



GOVERNMENT OF BERMUDA

# Financial Statements of the Consolidated Fund

March 31, 2011

Issued by  
The Accountant General  
Ministry of Finance



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### INDEPENDENT AUDITOR'S REPORT

To the House of Assembly, the Governor and the Senate

#### **Report on the Financial Statements**

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, 2011, 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 principles generally accepted in Bermuda and Canada, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

### **Basis for Qualified Opinion**

I qualified my auditor's opinion on the financial statements of the Consolidated Fund for the year ended March 31, 2010, on the basis of serious deficiencies in internal control over the management of various capital development projects. These deficiencies led me to question the appropriateness of certain transactions and the underlying value of tangible capital assets as at March 31, 2010. As a consequence of last year's qualification, and without the benefit of an independent professional valuation, I am still unable to determine whether adjustments might be necessary to tangible capital assets and accumulated deficit as at March 31, 2011.

### **Qualified Opinion**

In my opinion, except for the effect of adjustments which I might have determined necessary had I been able to satisfy myself with respect to the balances of tangible capital assets, assets under construction and accumulated deficit referred to in the preceding paragraph, 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, 2011, 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 matter**

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.

I wish to draw attention to the increased incidences of non-compliance with the Government of Bermuda's Financial Instructions which form the standard for financial controls of the Government. Although these incidences of non-compliance did not lead me to qualify my audit opinion for the current year, it is important that the Government adhere 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, 2011 do not represent the full nature and extent of the overall financial affairs and resources of the Government of Bermuda.



Hamilton, Bermuda  
February 7, 2012

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





GOVERNMENT OF BERMUDA

**Ministry of Finance**

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**Government of Bermuda  
Consolidated Fund  
Statement of Responsibility for the Financial Statements  
March 31, 2011**

The Accountant General, subject to the general direction and control of the Minister of Finance, is responsible for the preparation of the financial statements of the Consolidated Fund.

The financial statements of the Consolidated Fund are prepared by the Accountant General in accordance with the requirements of governing legislation. The financial statements are based upon information provided by Government departments and, where necessary, information is based upon best estimates and judgement.

In order to fulfill accounting and reporting responsibilities, the Accountant General maintains systems of financial management and internal control to provide reasonable assurance that transactions are properly authorised by the Legislature, executed in accordance with prescribed regulations and properly recorded to maintain accountability of public money and safeguard the assets and properties under Government administration.

The audited financial statements are tabled before the Legislature annually and are referred to the Public Accounts Committee, which reports to the Legislature on the results of its examination together with any recommendations it may have with respect to the financial statements and accompanying audit opinion.

On behalf of the Government of Bermuda.

Anthony Manders, CGA  
Acting Financial Secretary  
Ministry of Finance

Joyce Hayward, CPA  
Accountant-General  
Ministry of Finance

Hamilton, Bermuda  
February 3, 2012





# Government of Bermuda - Consolidated Fund Statement of Financial Position

As at March 31		2011	2010
		Actual	Restated (Note 17)
		\$	\$
<b>Liabilities</b>			
	<u>Schedule</u>		
Bank Overdraft (Note 16)		57,490,260	93,409,873
Accounts Payable and Accrued Liabilities	5	146,366,433	137,606,507
Deferred Revenue	6	<u>34,142,751</u>	<u>30,262,623</u>
		<u>237,999,444</u>	<u>261,279,003</u>
Interest Bearing Debt - Net of Sinking Fund	7	<u>944,491,502</u>	<u>665,512,519</u>
Pensions and Other Employee Future Benefits			
- Pensions and Retirement Benefits Note 9(g))		1,049,575,594	939,354,866
- Compensated Absences (Note 8)		<u>21,995,987</u>	<u>21,336,602</u>
		<u>1,071,571,581</u>	<u>960,691,468</u>
<b>Other Liabilities</b>			
Due to Government Funds and Agencies	3(a)	49,787,833	50,391,478
<b>Total Liabilities</b>		<b>2,303,850,360</b>	<b>1,937,874,468</b>
<b>Financial Assets</b>			
Cash and Cash Equivalents		10,993,022	19,531,018
Accounts Receivable	1	166,636,860	142,586,906
Due from Government Funds and Agencies	3	18,113,855	20,190,549
Long-Term Receivables	4	1,904,335	2,231,431
Investment in Quango (Notes 3(e) & 14(b))		5,000,000	5,000,000
<b>Total Financial Assets</b>		<b>202,648,072</b>	<b>189,539,904</b>
<b>Net Debt</b>		<b>2,101,202,288</b>	<b>1,748,334,564</b>
<b>Non-Financial Assets</b>			
Tangible Capital Assets (Notes 3(f) & 15)	12	727,752,452	600,482,069
Assets under Construction (Note 3(f))	12	59,272,927	98,619,361
Inventories for Consumption	2	14,976,960	16,420,102
Prepaid Expenses		3,473,625	4,751,754
<b>Total Non-Financial Assets</b>		<b>805,475,964</b>	<b>720,273,286</b>
<b>Accumulated Deficit</b>		<b>1,295,726,324</b>	<b>1,028,061,278</b>

Contingent Liabilities, Non-Contractual Operational Commitments and Contractual Commitments (Notes 10, 11, 12 and Schedule 16)

## Government of Bermuda - Consolidated Fund Statement of Operations and Accumulated Deficit

For the year ended March 31		2011 Original Estimates	2011 Actual	2010 Restated (Note 17)
		\$	\$	\$
	<u>Schedule</u>			
<b>Revenue</b>	8,10	1,058,812,000	<b>996,728,405</b>	917,940,724
<b>Expenses</b>				
Current	9,11	1,058,317,000	<b>1,272,650,610</b>	1,177,203,384
Capital Development (Note 17)	13		<b>31,647,283</b>	107,864,942
Capital Acquisition	14		<b>4,215,873</b>	7,825,370
			<b>1,308,513,766</b>	1,292,893,696
<b>Annual Deficit</b>			<b>(311,785,361)</b>	(374,952,972)
<b>Accumulated Deficit, Beginning of Year</b>			<b>(1,028,061,278)</b>	(657,656,965)
Recognition of Tangible Capital Assets (Note 15)			<b>44,120,315</b>	4,011,987
Correction of Error (Note 17)			-	536,672
<b>Accumulated Deficit, End of Year</b>			<b>(1,295,726,324)</b>	(1,028,061,278)

## Government of Bermuda - Consolidated Fund Statement of Change in Net Debt

For the year ended March 31	2011	2010
	Actual	Restated (Note 17)
	\$	\$
Annual Deficit	<b>(311,785,361)</b>	(374,952,972)
Change Due to Tangible Capital Assets:		
Net Additions to Tangible Capital Assets	<b>(126,306,791)</b>	(34,537,246)
Net Reductions in Assets under Construction	<b>39,346,434</b>	14,111,326
Amortization of Tangible Capital Assets	<b>43,156,723</b>	37,330,814
Total Change Due to Tangible Capital Assets	<b>(43,803,634)</b>	16,904,894
Net Reductions in (Additions to) Inventories for Consumption	<b>1,443,142</b>	(1,775,051)
Net Reductions in Prepaid Expenses	<b>1,278,129</b>	1,650,250
Total Change Due to Inventories for Consumption and Prepaid Expenses	<b>2,721,271</b>	(124,801)
<b>Increase in Net Debt</b>	<b>(352,867,724)</b>	(358,172,879)
<b>Net Debt, Beginning of Year</b>	<b>(1,748,334,564)</b>	(1,390,698,357)
Correction of Error (Note 17)	-	536,672
<b>Net Debt, End of Year</b>	<b>(2,101,202,288)</b>	(1,748,334,564)

# Government of Bermuda - Consolidated Fund

## Statement of Cash Flow

For the year ended March 31	2011	2010
	Actual	Restated (Note 17)
	\$	\$
<b>Operating Activities</b>		
Annual Deficit	(311,785,361)	(374,952,972)
Items not affecting cash:		
Amortization of Tangible Capital Assets	43,156,723	37,330,814
Increase in Pension and Retirement Benefits Liability	110,220,728	104,945,632
Increase in Compensated Absences Liability	659,385	1,750,338
Decrease in Non-Cash Working Capital	(6,888,484)	(25,001,305)
Cash Applied to Operating Activities	(164,637,009)	(255,927,493)
<b>Capital Activities</b>		
Net Additions to Tangible Capital Assets	(126,306,791)	(34,537,246)
Net Reductions in Assets under Construction	39,346,434	14,111,326
Cash Applied to Capital Activities	(86,960,357)	(20,425,920)
<b>Financing Activities</b>		
Debt issues	500,000,000	315,000,000
Debt retirement	(200,000,000)	-
(Increase) Decrease in Sinking Fund	(21,021,017)	15,293,280
Cash Provided By Financing Activities	278,978,983	330,293,280
<b>Net Increase in Cash and Cash Equivalents</b>	<b>27,381,617</b>	<b>53,939,867</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>(73,878,855)</b>	<b>(127,818,722)</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>(46,497,238)</b>	<b>(73,878,855)</b>
Cash and Cash Equivalents, End of Year		
Cash and Cash Equivalents	10,993,022	19,531,018
Bank Overdraft	(57,490,260)	(93,409,873)
<b>Cash and Cash Equivalents, End of Year</b>	<b>(46,497,238)</b>	<b>(73,878,855)</b>

**Government of Bermuda – Consolidated Fund**  
**Notes to the Financial Statements**  
**March 31, 2011**

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## **1. Authority**

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

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

The Legislature provides authority to make payments out of the Fund in annual Appropriation Acts, Supplementary Estimates and other statutes. 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 10 to 14 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 Canadian Institute of Chartered Accountants (which are promoted by the Institute of Chartered 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 the disclosed basis of accounting 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 earned and expenses incurred during the year. Actual results could differ from these estimates.

**Government of Bermuda – Consolidated Fund**  
**Notes to the Financial Statements**  
**March 31, 2011**

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

The significant accounting policies are as follows:

**(a) Method**

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 valuation allowance is recorded when collection of the receivable is considered doubtful.

Long-term receivables are recorded at unamortized cost.

Investment in QUANGO is recorded at cost.

**Government of Bermuda – Consolidated Fund**  
**Notes to the Financial Statements**  
**March 31, 2011**

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**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 the Statement of Operations and Accumulated Deficit. 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	2- 40 years
Leasehold Improvements	Remaining life or lease period of the related asset
Betterments	Remaining life or lease period of the related asset
Vehicles & Heavy Equipment	
\$3,000 to \$99,999	5 years
\$100,000 and above	7 years
Boats & Vessels	
\$10,000 to \$99,999	5 years
\$100,000 and above	10 years
Leased Equipment	3 years
Computer Hardware	
\$3,000 to \$99,999	3 years
\$100,000 and above	7 years

All laptops and desktop computers are capitalized



**Government of Bermuda – Consolidated Fund  
Notes to the Financial Statements  
March 31, 2011**

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

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

\* Dollar threshold are based on per unit values with the exception of Furniture and Fixtures.

The Ministry of Public Works is primarily responsible for Government's tangible capital assets. Amortization expense is reported under that Ministry. 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.

Inventories for consumption are comprised of spare parts and supplies that are held for future program delivery and are not intended for resale. They are valued at cost. Inventories for consumption that no longer have service potential are valued at the lower of cost or net realizable value. 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 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.

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

#### **(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 revenue is based upon actual collectability and changes in economic conditions.

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

### **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.

**Government of Bermuda – Consolidated Fund**  
**Notes to the Financial Statements**  
**March 31, 2011**

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

The Government's spending Estimates for the fiscal year commencing April 1, 2010 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 2010/11 and do not reflect changes arising from the tabling of Supplementary Estimates, except for the Adjusted Estimates referred to in Schedule 15 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 15 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 statements purposes, a provision is established and expensed for accounts receivable where collection is doubtful. For budget purposes, no such provision is made.
- (ii) Pension – The financial statement pension-related expense is explained in Note 9. For budget purposes, pension expense is equal to its funding requirements.
- (iii) Government Borrowing Sinking Fund (Note 5) – Transfers to the Sinking Fund are recorded as cash transfers. 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.

