



GOVERNMENT OF BERMUDA

Financial Statements

of the

Consolidated Fund

March 31, 2014

Issued by
The Accountant General
Ministry of Finance

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Government of Bermuda – Consolidated Fund

Statement of Responsibility for the Consolidated Fund Financial Statements

The Government of Bermuda is responsible for the integrity, objectivity and fair presentation of the financial statements of the Consolidated Fund. The Accountant General prepares the statements on behalf of the Minister of Finance in accordance with public sector accounting standards, using the Government's best estimates and judgement where appropriate.

The Government is responsible for maintaining a system of internal accounting and administrative controls in order to provide reasonable assurance that transactions are within statutory authority, assets are safeguarded and financial records are properly maintained.

The Auditor General provides an independent opinion on these financial statements, under section 6 of the Audit Act 1990, and her report appears on page 2 of this document.

The Consolidated Fund financial statements and Auditor General's report are laid before both Houses of the Legislature, and are referred to the Public Accounts Committee for review.

On behalf of the Government of Bermuda.



Anthony Manders, CGA
Financial Secretary



Curtis Stovell, CA, CPA
Accountant General

Hamilton, Bermuda
March 25, 2015



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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, which comprise the statement of financial position as at March 31, 2014, 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 of the Government of Bermuda as at March 31, 2014, and the results of its operations, the 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 \$172 million to \$3 billion as of March 31, 2014. Government needs to take concerted action to address this fiscal challenge.

Incidences of non-compliance with the Government of Bermuda's Financial Instructions

Also, without qualifying my opinion, I wish to draw attention to ongoing incidences of non-compliance with the Government of Bermuda's Financial Instructions which form the standard for financial controls for the Government. Although these incidences of non-compliance did not lead me to qualify my audit opinion for the current year, it revealed weaknesses and deficiencies in the control environment. It is important that the Government adheres to its internal control framework.

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, 2014 do not represent the full nature and extent of the overall financial affairs and resources of the Government of Bermuda.

Hamilton, Bermuda
March 25, 2015



Heather A. Jacobs Matthews, JP, FCPA, FCA, CFE
Auditor General

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

		2014	2013
		Actual	Actual
		\$	\$
Liabilities			
	<u>Schedule</u>		
Bank Overdraft (Note 15)		-	69,000,521
Accounts Payable and Accrued Liabilities	5	158,195,821	163,241,796
Deferred Revenue	6	36,054,549	35,237,299
		194,250,370	267,479,616
Interest Bearing Debt - Net of Sinking Fund	7	1,768,442,271	1,407,858,034
Pensions and Other Employee Future Benefits			
- Pensions and Retirement Benefits (Note 9(g))		1,145,115,545	1,239,417,986
- Compensated Absences (Note 8)		26,182,883	25,439,781
		1,171,298,428	1,264,857,767
Other Liabilities			
Due to Government Funds and Agencies	3(a)	45,728,754	50,808,141
Total Liabilities		3,179,719,823	2,991,003,558
Financial Assets			
Cash and Cash Equivalents		21,818,948	12,174,590
Accounts Receivable	1	136,625,225	137,974,699
Due from Government Funds and Agencies	3	23,212,713	14,661,053
Long-Term Receivables	4	1,191,140	1,557,847
Investment in Quango (Note 14(b)(ii))		5,000,000	5,000,000
Total Financial Assets		187,848,026	171,368,189
Net Debt		2,991,871,797	2,819,635,369
Non-Financial Assets			
Tangible Capital Assets	11	722,214,382	741,349,781
Assets under Construction	11	52,476,614	43,851,920
Inventories for Consumption	2	16,479,001	14,727,949
Prepaid Expenses		2,704,490	5,726,072
Total Non-Financial Assets		793,874,487	805,655,722
Accumulated Deficit		2,197,997,310	2,013,979,647
Contingent Liabilities, Non-Contractual Operational Obligations and Contractual Obligations (Notes 10, 11, 12 and Schedule 13)			

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

		2014	2013
		Actual*	Actual
		\$	\$
Revenue	<u>Schedule</u> 8, 9		
Taxes & Duties			
Payroll Tax		330,848,121	328,023,069
Customs Duties		174,951,259	169,693,292
Other Taxes and Duties		62,751,362	61,694,088
Land Tax		60,476,977	55,844,840
Passenger Tax		33,921,396	34,577,919
Total Taxes & Duties		662,949,115	649,833,208
Fees, Permits & Licenses		197,038,543	194,064,998
Other Revenue		20,481,618	19,848,310
Investment Income		3,445,828	2,831,042
Total Revenue		883,915,104	866,577,558
Expenses	10		
Economic Development		402,578,077	407,736,821
Health		211,775,144	210,180,706
National Security		148,265,878	165,734,476
Education		141,683,778	144,243,904
Interest on Debt		109,244,778	81,577,570
Social Services & Assistance		83,078,244	78,086,721
Other General Government Services		64,866,207	72,696,909
Gain on Benefits Plans Amendments (Note 9(g))		(214,091,800)	-
Pensions and Retirement Benefits Expense		120,532,461	114,311,376
Total Expenses		1,067,932,767	1,274,568,483
Annual Deficit		(184,017,663)	(407,990,925)
Accumulated Deficit, Beginning of Year		(2,013,979,647)	(1,605,988,722)
Accumulated Deficit, End of Year		(2,197,997,310)	(2,013,979,647)

* 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**

	2014	2013
	Actual	Actual
	\$	\$
Annual Deficit	(184,017,663)	(407,990,925)
Change Due to Tangible Capital Assets:		
Net Additions to Tangible Capital Assets	(35,541,886)	(36,944,067)
Net Additions to Assets under Construction	(8,624,694)	(3,750,355)
Amortization of Tangible Capital Assets	54,677,285	47,044,473
Total Change Due to Tangible Capital Assets	10,510,705	6,350,051
Net Additions to Inventories for Consumption	(1,751,052)	(1,154,146)
Net Reductions (Additions) to Prepaid Expenses	3,021,582	(1,691,070)
Total Change Due to Inventories for Consumption and Prepaid Expenses	1,270,530	(2,845,216)
Increase in Net Debt	(172,236,428)	(404,486,090)
Net Debt, Beginning of Year	(2,819,635,369)	(2,415,149,279)
Net Debt, End of Year	(2,991,871,797)	(2,819,635,369)

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

	2014	2013
	Actual	Actual
	\$	\$
Operating Activities		
Annual Deficit	(184,017,663)	(407,990,925)
Items not affecting cash:		
Amortization of Tangible Capital Assets	54,677,285	47,044,473
(Decrease) Increase in Pension and Retirement Benefits Liability	(94,302,441)	113,192,618
Increase in Compensated Absences Liability	743,102	1,118,758
(Decrease) Increase in Non-Cash Working Capital	(14,873,061)	34,599,789
Cash Applied to Operating Activities	(237,772,778)	(212,035,287)
Capital Activities		
Net Additions to Tangible Capital Assets	(35,541,886)	(36,944,067)
Net Additions to Assets under Construction	(8,624,694)	(3,750,355)
Cash Applied to Capital Activities	(44,166,580)	(40,694,422)
Financing Activities		
Debt issues	800,000,000	475,000,000
(Increase) Decrease in Sinking Fund	(439,415,763)	17,605,115
Debt retirement	-	(200,000,000)
Cash Provided By Financing Activities	360,584,237	292,605,115
Net Increase in Cash and Cash Equivalents	78,644,879	39,875,406
Cash and Cash Equivalents, Beginning of Year	(56,825,931)	(96,701,337)
Cash and Cash Equivalents, End of Year	21,818,948	(56,825,931)
Cash and Cash Equivalents, End of Year		
Cash and Cash Equivalents	21,818,948	12,174,590
Bank Overdraft	-	(69,000,521)
Cash and Cash Equivalents, End of Year	21,818,948	(56,825,931)

Government of Bermuda – Consolidated Fund

Notes to the Financial Statements

March 31, 2014

1. Authority

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

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

The Legislature provides authority to make payments out of the Fund in annual Appropriation Acts, Supplementary Estimates and other statutes. Unused spending authority for current account appropriations lapses at the end of the fiscal year. Unused spending authority for uncompleted capital projects is carried forward to subsequent fiscal years, subject to the approval of the Minister of Finance.

2. Reporting Entity

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 Bermuda 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 and agencies 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.

The preparation of financial statements in accordance with Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues

**Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2014**

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

and expenses during the year. Actual results could differ from these estimates.

The significant accounting policies are as follows:

(a) Basis

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

(b) Revenue

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

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

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

(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.

Contributions to Government funds and agencies are expensed in the year the expenditure is made.

Classification of expenses between current account items and capital account items follows the classification in the Approved Estimates.

(d) Interdepartmental Revenues and Expenses

Interdepartmental revenues and expenses are not eliminated but have been identified as explained in Note 14(c).

(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 investment in QUANGO.

Accounts receivable are recorded at cost. A provision is recorded when collection of the receivable is considered doubtful.

Long-term receivables are recorded at cost.

Investment in QUANGO is recorded at cost.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2014

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

(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 (“BVC”), developed by the Chief Appraiser of Public Works and Government Services Canada (as modified by them to address the Bermuda Government situation), was used to establish reasonable estimates of the 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 have continued to be charged to capital expenses in the year of purchase, which is consistent with prior years. These expenses are currently 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 that have not yet been disclosed include historical treasures.

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

Buildings	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 – 3 Wheeled Vehicles	
\$3,000 and above	5 years
4 or More Wheeled Vehicles	
\$0 - \$99,999	5 years
\$100,000 and above	7 years

**Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2014**

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

Boats & Vessels	
\$10,000 to \$99,999	5 years
\$100,000 and above	10 years
Leased Equipment	
\$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. In prior years, amortization was reported as a single expense item of this Ministry. Amortization expense is now reported under the respective departments. Since amortization is a non-cash expense, it is removed for appropriation reporting purposes.

Assets under construction relate to the development of buildings, betterments, vehicles, computer hardware, computer software, infrastructure, office equipment and vessels. Upon completion, the balance of assets under construction will be transferred to tangible capital assets and amortized based on the appropriate useful life.

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 because a reasonable estimate of the future benefits associated with such property cannot be made.

Inventories for consumption are comprised of spare parts and supplies that are held for

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

future program delivery and are not intended for resale. They are valued at cost. Inventories for consumption that no longer have service potential are valued at the lower of cost and net realizable value. Items for which the costs are not readily available have been valued using management's best estimates of original cost based on available information.

(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 acquired or provided on or before the year-end. Liabilities also include grant payments due where no direct value is received in return.

(h) Translation of Foreign Currencies

The financial statements are reported in Bermuda dollars. The Bermuda dollar is valued at par with the United States dollar. Assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the year-end date. Revenues and 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, accruals for environmental obligations, allowances for doubtful receivables and accruals for liabilities through actuarial valuations.

The nature of the uncertainty related to the accruals for pension obligations arise because actual results may differ significantly from the Government's best estimates of expected results based on variables such as earnings on the pension investments, salary increases and the life expectancy of the participants. The uncertainty related to the accrual of environmental obligations is based upon the identification of all sites where environmental damages have occurred that are the Government's responsibilities to mitigate and the quantification of what the actual liability will be based upon impact studies. Uncertainty concerning the allowance for doubtful receivables is based upon actual collectability and changes in economic conditions.

**Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2014**

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

While management's best estimates have been used for reporting items subject to measurement uncertainty, it is possible that changes in future condition 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.

(j) Risk Management of Public Debt

Funds are borrowed in both domestic and foreign capital markets by issuing Bermuda 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 Bermuda 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.

(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.

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

**Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2014**

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

standards on accounting for and reporting transactions denominated in a foreign currency. PS 3260 Liability for Contaminated Sites – a new standard providing guidance on reporting liabilities associated with the remediation of contaminated sites.

