



OFFICE OF THE AUDITOR GENERAL COMMONWEALTH OF THE BAHAMAS

Report of the Auditor General for the Year Ended June 30, 2018

2018



OFFICE OF THE AUDITOR GENERAL
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DAG/T.3/2018/005

Reference No.....

January 15, 2021

The Honourable Speaker
Mr. Halson Moultrie
House of Assembly
Nassau, Bahamas

Dear Sir:

In accordance with Article 136(4) of The Constitution of The Commonwealth of The Bahamas, I have the honour to submit my report on the audit of the accounts of The Government of The Commonwealth of The Bahamas for the year ended June 30, 2018.

Sincerely,

Terrance S. Bastian (Mr.)
Auditor General

TSB/bn

TABLE OF CONTENTS

LETTER OF TRANSMITTAL	07
OVERVIEW	09
ABOUT US.....	11
AUDITOR GENERAL’S PERSPECTIVE	15
SECTION ONE	
Constitutional Provisions.....	21
SECTION TWO	
Audit Approach and Significant Accounting Policies.....	25
SECTION THREE	
Administration and Personnel.....	29
SECTION FOUR	
Confiscated Assets.....	37
SECTION FIVE	
Post Office.....	41
SECTION SIX	
Gaming Board.....	53
SECTION SEVEN	
Ministry of Finance.....	59
SECTION EIGHT	
Bahamas Customs Department.....	63
SECTION NINE	
Subventions.....	83

SECTION TEN

Pensions.....	91
---------------	----

SECTION ELEVEN

Summary of Fiscal Performance.....	97
------------------------------------	----

SECTION TWELVE

Public Debt.....	111
------------------	-----

SECTION THIRTEEN

Contingent Liabilities	117
------------------------------	-----

SECTION FOURTEEN

Department of Inland Revenue.....	123
-----------------------------------	-----

SECTION FIFTEEN

Final Accounts	139
----------------------	-----

Audit Certificate.....	147
------------------------	-----

ANNEXES

Annex 1: Balance Sheet – Consolidated Fund.....	153
---	-----

Annex 2: Statement of Revenue & Expenditure.....	157
--	-----

Annex 3: Statement of Cash Flow.....	161
--------------------------------------	-----

Annex 4: Statement of Consolidated Fund (Current Account).....	165
--	-----

Annex 5: Notes to the Financial Statements.....	169
---	-----

Annex 6: Statement of Public Debt	185
---	-----

Annex 7: Statement of Contingent Liabilities.....	213
---	-----

Annex 8: Statement of Financial Position.....	221
---	-----

Annex 9: Statement of Changes in Post Office Savings Bank.....	225
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ACKNOWLEDGEMENT AND APPRECIATION.....	231
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MEMORANDUM**MINISTRY OF FINANCE**

**To: Auditor General
Office of the Auditor General
Nassau, Bahamas**

Your reference:

Our reference: FIN.1606.21

Date: 9th July, 2020

RE: 2017/2018 TREASURY ACCOUNTS

In accordance with Section 27(2) of the Financial Administration and Audit Act, I hereby transmit the statement of accounts for 2017/2018 as required by Section 27(3) of the Act.

2. In general the Treasury and the Internal Audit Section will continue to take steps to ensure that rigorous standards of accounting for all revenues and expenditures are implemented by the Treasury, Accounting Officers and Receivers of Revenue.



**Marlon Johnson
Financial Secretary (Actg.)**

MJ/mec

Encs.

OVERVIEW

I am pleased to present my report on the audits carried out by the Office of the Auditor General (OAG) for the financial year 2017/2018.

The audits give assurance to the Government and the People of the Commonwealth of the Bahamas on the proper accounting, management and use of public resources. In the process, they help strengthen and foster good financial governance of the public service as well as enhance the accountability of public sector entities as custodians and stewards of public resources.

Audit Authority

The Auditor General's authority to audit and report is provided for in legislation, in accordance with Article 136(4) of The Constitution of The Commonwealth of The Bahamas. The key legislation that governs the Office of the Auditor General, the Financial Administration and Audit Act, 1973 (2010 Revised Edition) and the Financial Regulations, 1975.

The OAG audits the accounts of all Government Ministries and Departments. The OAG also audits public authorities and bodies administering public funds as prescribed by law, or upon request. In general, the OAG carries out the following types of audits:

- Revenue and Expenditure Audits
- Compliance Audits
- Financial Audits
- Performance Audits

Audit Approach

The OAG adopts a risk-based approach in determining the areas to be covered during the audit process. In selecting areas to be audited, one of the key factors the OAG takes into consideration is the materiality of transactions. Dollar value is an important consideration in determining materiality; but it is not the only consideration. The OAG also considers other factors such as reported irregularities and the potential impact in a particular ministry/department as well as citizens concerns.