#### **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.

**Government of Bermuda – Consolidated Fund**  
**Notes to the Financial Statements**  
**March 31, 2011**

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## **5. Government Borrowing Sinking Fund (cont'd)**

The GBSF assets may only be applied to reduce, cancel or pay interest on public debt. The assets are invested in accordance with the Public Funds Act 1954 and are shown as a reduction of debt issued on the Fund's Statement of Financial Position.

The following is a schedule of projected contributions to the GBSF by the Fund up to March 31, 2016, based on estimated debt levels to March 31, 2012:

	<b>2011</b>
	<b>\$</b>
2012	25,750,000
2013	30,750,000
2014	30,750,000
2015	30,750,000
2016	30,750,000

Separate audited financial statements are prepared 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, 2011**

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**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. At the time it was anticipated that an unemployment insurance scheme would be established to make periodic payments to 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 extrapolated to March 31, 2011, 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 \$21,995,987 (2010- \$21,336,602), as defined in the table below.

	2011 \$	2010 \$
Accrued benefit obligation, beginning of year	21,336,602	19,586,264
Amortization of experience loss	60,754	80,974
Current period benefit cost	1,148,450	1,011,619
Interest accrued	1,397,769	1,341,654
Benefit payments	<u>(1,947,588)</u>	<u>(683,909)</u>
Accrued benefit obligation, end of year	<u>21,995,987</u>	<u>21,336,602</u>

**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").

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

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, prison wardens, fire service and regiment employees.

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

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 - \$32,588,714 (2010 - \$31,576,054), MMLPF - \$485,071 (2010 - \$454,038). 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. For the prior fiscal year end March 31, 2010, an actuarial valuation was performed on both the PSSF and the MMLPF as at March 31, 2008. The results were then extrapolated to March 31, 2010 using the same assumptions, to produce the estimates included in the financial statements. For the fiscal year end March 31, 2011, an actuarial valuation was performed on both the PSSF and the MMLPF as at March 31, 2010, the results were then extrapolated to March 31, 2011, using the same assumptions, to produce estimates in these financial statements. The difference between the extrapolation as at March 31, 2010 and the actuarial valuation as at March 31, 2010 has resulted in a valuation adjustment in the Accrued Benefit Obligation as at March 31, 2010 (Note 9(g)). This adjustment reflects a change in accounting estimate which will be reflected in the current year as per Public Sector Accounting Standard PS 2120.28.

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 average 3.0% (prior valuation - 3.0%) per annum.

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

The 1994 Group Annuity Mortality Table was used for the mortality assumption.

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 \$468,985,435 as at March 31, 2011 (2010 - \$437,542,000) compared to a real market value of \$486,693,676 (2010 - \$424,814,565).

For the MMLPF, there is no difference between the market value of plan assets and the market-related value. As at March 31, 2011, the value was \$10,200,192 (2010 – \$9,332,612). The actual return on plan assets during the year was 14.67% (2010 – 31%) for the PSSF and 7.25% (2010 - 7.0%) for the MMLPF.

As at March 31, 2011, \$4,366,587 was due to the PSSF in respect of contributions received in excess of benefits paid by the Fund (2010 – \$ 2,797,004).

**(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 disclosed in Note 9(g) and included in Schedule 9 as a component of retirement benefit expenses.

A net unamortized experience loss of \$146,266,000 (2010 - \$159,693,000) is reported in the schedule below. The amount comprises a total unamortized experience loss on the pension liability of \$130,183,000 (2010 - \$140,410,000) and a total unamortized experience loss on the asset valuation of \$16,083,000 (2010 - \$19,283,000). The period of amortization is ten years.

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



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

**(d) Funded Status of Plans**

For the year ended March 31	<b>2011</b>	<b>2010</b>
	<u>Actual</u>	<u>Actual</u>
	\$	\$
<b>Pension Liability</b>		
Accrued Benefit Obligation		
PSSF	1,393,994,000	1,291,640,000
MMLPF	<u>31,526,000</u>	<u>30,815,000</u>
	<u>1,425,520,000</u>	<u>1,322,455,000</u>
Net Fund Assets		
PSSF	(468,985,000)	(437,542,000)
MMLPF	<u>(10,298,000)</u>	<u>(9,390,000)</u>
	<u>(479,283,000)</u>	<u>(446,932,000)</u>
Net Unamortized Experience Loss		
PSSF	<u>(146,266,000)</u>	<u>(159,693,000)</u>
Pension Liability		
PSSF	778,743,000	694,405,000
MMLPF	<u>21,228,000</u>	<u>21,425,000</u>
Carried Forward to Note 9 (g)	<u>799,971,000</u>	<u>715,830,000</u>

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

For the year ended March 31	2011	2010
	Actual	Actual
	\$	\$
Cost of Pension Benefits	54,379,221	46,674,000
Employee Contributions	(33,073,785)	(32,030,092)
Interest on Pension Liability	59,570,564	58,173,117

**Amortization of Experience Gains & Losses**

2002 Experience Loss	-	573,592
2003 Experience Loss	3,418,847	3,418,847
2004 Experience Loss	21,908,086	21,908,086
2005 Experience Loss	2,048,199	2,048,199
2006 Experience Loss	595,574	595,574
2007 Experience Gain	(351,626)	(351,626)
2008 Experience Loss	5,243,035	5,243,035
2009 Experience Loss	7,608,893	7,608,893
2010 Experience Gain	(2,547,908)	-
Carried forward to Note 9 (g)	<u>118,799,100</u>	<u>113,861,625</u>

**(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.

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

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

An actuarial calculation of the Government's obligations for retirement benefits other than pensions was performed for accounting purposes at March 31, 2011, using various long-term assumptions, based on the valuation performed as at March 31, 2010. The previous valuation was performed as at March 31, 2008.

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 participant's contribution to the plan. In 2002 the Government adopted accrual accounting for the GEHI plan.

The discount rate used in determining the accumulated post-retirement benefit obligation was 6.5%. The assumed health-care cost trend rate used was 9.0% (2010 - 8.5%). This will be reducing by 0.5% per annum to 5.0% (2019) per annum. The 1994 Group Annuity Mortality Table was used 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.

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

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Accrued benefit obligation at beginning of year	266,040,563	245,996,783
Valuation adjustment (Note 9(b))	7,840,911	-
Adjusted accrued benefit obligation at beginning of year	<u>273,881,474</u>	<u>245,996,783</u>
Current period benefit cost	9,545,153	8,981,428
Interest accrued	17,894,088	16,117,398
Benefit payments	<u>(6,720,775)</u>	<u>(5,055,046)</u>
Accrued benefit obligation at end of year	<u><u>294,599,940</u></u>	<u><u>266,040,563</u></u>
Expected accrued benefit obligation at end of year	294,599,940	266,040,563
Actual accrued benefit obligation at end of year	<u>294,599,940</u>	<u>266,040,563</u>
Experience loss	<u>-</u>	<u>-</u>

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

Expected average remaining service life	12 years	12 years
Annual amortization	\$5,361,262	\$4,707,852

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

	2011 \$	2010 \$
Accrued benefit obligation, end of year	294,599,940	266,040,563
Unamortized experience losses	<u>(44,995,346)</u>	<u>(42,515,697)</u>
Liability for retirement benefits (Note 9(g))	<u>249,604,594</u>	<u>223,524,866</u>

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

	2011 \$	2010 \$
Current period benefit cost	9,545,143	8,981,428
Amortization of experience losses	<u>5,361,262</u>	<u>4,707,852</u>
Retirement benefit expense	14,906,405	13,689,280
Retirement benefit interest expense	<u>17,894,088</u>	<u>16,117,398</u>
Total expenses related to retirement benefits (Note 9(g))	<u>32,800,493</u>	<u>29,806,678</u>

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

	2011 \$	2010 \$
Pensions (Note 9(d))	799,971,000	715,830,000
Retirement Benefits other than Pensions – Health Insurance Plan (Note 9(f))	<u>249,604,594</u>	<u>223,524,866</u>
Total Pensions and Retirement Benefits Liability	<u>1,049,575,594</u>	<u>939,354,866</u>
Pensions (Note 9(d))	118,799,100	113,861,625
Retirement Benefits other than Pensions – Health Insurance Plan (Note 9(f))	<u>32,800,493</u>	<u>29,806,678</u>
Total Pensions and Retirement Benefits Expense	<u>151,599,593</u>	<u>143,668,303</u>

## **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, 2011, \$356,895 (2010 - \$542,367) is outstanding on guaranteed student loans with local banks.

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

On April 1, 2009, the Minister of Finance consented to the borrowing of \$10 million by WEDCO from the 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 the Capital G Bank has been fully discharged.

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 Capital G Bank and all related interest fees and charges due as a result of default by WEDCO until all indebtedness to the Capital G Bank has been fully discharged.

#### **(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

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

period during the term of the Guarantee, the Government will pay such dividends at 8% per annum.

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 remained at 4,150,773.72 with an exercise price of \$3.614. Per the valuation model run for March 31, 2011, the value of the warrants is \$0.157 (2010 - \$0.209) per warrant which represents a total value of \$651,671 (2010 - \$867,512).

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

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 (“NHP”) of the King Edward VII Memorial Hospital in Paget.

The design and construction related costs of the new facility are approximately \$247 million. Once construction is completed in 2014, annual service payments will commence 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 Guarantee Agreement guarantees the payment obligations of the BHB to Paget Health Services Limited by the Government as required by the lenders.

### **(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, 2011 is \$12,502,395 (2010 - \$11,020,168).

## **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 \$26,250,000 has been accrued, which is an estimate of the costs of the clean-up and remediation at the three former major base land sites. The estimated range is \$32 million to \$40 million, which includes an approximate 20% contingency of the total.

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 \$14.75 million (with a range of \$15 million to \$18 million); \$3 million of that amount is the estimated amount required to remove immediate environmental hazards and the remainder is for removal of fuel storage tanks, removal and remediation of asbestos as well as demolition of derelict buildings.

This estimate was 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. In 2008, the Government also hired a registered professional engineer to conduct an independent review and provide an estimate to compare to the prior estimate which fell within the original range.

A request for proposal was issued in July 2009 with proposed cleanup standards. The registered professional engineer independently estimated that if this proposal was to be contracted, it would cost the Government \$14 million to \$25 million in addition to the amounts already accrued.

In September 2010, the Government signed the Morgan's Point Exchange Agreement with Southlands Limited and Morgan's Point Limited. The agreement calls for the exchange of 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, 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 in September 2010 amongst the same parties.

Article 6 of the Morgan's Point Exchange Agreement states the Bermuda Government is still responsible for the remediation of the Morgan's Point property to a standard deemed reasonably acceptable to the Developer.

As no terms have been agreed on the remediation of the land and the proposal has not been contracted, the accrual has not been adjusted.



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

### **(d) Hotel Payroll Tax Relief**

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.

The Hotel Concessions Act 2000 allows for the deferral of payroll tax for hotels which undergo development deemed to be in the national interest of Bermuda as if it is determinable that the development will, among other considerations:

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

The concessions are granted at the discretion of the Minister of Finance for those hotels that apply for the concessions. The Hotel Concessions Act 2000 permits an exemption, either in part or in full, of the payroll tax not exceeding five years from the hotel’s opening date.

The concession afforded to the Hotels is non-refundable and in instances where the payroll tax is deemed null and void due to the MoU, the concession remains 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 concessions that could be applied against any future payroll tax incurred by the applicable hotels as at March 31, 2011 is \$1,201,500.

### **(e) Air Service Agreements**

#### **(i) WestJet**

On June 1, 2010, the Government (“Guarantor”) entered into a Revenue Guaranty Agreement with WestJet. In consideration of the revenue guaranty provided by the Guarantor, WestJet agrees to operate three (3) times weekly service between Toronto and Bermuda for the period November 1, 2010 to April 30, 2011 (“Guaranty Period”).

