,054</b>	5,907,573
26 Department of Human Resources	3,657,000	<b>2,856,020</b>	2,963,196
14 Department of Statistics	4,137,000	<b>2,678,670</b>	2,202,088
51 Department of Communication & Information	2,318,000	<b>2,080,516</b>	2,247,281
84 E-Government	872,000	<b>678,464</b>	832,892
80 Project Management & Procurement	852,000	<b>658,737</b>	678,213
96 Sustainable Development	-	-	389,346
	25,048,000	<b>23,184,127</b>	22,290,971
<b>Ministry of Tourism Development &amp; Transport</b>			
31 Airport Operations	19,959,000	<b>39,624,542</b>	23,639,377
48 Ministry of Tourism Dev. & Transport HQ	24,798,000	<b>29,539,716</b>	27,155,658
30 Marine & Ports	19,900,000	<b>22,022,465</b>	21,524,404
35 Public Transportation	19,200,000	<b>20,932,329</b>	21,546,661
57 Civil Aviation	-	<b>9,281,402</b>	7,363,850
34 Transport Control Department	5,350,000	<b>5,863,620</b>	6,053,112
73 Maritime Administration	-	<b>3,865,774</b>	2,985,120
	89,207,000	<b>131,129,848</b>	110,268,182
<b>Ministry of Legal Affairs</b>			
03 Judicial Department	8,161,000	<b>7,767,228</b>	7,343,543
87 Ministry of Legal Affairs HQ	6,113,000	<b>5,954,795</b>	5,831,680
04 Attorney General's Chambers	4,554,000	<b>4,338,317</b>	4,317,983
74 Department of Court Services	4,266,000	<b>4,011,904</b>	3,915,613
75 Department of Public Prosecutions	3,156,000	<b>2,794,277</b>	2,792,715
	26,250,000	<b>24,866,521</b>	24,201,534
<b>Ministry of Finance</b>			
58 Interest on Debt	129,000,000	<b>120,619,921</b>	116,217,365
Early Tender Premium on Repurchased Debt (Note 15(b))	-	<b>38,649,100</b>	-
11 Accountant General	86,817,000	<b>83,836,496</b>	80,495,473
Pensions and Retirement Benefits Expense	-	<b>75,222,863</b>	79,047,835
38 Office of the Tax Commissioner	3,181,000	<b>7,521,214</b>	2,936,612
28 Social Insurance	6,100,000	<b>6,368,346</b>	6,782,490
10 Ministry of Finance HQ	4,297,000	<b>4,070,044</b>	4,409,091
59 Sinking Fund Contribution	58,375,000	-	-
	287,770,000	<b>336,287,984</b>	289,888,866
<b>Ministry of Education</b>			
17 Department of Education	107,085,000	<b>109,270,166</b>	108,729,262
41 Bermuda College	15,528,000	<b>15,527,760</b>	16,008,136
16 Ministry of Education HQ	2,287,000	<b>2,208,067</b>	1,953,938
	124,900,000	<b>127,005,993</b>	126,691,336
<b>Ministry of Health, Seniors &amp; Environment</b>			
24 Hospitals	145,674,000	<b>145,000,892</b>	147,995,140
22 Department of Health	26,966,000	<b>24,786,576</b>	24,364,794
21 Ministry of Health, Seniors & Environment HQ	9,732,000	<b>9,421,985</b>	12,876,752
79 Environment & Natural Resources	8,038,000	<b>7,977,660</b>	8,165,922
91 Health Insurance	3,995,000	<b>7,471,526</b>	1,042,580
	194,405,000	<b>194,658,639</b>	194,445,188