In carrying out the audit, the OAG examines records, files, reports and other documents, conducts on-site visits and interviews with relevant officers. The OAG also considers internal controls that the audited entity have in place to safeguard public funds. The audit observations reported are based on the information and evidence gathered. It should be noted that audits are conducted on a sample basis, they do not reveal all weaknesses and irregularities. However, they should assist in uncovering some of the major malfeasance.

Reporting of Audit Observations

All audit observations and recommendations are conveyed to the Permanent Secretaries of the various Government ministries/departments, Heads and Chief Executives of the respective Agencies and Statutory Boards.

This report is submitted to the Speaker of the House of Assembly who shall, cause the report to be laid before the House of Assembly in accordance with Section 43 (1) of the Financial Administration and Audit Act.

The authority of which the Auditor General and his staff possess are defined in the Financial Administration and Audit Act 2010 and the Financial Regulations 1975. The Auditor General shall examine and inquire into and audit the accounts of all accounting officers and principal receivers of revenue and all persons entrusted with collection, receipt, custody or disposal of public moneys or public stores.

Like the Bahamas Constitution, the history of the Office of the Auditor General has roots of considerable antiquity. It was in May 1925 due to the increase in the extent and complexity of Government activity that Parliament legislate an Act to provide for the efficient examination and audit of the Public Accounts. Government accounting has been defined as the art of managing and accounting for the Revenue and Expenditure of a Public Authority. The Public Authority in this case is the Government of the Bahamas.

The number and dollar amounts of government programs are increasing substantially and is aimed at improving the quality of life for Bahamians. This increase has brought an increased demand for full accountability by those entrusted with the responsibility for administering the programs. Public officials, legislators, and private citizens want and need to know not only whether Government funds are handled properly and in compliance with laws and regulations but also whether Government Organizations are achieving the purposes for which programs were authorized and funded and are doing so economically and efficiently. The mechanism to ensure that monies allocated for these programs are spent for the purpose intended is called Auditing.

Auditing involves a system of financial control which works in conjunction with other controls defined in the Financial Administration and Audit Act 2010;(an Act to make provision for the administration, control and audit of public finances and it provided for other matters connected therewith or incidental thereto), and the Financial Regulations 1975.

Under the present Constitution (Bahamas Independence Order 1973) July 10th, 1973, the post and duties of the Auditor-General of the Commonwealth of The Bahamas are specifically defined in Section 136.

DUTIES OF THE AUDITOR GENERAL

The authority under which the Auditor General and his staff operate are defined in The Financial Administration and Audit Act 2010 and the Financial Regulations 1975 – Section 29: The Auditor General shall examine and inquire into and audit the accounts of all accounting officers and principal receivers of revenue and all persons entrusted with collection, receipt, custody or disposal of public moneys or public stores.

The Auditor General shall satisfy himself:

- That all reasonable precautions have been taken to safeguard the collection of public moneys, and that the laws, directions and instructions relating thereto have been duly observed.
- That all issues and payments are made in accordance with proper authority; that all payments are properly chargeable and are supported by sufficient vouchers or proof of payment.
- That all public money expended or charged to an appropriation account is applied to the purposes for which the grants made by the House of Assembly are intended to provide and that the expenditure conforms to the authority which governs it.

FUNCTIONS

The Auditor General's officers must make:

- An independent assessment of the efficiency and effectiveness of Government spending.
- An independent assessment of the fairness in the Administration of government finances.

Section 33

For the purpose of the examination of any account, the Auditor General or any person authorized by him shall be entitled at all reasonable times to have access to the following:



The Auditor General can call upon an officer for any explanation and information he may require in order to enable him to discharge his duty.

He can also require any department concerned to furnish him from time to time or at regular periods with accounts of the transactions of such department up to such date as he may specify.