The Government has guaranteed that WestJet will receive the minimum 10% operating margin for the scheduled service during the Guaranty Period. Upon the completion of the Guaranty Period, WestJet shall calculate the fully allocated

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

profit margin consistent with the reporting process historically utilized by WestJet in determining route profitability (the “Profit Margin”). Additionally, WestJet shall deliver an operational report summarizing route specific traffic statistics, revenues, fully operating costs, profit margins, and funds required to achieve 10% profit margin to Guarantor (the “Report”). If the Profit Margin exceeds 10% during the Guaranty Period, no payment is due to WestJet. If the Profit Margin fails to reach 10% in the Guaranty Period, the Government shall pay to WestJet the difference between the actual Profit Margin and the amount of additional earnings that would hence result in a 10% Profit Margin within thirty (30) days of receipt of the Report to a maximum of \$1,450,000 USD.

The Government has established and delivered to WestJet an irrevocable Letter of Credit (“LOC”) which came into effect April 14, 2010 issued by Bank of Bermuda, HSBC (“HSBC”) in the amount of US\$500,000.

### **(ii) American Airlines Inc.**

On November 18, 2010, the Government (“Guarantor”) entered into an Air Service Agreement with American Airlines Inc. In consideration of the Air Service Agreement provided by the Government, American Airlines shall provide regular scheduled passenger Air Service between Miami International Airport and Bermuda International Airport in both directions effective November 18, 2010 through November 17, 2011. The Government has guaranteed payment to American of any revenue shortfall during the Air Service Period, if the Total Revenue as defined in the contract, from the provision of the Air Service is less than the Minimum Revenue Requirement as set forth in the contract.

In consideration of the Air Service provided by American Airlines, the Government has established and delivered an irrevocable LOC issued by HSBC in the amount of US\$1,500,000 which came into effect February 25, 2010.

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**11. Non-Contractual Operational Commitments**

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 commitments:

	<b>2011</b>
	<b>\$</b>
2012	117,358,918
2013	5,895,216
2014	5,313,146
2015	300,000
2016	1,830,000
2017 and subsequent	<u>-</u>
Total Future Operational Commitments	<u>130,697,280</u>

**12. Contractual Commitments**

**(a) Capital Leases**

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

The following is an analysis of the leases:

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Present value of lease cost	4,351,940	4,250,453
Less: Accumulated amortization	<u>(3,560,100)</u>	<u>(3,098,887)</u>
Present value of leases payable	<u>791,840</u>	<u>1,151,566</u>

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**12. Contractual Commitments (cont'd)**

The following is a schedule of discounted future minimum lease payments under leases expiring up to March 31, 2015:

	<b>2011</b>
	<b>\$</b>
2012	356,170
2013	195,836
2014	115,130
2015	63,877
Add: Discounted Amount	<u>60,827</u>
Present value of lease obligation	<u><u>791,840</u></u>

**(b) Contractual Obligations**

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

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

	<b>2011</b>
	<b>\$</b>
2012	40,862,033
2013	7,169,407
2014	4,352,977
2015	3,622,559
2016	5,009,082
2017 and subsequent	<u>-</u>
Total Contractual Obligations	<u><u>61,016,058</u></u>

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## **12. Contractual Commitments (cont'd)**

### **(c) Operating Leases**

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

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

	<b>2011</b>
	<b>\$</b>
2012	8,883,736
2013	6,083,146
2014	4,789,630
2015	4,058,841
2016	3,703,717
2017 and subsequent	<u>23,497,034</u>
Total Future Minimum Operating Lease Payments	<u><u>51,016,104</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 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.

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

Final Supplementary Estimates for the periods 2003-2010 were approved in the House of Assembly on March 28, 2011.

During the year \$49,969,000 (2010 - \$23,046,550) in Supplementary Estimates were approved and spent which consisted of \$49,969,000 (2010 - \$22,079,950) for current expenditure and \$0 (2010 - \$966,600) for capital expenditure.

During the year \$12,352,977 (2010 - \$50,613,528) in virements were approved and transferred which consisted of \$8,570,017 (2010 - \$15,452,114) for current expenditure and \$3,782,960 (2010 - \$35,161,414) for capital expenditure.

Additional expenditures of \$23,517,956 (2010 - \$22,758,422) were incurred in excess of amounts appropriated by the Ministry and will require final approval, which consisted of \$22,634,452 (2010 - \$22,369,306) for current expenditure and \$883,504 (2010 - \$389,116) for capital expenditure.

Additional virements of \$30,086,119 (2010 - \$22,587,344) require final approval and transfer, which consisted of \$23,111,814 (2010 - \$13,408,617) for current expenditure and \$6,974,305 (2010 - \$9,178,727) for capital expenditure.

**14. Related Party Transactions**

**(a) Funds**

The Fund is related to the GEHI Fund, the Contributory Pension Fund ("CPF"), the MMLPF, the Bermuda Department of Tourism North America Retirement Plan ("BDTRP"), the PSSF, the Confiscated Assets Fund, the Government Borrowing Sinking Fund, the Health Insurance Fund, the Mutual Re-insurance 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.

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

### **(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.

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, 2010 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.

### **(c) Interdepartmental Transactions**

Interdepartmental transactions are those transactions in which revenues and expenses are generated between Government departments and/or Ministries. These revenues and

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

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 10(a) and 11(a), respectively.

## **15. Tangible Capital Asset Recognition**

As disclosed in note 3(f), infrastructure has now been recognized in the financial statements as at April 1, 2008. The assets in these classes purchased prior to April 1, 2008 have been recognized at amortized value. The recognition of the amortized value of these capital assets has been offset by an adjustment to the accumulated deficit, as disclosed in the Statement of Operations and Accumulated Deficit, excluded from the purchase of assets in the Statement of Cash Flow, and included at gross values in Schedule 12.

## **16. Bank Overdraft**

As at March 31, 2011 the Government has an overdraft facility agreement at the Bank of NT Butterfield ("BNTB") of \$40 million which expires on January 31, 2012.

As at March 31, 2011, the Government has an overdraft facility agreement at the Bank of Bermuda, HSBC ("HSBC") of \$20 million which expires on January 18, 2012. The daily charges applied to overdrawn balances is 1% above HSBC's base rate. Unauthorized overdraft balances are charged at 7.50% over the bank's base rate.

## **17. Restatement of Prior Period**

### **(a) Correction of an Error**

Section PS 3410 of the Public Sector Accounting Board Standards requires that a government transfer with stipulations should be recognized by a Government recipient as revenue in the period the transfer is authorized.

During the period October 2009 to March 2010, the Government transferred \$672,179 from the Confiscated Assets Fund to the Consolidated Fund in order to finance the ongoing assembly of the X-Ray equipment located at H.M. Customs. The transaction was recorded as an obligation to refund the Confiscated Assets Fund instead of as grant revenue. As a result of this correction, the prior year's obligation to the Confiscated Assets Fund has been decreased by \$672,179.



**Government of Bermuda – Consolidated Fund**  
**Notes to the Financial Statements**  
**March 31, 2011**

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**17. Restatement of Prior Period (cont'd)**

The prior year's Due to Confiscated Assets Fund, Revenue, and Accumulated Deficit have been restated accordingly.

Due to Confiscated Assets Fund (Correction of an Error)

As previously stated (March 31, 2010)	\$2,445,699
As restated	\$1,773,520

Revenue (Correction of an Error)

As previously stated (March 31, 2010)	\$917,268,545
As restated	\$917,940,724

**(b) Correction of an Error**

In January 2006, the Government paid \$536,572 towards the acquisition and construction of ten Manufactured Homes from Clayton Waycross Homes in Georgia in the United States to assist the less fortunate in Bermuda. The cost of the homes was authorized to be reimbursed to the Consolidated Fund by the Government Reserves Fund in that year. The reimbursement was never recorded. As a result of this correction, the prior year's receivable from the Government Reserves Fund has been increased by \$536,672.

The prior year's Due from Government Reserves Fund and Accumulated Deficit have been restated accordingly.

Due from Government Reserve Fund (Correction of an Error)

As previously stated (March 31, 2010)	\$592,566
As restated	\$1,129,238

**(c) Change in Accounting Principle**

Section PS 3310 of the Public Sector Accounting Board Standards requires that the amount of a guaranteed loan that is expected to be repaid from future government assistance should be accounted for as a liability and an expense in the statement of operations in the period when a direct relationship can be established between the repayment of the loan and the government's funding to the borrower

The Government changed its accounting policy so as to accrue the liability of the loan guarantee for the loan for WEDCO (see Note 10 (a) (ii)) in the prior year end when the loan and the guarantee agreement were signed. As a result of this correction, the prior year's liabilities and expenses have been increased by \$10,368,422.

**Government of Bermuda – Consolidated Fund**  
**Notes to the Financial Statements**  
**March 31, 2011**

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**17. Restatement of Prior Period (cont'd)**

The prior year's Liabilities, Expenses, Capital Development Expenses, and Accumulated Deficit have been restated accordingly.

Accounts Payable (Change in Accounting Principle)

As previously stated (March 31, 2010)	\$132,713,463
As restated	\$143,081,885

Current Expenses (Change in Accounting Principle)

As previously stated (March 31, 2010)	\$1,176,834,962
As restated	\$1,177,203,384

Capital Development Expenses (Change in Accounting Principle)

As previously stated (March 31, 2010)	\$97,864,942
As restated	\$107,864,942

Accumulated Deficit, End of Year

As previously stated (March 31, 2010)	\$1,018,901,707
As restated	\$1,028,061,278

**18. Increase in Borrowing Limit**

Effective April 1, 2010, the Government increased the legislated borrowing limit from \$1 billion to \$1.25 billion.

**19. Increase in Borrowing**

On July 13, 2010, the Government entered into a public bond offering in the international debt capital markets authorizing the issue and sale of \$500 million of 10-year, fixed rate bonds priced at par. The coupon and yield of the bonds are 5.603% per annum.

The bonds are due in July 2020 and interest is payable semi-annually. The proceeds of these bonds were used to repay the \$200 million bridge loan facility with HSBC and to fund capital expenditure programs.

**Government of Bermuda – Consolidated Fund**  
**Notes to the Financial Statements**  
**March 31, 2011**

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## **20. Subsequent Events**

### **(a) Unemployment Insurance Fund**

In July 2011 the Government amended the Public Treasury (Administration and Payments) Act 1969 in order to make further provision for the Unemployment Insurance Fund. The Act has been 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.

### **(b) Increase in Borrowing**

On May 18, 2011, the Government entered into a Term Loan Agreement with BNTB loan facility of \$200 million. The purpose of the loan facility was to replace the existing overdraft facility and for financing capital projects. Interest charged on each loan was 4.95% per annum. The facility has been fully utilized as a result of the following draw downs:

<u>Tranche</u>	<u>Date</u>	<u>Amount</u>
A	May 27, 2011	\$70,000,000
B	June 27, 2011	\$50,000,000
C	August 16, 2011	\$50,000,000
D	September 26, 2011	<u>\$30,000,000</u>
	Total	<u>\$200,000,000</u>

### **(c) Overdraft Facilities**

On December 29, 2011 the overdraft facility of \$20 million (see Note 16) with the HSBC was increased to \$50 million to expire on March 31, 2012 at which time it would revert back to \$20 million. The daily charges applied to overdrawn balances remained at 1% above HSBC's base rate.

On November 16, 2011 the Government signed a \$50 million overdraft facility with the BNTB which expires on March 31, 2012. The daily charge is 1.2% per annum above the Bank's Bermuda Dollar Base Rate.