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

	2017 Original Estimates	2017 Actual	2016 Actual
	\$	\$	\$
<b>Ministry of Economic Development</b>			
95 Ministry of Economic Development HQ	13,727,000	13,141,182	11,470,801
39 Registrar of Companies	2,712,000	2,220,101	1,902,556
67 E-Commerce	1,537,000	1,094,512	886,052
89 Energy	943,000	768,832	858,571
46 Telecommunications	1,033,000	388,861	938,639
	19,952,000	17,613,488	16,056,619
<b>Ministry of Community, Culture &amp; Sports</b>			
55 Financial Assistance	54,561,000	53,614,366	54,606,409
23 Child & Family Services	15,907,000	13,844,699	13,341,123
20 Youth, Sport & Recreation	9,055,000	8,762,215	9,171,519
52 Community & Cultural Affairs	2,939,000	2,664,049	2,509,330
71 Ministry of Community, Culture and Sports HQ	2,970,000	2,210,060	2,257,190
18 Libraries	1,861,000	1,766,082	1,762,766
19 Archives	1,294,000	1,103,612	1,227,826
	88,587,000	83,965,083	84,876,163
<b>Ministry of National Security</b>			
07 Police	64,595,000	66,650,398	65,805,982
25 Department of Corrections	25,337,000	25,116,745	24,817,794
12 Customs	17,112,000	17,105,126	17,375,038
45 Fire Services	12,506,000	13,362,560	14,560,472
13 Post Office	10,677,000	9,840,882	10,146,894
06 Defence	7,086,000	7,237,654	7,163,765
88 National Drug Control	4,179,000	4,450,283	4,164,580
83 Ministry of National Security HQ	1,297,000	1,287,285	1,343,512
	142,789,000	145,050,933	145,378,037
<b>Ministry of Home Affairs</b>			
27 Immigration	4,633,000	5,424,291	4,970,731
60 Workforce Development	4,557,000	4,185,990	4,025,398
93 Ministry of Home Affairs HQ	4,562,000	3,214,596	4,080,813
32 Department of Planning	3,202,000	2,484,784	2,683,992
29 Registry General	1,750,000	1,428,801	1,409,330
42 Rent Commissioner	-	-	-
	18,704,000	16,738,462	17,170,264
<b>Ministry of Public Works</b>			
82 Works & Engineering	31,426,000	48,923,280	46,512,311
81 Public Lands & Buildings	20,799,000	35,110,213	37,751,829
36 Ministry of Public Works HQ	5,425,000	10,211,532	6,512,407
68 Parks	9,845,000	8,733,666	9,205,559
53 Bermuda Housing Corporation	6,050,000	6,050,000	6,050,000
97 Land, Surveys & Registration	1,050,000	923,016	1,200,726
49 Land Valuation	795,000	699,184	748,270
	75,390,000	110,650,891	107,981,102
<b>TOTAL CURRENT EXPENSES</b>	1,109,068,000	1,226,396,708	1,153,571,071

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

	2017 Interdepartmental Expense	2017 Actual Gross Expense	2017 Net Expense
	\$	\$	\$
<b>Non-Ministry Departments</b>			
02 Legislature	575	5,093,938	5,093,363
05 Office of the Auditor General	85	3,575,680	3,575,595
63 Parliamentary Registrar	2,071	1,400,557	1,398,486
56 Human Rights Commission	85	1,297,626	1,297,541
01 Governor & Staff	(1,275)	1,250,762	1,252,037
92 Internal Audit	160	1,168,646	1,168,486
85 Ombudsman's Office	-	785,430	785,430
98 Information Commissioner's Office	65	672,100	672,035
	1,766	15,244,739	15,242,973
<b>Cabinet Office Departments</b>			
43 Information Technology Office	178	7,208,666	7,208,488
09 Cabinet Office	130	7,023,054	7,022,924
26 Department of Human Resources	-	2,856,020	2,856,020
14 Department of Statistics	2,385	2,678,670	2,676,285
51 Department of Communication & Information	278	2,080,516	2,080,238
84 E-Government	-	678,464	678,464
80 Project Management & Procurement	(13,005)	658,737	671,742
	(10,034)	23,184,127	23,194,161
<b>Ministry of Tourism Development &amp; Transport</b>			
31 Airport Operations	3,535	39,624,542	39,621,007
48 Ministry of Tourism Dev. & Transport HQ	300	29,539,716	29,539,416
30 Marine & Ports	196,104	22,022,465	21,826,361
35 Public Transportation	206,215	20,932,329	20,726,114
57 Civil Aviation	-	9,281,402	9,281,402
34 Transport Control Department	21,463	5,863,620	5,842,157
73 Maritime Administration	8,657	3,865,774	3,857,117
	436,274	131,129,848	130,693,574
<b>Ministry of Legal Affairs</b>			
03 Judicial Department	(43)	7,767,228	7,767,271
87 Ministry of Legal Affairs HQ	-	5,954,795	5,954,795
04 Attorney General's Chambers	65	4,338,317	4,338,252
74 Department of Court Services	8,320	4,011,904	4,003,584
75 Department of Public Prosecutions	-	2,794,277	2,794,277
	8,342	24,866,521	24,858,179
<b>Ministry of Finance</b>			
58 Interest on Debt	-	120,619,921	120,619,921
Early Tender Premium on Repurchased Debt (Note 15(b))	-	38,649,100	38,649,100
11 Accountant General	120	83,836,496	83,836,376
Pensions and Retirement Benefits Expense	-	75,222,863	75,222,863
38 Office of the Tax Commissioner	-	7,521,214	7,521,214
28 Social Insurance	186,273	6,368,346	6,182,073
10 Ministry of Finance HQ	740	4,070,044	4,069,304
	187,133	336,287,984	336,100,851
<b>Ministry of Education</b>			
17 Department of Education	65,441	109,270,166	109,204,725
41 Bermuda College	-	15,527,760	15,527,760
16 Ministry of Education HQ	-	2,208,067	2,208,067
	65,441	127,005,993	126,940,552
<b>Ministry of Health, Seniors &amp; Environment</b>			
24 Hospitals	-	145,000,892	145,000,892
22 Department of Health	15,356	24,786,576	24,771,220
21 Ministry of Health, Seniors & Environment HQ	11,920	9,421,985	9,410,065
79 Environment & Natural Resources	37,187	7,977,660	7,940,473
91 Health Insurance	-	7,471,526	7,471,526
	64,463	194,658,639	194,594,176