INTERNATIONAL MEMBERSHIP

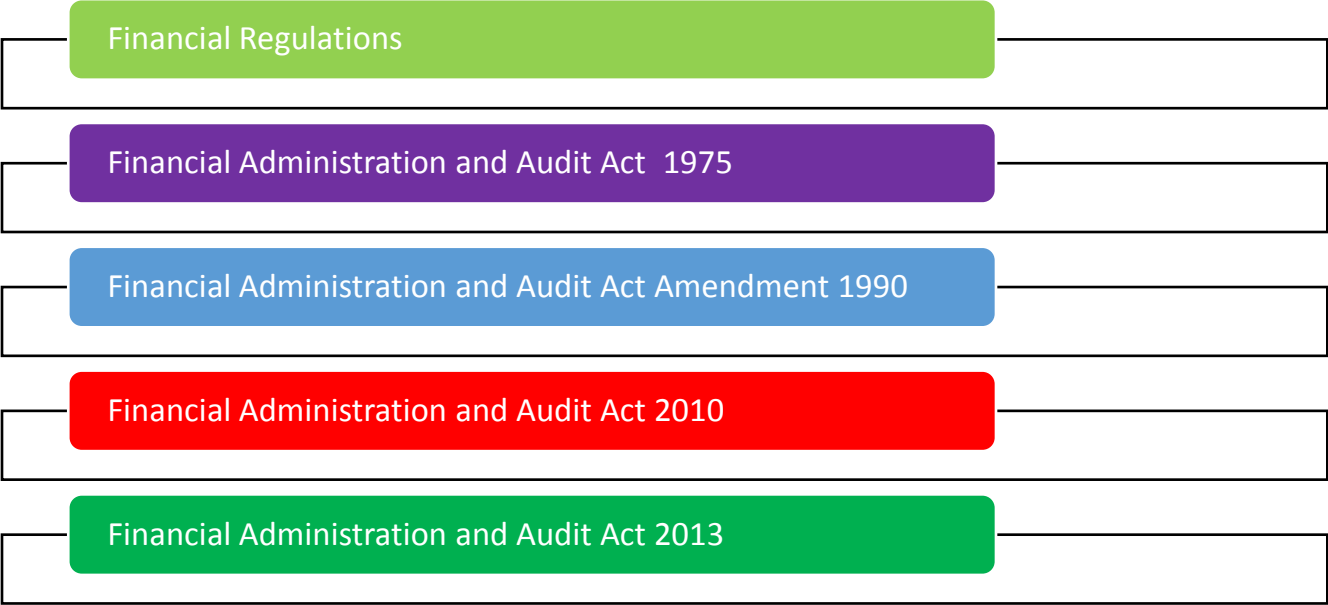
The Office of the Auditor General is one of the founding members of the Caribbean Organization of Supreme Audit Institutions (CAROSAI).

CAROSAI is designed to promote understanding and co-operation among member institutions in the region through the exchange of audit ideas, experiences, methodologies and techniques and training in public sector auditing and accounting

SAI Bahamas is also a member of the International Organization of Supreme Audit Institution (INTOSAI). INTOSAI is an autonomous, independent, professional and nonpolitical organization established as a permanent institution. Its purpose is to:

- Provide mutual support to SAIs;
- Foster the exchange of ideas, knowledge, and experiences;
- Act as a recognized global public voice of SAIs within the international community;
- Set standards for public sector auditing;
- Promote good national governance; and
- Support SAI capacity development, cooperation and continuous performance improvement.

GOVERNING LEGISLATION



AUDITOR GENERAL'S PERSPECTIVE

1. The following issues inclusive of staffing and access to audit information remain a concern to the Office of the Auditor General.

Staffing

2. The Office of the Auditor General continues to operate with minimal staff. However, the Government of The Bahamas with the assistance of Ministry of Finance has allowed the OAG to hire staff on contract and to outsource to private accounting firms.
3. We are expecting to continue the process of hiring by way of contracts in order to increase numbers and up-grade the quality of staff.

Access to Audit Information

4. A matter of concern exists in regards to obtaining access to audit information/documentations within some government departments/ministries. Some Public Officials appeared unaware of the provision of the Section 41(1) of Financial Administration and Audit Act, which entitles the Office of the Auditor General (OAG) to have access to all books, records, returns and reports related to Government accounts. As a result, the work of the OAG was impeded in some cases due to the lack of co-operation by Officials of various Ministries and Departments.

Public Accountability

5. Some public officers are not being held accountable for their actions, which results in loss or wastage of government funds.
6. The belief of public accountability is generally construed as the obligation to answer for the discharge of responsibilities entrusted to government officials/workers. When accountability is present, an organization operates more efficiently, effectively and economically. In addition, the environment is more conducive to positive growth.

Implementing an Integrated Financial Management Information System (IFMIS)

7. A fully functioning Integrated Financial Management Information System (IFMIS) can improve governance by providing real-time financial information that financial and other managers can use to administer programs effectively, formulate budgets, and manage resources. A

sound IFMIS can help the government gain effective control over its finances and also enhance transparency and accountability, reducing political discretion and acting as a deterrent to corruption and fraud.

8. Implementing a successful IFMIS is paved with difficulties, such as resistance from the bureaucracies involved; and lack of decision-making from the top level civil servants.