## **21. Comparative Figures**

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

# Government of Bermuda - Consolidated Fund

## Schedule 1: Accounts Receivable

As at March 31	2011	2010
	Actual	Actual
	\$	\$
Office of the Tax Commissioner	182,218,897	145,157,452
Registrar of Companies	3,761,285	3,129,992
Operations & Engineering	3,642,490	2,319,827
Airport Operations	3,556,516	3,706,367
Judicial Department	3,176,345	1,370,077
Telecommunications	2,975,324	3,610,284
Customs	2,681,816	2,397,245
Post Office	2,456,497	2,629,803
Fire Services	2,437,573	2,746,752
Department of Education	1,478,712	1,663,845
Health Department	1,191,239	1,087,644
Works & Engineering	1,063,450	1,251,359
Lands, Buildings & Surveys	640,979	355,607
Accountant General	631,573	512,620
Conservation Services	280,056	213,366
Maritime Administration	224,288	311,225
Environmental Protection	207,900	116,785
Public Transportation Board	191,751	210,122
Human Resources	183,852	102,299
Marine & Ports Services	179,724	165,206
Civil Aviation	167,456	75,587
Police	119,776	128,916
Registry General	61,720	60,139
Financial Assistance	59,810	65,633
Transport Control Department	49,282	98,318
Child & Family Services	22,403	29,576
Ministry of Environment & Sports	16,500	-
Parks	6,027	6,207
Libraries	1,723	997
Tourism	1,404	127,013
Attorney General	1,177	1,177
Youth, Sport & Recreation	330	-
Parliamentary Registrar	50	-
Ministry of Energy, Telecom, & E- Com HQ	-	438
	<b>213,687,925</b>	<b>173,651,878</b>
Less: Provision for Doubtful Accounts	<b>47,051,065</b>	<b>31,064,972</b>
	<b>166,636,860</b>	<b>142,586,906</b>

## Government of Bermuda - Consolidated Fund Schedule 2: Inventories for Consumption

As at March 31	2011	2010
	Actual	Actual
	\$	\$
Works & Engineering	5,814,378	7,293,186
Public Transportation Board	4,105,916	4,601,809
Marine & Ports Services	2,491,369	1,916,174
Police	1,434,700	1,381,414
Department of Education	903,481	699,411
Defence	751,113	731,516
Health	473,097	393,905
Corrections	408,590	412,450
Immigration	141,422	80,722
Conservations Services	84,512	115,781
Transport Control Department	53,409	54,003
Post Office	28,195	39,519
	<b>16,690,182</b>	17,719,890
Less: Provision for Obsolescence	1,713,222	1,299,788
	<b>14,976,960</b>	16,420,102

**Government of Bermuda - Consolidated Fund**  
**Schedule 3: Due From Gov't Funds and Agencies**

As at March 31	2011	2010
	Actual	Restated (Note 17)
	\$	\$
Health Insurance Fund	7,236,525	4,288,644
Government Borrowing Sinking Fund	6,575,219	6,520,212
Confiscated Assets Fund	4,476,320	-
Bermuda Hospitals Board	3,649,982	2,590,249
Bermuda Monetary Authority	1,119,846	662,624
Golf Courses	824,711	722,984
West End Development Corporation	382,019	375,801
Bermuda College	307,128	204,429
Bermuda Housing Corporation	288,724	292,706
Pembroke Parish Council	96,899	98,570
CedarBridge Academy	92,836	43,690
Bermuda Land Development Company	91,508	93,308
Pension Commission	40,137	20,775
Financial Intelligence Agency	32,186	24,099
Bermuda Small Business Development Corporation	30,199	27,299
Berkeley Institute	23,490	20,708
Parish Councils	18,846	15,084
National Sports Centre	14,445	527
Bermuda Housing Trust	11,423	10,762
Tourism North America Retirement Plan	10,000	-
Bermuda Health Council	9,959	23,014
Sandy Secondary Middle School	8,238	3,198
Whitney Institute	6,270	4,501
St. George's Preparatory School	2,032	1,456
Bermuda Educators Council	1,438	1,005
Government Employees Health Insurance Fund	-	3,015,666
Government Reserves Fund	-	1,129,238
	<b>25,350,380</b>	<b>20,190,549</b>
Less: Provision for Doubtful Accounts	<b>7,236,525</b>	<b>-</b>
	<b>18,113,855</b>	<b>20,190,549</b>

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

As at March 31	2011	2010
	Actual	Restated (Note 17)
	\$	\$
Bermuda Hospitals Board	22,121,357	11,549,085
Ministers and Members Pensions Fund	10,472,058	11,030,310
Contributory Pension Fund	9,359,040	6,333,082
Public Service Superannuation Fund	4,366,587	2,797,004
Government Reserves Fund	1,144,857	-
Government Employees Health Insurance Fund	961,770	-
Bermuda Tourism Overseas Pension Plan	701,256	-
Health Insurance Fund	640,970	6,174,511
West End Development Corporation	6,981	6,981
Bermuda Land Development Company	5,142	5,142
Bermuda Small Business Development Corporation	3,800	13,312
Golf Courses	1,943	1,943
Bermuda College	1,672	1,672
Bermuda Housing Corporation	400	329,916
Government Borrowing Sinking Fund	-	10,375,000
Confiscated Assets Fund	-	1,773,520
	<b>49,787,833</b>	<b>50,391,478</b>

## Government of Bermuda - Consolidated Fund Schedule 4: Long-Term Receivables

As at March 31	2011	2010
	Actual	Actual
	\$	\$
Student Loans and Teacher Training Awards	1,060,508	1,108,497
Customs Duty	843,827	1,122,934
	1,904,335	2,231,431

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

As at March 31	2011	2010
	Actual	Restated (Note 17)
	\$	\$
Department Trade Accounts	43,720,679	42,080,134
Base Lands Clean Up	26,250,000	26,250,000
Employees' Leave Entitlements	18,788,777	16,460,750
Interest on Debt	17,174,018	12,121,183
Deposits Held	15,564,893	12,788,800
Teachers' Salaries & Leave Entitlements	9,089,152	9,626,176
Guarantee Payable to WEDCO (Note 10(a))	8,571,429	10,000,000
Salaries, Wages and Benefits	6,476,471	7,136,653
Leases Payable	731,014	1,142,811
	146,366,433	137,606,507

## Government of Bermuda - Consolidated Fund Schedule 6: Deferred Revenue

As at March 31	2011	2010
	Actual	Actual
	\$	\$
Transport Control Department	17,706,189	17,894,750
Civil Aviation	10,681,720	6,858,966
Immigration	3,904,163	3,776,674
Marine & Ports Services	942,532	880,561
Post Office	423,994	430,091
Police	145,727	120,988
Environmental Protection	109,836	89,407
Lands, Buildings & Surveys	90,812	89,886
Parks	46,278	22,286
Health Department	44,818	36,071
Youth, Sport & Recreation	27,837	17,753
Tourism	18,845	33,940
Maritime Administration	-	11,250
	<b>34,142,751</b>	<b>30,262,623</b>



**Government of Bermuda - Consolidated Fund**  
**Schedule 7: Interest Bearing Debt - Net of Sinking Fund**

As at March 31

	2011	2010
	Actual	Actual
	\$	\$
<b>Senior Notes Due 2014 - US\$</b>		
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
<b>Senior Notes Due 2022 - US\$</b>		
Issue Date: December 4, 2007		
Interest: 5.73% payable semi-annually		
June 4 and December 4		
Notes Due: December 4, 2022	140,000,000	140,000,000
<b>Senior Notes Due 2014 - US\$</b>		
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
<b>Senior Notes Due 2016 - US\$</b>		
Issue Date: May 21, 2009		
Interest: 6.98% payable semi-annually		
May 21 and November 21		
Notes Due: May 21, 2016	30,000,000	30,000,000
<b>Senior Notes Due 2019 - US\$</b>		
Issue Date: May 21, 2009		
Interest: 7.38% payable semi-annually		
May 21 and November 21		
Notes Due: May 21, 2019	100,000,000	100,000,000
<b>Senior Notes Due 2016- US\$</b>		
Issue Date: November 10, 2009		
Interest: 5.27% payable semi-annually		
November 10 and May 10		
Notes Due: November 10, 2016	60,000,000	60,000,000
<b>Senior Notes Due 2019 - US\$</b>		
Issue Date: November 10, 2009		
Interest: 5.93% payable semi-annually		
November 10 and May 10		
Notes Due: November 10, 2019	80,000,000	80,000,000
<b>Senior Notes Due 2020 - US\$</b>		
Issue Date: July 13, 2010		
Interest: 5.60% payable semi-annually		
January 20 and July 20		
Notes Due: July 20, 2020	500,000,000	-
<b>Loan Facility - US\$</b>		
Issue Date: June 17, 2005		
Interest: LIBOR + .11% payable on rollover date		
Facility Fee: .04% per annum payable quarterly		
Notes Due: June 17, 2010	-	200,000,000
	<b>1,030,000,000</b>	730,000,000
Less: Sinking Fund	<b>85,508,498</b>	64,487,481
	<b>944,491,502</b>	665,512,519

## Government of Bermuda - Consolidated Fund Schedule 8: Revenue By Type

For the year ended March 31	2011 Original Estimates	2011 Actual	2010 Restated (Note 17)
	\$	\$	\$
<b>Taxes &amp; Duties</b>			
Payroll Tax	427,145,000	<b>423,049,799</b>	349,034,583
Customs Duty	232,560,000	<b>195,807,157</b>	219,037,073
Land Tax	50,000,000	<b>49,131,169</b>	48,510,988
Stamp Duty	45,561,000	<b>35,362,265</b>	31,646,611
Passenger Tax	26,070,000	<b>32,345,082</b>	29,261,780
Foreign Currency Purchase Tax	29,000,000	<b>24,712,350</b>	13,791,576
Non-Bermudian Land Acquisition Tax	11,000,000	<b>15,397,432</b>	13,794,308
Hotel Occupancy Tax	9,500,000	<b>7,028,453</b>	7,320,672
Corporate Services Tax	3,600,000	<b>3,298,216</b>	3,294,048
Betting Tax	1,400,000	<b>1,365,234</b>	2,176,419
Timesharing Tax	200,000	<b>56,903</b>	265,711
	<b>836,036,000</b>	<b>787,554,060</b>	718,133,769
<b>Fees, Permits &amp; Licences</b>			
International Companies	67,833,000	<b>61,455,783</b>	59,384,743
Vehicle Licences & Registration	28,006,000	<b>26,582,795</b>	26,870,299
Registration of Aircraft	19,860,000	<b>17,393,790</b>	15,844,222
Telecommunications	12,700,000	<b>12,498,062</b>	12,813,345
Immigration	16,956,000	<b>10,212,606</b>	10,853,886
Air Terminal & Aviation	11,505,000	<b>9,985,287</b>	11,244,879
Bus Transportation	8,016,000	<b>8,345,834</b>	8,256,401
Postal Services	7,255,000	<b>5,455,532</b>	5,617,250
Water	4,738,000	<b>5,081,512</b>	3,415,590
Registration of Shipping	3,000,000	<b>3,545,808</b>	3,466,451
Solid Waste Services	3,520,000	<b>3,481,115</b>	2,474,513
Local Companies	3,117,000	<b>3,320,615</b>	5,319,720
Services to Seaborne Shipping	2,678,000	<b>2,708,111</b>	2,621,171
Rentals	2,498,000	<b>2,014,078</b>	2,070,903
Other Customs Fees & Charges	2,060,000	<b>1,911,627</b>	2,382,636
Trade and Service Mark	1,383,000	<b>1,689,651</b>	1,577,084
Wharfage	1,535,000	<b>1,637,275</b>	1,389,682
Planning Fees and Searches	1,194,000	<b>1,355,786</b>	1,084,627
Ferry Services	1,930,000	<b>1,123,546</b>	1,297,594
Companies Licences	471,000	<b>347,487</b>	461,380
Liquor Licences	350,000	<b>319,125</b>	317,745
Plant Production and Marketing Centre	425,000	<b>126,441</b>	179,071
Insurance Fees	-	<b>121,600</b>	53,125
	<b>201,030,000</b>	<b>180,713,466</b>	178,996,317
<b>Other Revenue</b>			
Other	13,919,000	<b>21,599,480</b>	14,574,365
Fines & Forfeitures	4,327,000	<b>4,151,439</b>	3,549,132
Investment Income	3,500,000	<b>2,709,960</b>	2,687,141
	<b>21,746,000</b>	<b>28,460,879</b>	20,810,638
<b>TOTAL REVENUE</b>	<b>1,058,812,000</b>	<b>996,728,405</b>	917,940,724