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

	2017 Interdepartmental Expense \$	2017 Actual Gross Expense \$	2017 Net Expense \$
<b>Ministry of Economic Development</b>			
95 Ministry of Economic Development HQ	-	13,141,182	13,141,182
39 Registrar of Companies	18,601	2,220,101	2,201,500
67 E-Commerce	705	1,094,512	1,093,807
89 Energy	-	768,832	768,832
46 Telecommunications	21	388,861	388,840
	19,327	17,613,488	17,594,161
<b>Ministry of Community, Culture &amp; Sports</b>			
55 Financial Assistance	2,490	53,614,366	53,611,876
23 Child & Family Services	14,328	13,844,699	13,830,371
20 Youth, Sport & Recreation	193,061	8,762,215	8,569,154
52 Community & Cultural Affairs	555	2,664,049	2,663,494
71 Ministry of Community, Culture and Sports HQ	65	2,210,060	2,209,995
18 Libraries	13,640	1,766,082	1,752,442
19 Archives	139	1,103,612	1,103,473
	224,278	83,965,083	83,740,805
<b>Ministry of National Security</b>			
07 Police	72,440	66,650,398	66,577,958
25 Department of Corrections	170,302	25,116,745	24,946,443
12 Customs	15,244	17,105,126	17,089,882
45 Fire Services	33,410	13,362,560	13,329,150
13 Post Office	(10,167)	9,840,882	9,851,049
06 Defence	2,797	7,237,654	7,234,857
88 National Drug Control	7,194	4,450,283	4,443,089
83 Ministry of National Security HQ	2,287	1,287,285	1,284,998
	293,507	145,050,933	144,757,426
<b>Ministry of Home Affairs</b>			
27 Immigration	254	5,424,291	5,424,037
60 Workforce Development	2,415	4,185,990	4,183,575
93 Ministry of Home Affairs HQ	159	3,214,596	3,214,437
32 Department of Planning	-	2,484,784	2,484,784
29 Registry General	105	1,428,801	1,428,696
	2,933	16,738,462	16,735,529
<b>Ministry of Public Works</b>			
82 Works & Engineering	13,884	48,923,280	48,909,396
81 Public Lands & Buildings	6,965	35,110,213	35,103,248
36 Ministry of Public Works HQ	690,545	10,211,532	9,520,987
68 Parks	(1,254)	8,733,666	8,734,920
53 Bermuda Housing Corporation	-	6,050,000	6,050,000
97 Land, Surveys & Registration	85	923,016	922,931
49 Land Valuation	120	699,184	699,064
	710,345	110,650,891	109,940,546
<b>TOTAL CURRENT EXPENSES</b>	2,003,775	1,226,396,708	1,224,392,933

**Government of Bermuda - Consolidated Fund**  
**Schedule 11: Schedules of Tangible Capital Assets and Assets Under Construction**  
**As at March 31, 2017**