Understanding IFMIS

9. A financial management information system, or integrated financial management information system (IFMIS), is an information system that tracks financial events and summarizes financial information. In its basic form, an IFMIS is little more than an accounting system configured to operate according to the needs and specifications of the environment in which it is installed.
10. Generally, the term “IFMIS” refers to the use of information and communications technology in financial operations to support management and budget decisions, fiduciary responsibilities, and the preparation of financial reports and statements. In the government realm, IFMIS refers more specifically to the computerization of public financial management (PFM) processes, from budget preparation and execution to accounting and reporting, with the help of an integrated system for financial management of line ministries, spending agencies and other public sector operations.
11. An IFMIS stores, organizes and makes access to financial information easy. It not only stores all the financial information relating to current and past years’ spending, but also stores the approved budgets for these years, details on inflows and outflows of funds, as well as complete inventories of financial asset (e.g., equipment, land and buildings) and liabilities (debt).
12. A more comprehensive, well integrated system will:
 - Provide timely, accurate, and consistent data for management and budget decision-making;
 - Support government-wide as well as agency-level policy decisions;
 - Integrate budget and budget execution data, allowing greater financial control and reducing opportunities for discretion in the use of public funds;
 - Provide information for budget planning, analysis and government-wide reporting;

- Facilitate financial statement preparation; and
 - Provide a complete audit trail to facilitate audits.
13. By recording information into an integrated system that uses common values, IFMIS users can access the system and extract the specific information they require to carry out different functions and tasks. All manner of reports can be generated; balance sheets, sources and uses of funds, cost reports, returns on investment, aging of receivables and payables, cash flow projections, budget variances, and performance reports of all types. Some systems have libraries consisting of hundreds of standard reports. Managers can use this information for a variety of purposes: to plan and formulate budgets; examine results against budgets and plans; manage cash balances; track the status of debts and receivable; monitor the use of fixed assets; monitor the performance of specific departments or units; and make revisions and adjustments as necessary

Independence

14. The Office of the Auditor General continues to work towards fulfilling the mandate on independence as set out by the UN General Assembly resolution.
15. On 22nd December, 2011 the 66th United Nations General Assembly adopted the [Resolution A/66/209](#) "Promoting the efficiency, accountability, effectiveness and transparency of public administration by strengthening supreme audit institutions".
16. The UN General Assembly Resolution is the crowning conclusion of the common efforts of all SAIs (Supreme Audit Institutions) to strengthen their independence and for recognition of the Lima and Mexico Declarations. This success was only possible, because all members of the **INTOSAI** (International Organization of Supreme Audit Institutions) community established the necessary conditions in their fields of competence and have thereby given content and credibility to the INTOSAI motto "Experientia Mutua Omnibus Prodest" (Mutual experience benefits all).
17. The UN General Assembly represents a milestone in the nearly 60-year history of INTOSAI. Therein, the General Assembly for the first time expressly recognizes the following:

- SAs can accomplish their tasks objectively and effectively only if they are independent of the audited entity and are protected against outside influence; and
 - The important role of SAs in promoting the efficiency, accountability, effectiveness and transparency of public administration, which is conducive to the achievement of national development objectives and priorities as well as the internationally agreed development goals, including the Millennium Development Goals.
18. The UN Member States also take note with appreciation of the following:
- The work of INTOSAI in promoting greater efficiency, accountability, effectiveness, transparency and efficient and effective receipt and use of public resources for the benefit of citizens; and
 - The Mexico and Lima Declarations.
19. The UN General Assembly encourages Member States to:
- Apply, consistent with their national institutional structures, the principles set out in those Declarations;
- And also encourages:
- Member States and relevant United Nations institutions to continue and to intensify their cooperation with INTOSAI, including in capacity-building, in order to promote good governance by ensuring efficiency, accountability, effectiveness and transparency through strengthened supreme audit institutions.
20. The United Nations (UN) in its latest resolution (No. 69 of 2014) called the member states to strengthen the Supreme Audit Institutions and maintain their complete independence. In that way the UN aims to promote efficiency, accountability, effectiveness and transparency in the public administration.

21. The UN emphasized that actions taken by the Supreme Audit Institutions may be objective and bring effects only when they are independent of audited entities and when they are free from external influences. The SAI's independence is one of fundamental principles underpinning democracies. Any action against that principle destabilizes the democratic system where public authorities should be subject to independent audit.



CONSTITUTIONAL PROVISIONS

CONSTITUTIONAL PROVISIONS

Establishment of Office:

1.01 Article 136(1) of The Constitution states:

“There shall be an Auditor General whose office shall be a public office.”

Mandate:

1.02 Article 136(3) of The Constitution provides:

“The accounts of the Supreme Court, the Senate, the House of Assembly, all departments and offices of the Government (but excluding the Department of the Auditor General), the Public Service Commission, the Judicial and Legal Service Commission, the Police Service Commission and all Magistrates’ courts shall, at least once in every year, be audited and reported on by the Auditor General who, with his subordinate staff, shall at all times be entitled to have access to all books, records, returns and reports relating to such accounts.”

Reporting:

1.03 Article 136(4) of The Constitution states:

“The Auditor General shall submit his reports under paragraph (3) of this Article without undue delay to the Speaker (or, if the office of Speaker is vacant or the Speaker is for any reason unable to perform the functions of his office, to the Deputy Speaker) who shall cause them to be laid before the House of Assembly without undue delay.”