With the exception of PS 3260, effective for fiscal years beginning on or after April 1, 2014, each of these new standards becomes effective for fiscal years beginning on or after April 1, 2016. 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 of Bermuda

(a) Budget Process

Annually, the Government presents a Budget (“Estimates”) of expected revenues and expenditures for the following fiscal year.

The Government’s spending Estimates for the fiscal year commencing April 1, 2013 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 are from the original Approved Estimates of Revenue and Expenditure for the fiscal year 2013/14 and do not reflect changes arising from the tabling of Supplementary Estimates, except for the Adjusted Estimates referred to in Schedule 12 which include the original Approved Estimates and any tabled Supplementary Estimates.

(b) Comparison of Expenses to Estimates for Expenditure

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 to the modified cash basis for comparative and analytical purposes against the adjusted estimates. The most significant differences are as follows:

- (i) Bad Debts – For financial statement purposes, a provision is established and expensed for accounts receivable where collection is doubtful. For budget purposes, no such provision is made.
- (ii) Pension – The financial statement pension-related expense is explained in Note 9. For budget purposes, pension expense is equal to its funding requirements.

**Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2014**

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

- (iii) Government Borrowing Sinking Fund (Note 5) – Transfers to the Sinking Fund are recorded as cash transfers against long-term debt. For budget purposes, the Sinking Fund contribution is considered 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) Environment Liability – As explained in Note 10(c), the Government has recognized a cost of restoration of land. For budget purposes, the liability established is not considered expenditure.

5. Government Borrowing Sinking Fund

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

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.

2013	2014			2014
\$	\$			\$
Sinking Fund	Contributions	Earnings	Additional Funds	Sinking Fund
97,141,966	37,878,582	3,168,426	398,368,755	536,557,729

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.

**Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2014**

5. Government Borrowing Sinking Fund (cont'd)

The assets of the GBSF are comprised of the following:

	2014	2013
	\$	\$
Short Term Investments	437,286,780	-
Fixed Term Deposits	99,270,949	97,141,966

The following is a schedule of projected contributions to the GBSF by the Fund up to March 31, 2019, based on estimated debt levels to March 31, 2015:

	2014
	\$
2015	47,668,750
2016	52,250,000
2017	54,625,000
2018	54,625,000
2019	54,625,000

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

**Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2014**

7. Unemployment Insurance Fund (cont'd)

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

On August 10, 2011 the Government amended the Public Treasury (Administration and Payments) Act 1969 in order to make further provision about the Unemployment 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

Certain Government employees are entitled to paid retirement leave under the various union agreements that exist 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.

An actuarial valuation of the Government's obligation for retirement leave was performed at March 31, 2014 using similar various long-term assumptions as the Public Service Superannuation Fund pension plan (Note 9). The valuation determined that the accrued benefit obligation for retirement leave is currently \$26,182,883 (2013 - \$25,439,781), as defined in the table below.

	2014	2013
	\$	\$
Accrued benefit obligation, beginning of year	25,439,781	24,321,023
Amortization of experience loss	(145,685)	(145,685)
Current period benefit cost	1,190,012	1,141,498
Interest accrued	1,510,781	1,443,004
Benefit payments	(1,812,006)	(1,320,059)
	<hr/>	<hr/>
Accrued benefit obligation, end of year	26,182,883	25,439,781

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2014

9. Pensions and Other Retirement Benefits

(a) Contributory Defined Benefit Pension Plans

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

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

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

Employees contribute 8.0% of their basic salary for PSSF and Ministers and Members contribute 12.5% of their salary for MMLPF. The Government matches the participant’s contribution in each plan. The amount of Government contributions made during the year for each plan was as follows: PSSF - \$33,093,862 (2013 - \$32,862,218), MMLPF - \$454,927 (2013 - \$475,973). The Public Service Superannuation Act 1981 and the Ministers and Members of the Legislature (Salaries and Pensions) Act 1981, 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 Consolidated Fund.

(b) Pension Liability

Normally, 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 on both the PSSF and the MMLPF as at March 31, 2014 to produce the estimates included in the financial statements.

Actuarial valuations are based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases, employee turnover and mortality. The assumptions used reflect Government’s best estimates of expected long-term rates and short-term forecasts.

The most significant assumptions are that the average investment return will be greater than the average rate of salary increase by approximately 2.25% (prior valuation – 2.25%) and the cost of living increase will be 0% per annum (prior valuation – 3%) as it has been suspended as at March 31, 2014 (Note 9 (c)).

**Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2014**

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

As at March 31, 2014, the Bermuda Government has adopted the new Canadian CPM2014Publ scale (with full generational mortality improvement, using Scale CPM-B for the mortality assumption). The adoption of these tables has resulted in a material increase in the projected accrued benefit obligations (“ABO”) of the funds. The Bermuda Government will recognize the cost of adopting the new mortality tables in the current year.

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 \$563,232,830 as at March 31, 2014 (2013 - \$517,301,834) compared to a real market value of \$572,747,186 (2013 – \$544,516,882).

For the MMLPF, there is no difference between the market value of plan assets and the market-related value. As at March 31, 2014, the value was \$12,456,938 (2013 – \$12,119,242). The actual return on plan assets during the year was 7.44% (2013 – 9.02%) for the PSSF and 7.03% (2013 - 7.19%) for the MMLPF.

As at March 31, 2014, \$19,503,788 (2013 – \$27,381,870) was due to the PSSF in respect of contributions received in excess of benefits paid by the Fund (Schedule 3(a)). As at March 31, 2014, \$12,633,281 (2013 – \$12,438,562) 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 Consolidated 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 included in Schedule 10(a) as a component of retirement benefit expenses.

As at March 31, 2014, the cost of living (“COLA”) (Note 16(a)) was removed for both current and future pensioners for both the PSSF and MMLPF in order to improve the sustainability of the respective pension plans. This amendment results in significant decreases of the ABO of the funds. The Government will offset the net unamortized experience losses as at March 31, 2014 of \$173,426,000 (2013 - \$88,024,000) against the decrease of the ABO of \$432,661,000 to eliminate all existing amortization schedules. The remaining balance will be fully recognized in the Statement of Operations and Accumulated Deficit.

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

**Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2014**

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

(d) Funded Status of Plans

For the year ended March 31	2014	2013
	Actual	Actual
	\$	\$
Pension Liability		
Accrued Benefit Obligation		
PSSF	1,359,815,000	1,559,247,000
MMLPF	30,075,000	35,281,000
	<u>1,389,890,000</u>	<u>1,594,528,000</u>
Net Fund Assets		
PSSF	(563,233,000)	(517,302,000)
MMLPF	(12,457,000)	(12,119,000)
	<u>(575,690,000)</u>	<u>(529,421,000)</u>
Net Unamortized Experience Loss		
PSSF	-	(88,024,000)
Pension Liability		
PSSF	796,582,000	953,921,000
MMLPF	17,618,000	23,162,000
Carried Forward to Note 9 (g)	<u>814,200,000</u>	<u>977,083,000</u>

**Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2014**

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

For the year ended March 31	2014 Actual \$	2013 Actual \$
Pension Expense		
Cost of Pension Benefits	57,371,000	56,299,620
Employee Contributions	(33,549,000)	(33,338,191)
Interest on Pension Liability	70,747,000	66,826,298
Prior Period Service Costs	(432,661,000)	-
Recognition of Unamortized Net Actuarial Losses	173,426,000	-
Amortization of Experience Gains & Losses		
2004 Experience Loss	21,908,000	21,908,087
2005 Experience Loss	2,048,000	2,048,199
2006 Experience Loss	596,000	595,574
2007 Experience Gain	(352,000)	(351,626)
2008 Experience Loss	5,243,000	5,243,035
2009 Experience Loss	7,609,000	7,608,893
2010 Experience Gain	(2,548,000)	(2,547,908)
2011 Experience Loss	443,000	442,686
2012 Experience Loss	944,000	944,481
2013 Experience Loss	440,000	-
Pensions and Retirement Benefits Expense excluding Employer Contribution	<u>(128,335,000)</u>	<u>125,679,148</u>

Value of Obligations Relating to Benefits for the Pension Plans

The value of obligations relating to benefits for the pensions plan 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.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2014

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

Main economic assumptions used:

	PSSF (%)	MMLPF (%)
Inflation Rate	3.00	3.00
Discount Rate for Obligations	6.50	6.50
Salary Escalation Rate	4.25	3.50

Changes in these assumptions may lead to a material increase or decrease in the value of the obligations 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 obligations 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 obligations relating to PSSF benefits as at March 31, 2014:

Assumption	Change	Impact on ABO (\$)	Impact on ABO (%)
Discount rate	1.0% increase	(142,336,900)	(10.5)
	1.0% decrease	175,853,700	12.9
Salary increase rate	1.0% increase	51,312,900	3.8
	1.0% decrease	(46,115,600)	(3.4)
Life expectancy	1 year increase	21,381,000	1.6
	1 year decrease	(22,622,400)	(1.7)

**Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2014**

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

Impact of changes on the main assumptions on the value of obligations relating to MMLPF benefits as at March 31, 2014:

Assumption	Change	Impact on ABO (\$)	Impact on ABO (%)
Discount rate	1.0% increase	(2,843,600)	(9.5)
	1.0% decrease	3,395,900	11.3
Salary increase rate	1.0% increase	676,700	2.3
	1.0% decrease	(632,100)	(2.1)
Life expectancy	1 year increase	795,400	2.6
	1 year decrease	(711,100)	(2.4)

(e) Contributory Pension Fund

The Contributory Pension Fund (“CPF”) was established under the Contributory Pensions Act 1970 and subsequent amendments.

The purpose of the CPF is to provide old age pension, disability and death benefits for persons satisfying certain contribution, citizenship and residency requirements.

Contributions to the CPF are compulsory for persons employed in Bermuda, the self-employed and employers.

There is no legislative provision for the 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 (“GEHI”), 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.

An actuarial calculation of the Government’s obligations for retirement benefits other than pensions was performed for accounting purposes at March 31, 2014, using various long-term assumptions to produce the estimates included in the financial statements.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2014

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

The discount rate used in determining the accumulated post-retirement benefit obligation was 6.5% (2013 – 6.5%). The assumed health-care cost trend rate used was 9.0% (2013 - 9.0%). This will be decreasing by 0.5% per annum (from 2014) to 5.0% per annum (to 2022). As at March 31, 2014, the Bermuda Government adopted the Canadian Pensioner Mortality Table for Public Sector (CPM2014Publ) for the mortality assumption. The value accrues a liability in respect of the matching premium paid by Government under the insurance arrangement in respect of retired employees. The calculation is based on the projected benefit method pro-rated on service.

As at March 31, 2014, the change in the local claims subsidy to 70% for persons between the age of 65 and 75 (2013 – 80%) and to 80% for persons age 75 and over (2013 – 90%), the Government's ceasing of the portability claims subsidy and the benefits and coverage previously paid under the Mutual Re-insurance Fund becoming the responsibility of the Island's insurers have resulted in a past service cost in the amount of \$45,143,200. The cost will be fully recognized in the Statement of Operations and Accumulated Deficit.