	Estimated Useful Life	COST				ACCUMULATED AMORTIZATION				31-Mar-17 Net Book Value	31-Mar-16 Net Book Value
		Opening Balance	Additions	Disposals & Adjustments	Closing Balance	Opening Balance	Amortization Expense	Disposals & Adjustments	Closing Balance		
		\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Tangible Capital Assets</b>											
Land	Indefinite	45,642,338	-	-	45,642,338	-	-	-	-	45,642,338	45,642,338
Buildings & Betterments	2 - 40 years	642,383,315	7,043,384	(4,212,328)	645,214,371	(224,799,411)	(17,653,537)	931,853	(241,521,095)	403,693,276	417,583,904
Infrastructure	10 - 40 years	189,949,083	71,768,068	(28,971,907)	232,745,244	(75,018,055)	(9,930,317)	10,874,809	(74,073,563)	158,671,681	114,931,028
Vehicles & Heavy Equipment	5 - 7 years	99,088,783	1,240,866	(2,698,266)	97,631,383	(90,252,925)	(2,734,642)	2,526,367	(90,461,200)	7,170,183	8,835,858
Boats & Vessels	5 - 10 years	47,158,452	24,740	-	47,183,192	(42,276,330)	(1,506,937)	-	(43,783,267)	3,399,925	4,882,122
Computer Software	10 years	38,607,157	3,062,832	(872,312)	40,797,677	(22,644,745)	(3,876,114)	563,286	(25,957,573)	14,840,104	15,962,412
Office Equipment	5 years	19,115,127	1,720,652	(5,365,404)	15,470,375	(16,842,913)	(883,820)	4,990,526	(12,736,207)	2,734,168	2,272,214
Computer Hardware	3 - 7 years	22,896,233	1,173,641	(316,601)	23,753,273	(16,890,156)	(2,454,533)	194,495	(19,150,194)	4,603,079	6,006,077
Capital Leases	3 years	5,087,511	109,098	(104,325)	5,092,284	(4,547,983)	(156,146)	104,325	(4,599,804)	492,480	539,528
Furniture & Fixtures	7 years	5,928,518	224,525	(308,266)	5,844,777	(4,600,592)	(318,088)	206,617	(4,712,063)	1,132,714	1,327,926
Plant, Machinery & Equipment	10 - 30 years	107,692,491	7,774,621	(1,161,640)	114,305,472	(64,798,396)	(6,600,452)	669,164	(70,729,684)	43,575,788	42,894,095
<b>Total Tangible Capital Assets</b>		<b>1,223,549,008</b>	<b>94,142,427</b>	<b>(44,011,049)</b>	<b>1,273,680,386</b>	<b>(562,671,506)</b>	<b>(46,114,586)</b>	<b>21,061,442</b>	<b>(587,724,650)</b>	<b>685,955,736</b>	<b>660,877,502</b>
<b>Assets Under Construction</b>		<b>61,697,557</b>	<b>17,793,287</b>	<b>(44,000,723)</b>	<b>35,490,121</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,490,121</b>	<b>61,697,557</b>



**Government of Bermuda - Consolidated Fund**  
**Schedule 12: Current Expenditure - Estimates Compared to Expenditures**  
**For the year ended March 31, 2017**