Independence:

1.04 Article 136(5) of The Constitution provides:

“In the exercise of his functions under the provisions of paragraphs (3) and (4) of this Article, the Auditor General shall not be subject to the direction or control of any other person or authority.”



AUDIT APPROACH & SIGNIFICANT ACCOUNTING POLICIES

Audit Approach

- 2.01 In order to express a professional opinion on the financial statements of the Government of the Commonwealth of The Bahamas, audits are carried out in accordance with Generally Accepted Auditing Standards (GAAS), International Standards of Auditing (ISA), INTOSAI Standards and each audit is designed to provide assurance as to the propriety of the Government's financial transactions and the accuracy of its accounting records.
- 2.02 The audit of all Ministries and Departments includes a general review of the accounting procedures and systems of internal control, together with such tests of the records and supporting documents as are considered necessary. Compliance with statutes, regulations, directives and administrative requirements is also tested.

Summary of Significant Accounting Policies

- 2.03 Financial statements are prepared on the modified cash basis of accounting.
- 2.04 The modified cash basis of accounting combines elements of the two major accounting methods, the cash method and the accrual method. The cash method recognizes income when it is received and expenses when they are paid for, whereas the accrual method recognizes income when it is earned and expenses when they are incurred.
- 2.05 The recording of government transactions fall into three main categories – Recurrent Revenue, Recurrent Expenditure and Capital Expenditure.
- 2.06 Liabilities are recognized in the form of Advances, Treasury Bills and proceeds from Loans and are recorded at the face value of the debt instrument issued. Discounts, commission and other related expenses are treated as period costs. The general resources of the Consolidated Fund are used for the retirement of debt with only two Sinking Funds (Harcourt Malcolm Loan and the \$50m Stock Issue 1997 – 2005) being maintained.

- 2.07 Contingent liabilities of the Government consist of guarantees by the Government in respect of loans raised from private sources by Government-owned Corporations.
- 2.08 A non-contributory pension plan covering all public officers is provided by the Government in accordance with the Pension Act and its amendments.



**ADMINISTRATION
&
PERSONNEL**

ADMINISTRATION AND PERSONNEL

3.01 The fiscal year July 1, 2017 to June 30, 2018 completed the ninety third (93rd) year of the existence and operation of the Office of the Auditor General in executing its mandate as stipulated in Article 136 of the Constitution of The Commonwealth of The Bahamas.

The staff compliment consists of permanent and pensionable and contractual staff whose principal duties are to offer services to the Auditor General in executing this mandate.

The information following relays all information as it relates to staff during the 2017/2018 fiscal year.

Contractual Appointment

3.02	Ms. Brenda Neeley Senior Auditor Nassau	Hired on contract with effect from 1 March, 2018
	Mr. Daran Clarke Auditor Exuma	Hired on contract with effect from 16 April, 2018
	Mr. Albreon Pennerman Assistant Auditor Nassau	Hired on contract with effect from 23 April, 2018
	Mrs. Dericka Missick Auditor Freeport	Hired on contract with effect from 4 June, 2018
	Ms. Tavana Bain Assistant Auditor Freeport	Hired on contract with effect from 11 June, 2018

Acting Appointment

- 3.03 Ms. Carolyn Patton
Sr. Deputy Auditor General - Acted as Auditor General for the period 15 August – 11 September, 2017
- Ms. Carolyn Patton
Sr. Deputy Auditor General - Acted as Auditor General for the period 3 – 9 November, 2017
- Ms. Carolyn Patton
Sr. Deputy Auditor General - Acted as Auditor General for the period 22 – 29 December, 2017
- Ms. Carolyn Patton
Sr. Deputy Auditor General - Acted as Auditor General for the period 4 – 6 April, 2018
- Ms. Carolyn Patton
Sr. Deputy Auditor General - Acted as Auditor General for the period 13 – 18 May, 2018
- Ms. Carolyn Patton
Sr. Deputy Auditor General - Acted as Auditor General for the period 17 – 30 June, 2018

Unpaid Leave

- 3.04 John Pinder
Accounting & Audit Officer - Resumed duties with effect from 1 October, 2017

Transferred

- 3.05 Mr. John Pinder
Accounting & Audit Officer - Transferred to the Department of Labor with effect from 1 May, 2018

Retired

- 3.06 Ms. Gillian Gray
Accounting & Audit Officer III - Retired from the Public Service with effect from 1st July, 2017
- Ms. Sharon Dorsette
Accounting & Audit Officer IV - Retired from the Public Service with effect from 31st July, 2017
- Ms. Isadora Lloyd
Accounting & Audit Officer IV - Retired from the Public Service with effect from 13th March, 2018