**Government of Bermuda - Consolidated Fund**  
**Schedule 9: Current Expense By Type**

For the year ended March 31	2011 Original Estimates	2011 Actual	2010 Restated (Note 17)
	\$	\$	\$
<b>Employees</b>			
Salaries	343,168,000	<b>302,299,743</b>	285,837,313
Retirement Benefit Expenses	-	<b>151,599,593</b>	143,668,303
Wages	81,519,000	<b>99,274,093</b>	99,711,253
Employer Overhead	71,707,000	<b>29,539,151</b>	28,121,604
Other Personnel Costs	10,247,000	<b>10,707,145</b>	11,060,107
Training	11,210,000	<b>5,665,893</b>	7,274,332
Compensated Absences	-	<b>659,385</b>	1,750,338
	<b>517,851,000</b>	<b>599,745,003</b>	<b>577,423,250</b>
<b>Operations</b>			
Grants & Contributions	243,504,000	<b>277,155,948</b>	261,142,697
Professional Services	99,845,000	<b>119,069,697</b>	111,959,586
Interest on Debt	39,100,000	<b>58,728,649</b>	35,147,399
Amortization	-	<b>43,156,723</b>	37,330,814
Materials & Supplies	30,218,000	<b>32,857,391</b>	34,081,682
Repairs & Maintenance	21,203,000	<b>21,886,848</b>	22,440,910
Energy	21,608,000	<b>20,120,149</b>	19,057,460
Bad Debts	-	<b>19,614,898</b>	2,174,394
Advertising & Promotion	19,737,000	<b>19,224,464</b>	14,114,207
Rentals	18,526,000	<b>18,125,043</b>	17,037,476
Insurance	11,557,000	<b>12,977,250</b>	11,958,754
Communications	9,129,000	<b>10,636,735</b>	10,147,572
Transport	2,298,000	<b>6,829,739</b>	6,667,107
Travel	6,287,000	<b>5,016,775</b>	5,033,659
Other	3,576,000	<b>2,940,435</b>	6,064,195
Clothing & Uniforms	2,617,000	<b>2,165,129</b>	2,648,179
Equipment	1,442,000	<b>1,431,226</b>	1,945,989
Bank Charges & Commissions	-	<b>968,508</b>	828,054
Transfer to Other Funds	28,625,000	-	-
Receipts Credited to Programmes	(18,806,000)	-	-
	<b>540,466,000</b>	<b>672,905,607</b>	<b>599,780,134</b>
<b>TOTAL CURRENT EXPENSE</b>	<b>1,058,317,000</b>	<b>1,272,650,610</b>	<b>1,177,203,384</b>

**Government of Bermuda - Consolidated Fund**  
**Schedule 10: Revenue By Ministry / Department**

For the year ended March 31	2011 Original Estimates	2011 Actual	2010 Restated (Note 17)
	\$	\$	\$
<b>Non-Ministry Departments</b>			
05 Office of the Auditor General	790,000	577,061	511,998
63 Parliamentary Registrar	250,000	262,740	119,985
01 Governor & Staff	-	9,526	-
92 Internal Audit	-	1,456	-
02 Legislature	2,000	-	1,267
	1,042,000	850,783	633,250
<b>Cabinet Office Departments</b>			
19 Department of Archives	5,000	4,546	4,092
09 Cabinet Office	-	2,520	7,653
14 Department of Statistics	-	-	25
26 Department of Human Resources	-	-	7,773
	5,000	7,066	19,543
<b>Ministry of Tourism &amp; Transport</b>			
34 Transport Control Department	28,007,000	26,574,443	26,869,546
57 Civil Aviation	19,885,000	17,434,950	15,892,081
31 Airport Operations	12,555,000	11,127,278	12,039,565
35 Public Transportation	8,016,000	8,360,301	8,312,232
30 Marine & Ports Services	5,785,000	4,977,227	4,721,051
73 Maritime Administration	3,000,000	3,561,986	3,457,021
33 Tourism	38,000	315,119	37,988
	77,286,000	72,351,304	71,329,484
<b>Ministry of Justice</b>			
03 Judicial Department	8,929,000	12,009,231	6,811,419
87 Ministry of Justice HQ	-	2,643,590	-
75 Department of Public Prosecutions	-	95,974	-
04 Attorney-General's Chambers	-	1,065	1,799
	8,929,000	14,749,860	6,813,218
<b>Ministry of Finance</b>			
38 Office of the Tax Commissioner	588,226,000	568,719,993	482,540,955
12 Customs	236,225,000	202,640,880	224,030,656
39 Registrar of Companies	72,010,000	65,834,010	66,102,733
11 Accountant-General	3,560,000	3,956,259	2,820,129
10 Ministry of Finance HQ	2,000,000	2,002,267	1,383,467
	902,021,000	843,153,409	776,877,940
<b>Ministry of Education</b>			
17 Department of Education	220,000	189,689	193,455
	220,000	189,689	193,455
<b>Ministry of Health</b>			
22 Health Department	2,043,000	2,445,376	1,598,153
91 Health Insurance	-	137,717	3,000
	2,043,000	2,583,093	1,601,153

**Government of Bermuda - Consolidated Fund**  
**Schedule 10: Revenue By Ministry / Department (cont'd)**

For the year ended March 31	2011 Original Estimates	2011 Actual	2010 Restated (Note 17)
	\$	\$	\$
<b>Ministry of the Environment &amp; Sports</b>			
32 Department of Planning	1,316,000	1,460,863	1,184,094
20 Youth, Sport & Recreation	664,000	876,053	835,317
72 Environmental Protection	765,000	782,179	532,075
69 Conservations Services	935,000	591,201	634,261
68 Parks	253,000	210,301	217,060
50 Ministry of the Environment & Sports HQ	18,000	17,513	25,275
49 Land Valuation	-	15	-
	3,951,000	3,938,125	3,428,082
<b>Ministry of Culture &amp; Social Rehabilitation</b>			
88 National Drug Control	36,000	699,712	36,113
52 Community and Cultural Affairs	249,000	211,073	216,714
55 Financial Assistance	-	139,135	53,278
23 Child & Family Services	82,000	93,371	4,394
18 Libraries	22,000	16,330	11,619
56 Human Affairs	-	5,616	1,219
71 Ministry of Culture and Social Rehabilitation HQ	-	720	500
74 Court Services	-	(2,564)	(192)
	389,000	1,163,393	323,645
<b>Ministry of Labour, Home Affairs &amp; Housing</b>			
27 Immigration	27,956,000	25,606,754	24,659,274
07 Police	465,000	470,554	549,541
06 Defence	-	90,748	36,380
60 Labour & Training	113,000	24,994	138,200
83 Ministry of Labour, Home Affairs & Housing HQ	-	-	256
45 Fire Services	711,000	(280,281)	2,134,924
	29,245,000	25,912,769	27,518,575
<b>Ministry of Energy, Telecommunications &amp; E-Commerce</b>			
46 Telecommunications	12,700,000	12,450,556	12,760,859
13 Post Office	7,315,000	5,608,905	5,587,330
29 Registry General	1,587,000	1,942,960	1,770,318
43 Information Technology Office	-	2,706	2,783
42 Rent Commissioner	1,000	170	270
	21,603,000	20,005,297	20,121,560
<b>Ministry of Works &amp; Engineering</b>			
82 Operations & Engineering	9,968,000	10,137,810	7,348,810
81 Lands, Buildings & Surveys	2,000,000	1,589,582	1,568,251
36 Works & Engineering HQ	110,000	96,225	163,758
	12,078,000	11,823,617	9,080,819
<b>TOTAL REVENUE</b>	1,058,812,000	996,728,405	917,940,724

**Government of Bermuda - Consolidated Fund**  
**Schedule 10(a): Interdepartmental Revenue By Ministry / Department**

For the year ended March 31	2011 Interdepartmental Revenue	2011 Gross Revenue Actual	2011 Net Revenue
	\$	\$	\$
<b>Non-Ministry Departments</b>			
05 Office of the Auditor General	48,000	577,061	529,061
63 Parliamentary Registrar	-	262,740	262,740
01 Governor & Staff	7,240	9,526	2,286
92 Internal Audit	-	1,456	1,456
	55,240	850,783	795,543
<b>Cabinet Office Departments</b>			
19 Department of Archives	32	4,546	4,514
09 Cabinet Office	-	2,520	2,520
26 Department of Human Resources	155	-	(155)
	187	7,066	6,879
<b>Ministry of Tourism &amp; Transport</b>			
34 Transport Control Department	15,507	26,574,443	26,558,936
57 Civil Aviation	-	17,434,950	17,434,950
31 Airport Operations	52,000	11,127,278	11,075,278
35 Public Transportation	120,827	8,360,301	8,239,474
30 Marine & Ports Services	1,985	4,977,227	4,975,242
73 Maritime Administration	-	3,561,986	3,561,986
33 Tourism	34,736	315,119	280,383
	225,055	72,351,304	72,126,249
<b>Ministry of Justice</b>			
03 Judicial Department	20,259	12,009,231	11,988,972
87 Ministry of Justice HQ	-	2,643,590	2,643,590
75 Department of Public Prosecutions	-	95,974	95,974
04 Attorney-General's Chambers	-	1,065	1,065
	20,259	14,749,860	14,729,601
<b>Ministry of Finance</b>			
38 Office of the Tax Commissioner	100,603	568,719,993	568,619,390
12 Customs	1,307,902	202,640,880	201,332,978
39 Registrar of Companies	-	65,834,010	65,834,010
11 Accountant-General	6,959	3,956,259	3,949,300
10 Ministry of Finance HQ	-	2,002,267	2,002,267
	1,415,464	843,153,409	841,737,945
<b>Ministry of Education</b>			
17 Department of Education	657	189,689	189,032
	657	189,689	189,032
<b>Ministry of Health</b>			
22 Health Department	1,755	2,445,376	2,443,621
91 Health Insurance	-	137,717	137,717
	1,755	2,583,093	2,581,338

**Government of Bermuda - Consolidated Fund**  
**Schedule 10(a): Interdepartmental Revenue By Ministry / Department**

For the year ended March 31	2011 Interdepartmental Revenue	2011 Gross Revenue Actual	2011 Net Revenue
<b>Ministry of the Environment &amp; Sports</b>			
32 Department of Planning	1,391	<b>1,460,863</b>	1,459,472
20 Youth, Sport & Recreation	9,442	<b>876,053</b>	866,611
72 Environmental Protection	128	<b>782,179</b>	782,051
69 Conservations Services	1,066	<b>591,201</b>	590,135
68 Parks	-	<b>210,301</b>	210,301
50 Ministry of the Environment & Sports HQ	569	<b>17,513</b>	16,944
49 Land Valuation	-	<b>15</b>	15
	12,596	<b>3,938,125</b>	3,925,529
<b>Ministry of Culture &amp; Social Rehabilitation</b>			
88 National Drug Control	-	<b>699,712</b>	699,712
52 Community and Cultural Affairs	1,603	<b>211,073</b>	209,470
55 Financial Assistance	18,017	<b>139,135</b>	121,118
23 Child & Family Services	1,376	<b>93,371</b>	91,995
18 Libraries	-	<b>16,330</b>	16,330
56 Human Affairs	130	<b>5,616</b>	5,486
71 Ministry of Culture and Social Rehabilitation HQ	-	<b>720</b>	720
74 Court Services	150	<b>(2,564)</b>	(2,714)
	21,276	<b>1,163,393</b>	1,142,117
<b>Ministry of Labour, Home Affairs &amp; Housing</b>			
27 Immigration	5,193	<b>25,606,754</b>	25,601,561
07 Police	3,193	<b>470,554</b>	467,361
06 Defence	-	<b>90,748</b>	90,748
60 Labour & Training	464	<b>24,994</b>	24,530
45 Fire Services	16,337	<b>(280,281)</b>	(296,618)
	25,187	<b>25,912,769</b>	25,887,582
<b>Ministry of Energy, Telecommunications &amp; E-Commerce</b>			
46 Telecommunications	-	<b>12,450,556</b>	12,450,556
13 Post Office	5,063	<b>5,608,905</b>	5,603,842
29 Registry General	1,785	<b>1,942,960</b>	1,941,175
43 Information Technology Office	6,609	<b>2,706</b>	(3,903)
42 Rent Commissioner	-	<b>170</b>	170
	13,457	<b>20,005,297</b>	19,991,840
<b>Ministry of Works &amp; Engineering</b>			
82 Operations & Engineering	771,070	<b>10,137,810</b>	9,366,740
81 Lands, Buildings & Surveys	65,100	<b>1,589,582</b>	1,524,482
36 Works & Engineering HQ	13,472	<b>96,225</b>	82,753
	849,642	<b>11,823,617</b>	10,973,975
<b>TOTAL REVENUE</b>	2,640,775	<b>996,728,405</b>	994,087,630