	Expenses	Expenditure <sup>1</sup>	Adjusted Estimates <sup>2</sup>	Under (Over) Spent
	\$	\$	\$	\$
<b>Non-Ministry Departments</b>				
02 Legislature	5,093,938	5,051,184	5,050,865	(319)
05 Office of the Auditor General	3,575,680	3,549,047	3,572,471	23,424
01 Governor & Staff	1,250,762	1,247,283	1,395,034	147,751
92 Internal Audit	1,168,646	1,166,875	1,503,815	336,940
63 Parliamentary Registrar	1,400,557	1,389,098	1,829,592	440,494
56 Human Rights Commission	1,297,626	1,244,906	1,268,195	23,289
85 Ombudsman's Office	785,430	778,630	909,703	131,073
98 Information Commissioner's Office	672,100	665,295	864,273	198,978
	15,244,739	15,092,318	16,393,948	1,301,630
<b>Cabinet Office Departments</b>				
43 Information Technology Office	7,208,666	5,837,902	6,142,354	304,452
09 Cabinet Office	7,023,054	7,010,437	7,070,147	59,710
26 Department of Human Resources	2,856,020	2,851,471	3,657,058	805,587
51 Department of Communication & Information	2,080,516	2,054,045	2,304,984	250,939
14 Department of Statistics	2,678,670	2,663,131	4,137,074	1,473,943
84 E-Government	678,464	667,669	871,534	203,865
80 Project Management & Procurement	658,737	652,064	852,269	200,205
96 Sustainable Development	-	-	-	-
	23,184,127	21,736,719	25,035,420	3,298,701
<b>Ministry of Tourism Development &amp; Transport</b>				
48 Ministry of Tourism Dev. & Transport HQ	29,539,716	28,033,290	27,681,910	(351,380)
31 Airport Operations	39,624,542	19,212,996	19,883,139	670,143
35 Public Transportation	20,932,329	20,109,770	20,908,010	798,240
30 Marine & Ports	22,022,465	20,422,084	20,812,096	390,012
57 Civil Aviation	9,281,402	4,325,063	4,233,788	(91,275)
34 Transport Control Department	5,863,620	5,284,376	5,350,001	65,625
73 Maritime Administration	3,865,774	2,467,006	2,432,056	(34,950)
	131,129,848	99,854,585	101,301,000	1,446,415
<b>Ministry of Legal Affairs</b>				
03 Judicial Department	7,767,228	7,348,627	8,160,907	812,280
87 Ministry of Legal Affairs HQ	5,954,795	5,939,191	6,112,109	172,918
04 Attorney General's Chambers	4,338,317	4,229,118	4,553,978	324,860
74 Department of Court Services	4,011,904	3,988,686	4,266,826	278,140
75 Department of Public Prosecutions	2,794,277	2,785,369	3,156,415	371,046
	24,866,521	24,290,991	26,250,235	1,959,244
<b>Ministry of Finance</b>				
58 Interest on Debt	120,619,921	120,619,921	128,500,000	7,880,079
Early Tender Premium on Repurchased Debt (Note 15(b))	38,649,100	-	-	-
11 Accountant General	83,836,496	83,087,553	86,467,278	3,379,725
Retirement Benefit (Refund) Expenses	75,222,863	-	-	-
28 Social Insurance	6,368,346	6,364,524	6,500,000	135,476
10 Ministry of Finance HQ	4,070,044	4,069,962	4,397,358	327,396
38 Office of the Tax Commissioner	7,521,214	3,402,604	3,531,312	128,708
59 Sinking Fund Contribution	-	58,375,000	58,375,000	-
	336,287,984	275,919,564	287,770,948	11,851,384
<b>Ministry of Education</b>				
17 Department of Education	109,270,166	108,525,957	110,338,208	1,812,251
41 Bermuda College	15,527,760	15,527,760	15,527,760	-
16 Ministry of Education HQ	2,208,067	2,208,067	2,392,240	184,173
	127,005,993	126,261,784	128,258,208	1,996,424
<b>Ministry of Health, Seniors &amp; Environment</b>				
24 Hospitals	145,000,892	145,000,892	145,000,868	(24)
22 Department of Health	24,786,576	23,766,689	24,790,812	1,024,123
21 Ministry of Health, Seniors & Environment HQ	9,421,985	9,415,404	9,079,575	(335,829)
79 Environment & Natural Resources	7,977,660	7,671,185	8,038,176	366,991
91 Health Insurance	7,471,526	7,470,111	7,495,285	25,174
	194,658,639	193,324,281	194,404,716	1,080,435

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

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

**Government of Bermuda - Consolidated Fund**  
**Schedule 12: Current Expenditure - Estimates Compared to Expenditures (cont'd)**  
**For the year ended March 31, 2017**