3.07 Local Training Administered To Staff During the Year

Training Body/Trainer

Corporate Governance and Accountability conference

Bahamas Institute of Chartered Accountants

Accountants Week- Empowerment & Professional Pride, Preparing Accountants for Regional& Global Opportunities

Bahamas Institute of Chartered Accountants

Professional Ethics & Enterprise Risk Management

Bahamas Institute of Chartered Accountants

3.08 International Meetings

Training Body/Trainer

70th Meeting of INTOSAI Governing Board

International Organization of Supreme Audit Institutions (INTOSAI) Graz, Austria

32nd Annual Training Conference

International Consortium on Governmental Financial Management

SHRM Annual Conference and Exposition 19

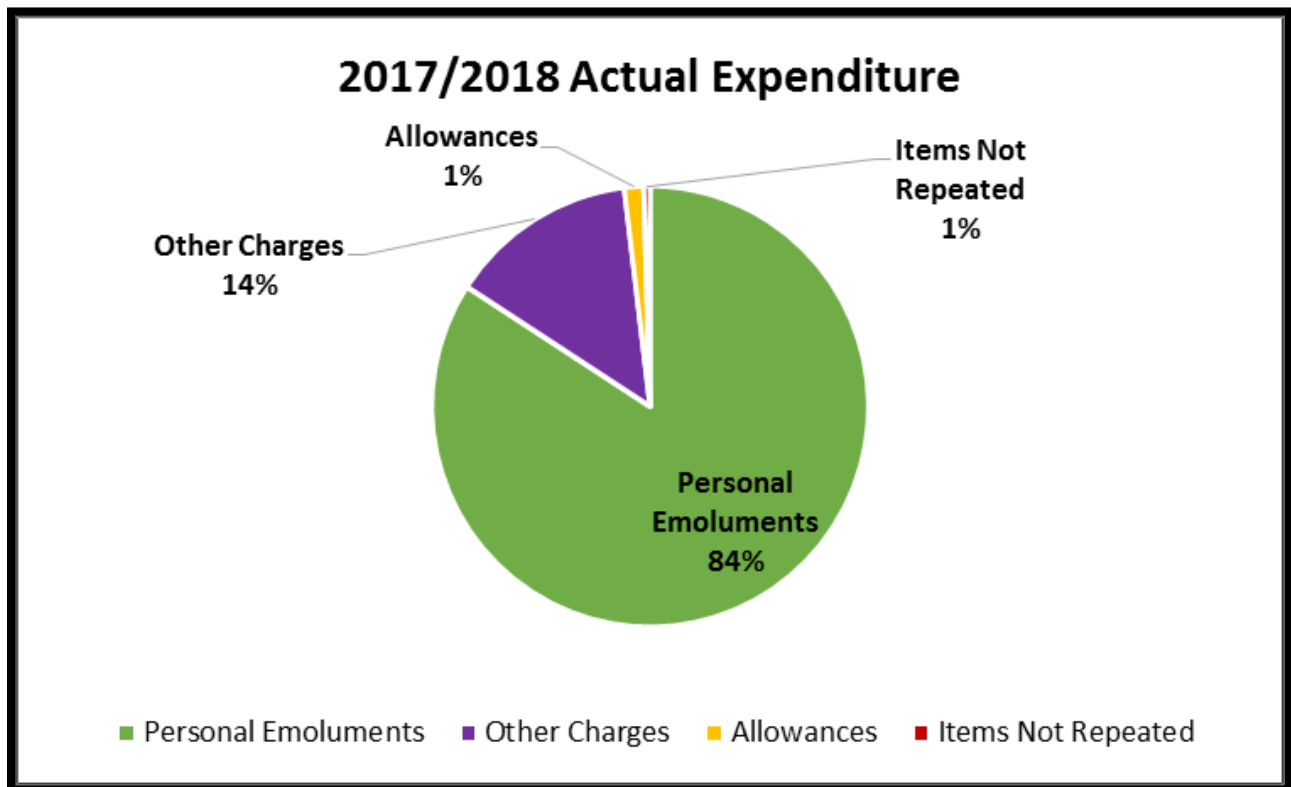
Society for Human Resource Management

3.09 The Office of the Auditor General's staff composition as at June 30, 2018 is as follows:

Post	Number of Staff	Authorized	Vacancy
Administration			
Auditor General	1	1	0
Sr. Deputy Auditor General	1	2	1
Deputy Auditor General	1	3	2
Assistant Auditor General	2	3	1
Audit			
Accounting & Audit Officer I	1	1	0
Accounting & Audit Officer II	2	3	1
Accounting & Audit Officer III	7	12	5
Accounting & Audit Officer IV	3	9	6
Assistant Accounting & Audit Officer	4	9	5
Trainee Accounting & Audit Officer	2	6	4
Support Staff			
Executive Officer	1	0	-1
Office Manager I	1	1	0
Chief Clerk	1	1	0
Janitress	0	1	1
Contract Workers			
Senior Auditor	4	4	0
Auditor	1	1	0
Assistant Auditor	14	14	0
Work Study Auditor	1	3	2
Receptionist / Clerk	1	1	0
Administrative Assistant	1	1	0
Messenger / Janitress	1	1	0
Total	50	77	27