**Government of Bermuda - Consolidated Fund**  
**Schedule 11: Current Expense By Ministry / Department**

For the year ended March 31	2011 Original Estimates	2011 Actual	2010 Restated (Note 17)
	\$	\$	\$
<b>Non-Ministry Departments</b>			
02 Legislature	4,904,000	5,010,289	5,041,314
05 Office of the Auditor General	3,305,000	3,275,930	2,894,881
92 Internal Audit	1,734,000	1,426,496	1,993
01 Governor & Staff	1,705,000	1,625,140	1,976,550
63 Parliamentary Registrar	1,151,000	820,028	784,492
85 Ombudsman's Office	713,000	703,911	706,854
08 Public Service Commission	81,000	84,918	76,963
	13,593,000	12,946,712	11,483,047
<b>Cabinet Office Departments</b>			
09 Cabinet Office	6,848,000	8,425,922	9,190,356
14 Department of Statistics	6,120,000	4,876,199	3,050,427
26 Department of Human Resources	6,196,000	4,713,009	4,948,137
51 Department of Communication & Information	2,678,000	2,440,610	2,613,016
19 Department of Archives	1,729,000	1,589,385	1,506,166
	23,571,000	22,045,125	21,308,102
<b>Ministry of Tourism &amp; Transport</b>			
33 Tourism	38,149,000	34,785,263	31,851,942
31 Airport Operations	20,833,000	23,851,661	24,029,902
35 Public Transportation	19,775,000	23,266,513	22,977,183
30 Marine & Ports Services	22,510,000	22,393,151	21,405,714
57 Civil Aviation	7,901,000	7,682,316	6,952,887
34 Transport Control Department	7,548,000	6,533,528	6,644,214
48 Ministry of Tourism & Transport HQ	2,657,000	2,589,954	1,324,832
73 Maritime Administration	1,732,000	1,605,678	1,643,061
	121,105,000	122,708,064	116,829,735
<b>Ministry of Justice</b>			
03 Judicial Department	8,452,000	9,111,153	8,212,012
87 Ministry of Justice HQ	3,399,000	8,310,563	4,430,723
04 Attorney-General's Chambers	4,924,000	4,081,156	4,313,791
75 Department of Public Prosecutions	2,917,000	2,374,099	2,186,258
	19,692,000	23,876,971	19,142,784
<b>Ministry of Finance</b>			
Retirement Benefit Expenses	-	110,880,113	106,695,970
11 Accountant-General	82,455,000	86,436,679	84,039,558
58 Interest on Debt	38,400,000	55,297,892	29,978,210
12 Customs	21,740,000	20,000,981	18,648,270
38 Office of the Tax Commissioner	3,680,000	13,334,160	5,009,071
10 Ministry of Finance HQ	12,983,000	12,634,572	11,982,769
28 Department of Social Insurance	4,424,000	9,695,046	8,046,591
39 Registrar of Companies	3,875,000	3,020,548	4,076,891
59 Sinking Fund Contribution	28,625,000	-	-
	196,182,000	311,299,991	268,477,330
<b>Ministry of Education</b>			
17 Department of Education	120,138,000	125,978,285	133,919,495
41 Bermuda College	19,869,000	19,869,313	20,702,204
16 Ministry of Education HQ	3,127,000	2,575,119	-
	143,134,000	148,422,717	154,621,699
<b>Ministry of Health</b>			
24 Hospitals	125,199,000	150,184,153	132,239,483
22 Health Department	32,460,000	30,507,599	29,134,608
91 Health Insurance	5,489,000	20,273,623	10,263,994
21 Ministry of Health HQ	18,098,000	15,291,715	18,473,155
	181,246,000	216,257,090	190,111,240



**Government of Bermuda - Consolidated Fund**  
**Schedule 11: Current Expense By Ministry / Department (cont'd)**

For the year ended March 31	2011	2011	2010
	Original Estimates	Actual	Restated (Note 17)
	\$	\$	\$
<b>Ministry of the Environment &amp; Sports</b>			
20 Youth, Sport & Recreation	12,475,000	<b>11,800,910</b>	12,390,391
68 Parks	11,146,000	<b>11,067,157</b>	10,804,712
69 Conservations Services	5,538,000	<b>5,113,670</b>	5,064,698
32 Department of Planning	4,336,000	<b>3,909,764</b>	3,788,824
72 Environmental Protection	3,845,000	<b>3,827,780</b>	3,730,335
50 Ministry of the Environment & Sports HQ	908,000	<b>782,056</b>	1,133,689
49 Land Valuation	812,000	<b>641,902</b>	621,702
	39,060,000	<b>37,143,239</b>	37,534,351
<b>Ministry of Culture &amp; Social Rehabilitation</b>			
55 Financial Assistance	28,662,000	<b>37,375,262</b>	33,079,127
23 Child & Family Services	17,680,000	<b>19,697,021</b>	19,495,400
88 National Drug Control	6,109,000	<b>5,955,074</b>	3,789,847
52 Community & Cultural Affairs	4,599,000	<b>4,532,386</b>	4,950,232
74 Court Services	5,293,000	<b>4,481,303</b>	4,233,937
71 Ministry of Culture and Social Rehabilitation HQ	4,871,000	<b>4,289,232</b>	3,659,957
56 Human Affairs	3,231,000	<b>2,947,721</b>	3,125,995
18 Libraries	2,369,000	<b>2,351,345</b>	2,659,614
	72,814,000	<b>81,629,344</b>	74,994,109
<b>Ministry of Labour, Home Affairs &amp; Housing</b>			
07 Police	65,705,000	<b>71,816,859</b>	70,563,276
25 Corrections	30,163,000	<b>30,482,512</b>	29,492,975
45 Fire Services	15,497,000	<b>13,977,270</b>	12,970,241
06 Defence	8,310,000	<b>7,997,556</b>	8,917,032
60 Labour & Training	8,613,000	<b>7,047,234</b>	7,131,510
53 Bermuda Housing Corporation	7,750,000	<b>7,000,000</b>	7,250,000
27 Immigration	5,659,000	<b>5,746,988</b>	5,447,535
83 Ministry of Labour, Home Affairs & Housing HQ	1,738,000	<b>1,848,098</b>	1,993,517
54 Security Services & Delegated Affairs	74,000	<b>15,529</b>	412,185
	143,509,000	<b>145,932,046</b>	144,178,271
<b>Ministry of Energy, Telecommunications &amp; E-Commerce</b>			
13 Post Office	15,142,000	<b>14,921,680</b>	14,967,726
43 Information Technology Office	8,593,000	<b>8,467,015</b>	8,276,712
46 Telecommunications	2,170,000	<b>3,236,371</b>	2,885,534
29 Registry General	2,179,000	<b>1,789,691</b>	1,696,455
84 E-Government	1,380,000	<b>1,042,179</b>	1,190,941
67 E-Commerce	1,263,000	<b>998,673</b>	1,083,406
89 Energy	888,000	<b>696,945</b>	588,621
90 Ministry of Energy, Telecommunications and E-Commerce HQ	618,000	<b>531,907</b>	611,353
42 Rent Commissioner	657,000	<b>525,360</b>	567,539
	32,890,000	<b>32,209,821</b>	31,868,287
<b>Ministry of Works &amp; Engineering</b>			
82 Operations & Engineering	36,541,000	<b>41,970,884</b>	37,644,495
81 Lands, Buildings & Surveys	26,415,000	<b>24,639,914</b>	24,401,224
36 Works & Engineering HQ	7,052,000	<b>7,255,901</b>	6,224,949
80 Architectural Design & Construction	1,513,000	<b>1,156,068</b>	1,052,947
Amortization	-	<b>43,156,723</b>	37,330,814
	71,521,000	<b>118,179,490</b>	106,654,429
<b>TOTAL CURRENT EXPENSE</b>	1,058,317,000	<b>1,272,650,610</b>	1,177,203,384

**Government of Bermuda - Consolidated Fund**  
**Schedule 11(a): Interdepartmental Current Expense By Ministry/Department**

For the year ended March 31	2011 Interdepartmental Expense	2011 Actual Gross Expense	2011 Net Expense
	\$	\$	\$
<b>Non-Ministry Departments</b>			
02 Legislature	20,026	5,010,289	4,990,263
05 Office of the Auditor General	26,325	3,275,930	3,249,605
01 Governor & Staff	165	1,625,140	1,624,975
92 Internal Audit	12,075	1,426,496	1,414,421
63 Parliamentary Registrar	-	820,028	820,028
85 Ombudsman's Office	1,644	703,911	702,267
08 Public Service Commission	-	84,918	84,918
	60,235	12,946,712	12,886,477
<b>Cabinet Office Departments</b>			
09 Cabinet Office	25,133	8,425,922	8,400,789
14 Department of Statistics	38,517	4,876,199	4,837,682
26 Department of Human Resources	19,343	4,713,009	4,693,666
51 Department of Communication & Information	2,874	2,440,610	2,437,736
19 Department of Archives	496	1,589,385	1,588,889
	86,363	22,045,125	21,958,762
<b>Ministry of Tourism &amp; Transport</b>			
33 Tourism	32,620	34,785,263	34,752,643
31 Airport Operations	1,141	23,851,661	23,850,520
35 Public Transportation	191,874	23,266,513	23,074,639
30 Marine & Ports Services	41,059	22,393,151	22,352,092
57 Civil Aviation	90	7,682,316	7,682,226
34 Transport Control Department	4,106	6,533,528	6,529,422
48 Ministry of Tourism & Transport HQ	791	2,589,954	2,589,163
73 Maritime Administration	15,895	1,605,678	1,589,783
	287,576	122,708,064	122,420,488
<b>Ministry of Justice</b>			
03 Judicial Department	-	9,111,153	9,111,153
87 Ministry of Justice HQ	24,057	8,310,563	8,286,506
04 Attorney-General's Chambers	-	4,081,156	4,081,156
75 Department of Public Prosecutions	330	2,374,099	2,373,769
	24,387	23,876,971	23,852,584
<b>Ministry of Finance</b>			
11 Accountant-General	8,024	86,436,679	86,428,655
58 Interest on Debt	-	55,297,892	55,297,892
12 Customs	79,585	20,000,981	19,921,396
38 Office of the Tax Commissioner	7,680	13,334,160	13,326,480
10 Ministry of Finance HQ	-	12,634,572	12,634,572
28 Department of Social Insurance	51,047	9,695,046	9,643,999
39 Registrar of Companies	50	3,020,548	3,020,498
Retirement Benefit Expenses	-	110,880,113	110,880,113
	146,386	311,299,991	311,153,605
<b>Ministry of Education</b>			
17 Department of Education	93,171	125,978,285	125,885,114
41 Bermuda College	-	19,869,313	19,869,313
16 Ministry of Education HQ	-	2,575,119	2,575,119
	93,171	148,422,717	148,329,546
<b>Ministry of Health</b>			
24 Hospitals	-	150,184,153	150,184,153
22 Health Department	155,601	30,507,599	30,351,998
91 Health Insurance	96	20,273,623	20,273,527
21 Ministry of Health HQ	30,898	15,291,715	15,260,817
	186,595	216,257,090	216,070,495

**Government of Bermuda - Consolidated Fund**  
**Schedule 11(a): Interdepartmental Current Expense By Ministry/Department**