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

	2014	2013
	\$	\$
Accrued benefit obligation at beginning of year	269,381,327	249,883,817
Current period benefit cost	10,291,944	9,663,797
Interest accrued	17,621,733	16,344,908
Past Service Cost	45,143,200	-
Benefit payments	<u>(6,847,426)</u>	<u>(6,511,195)</u>
Accrued benefit obligation at end of year	<u>335,590,778</u>	<u>269,381,327</u>
Expected accrued benefit obligation at end of year	335,590,778	269,381,327
Actual accrued benefit obligation at end of year	<u>512,755,500</u>	<u>269,381,327</u>
Experience loss	<u>(177,164,722)</u>	<u>-</u>

**Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2014**

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

	2014	2013
Expected average remaining service life	11 years	12 years
Annual amortization	\$2,371,108	\$2,371,108

Liability for retirement benefits recorded in the statement of financial position

	2014	2013
	\$	\$
Accrued benefit obligation, end of year	512,755,500	269,381,327
Unamortized experience losses	(181,839,955)	(7,046,341)
Liability for retirement benefits (Note 9(g))	<u>330,915,545</u>	<u>262,334,986</u>

Expenses recorded in statement of operations and accumulated deficit

	2014	2013
	\$	\$
Current period benefit cost	10,291,944	9,663,797
Amortization of experience losses	2,371,108	2,371,108
Retirement benefit expense	12,663,052	12,034,905
Retirement benefit interest expense	17,621,733	16,344,908
Past Service Cost	45,143,200	-
Total expenses related to retirement benefits	<u>75,427,985</u>	<u>28,379,813</u>

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

	2014	2013
	\$	\$
Pensions (Note 9(d))	814,200,000	977,083,000
Retirement Benefits other than Pensions – Health Insurance Plan (Note 9(f))	<u>330,915,545</u>	<u>262,334,986</u>
Total Pensions and Retirement Benefits Liability	<u>1,145,115,545</u>	<u>1,239,417,986</u>

**Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2014**

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

			2014 \$	2013 \$
	Pension Plans	Other Benefits	Total	Total
Plan Amendments (gain) loss	(432,661,000)	45,143,200	(387,517,800)	-
Recognition of Unamortized Net Actuarial Losses	173,426,000	-	173,426,000	-
Gain on Benefit Plans Amendments	(259,235,000)	45,143,200	(214,091,800)	-
Current Period Benefit Cost	57,371,000	11,481,956	68,852,956	67,105,997
Amortization of Experience losses	36,331,000	2,225,423	38,556,423	38,116,423
Employee Contributions	(33,549,000)	-	(33,549,000)	(33,338,000)
Interest on Accrued Benefits	70,747,000	19,132,514	89,879,514	84,614,210
Employer Contributions	(34,550,000)	(8,657,432)	(43,207,432)	(42,187,254)
Pensions and Retirement Benefits Expense	96,350,000	24,182,461	120,532,461	114,311,376

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, 2014, \$26,129 (2013 - \$68,851) 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.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2014

10. Contingent Liabilities (cont'd)

The Ministry of Public Works further guarantees and will make good any default on the part of WEDCO in the payment of the loan to Clarien Bank and all related interest fees and charges due as a result of default by WEDCO until all indebtedness to Clarien Bank has been fully discharged. At March 31, 2014, \$4,285,716 (2013 - \$5,714,287) 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 the BNTB and others. The Government has guaranteed payment of 100% of the liquidation value of the outstanding Preferred 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 will act as a guarantor for the dividend payments relating to the Preferred Shares issuance. Should the BNTB fail to declare and pay dividends in any quarterly dividend period during the term of the Guarantee, the Government will pay such dividends at 8% per annum. As at March 31, 2014, Preference Shares with a liquidation value of \$183.6 million remained outstanding.

Pursuant to the Preference Share Offering, the 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 the Bank to purchase a number of non-voting common shares of BNTB having an aggregate market price equal to US\$30 million. The initial exercise price for the warrants and the price for determining the number of common shares of BNTB subject to the warrants was \$7.01 per common share. The quantity of warrants is now 4,299,010 with an exercise price of \$3.489. Per the valuation model run for March 31, 2014, the value of the warrants is \$0.083 (2013 - \$0.025) per warrant which represents a total value of \$356,817 (2013 - \$106,938).

(iv) Bermuda Hospitals Board ("BHB") Guarantee

On December 1, 2010, the Minister of Finance provided an irrevocable Guarantee Agreement to Paget Health Services Limited on behalf of the BHB to facilitate the completion of the New Hospital Project of the King Edward VII Memorial Hospital in Paget.

10. Contingent Liabilities (cont'd)

The design and construction related costs of the new facility are approximately \$247 million. The Annual Service Payments will commence from the Service Commencement date for a period of thirty years, consisting of principal, interest, construction, lifecycle and hard facilities maintenance. 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 first year's Annual Service Payment is \$22.3 million.

The Guarantee Agreement guarantees the payment obligations of the BHB to Paget Health Services Limited by the Government as required by the lenders.

(v) Bermuda Economic Development Corporation (“BEDC”) Guarantee

The Government provides funding to 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 BEDC for defaulted loans. There is no signed guarantee agreement between the Government and BEDC.

No liability has been admitted and no provision for loans in default is included in the financial statements of the Government. The total of specific amounts deemed contingent liabilities of the Government, as determined by BEDC, as at March 31, 2014 is \$2,369,830 (2013 - \$3,120,941).

(vi) Morgan’s Point Letter of Comfort

On August 12, 2013 the Government provided a letter of comfort to the Morgan’s Point hotel developers, Morgan Points Limited (“MPL”) to confirm the Government’s willingness to consider credit enhancement for the project. This letter was required so that MPL could begin discussions with potential lenders for the project’s financing. The value of the possible credit enhancement provided by the Letter of Comfort was an amount up to, and not to exceed, US\$125 million, with the precise amount to be determined by the Government in its sole discretion.

(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, 2014 is \$21,049,879 (2013 - \$10,633,686).

**Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2014**

10. Contingent Liabilities (cont'd)

(c) Base Lands Clean Up

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

A liability of \$44,078,555 (2013 - \$38,656,865) 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 \$41.5 million to \$57 million.

The cost for Southside (estimated at \$10.5 million, with a range of \$10.5 million to \$20 million; \$6.5 million for work already performed has been deducted from the lower end of the estimated range) involves demolition of buildings beyond refurbishment and removal of asbestos.

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

Clean-up of Morgan's Point is estimated at \$32.5 million (with a range of \$30 million to \$35 million) to remove environmental hazards and fuel storage tanks, removal and remediation of asbestos, as well as demolition of derelict buildings. This accrual was increased by \$5.4 million from 2013. This additional provision is recorded as an expense of the current period, and is included in Other on Schedule 10(a).

The prior year's estimate was originally developed in 2003, based on orders of cost which were developed from unit rates used for clean-up at Southside and budget estimates from consultants hired by potential developers at the Morgan's Point site. The Government had a registered professional engineer conduct an independent review of the estimates in 2012 and 2014.

The Government signed the Morgan's Point Exchange Agreement with Southlands Limited and Morgan's Point Limited. 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 Morgan's Point Limited, 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 Bermuda 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 between the Minister of Finance and the Bermuda Hotel Association

On February 21, 2009, the Government entered into a Memorandum of Understanding (“MoU”) with the Bermuda Hotel Association to provide exemptions for applicable hotels from the payment of payroll tax. The assessment of the exemption was to be done quarterly and, if applicable, would allow for the full exemption of the quarterly payroll tax. On August 20, 2010, the Government entered into a Memorandum of Understanding (“MoU”) with the Restaurant Division of the Bermuda Chamber of Commerce to provide exemptions for applicable restaurants from the payment of payroll tax. On October 1, 2011, the Government provided further payroll tax relief to the Retail Sector similar to the relief provided to the hotel and restaurant sectors. These MoU’s were extended to March 31, 2015.

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 as if it is determinable that the development is likely, among other considerations:

- to benefit the tourism industry and the economy;
- to create employment and entrepreneurial opportunities for Bermudians;
- to encourage local development, or;
- to employ and train Bermudians.

The concessions are granted at the discretion of the Minister of Tourism with the written agreement of the Minister of Finance for those hotels that apply for the concessions. The Hotels Concession Act 2000 permits an exemption from, either in part or in full, or deferral of the payroll tax, land tax and hotel occupancy tax for a period not exceeding five years from the hotel’s opening date.

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 collectibility is included in the financial statements. Any resulting losses of payroll tax will be recorded and charged to operations in the year the payroll tax is effective.

The total of the hotel concessions as at March 31, 2014 is \$3,246,029 (2013 - \$3,263,190) which may be applied against any future payroll tax incurred by the applicable hotels.

In addition to this amount, \$23,812,384 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.

**Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2014**

10. Contingent Liabilities (cont'd)

(e) Air Service Agreements

As at March 31, 2014 the Government has signed agreements with three 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 ("Passenger Load Factor") or discounted tickets to attract passengers ("Yield").

The estimated liability for Air Service Agreements as at March 31, 2014 is \$2,726,636 (2013 - \$1,350,138). 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 a combined total of US\$2,000,000.

(f) Ferry Lease

As at March 31, 2014 the Government had a lease agreement for a ferry to provide additional lift during the tourist season. The lease commenced April 1, 2013 and concluded on October 31, 2014. In accordance with the lease, Government established an irrevocable LOC, issued by HSBC. As at March 31, 2014, the LOC securing the lease had a balance of US\$1,250,000.

11. Non-Contractual Operational Obligations

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

Government of Bermuda – Consolidated Fund
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11. Non-Contractual Operational Obligations (cont'd)

	2014
	\$
2015	2,996,707
2016	2,246,975
2017	2,183,837
2018	300,000
2019	300,000
2020 and subsequent	<u>630,000</u>
Total Future Operational Obligations	<u><u>8,657,519</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:

	2014	2013
	\$	\$
Present value of lease cost	4,879,102	4,906,219
Less: Accumulated amortization	<u>(4,108,677)</u>	<u>(4,137,364)</u>
Present value of leases payable	<u><u>770,425</u></u>	<u><u>768,855</u></u>

**Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2014**

12. Contractual Obligations (cont'd)

The following is a schedule of discounted future minimum lease payments under leases expiring up to March 31, 2018:

	2014
	\$
2015	264,880
2016	125,649
2017	29,762
2018	-
Add: Discounted Amount	<u>350,134</u>
Present value of lease obligation	<u><u>770,425</u></u>

(b) Contractual Obligation

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:

	2014
	\$
2015	11,824,267
2016	6,719,289
2017	3,187,338
2018	2,835,607
2019	3,347,360
2020 and subsequent	<u>4,301,000</u>
Total Contractual Obligations	<u><u>32,214,861</u></u>

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2014

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:

	2014
	\$
2015	9,315,490
2016	6,879,731
2017	5,198,795
2018	4,452,148
2019	3,227,088
2020 and subsequent	<u>17,071,296</u>
Total Future Minimum Operating Lease Payments	<u><u>46,144,548</u></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.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2014

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

During the year \$52,266,000 (2013 - \$63,500,510) in Supplementary Estimates were approved and spent which consisted of \$50,138,000 (2013 - \$38,484,751) for current expenditure and \$2,128,000 (2013 - \$25,015,759) for capital expenditure.

During the year \$25,251,904 (2013 - \$26,867,688) in virements were approved and transferred which consisted of \$4,320,845 (2013 - \$3,166,882) for current expenditure and \$20,931,059 (2013 - \$23,700,506) for capital expenditure.

Additional expenditures of \$962,168 (2013 - \$10,325,410) were incurred in excess of amounts appropriated by the Ministry and will require final approval, which consisted of \$962,168 (2013 - \$10,289,080) for current expenditure and \$0 (2013 - \$36,330) for capital expenditure.

Additional virements of \$6,777,378 (2013 - \$12,038,218) require final approval and transfer, which consisted of \$4,088,716 (2013 - \$9,898,934) for current expenditure and \$2,688,662 (2013 - \$2,139,284) 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 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 rate of interest accruing on the balances is 7% per annum.

(b) QUANGOs and Other Related Organizations

The Fund is related to certain quasi-autonomous non-governmental organizations ("QUANGOs") and other government controlled organizations. QUANGOs are government businesses which have been established under their respective legislative incorporation acts. Other government-related organizations are organizations that are controlled by government either by the possession of shares or voting rights or by some other means.

Government of Bermuda – Consolidated Fund
Notes to the Financial Statements
March 31, 2014

14. Related Party Transactions (cont'd)

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

Schedules 3 and 3(a) include details of balances due from and due to these entities which have arisen from normal operating activities. During the year, no interest was charged and/or incurred from or to the Fund and the various QUANGOs and other related organizations.