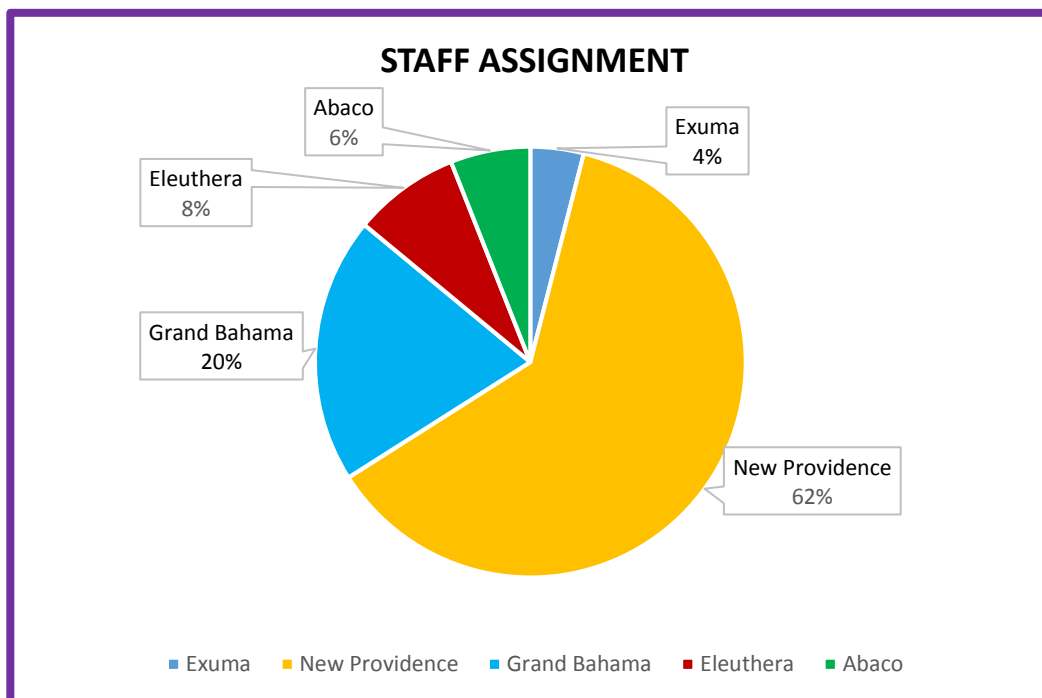
3.10 Total expenditure for the fiscal year ended June 30, 2018 compared with expenditure for 2016/2017 are as follows:

	2017/2018 Estimated Expenditure	2017/2018 Actual Expenditure	2016/2017 Actual Expenditure
Personal Emoluments	2,143,740.00	\$ 1,757,819.00	1,861,123.00
Other Charges	355,400.00	\$ 271,586.00	242,074.00
Allowances	36,600.00	\$ 26,849.00	23,600.00
Items Not Repeated	12,000.00	\$ 0.00	6,940.00
Total	\$ 2,547,740.00	\$ 2,096,888.00	\$ 2,133,737.00



3.11 At the end of the fiscal year, the compliment of staff members were as follows:

Districts	Nos.	%
Exuma	2	4
New Providence	31	62
Grand Bahama	10	20
Eleuthera	4	8
Abaco	3	6
Total	50	100



3.12 Employees are a key factor of an organization’s success and are often the face of the agency to all stakeholders. Acquiring trained and qualified staff is critical for the efficient and effective audits within our agency.

We continue to recruit qualified staff in an effort to fulfill our mandate in auditing each government ministry and department on a timely basis.



CONFISCATED ASSETS

CONFISCATED ASSETS FUND

Confiscated Assets Fund Administration

- 4.1 We have examined the statements of accounts for the Confiscated Assets Fund for the financial year ending 30th June, 2018. In our opinion, the Confiscated Assets Fund is being operated in accordance with the Proceeds of Crime Act 2000, the Financial Administration and Audit Act 2010, subsequent amendments and Financial Regulations 1975; and that the statements of accounts present fairly, and in all material aspects, the financial position of the Fund as at June 30, 2018. The balance of the Fund as at June 30, 2018 was \$2,187,830 as shown below.