	Expenses	Expenditure <sup>1</sup>	Adjusted Estimates <sup>2</sup>	Under (Over) Spent
	\$	\$	\$	\$
<b>Ministry of Economic Development</b>				
95 Ministry of Economic Development HQ	13,141,182	13,137,536	13,885,553	748,017
39 Registrar of Companies	2,220,101	2,193,691	2,712,186	518,495
46 Telecommunications	388,861	388,403	1,032,801	644,398
67 E-Commerce	1,094,512	1,098,860	1,377,763	278,903
89 Energy	768,832	768,832	942,540	173,708
	17,613,488	17,587,322	19,950,843	2,363,521
<b>Ministry of Community, Culture &amp; Sports</b>				
55 Financial Assistance	53,614,366	53,479,521	54,418,998	939,477
23 Child & Family Services	13,844,699	13,808,415	15,907,089	2,098,674
20 Youth, Sport & Recreation	8,762,215	8,689,474	9,055,349	365,875
52 Community & Cultural Affairs	2,664,049	2,657,530	2,939,202	281,672
71 Ministry of Community, Culture and Sports HQ	2,210,060	2,202,775	2,435,338	232,563
18 Libraries	1,766,082	1,743,948	1,861,231	117,283
19 Archives	1,103,612	1,082,403	1,294,308	211,905
	83,965,083	83,664,066	87,911,515	4,247,449
<b>Ministry of National Security</b>				
07 Police	66,650,398	64,884,278	64,594,940	(289,338)
25 Department of Corrections	25,116,745	24,890,399	25,337,456	447,057
12 Customs	17,105,126	16,084,522	17,123,165	1,038,643
45 Fire Services	13,362,560	12,368,685	12,505,518	136,833
13 Post Office	9,840,882	9,659,149	10,676,775	1,017,626
06 Defence	7,237,654	7,202,308	7,085,937	(116,371)
88 National Drug Control	4,450,283	3,837,802	4,167,889	330,087
83 Ministry of National Security HQ	1,287,285	1,288,708	1,296,573	7,865
	145,050,933	140,215,851	142,788,253	2,572,402
<b>Ministry of Home Affairs</b>				
27 Immigration	5,424,291	4,555,611	4,785,794	230,183
93 Ministry of Home Affairs HQ	3,214,596	3,212,943	4,409,040	1,196,097
60 Workforce Development	4,185,990	4,124,210	4,556,505	432,295
32 Department of Planning	2,484,784	2,473,437	3,202,209	728,772
29 Registry General	1,428,801	1,408,850	1,749,961	341,111
	16,738,462	15,775,051	18,703,509	2,928,458
<b>Ministry of Public Works</b>				
82 Works & Engineering	48,923,280	31,987,802	31,421,313	(566,489)
81 Public Lands & Buildings	35,110,213	19,414,959	20,806,468	1,391,509
68 Parks	8,733,666	8,529,370	9,845,298	1,315,928
36 Ministry of Public Works HQ	10,211,532	12,096,328	5,422,652	(6,673,676)
53 Bermuda Housing Corporation	6,050,000	6,050,000	6,050,000	-
97 Land, Surveys & Registration	923,016	880,289	1,049,367	169,078
49 Land Valuation	699,184	662,381	795,192	132,811
	110,650,891	79,621,129	75,390,290	(4,230,839)
<b>TOTAL CURRENT</b>	<b>1,226,396,708</b>	<b>1,093,343,661</b>	<b>1,124,158,885</b>	<b>30,815,224</b>

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

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

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

	2017	2016
	Actual	Actual
	\$	\$

**Unspent Capital Appropriations**

In accordance with Section 6 of the Appropriations Act 2016, unspent capital appropriations for incomplete capital projects to be carried forward to future years are as follows:

Capital Development	<b>8,319,573</b>	2,138,743
Capital Acquisition	<b>8,651,718</b>	3,613,634
	<b>16,971,291</b>	5,752,377

**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	<b>1,018,725,575</b>	912,977,575
Projects Completed during the year	<b>(54,965,218)</b>	(76,005,000)
Supplementary Estimate No.1	<b>9,621,643</b>	850,000
Revised Total Authorized Funding	<b>973,382,000</b>	837,822,575
Appropriated Capital Development	<b>(395,939,820)</b>	(353,403,445)
<b>Unappropriated Capital Development Commitments</b>	<b>577,442,180</b>	484,419,130

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

	2017	2016
	Actual	Actual
	\$	\$

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

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

Debt (Schedule 7)	<b>2,483,935,000</b>	2,335,000,000
Less:		
Sinking Fund (Schedule 7)	<b>86,625,930</b>	117,274,389
Public Debt	<b>2,397,309,070</b>	2,217,725,611
Legislated Limit	<b>2,500,000,000</b>	2,500,000,000
<b>Available Limit</b>	<b>102,690,930</b>	282,274,389