(i) Bermuda Monetary Authority (“BMA”)

In accordance with Section 8 (3) of the Bermuda Monetary Authority Act 1969, the BMA pays a portion of its net profit (historically 50%) to the Consolidated Fund of the Government.

The BMA did not report a net profit for the year ended December 31, 2013, thus no transfer was required to be made to the Consolidated Fund.

(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 (“BHC”)

On July 12, 2011, the Government provided a letter of comfort to the Bank of NT Butterfield (“BNTB”) on behalf of the BHC, which states, “To the extent that the BHC operates programmes which do not break even, the Government appropriates annual grants which enable the BHC to comply with its legislation.”

(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.

The Ministry of Finance further guarantees and will make good any default on the part of WEDCO in the payment of the loan 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

On October 30, 2012, the Minister of Finance granted approval to the borrowing of \$36 million by the BHC from BNTB 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. This loan facility is for a two year duration.

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

(vi) Regulatory Authority ("RA")

On January 28, 2013 the Regulatory Authority Act 2011 ("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.

In accordance with Section 41 (1)(a) of the RAA, the RA will pay 50% of its net surplus to the Consolidated Fund. The RA reported a net surplus for the year ended March 31, 2014. Government's 50% portion of the net surplus for the year ended March 31, 2014 is \$315,000.

(c) Interdepartmental Transactions

Interdepartmental transactions are those transactions in which revenues and expenses are generated between Government departments and/or Ministries. These revenues and the related expenses should be eliminated from the Fund's figures. As per Note 3(d), interdepartmental revenues and expenses are not eliminated. However, all interdepartmental revenues and expenses have been identified and are shown in Schedules 9(a) and 10(c), respectively.

15. Bank Overdraft

As at March 31, 2014 the Government had no overdraft facilities in place.

16. Subsequent Events

(a) Pension Amendments

On June 27, 2014, the House of Assembly approved the Pensions (Increase) Amendment Suspension Act 2014 which allows the Minister of Finance to suspend the Cost of Living Adjustment (“COLA”) from the actuarial valuation of the future pension plan benefit obligations. Accordingly the COLA provision was removed for the actuarial valuation of the pension obligation as at March 31, 2014.

(b) Letter of Comfort and Guarantee

Subsequent to March 31, 2014, Government increased the Letter of Comfort with Southlands Limited and Morgan’s Point Limited (“MPL”), to support Phase 1 of the Morgan’s Point project, from US\$125,000,000 to US\$160,000,000.

On November 28, 2014, the Minister of Finance provided an irrevocable Guarantee Agreement to Arch Reinsurance Limited on behalf of Morgan’s Point Limited. The guarantee was issued to provide credit support for a \$5,000,000 loan made by Arch to MPL for the purpose of meeting reasonable expenses incurred by MPL in connection with the first phase of the Morgan’s Point Project, including expenses relating to architecture, design, construction engineering and professional advice and services. The Government guarantees the full and prompt payment of the principal and interest on the Loan.

(c) Hotel Concessions

In June 2014, the Minister of Tourism Development and Transport tabled a Hotel Concession Order in the House of Assembly. This order was approved, which resulted in one Hotel Concession Order for 2014. The total value of concessions to be applied in the future against land, payroll and hotel occupancy tax under this order is \$11,222,500.

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

	2014	2013
	Actual	Actual
	\$	\$
Office of the Tax Commissioner	190,464,658	177,698,720
Registrar of Companies	7,654,265	6,097,838
Works & Engineering	6,871,580	5,450,870
Fire Services	4,423,467	3,698,207
Customs	4,267,786	6,509,640
Airport Operations	3,879,134	5,881,753
Accountant General	3,188,719	2,314,883
Judicial Department	3,166,659	2,936,843
Post Office	1,978,321	2,351,367
Department of Education	1,578,478	1,596,859
Civil Aviation	1,557,866	1,207,040
Department of Health	1,159,606	1,063,169
Ministry of Public Works HQ	908,758	951,352
Maritime Administration	666,546	493,546
Telecommunications	634,024	3,174,597
Public Transportation	494,432	715,503
Public Lands & Buildings	448,176	1,805,967
Conservation Services	167,607	349,734
Marine & Ports Services	164,449	181,269
Human Resources	134,252	138,656
Defence	129,795	182,070
Police	106,695	174,983
Registry General	67,171	56,562
Environmental Protection	65,435	130,097
Financial Assistance	47,844	46,644
Office of the Auditor General	31,900	68,400
Ministry of Health & Seniors HQ	31,708	31,708
Ministry of Environment & Planning HQ	10,500	4,500
Tourism	9,589	8,996
Planning	8,964	26,774
Parks	6,166	6,166
Libraries	6,004	4,067
Child & Family Services	4,765	4,265
Information Technology Office	2,301	2,301
Attorney General's Chambers	877	877
Ministry of Legal Affairs HQ	728	-
Transport Control Department	208	413
Parliamentary Registrar	50	50
Energy	-	984
National Drug Control	-	250
Ministry of Tourism Dev. & Transport HQ	-	89
Corrections	(209)	-
	234,339,274	225,368,009
Less: Provision for Doubtful Accounts	97,714,049	87,393,310
	136,625,225	137,974,699

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

	2014	2013
	Actual	Actual
	\$	\$
Ministry of Public Works HQ	4,981,817	3,159,063
Public Transportation	4,139,214	4,126,323
Works & Engineering	2,931,238	2,456,891
Marine & Ports Services	2,764,585	2,601,341
Police	1,307,039	1,408,364
Department of Education	701,153	757,931
Department of Immigration	409,248	210,310
Department of Corrections	360,224	360,244
Health	263,745	329,840
Defence	176,232	688,493
Conservation Services	111,278	131,901
Public Lands & Buildings	28,749	186,708
Post Office	18,031	23,762
	18,192,553	16,441,171
Less: Provision for Obsolescence	1,713,552	1,713,222
	16,479,001	14,727,949

**Government of Bermuda – Consolidated Fund
Schedule 3: Due From Gov't Funds and Agencies
As at March 31**

	2014	2013
	Actual	Actual
	\$	\$
Health Insurance Funds	20,415,167	14,712,972
Bermuda Hospitals Board	3,092,646	3,281,370
Regulatory Authority	2,704,863	-
Golf Courses	1,077,879	893,493
Bermuda College	952,667	770,370
Bermuda Monetary Authority	877,594	1,057,284
Bermuda Land Development Company	773,515	730,480
Confiscated Assets Fund	589,066	767,120
Bermuda Housing Corporation	460,209	454,286
West End Development Corporation	374,609	326,791
Unemployment Insurance Fund	182,949	2,283
CedarBridge Academy	179,917	355,681
Government Reserves Fund	168,490	18,490
Pembroke Parish Council	99,852	100,592
Bermuda Economic Development Corporation	46,814	28,271
Financial Intelligence Agency	40,522	28,923
Pension Commission	35,459	20,152
Bermuda Health Council	28,207	29,312
Parish Councils	24,042	23,398
Bermuda Housing Trust	22,668	868
Berkeley Institute	17,281	17,281
National Sports Centre	7,332	345
Whitney Institute	5,233	5,319
Sandys Secondary Middle School	4,011	4,248
St. George's Preparatory School	1,691	1,694
	32,182,683	23,631,023
Less: Provision for Doubtful Accounts	8,969,970	8,969,970
	23,212,713	14,661,053

**Government of Bermuda - Consolidated Fund
Schedule 3(a): Due to Gov't Funds and Agencies**

As at March 31	2014	2013
	Actual	Actual
	\$	\$
Public Service Superannuation Fund	19,503,788	27,381,870
Ministers and Members Pensions Fund	12,633,281	12,438,562
Bermuda Hospitals Board	11,482,952	10,000,000
Contributory Pension Fund	1,891,620	555,249
Department of Tourism North American Retirement Plan	197,175	211,175
West End Development Corporation	6,981	157,568
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	45,400
Parish Council	-	5,760
	45,728,754	50,808,141

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

	2014	2013
	Actual	Actual
	\$	\$
Student Loans and Teacher Training Awards	798,893	1,183,200
Customs Duty	392,247	374,647
	1,191,140	1,557,847

Government of Bermuda - Consolidated Fund
Schedule 5: Accounts Payable and Accrued Liabilities

As at March 31	2014	2013
	Actual	Actual
	\$	\$
Base Lands Clean Up	44,078,555	38,656,865
Department Trade Accounts	31,642,236	49,811,633
Interest on Debt	27,927,929	21,810,526
Deposits Held	19,135,976	18,588,178
Employees' Leave Entitlements	17,943,246	17,429,708
Teachers' Salaries & Leave Entitlements	9,797,343	10,103,323
Guarantee Payable to WEDCO (Note 10(a))	4,285,716	5,714,287
Salaries, Wages and Benefits	2,963,982	577,149
Leases Payable	420,838	550,127
	158,195,821	163,241,796

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

	2014	2013
	Actual	Actual
	\$	\$
Transport Control Department	17,716,627	16,293,317
Civil Aviation	12,103,870	12,481,915
Department of Immigration	5,397,244	-
Post Office	309,379	326,898
Environmental Protection	225,577	133,345
Public Lands & Buildings	90,816	90,816
Health Department	82,794	52,841
Parks	65,352	29,865
Tourism	29,839	33,146
Youth, Sport & Recreation	28,051	14,068
Office of the Tax Commissioner	5,000	-
Economy, Trade & Industry HQ	-	5,524,237
Police	-	256,851
	36,054,549	35,237,299

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

	2014	2013
	Actual	Actual
	\$	\$
Senior Notes Due 2024 - US\$		
Issue Date: February 6, 2014		
Interest: 4.854% payable semi-annually February 6 and August 6		
Notes Due: February 6, 2024	750,000,000	-
Senior Notes Due 2023 - BMD\$		
Issue Date: December 16, 2013		
Interest: 4.75% payable semi-annually June 16 and December 16		
Notes Due: December 16, 2023	50,000,000	-
Senior Notes Due 2023 - US\$		
Issue Date: July 3, 2012		
Interest: 4.138% payable semi-annually January 3 and July 3		
Notes Due: January 3, 2023	475,000,000	475,000,000
Senior Notes Due 2020 - US\$		
Issue Date: July 13, 2010		
Interest: 5.60% payable semi-annually January 20 and July 20		
Notes Due: July 20, 2020	500,000,000	500,000,000
Senior Notes Due 2019 - US\$		
Issue Date: November 10, 2009		
Interest: 5.93% payable semi-annually November 10 and May 10		
Notes Due: November 10, 2019	80,000,000	80,000,000
Senior Notes Due 2016- US\$		
Issue Date: November 10, 2009		
Interest: 5.27% payable semi-annually November 10 and May 10		
Notes Due: November 10, 2016	60,000,000	60,000,000
Senior Notes Due 2019 - US\$		
Issue Date: May 21, 2009		
Interest: 7.38% payable semi-annually May 21 and November 21		
Notes Due: May 21, 2019	100,000,000	100,000,000

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

Senior Notes Due 2016 - US\$

Issue Date: May 21, 2009

Interest: 6.98% payable semi-annually

May 21 and November 21

Notes Due: May 21, 2016

30,000,000

30,000,000

Senior Notes Due 2014 - US\$

Issue Date: May 21, 2009

Interest: 6.55% payable semi-annually

May 21 and November 21

Notes Due: May 21, 2014

45,000,000

45,000,000

Senior Notes Due 2022 - US\$

Issue Date: December 4, 2007

Interest: 5.73% payable semi-annually

June 4 and December 4

Notes Due: December 4, 2022

140,000,000

140,000,000

Senior Notes Due 2014 - US\$

Issue Date: June 10, 2004

Interest: 5.39% payable semi-annually

June 10 and December 10

Notes Due: June 10, 2014

75,000,000

75,000,000

2,305,000,000

1,505,000,000

Less: Sinking Fund (Note 5)