For the year ended March 31	2011 Interdepartmental Expense	2011 Actual Gross Expense	2011 Net Expense
	\$	\$	\$
<b>Ministry of the Environment &amp; Sports</b>			
20 Youth, Sport & Recreation	149,178	<b>11,800,910</b>	11,651,732
68 Parks	193,654	<b>11,067,157</b>	10,873,503
69 Conservations Services	8,659	<b>5,113,670</b>	5,105,011
32 Department of Planning	-	<b>3,909,764</b>	3,909,764
72 Environmental Protection	1,950	<b>3,827,780</b>	3,825,830
50 Ministry of the Environment & Sports	3,015	<b>782,056</b>	779,041
49 Land Valuation	90	<b>641,902</b>	641,812
	356,546	<b>37,143,239</b>	36,786,693
<b>Ministry of Culture &amp; Social Rehabilitation</b>			
55 Financial Assistance	13,704	<b>37,375,262</b>	37,361,558
23 Child & Family Services	25,368	<b>19,697,021</b>	19,671,653
88 National Drug Control	616	<b>5,955,074</b>	5,954,458
52 Community & Cultural Affairs	11,148	<b>4,532,386</b>	4,521,238
74 Department of Court Services	6,098	<b>4,481,303</b>	4,475,205
71 Ministry of Culture and Social Rehabilitation HQ	4,520	<b>4,289,232</b>	4,284,712
56 Human Affairs	1,627	<b>2,947,721</b>	2,946,094
18 Libraries	467	<b>2,351,345</b>	2,350,878
	63,548	<b>81,629,344</b>	81,565,796
<b>Ministry of Labour, Home Affairs &amp; Housing</b>			
07 Police	296,113	<b>71,816,859</b>	71,520,746
25 Corrections	227,472	<b>30,482,512</b>	30,255,040
45 Fire Services	34,530	<b>13,977,270</b>	13,942,740
06 Defence	14,926	<b>7,997,556</b>	7,982,630
60 Labour & Training	29,804	<b>7,047,234</b>	7,017,430
53 Bermuda Housing Corporation	-	<b>7,000,000</b>	7,000,000
27 Immigration	1,181	<b>5,746,988</b>	5,745,807
83 Ministry of Labour, Home Affairs & Housing HQ	-	<b>1,848,098</b>	1,848,098
54 Security Services & Delegated Affairs	-	<b>15,529</b>	15,529
	604,026	<b>145,932,046</b>	145,328,020
<b>Ministry of Energy Telecommunications &amp; E-Commerce</b>			
13 Post Office	10,338	<b>14,921,680</b>	14,911,342
43 Information Technology Office	249	<b>8,467,015</b>	8,466,766
46 Telecommunications	6,822	<b>3,236,371</b>	3,229,549
29 Registry General	-	<b>1,789,691</b>	1,789,691
84 E-Government	29	<b>1,042,179</b>	1,042,150
67 E-Commerce	29	<b>998,673</b>	998,644
89 Energy	58	<b>696,945</b>	696,887
90 Ministry of Energy, Telecommunications and E-Commerce	-	<b>531,907</b>	531,907
42 Rent Commissioner	-	<b>525,360</b>	525,360
	17,525	<b>32,209,821</b>	32,192,296
<b>Ministry of Works &amp; Engineering</b>			
82 Operations & Engineering	29	<b>41,970,884</b>	41,970,855
81 Lands, Buildings & Surveys	1,433	<b>24,639,914</b>	24,638,481
36 Works & Engineering	712,955	<b>7,255,901</b>	6,542,946
80 Architectural Design & Construction	-	<b>1,156,068</b>	1,156,068
Amortization	-	<b>43,156,723</b>	43,156,723
	714,417	<b>118,179,490</b>	117,465,073
<b>TOTAL CURRENT EXPENSE</b>	2,640,775	<b>1,272,650,610</b>	1,270,009,835

**Government of Bermuda - Consolidated Fund  
Schedule 12: Schedules of Tangible Capital Assets and Assets under Construction  
As at March 31, 2011**

	Estimated Useful Life	COST					ACCUMULATED AMORTIZATION				
		Opening Balance	Additions	Disposals & Adjustments	Closing Balance	Opening Balance	Amortization Expense	Disposals & Adjustments	Closing Balance	31-Mar-11 Net Book Value	31-Mar-10 Net Book Value
<b>Tangible Capital Assets</b>											
Land	Indefinite	45,636,778	-	-	45,636,778	-	-	-	-	45,636,778	45,636,778
Buildings & Betterments	2-40 years	488,084,602	97,895,374	-	585,979,976	(121,784,704)	(14,739,037)	-	(136,523,741)	449,456,235	366,299,898
Infrastructure	10-40 years	125,424,325	45,742,268	-	171,166,593	(14,724,843)	(10,990,045)	-	(25,714,888)	145,451,705	110,699,482
Vehicles & Heavy Equipment	5-7 years	83,935,065	3,763,970	(779,572)	86,919,463	(57,874,691)	(7,149,756)	773,074	(64,251,373)	22,668,090	26,060,374
Vessels	5-10 years	41,612,800	235,940	-	41,848,740	(28,034,856)	(2,615,837)	-	(30,650,693)	11,198,047	13,577,944
Computer Software	10 years	18,394,169	4,945,400	-	23,339,569	(2,739,166)	(2,249,331)	-	(4,988,497)	18,351,072	15,655,003
Office Equipment	5 years	9,576,309	5,429,038	-	15,005,347	(4,866,099)	(1,950,066)	-	(6,816,165)	8,189,182	4,710,210
Computer Hardware	3-7 years	7,248,217	4,827,117	-	12,075,334	(5,878,507)	(1,296,461)	-	(7,174,968)	4,900,366	1,369,710
Capital Leases	3 - 5 years	4,250,454	152,421	(50,933)	4,351,942	(3,098,886)	(479,770)	18,557	(3,560,099)	791,843	1,151,568
Furniture & Fixtures	7 years	3,848,421	424,429	-	4,272,850	(1,531,079)	(549,906)	-	(2,080,985)	2,191,865	2,317,342
Plant, Machinery & Equipment	10 - 30 years	46,761,251	7,050,023	-	53,811,274	(33,757,491)	(1,136,514)	-	(34,894,005)	18,917,269	13,003,760
<b>Total Tangible Capital Assets</b>		<b>874,772,391</b>	<b>170,465,980</b>	<b>(830,505)</b>	<b>1,044,407,866</b>	<b>(274,290,322)</b>	<b>(43,156,723)</b>	<b>791,631</b>	<b>(316,655,414)</b>	<b>727,752,452</b>	<b>600,482,069</b>
<b>Assets under Construction</b>											
		98,619,361	74,537,683	(113,884,117)	59,272,927	-	-	-	-	59,272,927	98,619,361

**Government of Bermuda - Consolidated Fund**  
**Schedule 13: Capital Development Expense By Ministry / Department**

For the year ended March 31	2011 Actual	2010 Restated (Note 17)
	\$	\$
<b>Non Ministry Departments</b>		
02 Legislature	8,914	112,604
	<b>8,914</b>	<b>112,604</b>
<b>Cabinet Office Departments</b>		
51 Department of Communication & Information	(2,654)	-
	<b>(2,654)</b>	<b>-</b>
<b>Ministry of Justice</b>		
03 Judicial Department	-	2,975
	-	2,975
<b>Ministry of Finance</b>		
10 Ministry of Finance HQ	-	906
	-	906
<b>Ministry of Education</b>		
17 Department of Education	1,002,271	633,762
	<b>1,002,271</b>	<b>633,762</b>
<b>Ministry of the Environment &amp; Sports</b>		
68 Parks	279,656	239,968
69 Conservations Services	151,623	204,601
72 Environmental Protection	94,684	26,533
50 Ministry of the Environment & Sports	14,153	46,527
20 Youth, Sport & Recreation	1,281	17,642
	<b>541,397</b>	<b>535,271</b>
<b>Ministry of Tourism &amp; Transport</b>		
33 Tourism	4,502,930	3,000,000
48 Ministry of Tourism & Transport HQ	1,559,911	58,014,803
31 Airport Operations	839,925	897,898
	<b>6,902,766</b>	<b>61,912,701</b>
<b>Ministry of Health</b>		
24 Hospitals	10,743,129	120,000
22 Health Department	149,294	1,032,120
	<b>10,892,423</b>	<b>1,152,120</b>
<b>Ministry of Labour, Home Affairs &amp; Housing</b>		
83 Ministry of Labour, Home Affairs & Housing HQ	3,846,277	25,326,236
25 Corrections	137,139	154,378
07 Police	82,018	148,698
45 Fire Services	58,585	69,585
54 Security Services & Delegated Affairs	180	28,738
06 Defence	-	63,053
	<b>4,124,199</b>	<b>25,790,688</b>
<b>Ministry of Energy, Telecommunications &amp; E-Commerce</b>		
46 Telecommunications	183,615	350,870
	<b>183,615</b>	<b>350,870</b>
<b>Ministry of Works &amp; Engineering</b>		
82 Operations & Engineering	4,655,396	10,137,141
81 Lands, Buildings & Surveys	3,060,198	-
80 Architectural Design & Construction	141,540	-
36 Works & Engineering	137,218	7,235,904
	<b>7,994,352</b>	<b>17,373,045</b>
<b>TOTAL CAPITAL DEVELOPMENT</b>	<b>31,647,283</b>	<b>107,864,942</b>

**Government of Bermuda - Consolidated Fund**  
**Schedule 14: Capital Acquisition Expense By Ministry / Department**

For the year ended March 31	2011	2010
	Actual	Actual
	\$	\$
<b>Non-Ministry Departments</b>		
92 Internal Audit	2,670	-
63 Parliamentary Registrar	-	11,837
85 Ombudsman's Office	-	9,000
05 Office of the Auditor General	(4,285)	14,418
02 Legislature	(44,488)	37,097
	<b>(46,103)</b>	<b>72,352</b>
<b>Cabinet Office Departments</b>		
26 Department of Human Resources	10,488	49,861
51 Department of Communication & Information	8,028	-
14 Department of Statistics	7,308	20,581
19 Department of Archives	6,110	10,199
09 Cabinet Office	1,603	182,191
	<b>33,537</b>	<b>262,832</b>
<b>Ministry of Justice</b>		
04 Attorney-General's Chambers	116,169	40,809
03 Judicial Department	21,715	178,098
87 Ministry of Justice HQ	6,198	-
	<b>144,082</b>	<b>218,907</b>
<b>Ministry of Finance</b>		
12 Customs	63,275	62,753
39 Registrar of Companies	47,993	4,124
10 Ministry of Finance HQ	25,163	29,713
11 Accountant-General	20,571	-
38 Office of the Tax Commissioner	13,700	22,705
	<b>170,702</b>	<b>119,295</b>
<b>Ministry of Education, Sports &amp; Recreation</b>		
17 Department of Education	686,936	1,682,934
	<b>686,936</b>	<b>1,682,934</b>
<b>Ministry of Health</b>		
22 Health Department	226,714	(450,039)
	<b>226,714</b>	<b>(450,039)</b>
<b>Ministry of Tourism &amp; Transport</b>		
30 Marine & Ports Services	111,451	45,829
57 Civil Aviation	40,282	72,010
34 Transport Control Department	13,588	16,660
31 Airport Operations	3,263	542,398
35 Public Transportation	-	274,331
	<b>168,584</b>	<b>951,228</b>

**Government of Bermuda - Consolidated Fund**  
**Schedule 14: Capital Acquisition Expense By Ministry / Department**  
**(cont'd)**