536,557,729

97,141,966

1,768,442,271

1,407,858,034

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

	2014 Original Estimates	2014 Actual	2013 Actual
	\$	\$	\$
Taxes & Duties			
Payroll Tax	320,000,000	330,848,121	328,023,069
Customs Duty	175,000,000	174,951,259	169,693,292
Land Tax	59,000,000	60,476,977	55,844,840
Passenger Tax	35,670,000	33,921,396	34,577,919
	589,670,000	600,197,753	588,139,120
Other Taxes & Duties			
Stamp Duty	19,962,000	21,379,248	18,754,461
Foreign Currency Purchase Tax	24,000,000	20,823,253	22,071,642
Hotel Occupancy Tax	9,500,000	9,195,261	10,002,033
Non-Bermudian Land Acquisition Tax	10,000,000	4,937,639	5,967,336
Corporate Services Tax	4,800,000	4,686,562	3,185,370
Betting Tax	1,450,000	1,540,106	1,543,828
Timesharing Tax	92,000	189,293	169,418
	69,804,000	62,751,362	61,694,088
Total Taxes & Duties	659,474,000	662,949,115	649,833,208
Fees, Permits & Licences			
International Companies	56,728,000	62,473,501	62,163,373
Vehicle Licences & Registration	28,216,000	26,664,805	26,031,165
Registration of Aircraft	23,512,000	26,569,005	23,925,970
Immigration	10,000,000	11,887,007	7,985,278
Air Terminal & Aviation	10,286,000	10,589,960	10,682,301
Telecommunications	10,000,000	10,031,429	13,647,281
Wharfage	8,421,000	8,679,779	8,335,162
Bus Transportation	8,700,000	7,244,714	7,703,962
Registration of Shipping	4,151,000	5,139,326	4,177,276
Postal Services	4,774,000	4,552,756	5,321,611
Solid Waste Services	3,520,000	4,097,763	4,094,230
Water	5,100,000	3,555,830	4,705,192
Local Companies	2,620,000	2,808,526	2,808,988
Services to Seaborne Shipping	3,069,000	2,612,825	2,768,441
Rentals	2,115,000	2,111,306	2,384,204
Other Customs Fees & Charges	2,264,000	2,073,025	2,149,659
Ferry Services	1,822,000	1,921,159	1,777,478
Trade and Service Mark	1,640,000	1,751,791	1,584,346
Planning Fees and Searches	875,000	868,546	714,183
Companies Licences	613,000	703,946	774,362
Liquor Licences	50,000	371,058	277,725
Plant Production and Marketing Centre	295,000	330,431	37,761
Insurance Fees	-	55	15,050
	188,771,000	197,038,543	194,064,998
Other Revenue			
Other	16,884,000	17,770,289	17,773,246
Fines & Forfeitures	3,570,000	2,711,329	2,075,064
	20,454,000	20,481,618	19,848,310
Investment Income	2,500,000	3,445,828	2,831,042
	22,954,000	23,927,446	22,679,352
TOTAL REVENUE	871,199,000	883,915,104	866,577,558

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

	2014 Original Estimates	2014 Actual	2013 Actual
	\$	\$	\$
Non-Ministry Departments			
05 Office of the Auditor General	911,000	682,508	(61,657)
63 Parliamentary Registrar	285,000	332,551	360,383
02 Legislature	-	2,850	1,823
01 Governor & Staff	-	1,206	7,357
92 Internal Audit	-	602	1,521
	1,196,000	1,019,717	309,427
Cabinet Office Departments			
26 Department of Human Resources	-	685	351
14 Department of Statistics	-	81	1,641
09 Cabinet Office	-	-	120
	-	766	2,112
Ministry of Tourism Development & Transport			
34 Transport Control Department	28,217,000	26,783,419	26,145,815
31 Airport Operations	10,336,000	10,707,671	12,708,563
35 Public Transportation	8,700,000	7,282,058	7,709,462
30 Marine & Ports Services	6,169,000	5,565,563	6,044,951
48 Ministry of Tourism Dev. & Transport HQ	-	38,194	39,503
33 Tourism	33,000	35,851	34,538
	53,455,000	50,412,756	52,682,832
Ministry of Legal Affairs			
03 Judicial Department	7,134,000	5,135,906	5,095,051
04 Attorney General's Chambers	-	968	652
87 Ministry of Legal Affairs HQ	-	728	88,924
75 Department of Public Prosecutions	-	-	81,646
	7,134,000	5,137,602	5,266,273
Ministry of Finance			
38 Office of the Tax Commissioner	471,974,000	481,393,449	471,612,650
12 Customs	186,427,000	186,336,894	180,776,615
13 Post Office	4,716,000	4,485,974	5,239,207
11 Accountant General	2,500,000	4,640,073	1,300,475
10 Ministry of Finance HQ	2,500,000	2,134,685	2,308,701
28 Department of Social Insurance	-	1,968	2,225
43 Information Technology Office	-	-	563
	668,117,000	678,993,043	661,240,436
Ministry of Education			
17 Department of Education	230,000	188,117	193,718
18 Libraries	17,000	22,605	20,250
19 Department of Archives	4,000	1,495	1,520
	251,000	212,217	215,488
Ministry of Health & Seniors			
22 Health Department	2,941,000	3,216,808	3,144,716
21 Ministry of Health & Seniors HQ	20,000	23,247	3,537
91 Health Insurance	-	3,600	7,914
	2,961,000	3,243,655	3,156,167

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

	2014 Original Estimates	2014 Actual	2013 Actual
	\$	\$	\$
Ministry of Environment & Planning			
32 Department of Planning	1,004,000	1,067,286	936,387
72 Environmental Protection	851,000	918,700	825,930
69 Conservation Services	510,000	465,183	1,160,316
68 Parks	254,000	201,569	234,112
50 Ministry of Environment & Planning HQ	18,000	9,315	8,446
97 Land, Surveys & Registration	1,144,000	360	1,277
49 Land Valuation	-	45	30
	3,781,000	2,662,458	3,166,498
Ministry of Community & Cultural Development			
20 Youth, Sport & Recreation	711,000	749,483	923,680
52 Community and Cultural Affairs	248,000	146,741	145,854
23 Child & Family Services	77,000	101,506	78,231
42 Rent Commissioner	1,000	72	36
56 Human Affairs	-	-	(15)
	1,037,000	997,802	1,147,786
Ministry of Public Safety			
45 Fire Services	712,000	705,989	717,696
07 Police	556,000	541,001	569,910
88 National Drug Control	12,000	17,395	22,092
06 Defence	-	11,190	11,149
83 Ministry of Public Safety HQ	-	6,906	11,290
	1,280,000	1,282,481	1,332,137
Ministry of Home Affairs			
27 Department of Immigration	20,000,000	16,824,646	6,734,752
29 Registry General	1,852,000	2,005,919	725,520
60 Labour & Training	60,000	696	935
93 Ministry of Home Affairs HQ	-	-	(964)
	21,912,000	18,831,261	7,460,243
Ministry of Public Works			
82 Works & Engineering	10,135,000	10,692,174	11,285,228
81 Public Lands & Buildings	1,700,000	1,833,682	2,055,370
36 Min. of Public Works HQ	112,000	(31,917)	526,621
	11,947,000	12,493,939	13,867,219
Ministry of Economy, Trade & Industry			
94 Ministry of Economy, Trade & Industry HQ	-	-	7,228,040
	-	-	7,228,040
Ministry of Economic Development			
39 Registrar of Companies	60,416,000	66,546,616	66,557,740
57 Civil Aviation	23,562,000	26,626,888	24,072,465
46 Telecommunications	10,000,000	10,303,960	13,519,708
73 Maritime Administration	4,150,000	5,149,790	4,345,287
95 Ministry of Economic Development HQ	-	153	1,007,700
	98,128,000	108,627,407	109,502,900
TOTAL REVENUE	871,199,000	883,915,104	866,577,558

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

	2014 Interdepartmental Revenue	2014 Gross Revenue Actual	2014 Net Revenue
	\$	\$	\$
Non-Ministry Departments			
05 Office of the Auditor General	-	682,508	682,508
63 Parliamentary Registrar	500	332,551	332,051
02 Legislature	-	2,850	2,850
01 Governor & Staff	-	1,206	1,206
92 Internal Audit	-	602	602
	500	1,019,717	1,019,217
Cabinet Office Departments			
26 Department of Human Resources	-	685	685
14 Department of Statistics	-	81	81
	-	766	766
Ministry of Tourism Development & Transport			
34 Transport Control Department	120	26,783,419	26,783,299
31 Airport Operations	115,005	10,707,671	10,592,666
35 Public Transportation	480,945	7,282,058	6,801,113
30 Marine & Ports Services	5,744	5,565,563	5,559,819
48 Ministry of Tourism Dev. & Transport HQ	-	38,194	38,194
33 Tourism	-	35,851	35,851
	601,814	50,412,756	49,810,942
Ministry of Legal Affairs			
03 Judicial Department	35,371	5,135,906	5,100,535
04 Attorney General's Chambers	4,689	968	(3,721)
87 Ministry of Legal Affairs HQ	-	728	728
	40,060	5,137,602	5,097,542
Ministry of Finance			
38 Office of the Tax Commissioner	18,699	481,393,449	481,374,750
12 Customs	1,703,354	186,336,894	184,633,540
13 Post Office	13,079	4,485,974	4,472,895
11 Accountant General	32,146	4,640,073	4,607,927
10 Ministry of Finance HQ	-	2,134,685	2,134,685
28 Department of Social Insurance	-	1,968	1,968
	1,767,278	678,993,043	677,225,765
Ministry of Education			
17 Department of Education	23,911	188,117	164,206
18 Libraries	-	22,605	22,605
19 Department of Archives	-	1,495	1,495
	23,911	212,217	188,306
Ministry of Health & Seniors			
22 Health Department	205,689	3,216,808	3,011,119
21 Ministry of Health & Seniors HQ	-	23,247	23,247
91 Health Insurance	-	3,600	3,600
	205,689	3,243,655	3,037,966

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

	2014 Interdepartmental Revenue	2014 Gross Revenue Actual	2014 Net Revenue
	\$	\$	\$
Ministry of Environment & Planning			
32 Department of Planning	15,496	1,067,286	1,051,790
72 Environmental Protection	4,350	918,700	914,350
69 Conservation Services	-	465,183	465,183
68 Parks	225	201,569	201,344
50 Ministry of Environment & Planning HQ	-	9,315	9,315
97 Land, Surveys & Registration	-	360	360
49 Land Valuation	-	45	45
	20,071	2,662,458	2,642,387
Ministry of Community & Cultural Development			
20 Youth, Sport & Recreation	190	749,483	749,293
52 Community and Cultural Affairs	6,224	146,741	140,517
23 Child & Family Services	-	101,506	101,506
42 Rent Commissioner	-	72	72
	6,414	997,802	991,388
Ministry of Public Safety			
45 Fire Services	-	705,989	705,989
07 Police	25,921	541,001	515,080
88 National Drug Control	-	17,395	17,395
06 Defence	-	11,190	11,190
83 Ministry of Public Safety HQ	-	6,906	6,906
	25,921	1,282,481	1,256,560
Ministry of Home Affairs			
27 Department of Immigration	19,178	16,824,646	16,805,468
29 Registry General	2,727	2,005,919	2,003,192
60 Labour & Training	-	696	696
	21,905	18,831,261	18,809,356
Ministry of Public Works			
82 Works & Engineering	188,744	10,692,174	10,503,430
81 Public Lands & Buildings	116,282	1,833,682	1,717,400
36 Min. of Public Works HQ	1,229	(31,917)	(33,146)
	306,255	12,493,939	12,187,684
Ministry of Economic Development			
39 Registrar of Companies	-	66,546,616	66,546,616
57 Civil Aviation	18,475	26,626,888	26,608,413
46 Telecommunications	1,980	10,303,960	10,301,980
73 Maritime Administration	-	5,149,790	5,149,790
95 Ministry of Economic Development HQ	-	153	153
	20,455	108,627,407	108,606,952
TOTAL REVENUE	3,040,273	883,915,104	880,874,831

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

	2014 Capital Development	2014 Capital Acquisition	2014 Current Expenses	2014 Total Actual	2013 Total Actual
	\$	\$	\$	\$	\$
Economic Development					
11 Accountant General	-	168,585	80,661,680	80,830,265	86,716,460
82 Works & Engineering	3,258,964	-	51,630,779	54,889,743	53,874,287
81 Public Lands & Buildings	1,970,613	-	40,379,859	42,350,472	44,406,895
33 Tourism	-	3,049	31,387,946	31,390,995	30,457,306
31 Airport Operations	251,740	65,796	25,288,089	25,605,625	30,181,650
30 Marine & Ports Services	-	197,143	24,426,856	24,623,999	24,301,140
35 Public Transportation	-	598,956	23,714,179	24,313,135	25,658,459
12 Customs	992	149,454	20,772,202	20,922,648	7,783,169
36 Ministry of Public Works HQ	138,383	111,680	15,624,303	15,874,366	11,968,157
13 Post Office	-	17,465	12,823,180	12,840,645	13,690,309
43 Information Technology Office	-	1,059,911	8,232,394	9,292,305	10,748,311
57 Civil Aviation	-	21,236	7,851,018	7,872,254	9,282,847
95 Ministry of Economic Development HQ	-	724	7,047,555	7,048,279	4,730,505
93 Ministry of Home Affairs HQ	360,000	-	6,306,730	6,666,730	614,344
34 Transport Control Department	-	-	6,444,787	6,444,787	6,157,968
10 Ministry of Finance HQ	-	30,000	4,956,317	4,986,317	5,093,165
39 Registrar of Companies	-	2,033	4,218,546	4,220,579	4,784,929
38 Office of the Tax Commissioner	-	104,684	3,844,942	3,949,626	11,721,468
05 Office of the Auditor General	-	4,280	3,895,980	3,900,260	3,867,232
32 Department of Planning	-	-	3,336,703	3,336,703	3,561,602
73 Maritime Administration	-	450	2,304,199	2,304,649	1,786,044
29 Registry General	-	-	1,686,449	1,686,449	1,276,615
97 Land, Surveys & Registration	-	(20,739)	1,281,501	1,260,762	1,478,540
48 Ministry of Tourism Dev. & Transport HQ	56,062	-	958,194	1,014,256	740,967
84 E-Government	-	40,216	964,783	1,004,999	1,049,697
49 Land Valuation	-	3,725	979,491	983,216	1,043,644
89 Energy	-	-	730,402	730,402	565,303
46 Telecommunications	-	-	650,495	650,495	3,587,031
67 E-Commerce	-	-	583,418	583,418	626,342
80 Project Management & Procurement	(129,595)	-	649,303	519,708	1,332,688
96 Sustainable Development	-	-	479,990	479,990	495,061
90 Energy, Telecommunications and E-Commerce HQ	-	-	-	-	1,802
94 Ministry of Economy, Trade & Industry HQ	-	-	-	-	4,152,884
	5,907,159	2,558,648	394,112,270	402,578,077	407,736,821
Health					
24 Hospitals	620,000	-	152,825,516	153,445,516	149,672,674
22 Health Department	18,713	67,976	27,369,614	27,456,303	30,788,431
21 Ministry of Health & Seniors HQ	-	-	13,348,181	13,348,181	11,569,056
91 Health Insurance	-	-	10,381,093	10,381,093	12,041,310
28 Department of Social Insurance	-	-	7,144,051	7,144,051	6,109,235
	638,713	67,976	211,068,455	211,775,144	210,180,706
National Security					
07 Police	741,200	41,433	67,583,568	68,366,201	71,003,336
25 Corrections	56,350	49,890	25,454,803	25,561,043	29,104,163
45 Fire Services	(1,371)	(54,974)	14,468,585	14,412,240	15,543,662
03 Judicial Department	-	-	8,281,649	8,281,649	8,227,643
87 Ministry of Legal Affairs HQ	-	-	8,074,203	8,074,203	6,652,601
06 Defence	73,035	6,888	7,797,102	7,877,025	6,726,300
27 Department of Immigration	-	3,243	4,449,807	4,453,050	17,447,495
04 Attorney General's Chambers	-	-	3,768,457	3,768,457	3,544,026
74 Court Services	-	-	3,561,613	3,561,613	3,454,719
75 Department of Public Prosecutions	-	18,081	2,794,518	2,812,599	2,614,952
83 Ministry of Public Safety HQ	-	-	1,097,798	1,097,798	1,415,579
	869,214	64,561	147,332,103	148,265,878	165,734,476
Education					
17 Department of Education	894,721	1,265,922	113,750,780	115,911,423	117,699,414
41 Bermuda College	-	-	18,119,000	18,119,000	18,119,000
60 Labour & Training	-	890	5,358,069	5,358,959	5,356,824
16 Ministry of Education HQ	-	-	2,294,396	2,294,396	3,068,666
	894,721	1,266,812	139,522,245	141,683,778	144,243,904

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

	2014 Capital Development	2014 Capital Acquisition	2014 Current Expenses	2014 Total Actual	2013 Total Actual
	\$	\$	\$	\$	\$
Interest on Debt					
58 Interest on Debt	-	-	109,244,778	109,244,778	81,577,570
	-	-	109,244,778	109,244,778	81,577,570
Social Services & Assistance					
55 Financial Assistance	-	4,271	48,454,709	48,458,980	43,158,612
23 Child & Family Services	-	480	15,676,567	15,677,047	17,715,160
53 Bermuda Housing Corporation	-	-	8,000,000	8,000,000	6,500,000
88 National Drug Control	-	166,431	4,869,590	5,036,021	4,345,982
52 Community & Cultural Affairs	-	-	3,143,440	3,143,440	3,557,799
71 Ministry of Community & Cultural Dev. HQ	-	2,881	2,230,824	2,233,705	2,285,091
42 Rent Commissioner	-	-	529,051	529,051	524,077
	-	174,063	82,904,181	83,078,244	78,086,721
Other General Government Services					
20 Youth, Sport & Recreation	2,048,232	-	11,217,114	13,265,346	18,702,182
68 Parks	365,186	(2,161)	10,794,737	11,157,762	11,511,073
09 Cabinet Office	-	864	6,807,429	6,808,293	7,156,931
02 Legislature	13,535	-	5,134,536	5,148,071	5,224,993
69 Conservation Services	262,512	2,178	4,715,613	4,980,303	5,722,450
26 Department of Human Resources	-	213,951	3,815,644	4,029,595	4,054,040
72 Environmental Protection	36,881	(4,741)	3,711,032	3,743,172	3,425,146
14 Department of Statistics	-	21,882	2,694,798	2,716,680	2,665,962
51 Department of Communication & Information	-	(7,637)	2,455,406	2,447,769	2,376,878
18 Libraries	-	11,037	2,236,267	2,247,304	2,333,124
56 Human Affairs	-	-	2,142,951	2,142,951	2,145,512
01 Governor & Staff	-	-	1,455,585	1,455,585	1,606,581
92 Internal Audit	-	-	1,356,755	1,356,755	1,479,042
19 Department of Archives	-	22,149	1,169,462	1,191,611	1,304,638
63 Parliamentary Registrar	-	-	837,166	837,166	1,522,207
85 Ombudsman's Office	-	665	785,268	785,933	755,967
50 Ministry of Environment & Planning HQ	8,775	590	542,546	551,911	710,183
	2,735,121	258,777	61,872,309	64,866,207	72,696,909
Pensions and Other Employee Future Benefits					
Gain on Benefits Plans Amendments	-	-	(214,091,800)	(214,091,800)	-
Pensions and Retirement Benefits Expense	-	-	120,532,461	120,532,461	114,311,376
	-	-	(93,559,339)	(93,559,339)	114,311,376
TOTAL EXPENSES	11,044,928	4,390,837	1,052,497,002	1,067,932,767	1,274,568,483

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

	2014 Original Estimates	2014 Actual	2013 Actual
	\$	\$	\$
Employees			
Salaries	333,500,000	309,981,244	321,173,034
Wages	70,714,000	83,381,635	84,133,053
Employer Overhead	73,879,000	31,369,492	32,594,636
Other Personnel Costs	6,734,000	5,644,886	5,563,527
Training	6,737,000	2,491,282	2,306,757
Compensated Absences	-	743,102	1,118,758
Gain on Benefits Plans Amendments (Note 9(g))	-	(214,091,800)	-
Pensions and Retirement Benefits Expense	-	161,184,785	154,058,961
	491,564,000	380,704,626	600,948,726
Operations			
Grants & Contributions	266,030,000	286,962,034	277,384,973
Interest on Debt	97,650,000	109,704,201	84,292,653
Professional Services	89,466,000	81,469,122	95,944,148
Amortization (Note 4(b)(v))	-	54,677,285	47,044,473
Energy	20,652,000	20,119,926	20,573,009
Materials & Supplies	25,786,000	19,797,144	23,158,414
Advertising & Promotion	13,247,000	16,967,815	18,135,591
Repairs & Maintenance	19,921,000	16,908,319	17,613,858
Rentals	17,244,000	16,695,815	16,794,324
Other (Note 10(c))	4,028,000	12,391,793	3,603,120
Insurance	11,710,000	11,984,402	12,498,541
Communications	10,297,000	8,404,455	9,181,459
Transport	5,205,000	4,534,011	3,977,255
Bad Debts	-	4,122,070	15,698,647
Travel	4,683,000	3,311,420	3,418,547
Clothing & Uniforms	2,190,000	1,858,041	1,576,116
Bank Charges & Commissions	-	1,362,238	977,640
Equipment	855,000	522,285	890,795
Transfer to Other Funds (Note 4(b)(iii))	37,655,000	-	-
	626,619,000	671,792,376	652,763,563
TOTAL CURRENT EXPENSES	1,118,183,000	1,052,497,002	1,253,712,289