For the year ended March 31	2011	2010
	Actual	Actual
	\$	\$
<b>Ministry of the Environment &amp; Sports</b>		
69 Conservations Services	12,194	3,875
72 Environmental Protection	5,750	8,000
68 Parks	819	16,199
20 Youth, Sport & Recreation	424	5,759
49 Land Valuation	-	9,375
50 Ministry of the Environment & Sports HQ	-	2,679
	<b>19,187</b>	<b>45,887</b>
<b>Ministry of Culture &amp; Social Rehabilitation</b>		
55 Financial Assistance	26,969	29,141
18 Libraries	4,556	16,936
56 Human Affairs	262	2,300
23 Child & Family Services	-	10,400
88 National Drug Control	-	45,038
	<b>31,787</b>	<b>103,815</b>
<b>Ministry of Labour, Home Affairs &amp; Housing</b>		
07 Police	744,193	439,666
27 Immigration	86,515	4,018
45 Fire Services	44,014	508,108
25 Department of Corrections	21,311	(4,900)
06 Defence	9,923	140,931
	<b>905,956</b>	<b>1,087,823</b>
<b>Ministry of Energy, Telecommunications &amp; E-Commerce</b>		
43 Information Technology Office	1,329,296	3,409,859
13 Post Office	203,010	61,097
84 E-Government	193,615	188,070
	<b>1,725,921</b>	<b>3,659,026</b>
<b>Ministry of Works &amp; Engineering</b>		
36 Works & Engineering	142,987	41,467
81 Lands, Buildings & Surveys	5,583	29,843
	<b>148,570</b>	<b>71,310</b>
<b>TOTAL CAPITAL ACQUISITION</b>	<b>4,215,873</b>	<b>7,825,370</b>

**Government of Bermuda - Consolidated Fund**  
**Schedule 15: Current Expenditure - Estimates Compared to Expenses**

For the year ended March 31, 2011

	Expenses	Expenditure *	Adjusted Estimates **	Under (Over) Spent
	\$	\$	\$	\$
<b>Non-Ministry Departments</b>				
02 Legislature	5,010,289	5,010,289	4,923,756	(86,533)
05 Office of the Auditor General	3,275,930	3,275,930	3,184,518	(91,412)
01 Governor & Staff	1,625,140	1,625,140	1,704,617	79,477
92 Internal Audit	1,426,496	1,426,496	1,390,533	(35,963)
63 Parliamentary Registrar	820,028	820,028	1,074,067	254,039
85 Ombudsman's Office	703,911	703,911	712,692	8,781
08 Public Service Commission	84,918	84,918	81,077	(3,841)
	12,946,712	12,946,712	13,071,260	124,548
<b>Cabinet Office Departments</b>				
09 Cabinet Office	8,425,922	8,425,922	7,695,143	(730,779)
14 Department of Statistics	4,876,199	4,876,199	5,348,454	472,255
26 Department of Human Resources	4,713,009	4,713,009	5,151,698	438,689
51 Dept. of Communication & Information	2,440,610	2,440,610	2,486,874	46,264
19 Department of Archives	1,589,385	1,589,385	1,679,498	90,113
	22,045,125	22,045,125	22,361,667	316,542
<b>Ministry of Tourism &amp; Transport</b>				
33 Tourism	34,785,263	34,785,263	35,488,800	703,537
31 Airport Operations	23,851,661	23,833,980	22,785,233	(1,048,747)
35 Public Transportation	23,266,513	23,114,070	20,325,000	(2,789,070)
30 Marine & Ports	22,393,151	22,333,631	23,855,313	1,521,682
57 Civil Aviation	7,682,316	7,657,649	7,663,827	6,178
34 Transport Control Department	6,533,528	6,533,528	6,598,032	64,504
48 Ministry of Tourism & Transport HQ	2,589,954	2,589,954	2,657,148	67,194
73 Maritime Administration	1,605,678	1,606,053	1,732,100	126,047
	122,708,064	122,454,128	121,105,453	(1,348,675)
<b>Ministry of Justice</b>				
03 Judicial Department	9,111,153	8,285,859	8,261,598	(24,261)
87 Ministry of Justice HQ	8,310,563	5,864,690	4,268,775	(1,595,915)
04 Attorney-General's Chambers	4,081,156	4,081,156	4,324,246	243,090
75 Department of Public Prosecutions	2,374,099	2,374,099	2,836,591	462,492
	23,876,971	20,605,804	19,691,210	(914,594)
<b>Ministry of Finance</b>				
Retirement Benefit Expenses	110,880,113	-	-	-
11 Accountant-General	86,436,679	86,422,236	82,454,767	(3,967,469)
58 Interest on Debt	55,297,892	55,297,892	56,300,000	1,002,108
12 Customs	20,000,981	20,000,981	21,738,494	1,737,513
38 Office of the Tax Commissioner	13,334,160	3,315,234	3,679,922	364,688
10 Ministry of Finance HQ	12,634,572	12,634,572	13,382,747	748,175
28 Department of Social Insurance	9,695,046	9,695,046	9,220,031	(475,015)
39 Registrar of Companies	3,020,548	2,704,553	3,429,553	725,000
59 Sinking Fund Contribution	-	28,760,000	28,625,000	(135,000)
	311,299,991	218,830,514	218,830,514	-
<b>Ministry of Education</b>				
17 Department of Education	125,978,285	125,840,820	120,138,383	(5,702,437)
41 Bermuda College	19,869,313	19,869,313	19,869,313	-
16 Ministry of Education HQ	2,575,119	2,575,119	3,127,123	552,004
	148,422,717	148,285,252	143,134,819	(5,150,433)
<b>Ministry of Health</b>				
24 Hospitals	150,184,153	150,184,153	140,221,645	(9,962,508)
22 Health Department	30,507,599	30,507,599	32,685,430	2,177,831
91 Health Insurance	20,273,623	13,037,099	7,743,925	(5,293,174)
21 Ministry of Health HQ	15,291,715	15,291,715	17,872,962	2,581,247
	216,257,090	209,020,566	198,523,962	(10,496,604)

\* Adjusted for Non-Budgeted, Non-Cash Items

\*\* Includes all Approved Supplementary amounts during the year



**Government of Bermuda - Consolidated Fund**  
**Schedule 15: Current Expenditure - Estimates Compared to Expenses (cont'd)**

For the year ended March 31, 2011

	Expenses	Expenditure*	Adjusted Estimates **	Under (Over) Spent
	\$	\$	\$	\$
<b>Ministry of the Environment &amp; Sports</b>				
20 Youth, Sport & Recreation	11,800,910	11,800,910	12,280,948	480,038
68 Parks	11,067,157	11,067,157	10,826,738	(240,419)
69 Conservations Services	5,113,670	5,113,670	5,255,343	141,673
32 Department of Planning	3,909,764	3,909,764	4,082,855	173,091
72 Environmental Protection	3,827,780	3,699,541	3,728,117	28,576
50 Ministry of the Environment HQ	782,056	782,056	813,758	31,702
49 Land Valuation	641,902	641,902	712,691	70,789
	<b>37,143,239</b>	<b>37,015,000</b>	<b>37,700,450</b>	<b>685,450</b>
<b>Ministry of Culture &amp; Social Rehabilitation</b>				
55 Financial Assistance	37,375,262	37,375,262	38,656,610	1,281,348
23 Child & Family Services	19,697,021	19,697,021	18,014,231	(1,682,790)
88 National Drug Control	5,955,074	5,330,074	5,953,513	623,439
52 Community & Cultural Affairs	4,532,386	4,532,386	4,599,011	66,625
74 Court Services	4,481,303	4,481,303	5,293,210	811,907
71 Ministry of Social Rehabilitation	4,289,232	4,289,232	4,690,923	401,691
56 Human Affairs	2,947,721	2,947,721	3,205,801	258,080
18 Libraries	2,351,345	2,351,179	2,393,981	42,802
	<b>81,629,344</b>	<b>81,004,178</b>	<b>82,807,280</b>	<b>1,803,102</b>
<b>Ministry of Labour, Home Affairs &amp; Housing</b>				
07 Police	71,816,859	71,738,797	65,704,834	(6,033,963)
25 Corrections	30,482,512	30,482,512	31,362,790	880,278
45 Fire Services	13,977,270	13,977,270	15,126,997	1,149,727
06 Defence	7,997,556	7,997,556	8,310,364	312,808
60 Labour & Training	7,047,234	7,047,234	7,412,910	365,676
53 Bermuda Housing Corporation	7,000,000	7,000,000	7,750,000	750,000
27 Immigration	5,746,988	5,746,988	5,784,742	37,754
83 Ministry of Labour, Home Affairs & Housing HQ	1,848,098	1,848,098	1,982,872	134,774
54 Security Services & Delegated Affairs	15,529	15,529	73,880	58,351
	<b>145,932,046</b>	<b>145,853,984</b>	<b>143,509,389</b>	<b>(2,344,595)</b>
<b>Ministry of Energy, Telecommunications &amp; E-Commerce</b>				
13 Post Office	14,921,680	14,921,680	15,142,209	220,529
43 Information Technology Office	8,467,015	8,467,015	8,762,796	295,781
46 Telecommunications	3,236,371	3,236,371	2,299,718	(936,653)
29 Registry General	1,789,691	1,789,691	2,129,114	339,423
84 E-Government	1,042,179	1,042,179	1,260,263	218,084
67 E-Commerce	998,673	998,673	1,203,174	204,501
89 Ministry of Energy, Telecommunications and E-Commerce HQ	696,945	696,945	818,213	121,268
90 Ministry of Energy, Telecommunications and E-Commerce	531,907	531,907	617,574	85,667
42 Rent Commissioner	525,360	525,360	657,218	131,858
	<b>32,209,821</b>	<b>32,209,821</b>	<b>32,890,279</b>	<b>680,458</b>
<b>Ministry of Works &amp; Engineering</b>				
82 Operations & Engineering	41,970,884	41,451,434	36,541,118	(4,910,316)
81 Lands, Buildings & Surveys	24,639,914	24,524,711	26,415,369	1,890,658
36 Works & Engineering	7,255,901	6,769,134	7,052,090	282,956
80 Architectural Design & Construction	1,156,068	1,156,068	1,513,221	357,153
Amortization	43,156,723	-	-	-
	<b>118,179,490</b>	<b>73,901,347</b>	<b>71,521,798</b>	<b>(2,379,549)</b>
<b>TOTAL CURRENT EXPENDITURE</b>	<b>1,272,650,610</b>	<b>1,124,172,431</b>	<b>1,105,148,081</b>	<b>(19,024,350)</b>

\* Adjusted for Non-Budgeted, Non-Cash Items

\*\* Includes all Approved Supplementary amounts during the year

## Government of Bermuda - Consolidated Fund Schedule 16: Commitments - Legislated

For the year ended March 31	2011	2010
	Actual	Actual
	\$	\$

### Unspent Capital Appropriations

In accordance with Section 6 of the Appropriations Act 2010, unspent capital appropriations for incomplete capital projects to be carried forward to future years are as follows:

Capital Development	9,402,418	12,928,068
Capital Acquisition	8,210,178	5,265,875
	<b>17,612,596</b>	<b>18,193,943</b>

### Total Authorized Funding

Total Authorized Funding represents the estimated total cost of capital development projects and is subject to the voting of supply by the Legislature. Estimated future expenditure for continuing capital development projects is as follows:

Total Authorized Funding	1,029,096,754	1,113,698,911
Projects Completed during the year	(58,750,601)	(225,744,688)
Approved Supplementary Estimate	-	966,600
Revised Total Authorized Funding	970,346,153	888,920,823
Appropriated Capital Development	(529,369,862)	(446,756,520)
<b>Unappropriated Capital Development Commitments</b>	<b>440,976,291</b>	<b>442,164,303</b>

## Government of Bermuda - Consolidated Fund Schedule 17: Public Debt - Legislated Limit

As at March 31	2011	2010
	Actual	Actual
	\$	\$
Debt (Schedule 7)	<b>1,030,000,000</b>	730,000,000
Overdraft Facility Drawdown (Note 16)	<b>57,490,260</b>	93,409,973
Bank of NT Butterfield Guarantee *	-	200,000,000
WEDCO Loan Guarantee *	-	10,000,000
National Education Guarantee *	-	542,367
	<b>1,087,490,260</b>	1,033,952,340
Less:		
Sinking Fund (Schedule 7)	<b>85,508,498</b>	64,487,481
Public Debt	<b>1,001,981,762</b>	969,464,859
Legislated Limit	<b>1,250,000,000</b>	1,000,000,000
<b>Available Limit</b>	<b>248,018,238</b>	30,535,141

\* Removed from Public Debt as a result of the change in legislation definition in 2011. They are no longer considered Public Debt but are disclosed as Contingent Liabilities in Note 10(a).