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

	2014 Original Estimates	2014 Actual	2013 Actual
	\$	\$	\$
Non-Ministry Departments			
02 Legislature	6,079,000	5,134,536	5,190,783
05 Office of the Auditor General	3,846,000	3,895,980	3,855,599
01 Governor & Staff	1,638,000	1,455,585	1,605,112
92 Internal Audit	1,773,000	1,356,755	1,479,042
63 Parliamentary Registrar	1,600,000	837,166	1,531,282
85 Ombudsman's Office	822,000	785,268	751,882
	15,758,000	13,465,290	14,413,700
Cabinet Office Departments			
09 Cabinet Office	7,091,000	6,807,429	7,153,332
26 Department of Human Resources	4,247,000	3,815,644	3,860,900
14 Department of Statistics	2,975,000	2,694,798	2,656,086
51 Department of Communication & Information	2,561,000	2,455,406	2,400,875
	16,874,000	15,773,277	16,071,193
Ministry of Tourism Development & Transport			
33 Tourism	27,273,000	31,387,946	30,457,365
31 Airport Operations	19,777,000	25,288,089	29,819,172
30 Marine & Ports Services	18,536,000	24,426,856	24,126,943
35 Public Transportation	20,945,000	23,714,179	25,656,719
34 Transport Control Department	6,332,000	6,444,787	6,157,968
48 Ministry of Tourism Dev. & Transport HQ	882,000	958,194	670,212
	93,745,000	112,220,051	116,888,379
Ministry of Legal Affairs			
03 Judicial Department	8,360,000	8,281,649	8,139,938
87 Ministry of Legal Affairs HQ	7,360,000	8,074,203	6,652,601
04 Attorney General's Chambers	4,286,000	3,768,457	3,544,026
74 Court Services	4,378,000	3,561,613	3,440,679
75 Department of Public Prosecutions	2,993,000	2,794,518	2,614,952
	27,377,000	26,480,440	24,392,196
Ministry of Finance			
58 Interest on Debt	96,675,000	109,244,778	81,577,570
11 Accountant General	84,636,000	80,661,680	86,607,339
12 Customs	20,000,000	20,772,202	7,641,326
13 Post Office	13,621,000	12,823,180	13,672,969
43 Information Technology Office	7,329,000	8,232,394	9,285,585
28 Department of Social Insurance	6,583,000	7,144,051	6,109,235
10 Ministry of Finance HQ	5,042,000	4,956,317	5,075,665
38 Office of the Tax Commissioner	3,448,000	3,844,942	11,656,136
80 Project Management & Procurement	977,000	649,303	1,294,595
59 Sinking Fund Contribution	37,625,000	-	-
Gain on Benefits Plans Amendments	-	(214,091,800)	-
Pensions and Retirement Benefits Expense	-	120,532,461	114,311,376
	275,936,000	154,769,508	337,231,796
Ministry of Education			
17 Department of Education	121,000,000	113,750,780	117,088,177
41 Bermuda College	18,119,000	18,119,000	18,119,000
16 Ministry of Education HQ	2,452,000	2,294,396	3,068,666
18 Libraries	2,273,000	2,236,267	2,326,086
19 Department of Archives	1,547,000	1,169,462	1,303,738
	145,391,000	137,569,905	141,905,667
Ministry of Health & Seniors			
24 Hospitals	141,344,000	152,825,516	149,552,674
22 Health Department	27,453,000	27,369,614	30,512,840
21 Ministry of Health & Seniors HQ	15,147,000	13,348,181	11,569,056
91 Health Insurance	11,300,000	10,381,093	12,041,310
	195,244,000	203,924,404	203,675,880

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

	2014 Original Estimates	2014 Actual	2013 Actual
	\$	\$	\$
Ministry of Environment & Planning			
68 Parks	10,537,000	10,794,737	11,269,737
69 Conservation Services	4,851,000	4,715,613	5,488,471
72 Environmental Protection	4,074,000	3,711,032	3,417,643
32 Department of Planning	3,782,000	3,336,703	3,561,602
97 Land, Surveys & Registration	1,753,000	1,281,501	1,397,605
49 Land Valuation	832,000	979,491	1,041,750
50 Ministry of Environment & Planning HQ	1,118,000	542,546	699,223
96 Sustainable Development	500,000	479,990	495,061
	27,447,000	25,841,613	27,371,092
Ministry of Community & Cultural Development			
55 Financial Assistance	39,476,000	48,454,709	43,144,312
23 Child & Family Services	18,148,000	15,676,567	17,681,662
20 Youth, Sport & Recreation	11,662,000	11,217,114	11,554,182
53 Bermuda Housing Corporation	8,199,000	8,000,000	6,500,000
52 Community & Cultural Affairs	3,729,000	3,143,440	3,557,799
71 Ministry of Community & Cultural Dev. HQ	2,356,000	2,230,824	2,283,012
56 Human Affairs	2,269,000	2,142,951	2,145,512
42 Rent Commissioner	569,000	529,051	524,077
	86,408,000	91,394,656	87,390,556
Ministry of Public Safety			
07 Police	71,000,000	67,583,568	69,682,641
25 Corrections	27,469,000	25,454,803	28,799,443
45 Fire Services	13,809,000	14,468,585	15,458,645
06 Defence	6,959,000	7,797,102	6,486,558
88 National Drug Control	4,120,000	4,869,590	4,247,236
83 Ministry of Public Safety HQ	1,324,000	1,097,798	1,415,579
	124,681,000	121,271,446	126,090,102
Ministry of Home Affairs			
93 Ministry of Home Affairs HQ	7,172,000	6,306,730	614,344
60 Labour & Training	5,741,000	5,358,069	5,356,322
27 Department of Immigration	4,894,000	4,449,807	17,398,528
29 Registry General	2,205,000	1,686,449	1,276,615
84 E-Government	1,059,000	964,783	1,005,970
	21,071,000	18,765,838	25,651,779
Ministry of Public Works			
82 Works & Engineering	32,286,000	51,630,779	52,006,475
81 Public Lands & Buildings	22,869,000	40,379,859	39,959,436
36 Ministry of Public Works HQ	6,246,000	15,624,303	11,380,461
	61,401,000	107,634,941	103,346,372
Ministry of Economy, Trade and Industry			
94 Ministry of Economy, Trade and Industry HQ	-	-	4,152,884
90 Energy, Telecommunications and E-Commerce HQ	-	-	1,802
	-	-	4,154,686
Ministry of Economic Development			
57 Civil Aviation	10,500,000	7,851,018	9,150,933
95 Ministry of Economic Development HQ	8,050,000	7,047,555	4,720,390
39 Registrar of Companies	3,329,000	4,218,546	4,762,357
73 Maritime Administration	1,904,000	2,304,199	1,783,291
89 Energy	730,000	730,402	565,303
46 Telecommunications	1,257,000	650,495	3,520,275
67 E-Commerce	1,080,000	583,418	626,342
	26,850,000	23,385,633	25,128,891
TOTAL CURRENT EXPENSES	1,118,183,000	1,052,497,002	1,253,712,289

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

	2014 Interdepartmental Expense	2014 Actual Gross Expense	2014 Net Expense
	\$	\$	\$
Non-Ministry Departments			
02 Legislature	8,125	5,134,536	5,126,411
05 Office of the Auditor General	3,191	3,895,980	3,892,789
01 Governor & Staff	1,618	1,455,585	1,453,967
92 Internal Audit	85	1,356,755	1,356,670
63 Parliamentary Registrar	1,266	837,166	835,900
85 Ombudsman's Office	-	785,268	785,268
	14,285	13,465,290	13,451,005
Cabinet Office Departments			
09 Cabinet Office	4,694	6,807,429	6,802,735
26 Department of Human Resources	-	3,815,644	3,815,644
14 Department of Statistics	776	2,694,798	2,694,022
51 Department of Communication & Information	7,135	2,455,406	2,448,271
	12,605	15,773,277	15,760,672
Ministry of Tourism Development & Transport			
33 Tourism	37,206	31,387,946	31,350,740
31 Airport Operations	2,126	25,288,089	25,285,963
30 Marine & Ports Services	224,284	24,426,856	24,202,572
35 Public Transportation	786,868	23,714,179	22,927,311
34 Transport Control Department	15,809	6,444,787	6,428,978
48 Ministry of Tourism Dev. & Transport HQ	4,701	958,194	953,493
	1,070,994	112,220,051	111,149,057
Ministry of Legal Affairs			
03 Judicial Department	1,777	8,281,649	8,279,872
87 Ministry of Legal Affairs HQ	27,209	8,074,203	8,046,994
04 Attorney General's Chambers	72	3,768,457	3,768,385
74 Court Services	4,935	3,561,613	3,556,678
75 Department of Public Prosecutions	225	2,794,518	2,794,293
	34,218	26,480,440	26,446,222
Ministry of Finance			
58 Interest on Debt	-	109,244,778	109,244,778
11 Accountant General	497	80,661,680	80,661,183
12 Customs	50,608	20,772,202	20,721,594
13 Post Office	25,344	12,823,180	12,797,836
43 Information Technology Office	4,669	8,232,394	8,227,725
28 Department of Social Insurance	127,930	7,144,051	7,016,121
10 Ministry of Finance HQ	300	4,956,317	4,956,017
38 Office of the Tax Commissioner	16,820	3,844,942	3,828,122
80 Project Management & Procurement	33,198	649,303	616,105
Gain on Benefits Plans Amendments	-	(214,091,800)	(214,091,800)
Pensions and Retirement Benefits Expense	-	120,532,461	120,532,461
	259,366	154,769,508	154,510,142
Ministry of Education			
17 Department of Education	115,535	113,750,780	113,635,245
41 Bermuda College	-	18,119,000	18,119,000
16 Ministry of Education HQ	-	2,294,396	2,294,396
18 Libraries	626	2,236,267	2,235,641
19 Department of Archives	93	1,169,462	1,169,369
	116,254	137,569,905	137,453,651
Ministry of Health & Seniors			
24 Hospitals	-	152,825,516	152,825,516
22 Health Department	58,395	27,369,614	27,311,219
21 Ministry of Health & Seniors HQ	83,256	13,348,181	13,264,925
91 Health Insurance	-	10,381,093	10,381,093
	141,651	203,924,404	203,782,753

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

	2014 Interdepartmental Expense	2014 Actual Gross Expense	2014 Net Expense
	\$	\$	\$
Ministry of Environment & Planning			
68 Parks	22,012	10,794,737	10,772,725
69 Conservation Services	2,755	4,715,613	4,712,858
72 Environmental Protection	2,555	3,711,032	3,708,477
32 Department of Planning	-	3,336,703	3,336,703
97 Land, Surveys & Registration	145	1,281,501	1,281,356
49 Land Valuation	120	979,491	979,371
50 Ministry of Environment & Planning HQ	-	542,546	542,546
96 Sustainable Development	-	479,990	479,990
	27,587	25,841,613	25,814,026
Ministry of Community & Cultural Development			
55 Financial Assistance	104,149	48,454,709	48,350,560
23 Child & Family Services	34,923	15,676,567	15,641,644
20 Youth, Sport & Recreation	241,302	11,217,114	10,975,812
53 Bermuda Housing Corporation	-	8,000,000	8,000,000
52 Community & Cultural Affairs	8,870	3,143,440	3,134,570
71 Ministry of Community & Cultural Dev. HQ	85	2,230,824	2,230,739
56 Human Affairs	1,380	2,142,951	2,141,571
42 Rent Commissioner	-	529,051	529,051
	390,709	91,394,656	91,003,947
Ministry of Public Safety			
07 Police	100,499	67,583,568	67,483,069
25 Corrections	89,030	25,454,803	25,365,773
45 Fire Services	39,041	14,468,585	14,429,544
06 Defence	32,904	7,797,102	7,764,198
88 National Drug Control	33,650	4,869,590	4,835,940
83 Ministry of Public Safety HQ	7,973	1,097,798	1,089,825
	303,097	121,271,446	120,968,349
Ministry of Home Affairs			
93 Ministry of Home Affairs HQ	335	6,306,730	6,306,395
60 Labour & Training	2,324	5,358,069	5,355,745
27 Department of Immigration	6,820	4,449,807	4,442,987
29 Registry General	4,669	1,686,449	1,681,780
84 E-Government	-	964,783	964,783
	14,148	18,765,838	18,751,690
Ministry of Public Works			
82 Works & Engineering	208	51,630,779	51,630,571
81 Public Lands & Buildings	16,816	40,379,859	40,363,043
36 Min. of Public Works HQ	587,000	15,624,303	15,037,303
	604,024	107,634,941	107,030,917
Ministry of Economic Development			
57 Civil Aviation	120	7,851,018	7,850,898
95 Ministry of Economic Development HQ	6,308	7,047,555	7,041,247
39 Registrar of Companies	1,505	4,218,546	4,217,041
73 Maritime Administration	24,722	2,304,199	2,279,477
89 Energy	-	730,402	730,402
46 Telecommunications	18,560	650,495	631,935
67 E-Commerce	120	583,418	583,298
	51,335	23,385,633	23,334,298
TOTAL CURRENT EXPENSES	3,040,273	1,052,497,002	1,049,456,729

Government of Bermuda - Consolidated Fund
Schedule 11: Schedules of Tangible Capital Assets and Assets Under Construction
As at March 31, 2014

	Estimated Useful Life	COST			ACCUMULATED AMORTIZATION			31-Mar-14 Net Book Value	31-Mar-13 Net Book Value
		Opening Balance	Additions	Disposals & Adjustments	Closing Balance	Opening Balance	Amortization Expense		
Tangible Capital Assets		\$	\$	\$	\$	\$	\$	\$	
Land	Indefinite	45,636,778	-	-	45,636,778	-	-	45,636,778	
Buildings & Betterments	40 years	616,236,335	11,346,403	-	627,582,738	(169,810,162)	(18,971,435)	438,801,141	446,426,173
Infrastructure	10-40 Years	177,202,613	6,972,524	-	184,175,137	(42,908,173)	(10,656,256)	130,610,708	134,294,440
Vehicles & Heavy Equipment	5-7 Years	89,965,787	4,734,551	(1,050,390)	93,649,948	(76,079,159)	(5,775,925)	12,826,233	13,866,627
Vessels	5-10 Years	44,742,567	1,398,785	-	46,141,352	(35,846,090)	(2,411,672)	7,883,590	8,896,477
Computer Software	10 years	33,844,054	3,104,857	-	36,948,911	(11,038,321)	(4,039,500)	21,871,090	22,805,733
Office Equipment	5 years	16,474,492	992,579	-	17,467,071	(11,433,772)	(2,064,921)	3,968,378	5,040,720
Computer Hardware	3-7 years	14,812,164	4,517,310	-	19,329,474	(10,613,566)	(2,415,355)	6,300,553	4,198,598
Capital Leases	3-5 years	4,906,219	222,006	(249,124)	4,879,101	(4,137,363)	(192,184)	770,424	768,856
Furniture & Fixtures	7 years	4,699,461	134,558	-	4,834,019	(3,179,450)	(528,656)	1,125,913	1,520,011
Plant, Machinery & Equipment	10-30 Years	101,934,117	2,118,313	-	104,052,430	(44,058,750)	(7,574,106)	52,419,574	57,875,367
Total Tangible Capital Assets		1,150,454,587	35,541,586	(1,299,514)	1,184,696,959	(409,104,806)	(54,630,010)	722,214,582	741,349,750
Assets Under Construction		43,851,920	27,260,967	(18,636,273)	52,476,614	-	-	52,476,614	43,851,920
Loss on Disposal of Vehicles		-	-	-	-	(47,275)	-	-	-

Government of Bermuda – Consolidated Fund
Schedule 12: Current Expenditure - Estimates Compared to Expenditures
For the year ended March 31, 2014

	Expenses	Expenditure *	Adjusted Estimates **	Under (Over) Spent
	\$	\$	\$	\$
Non-Ministry Departments				
02 Legislature	5,134,536	5,025,579	6,078,795	1,053,216
05 Office of the Auditor General	3,895,980	3,840,791	3,846,170	5,379
01 Governor & Staff	1,455,585	1,452,299	1,638,380	186,081
92 Internal Audit	1,356,755	1,355,046	1,773,174	418,128
63 Parliamentary Registrar	837,166	825,337	1,254,835	429,498
85 Ombudsman's Office	785,268	780,681	821,761	41,080
	13,465,290	13,279,733	15,413,115	2,133,382
Cabinet Office Departments				
09 Cabinet Office	6,807,429	6,794,388	7,090,733	296,345
26 Department of Human Resources	3,815,644	3,785,826	4,247,255	461,429
14 Department of Statistics	2,694,798	2,674,198	2,975,356	301,158
51 Department of Communication & Information	2,455,406	2,432,453	2,560,656	128,203
	15,773,277	15,686,865	16,874,000	1,187,135
Ministry of Tourism Development & Transport				
33 Tourism	31,387,946	29,882,213	31,523,497	1,641,284
31 Airport Operations	25,288,089	23,442,811	22,244,000	(1,198,811)
30 Marine & Ports Services	24,426,856	22,265,388	22,299,700	34,312
35 Public Transportation	23,714,179	21,689,851	22,789,531	1,099,680
34 Transport Control Department	6,444,787	5,838,944	6,331,908	492,964
48 Ministry of Tourism Dev. & Transport HQ	958,194	956,106	964,364	8,258
	112,220,051	104,075,313	106,153,000	2,077,687
Ministry of Legal Affairs				
03 Judicial Department	8,281,649	7,863,210	8,366,976	503,766
87 Ministry of Legal Affairs HQ	8,074,203	8,072,448	7,883,285	(189,163)
04 Attorney General's Chambers	3,768,457	3,658,836	4,180,496	521,660
74 Court Services	3,561,613	3,530,288	3,935,392	405,104
75 Department of Public Prosecutions	2,794,518	2,790,300	2,996,637	206,337
	26,480,440	25,915,082	27,362,786	1,447,704
Ministry of Finance				
58 Interest on Debt	109,244,778	109,244,778	109,400,000	155,222
11 Accountant General	80,661,680	79,762,858	84,636,421	4,873,563
12 Customs	20,772,202	19,054,975	20,000,000	945,025
13 Post Office	12,823,180	12,635,987	13,548,737	912,750
43 Information Technology Office	8,232,394	6,970,284	7,328,728	358,444
28 Department of Social Insurance	7,144,051	7,110,951	6,852,563	(258,388)
10 Ministry of Finance HQ	4,956,317	4,942,354	5,039,653	97,299
38 Office of the Tax Commissioner	3,844,942	3,090,623	3,177,770	87,147
80 Project Management & Procurement	649,303	638,706	976,531	337,825
59 Sinking Fund Contribution	-	37,625,000	37,625,000	-
Gain on Benefits Plans Amendments	(214,091,800)	-	-	-
Retirement Benefit Expenses	120,532,461	-	-	-
	154,769,508	281,076,516	288,585,403	7,508,887
Ministry of Education				
17 Department of Education	113,750,780	112,300,060	120,975,018	8,674,958
41 Bermuda College	18,119,000	18,119,000	18,119,000	-
16 Ministry of Education HQ	2,294,396	2,294,396	2,477,226	182,830
18 Libraries	2,236,267	2,207,359	2,273,292	65,933
19 Department of Archives	1,169,462	1,143,839	1,547,168	403,329
	137,569,905	136,064,654	145,391,704	9,327,050
Ministry of Health & Seniors				
24 Hospitals	152,825,516	152,825,516	152,825,504	(12)
22 Health Department	27,369,614	25,297,823	27,428,357	2,130,534
21 Ministry of Health & Seniors HQ	13,348,181	13,310,929	15,422,106	2,111,177
91 Health Insurance	10,381,093	10,381,093	11,050,481	669,388
	203,924,404	201,815,361	206,726,448	4,911,087

* Adjusted for Non-Budgeted, Non-Cash Items

** Includes all Approved Supplementary amounts during the year

Government of Bermuda – Consolidated Fund
Schedule 12: Current Expenditure - Estimates Compared to Expenditures
For the year ended March 31, 2014

	Expenses	Expenditure*	Adjusted Estimates **	Under (Over) Spent
	\$	\$	\$	\$
Ministry of the Environment & Planning				
68 Parks	10,794,737	10,619,832	10,536,611	(83,221)
69 Conservation Services	4,715,613	4,671,935	4,851,011	179,076
72 Environmental Protection	3,711,032	3,626,434	4,073,788	447,354
32 Department of Planning	3,336,703	3,324,274	3,732,698	408,424
97 Land, Surveys & Registration	1,281,501	1,264,075	1,604,637	340,562
49 Land Valuation	979,491	944,232	1,055,892	111,660
50 Ministry of Environment & Planning HQ	542,546	541,798	1,068,767	526,969
96 Sustainable Development	479,990	479,990	523,182	43,192
	25,841,613	25,472,570	27,446,586	1,974,016
Ministry of Community & Cultural Development				
55 Financial Assistance	48,454,709	48,385,807	48,522,642	136,835
23 Child & Family Services	15,676,567	15,601,240	18,148,366	2,547,126
20 Youth, Sport & Recreation	11,217,114	11,158,931	11,661,852	502,921
53 Bermuda Housing Corporation	8,000,000	8,000,000	8,000,000	-
52 Community & Cultural Affairs	3,143,440	3,136,948	3,682,938	545,990
71 Ministry of Community & Cultural Dev. HQ	2,230,824	2,218,116	2,530,257	312,141
56 Human Affairs	2,142,951	2,080,887	2,294,210	213,323
42 Rent Commissioner	529,051	529,051	569,134	40,083
	91,394,656	91,110,980	95,409,399	4,298,419
Ministry of Public Safety				
07 Police	67,583,568	66,125,227	69,036,001	2,910,774
25 Corrections	25,454,803	25,242,152	27,868,990	2,626,838
45 Fire Services	14,468,585	12,750,526	13,409,214	658,688
06 Defence	7,797,102	7,711,686	7,658,832	(52,854)
88 National Drug Control	4,869,590	4,532,258	4,780,073	247,815
83 Ministry of Public Safety HQ	1,097,798	1,097,248	1,613,795	516,547
	121,271,446	117,459,097	124,366,905	6,907,808
Ministry of Home Affairs				
93 Ministry of Home Affairs HQ	6,306,730	6,303,057	7,221,371	918,314
60 Labour & Training	5,358,069	5,311,990	5,691,704	379,714
27 Department of Immigration	4,449,807	3,450,360	4,893,676	1,443,316
29 Registry General	1,686,449	1,638,039	2,205,056	567,017
84 E-Government	964,783	958,443	1,059,155	100,712
	18,765,838	17,661,889	21,070,962	3,409,073
Ministry of Public Works				
82 Works & Engineering	51,630,779	32,957,542	35,263,809	2,306,267
81 Public Lands & Buildings	40,379,859	23,595,430	23,518,489	(76,941)
36 Ministry of Public Works HQ	15,624,303	10,324,834	7,133,340	(3,191,494)
	107,634,941	66,877,806	65,915,638	(962,168)
Ministry of Economic Development				
57 Civil Aviation	7,851,018	7,809,768	10,360,000	2,550,232
95 Ministry of Economic Development HQ	7,047,555	7,044,248	7,984,590	940,342
39 Registrar of Companies	4,218,546	2,466,309	3,108,750	642,441
73 Maritime Administration	2,304,199	2,236,728	2,419,208	182,480
89 Energy	730,402	730,402	795,358	64,956
46 Telecommunications	650,495	634,112	1,257,228	623,116
67 E-Commerce	583,418	586,023	924,866	338,843
	23,385,633	21,507,590	26,850,000	5,342,410
TOTAL CURRENT EXPENDITURE	1,052,497,002	1,118,003,456	1,167,565,946	49,562,490

* Adjusted for Non-Budgeted, Non-Cash Items

** Includes all Approved Supplementary amounts during the year

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

	2014	2013
	Actual	Actual
	\$	\$
Unspent Capital Appropriations		
In accordance with Section 6 of the Appropriations Act 2013, unspent capital appropriations for incomplete capital projects to be carried forward to future years are as follows:		
Capital Development	5,511,234	32,052,111
Capital Acquisition	2,000,000	6,506,760
	7,511,234	38,558,871

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	889,850,476	921,871,431
Projects Completed during the year	(126,370,000)	(16,471,271)
Supplementary Estimate No.1	2,128,000	25,015,759
Revised Total Authorized Funding	765,608,476	930,415,919
Appropriated Capital Development	(330,782,820)	(514,932,756)
Unappropriated Capital Development Commitments	434,825,656	415,483,163

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

	2014	2013
	Actual	Actual
	\$	\$
Debt (Schedule 7)	2,305,000,000	1,505,000,000
Overdraft Facility Drawdown (Note 15)	-	69,000,521
	2,305,000,000	1,574,000,521
Less:		
Sinking Fund (Schedule 7)	536,557,729	97,141,966
Public Debt	1,768,442,271	1,476,858,555
Legislated Limit	2,500,000,000	2,500,000,000
Available Limit	731,557,729	1,023,141,445