CONFISCATED ASSET FUND			
FUND STATEMENT			
AS AT JUNE 30, 2018			
Fund Components	Financial Year Ended 30-Jun-2018 (\$)	Financial Year Ended 30-Jun-2017 (\$)	
Opening Fund Balance	\$ 2,348,077	\$ 2,018,882	
Deposits	\$ 974,550	\$ 308,013	
Interest	\$ 14,881	\$ 21,972	
Payments	\$ (1,149,678)	\$ (789)	
Fund Balance	\$ 2,187,830	\$ 2,348,077	



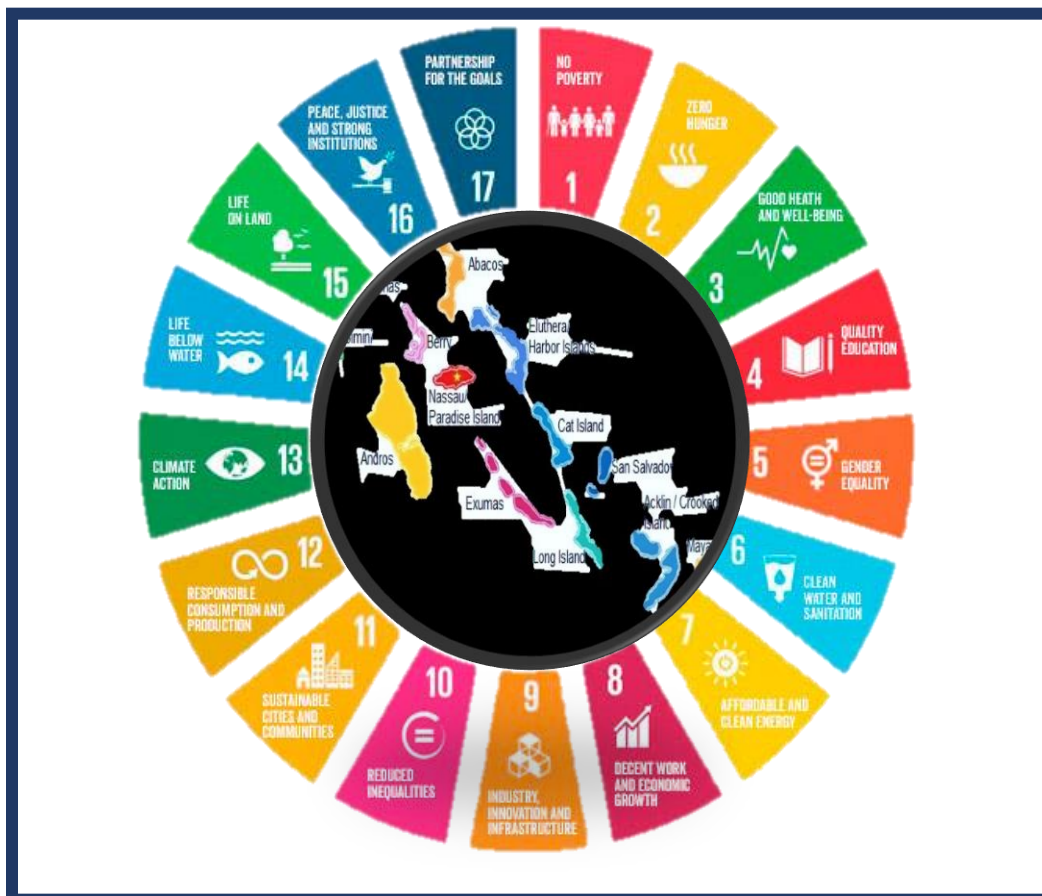
POST OFFICE DEPARTMENT

Importance of the Bahamas Postal Service

5.1 The Post Office Department functions under the Ministry of Transport and Local Government. The Department is responsible for the operations of The Bahamas Postal Services, the country's primary mail distribution establishment. The operations encompass:

- Postal Service
- Inter-Island Passengers Freight and Mail Services

5.2 The Bahamas Postal Service is a member of the Universal Postal Union, (UPU) since 24th April, 1974. *"The Universal Postal Union (UPU) is a specialized agency of the United Nations (UN) that coordinates postal policies among member nations, in addition to the world wide postal system"*. The Bahamas is a member state of the United Nations, since 18th September, 1973. Accordingly, the Postal Services is an essential operation, an innovative tool that is being promoted and utilized in advancing the UN Sustainable Development Goals 2030 Agenda.



5.3 The United Nations (UN) 2030 Agenda focuses on transforming the world through a multi-faceted goal oriented approach and programmes aimed at promoting sustainable development in countries on an immense scale. The UPU, the specialized agency of the UN provides assistance in capacity building initiatives to its members, particularly developing countries. The chart below captures some of these initiatives available for UPU members.

Universal Postal Union Capacity Building Initiatives For Members	
Type of initiatives / Assistance	UPU's Capacity Building Initiatives
Trainpost	The UPU develops postal training guides and materials for managers and instructors.
Addressing Assistance	The UPU assists countries to design and implement national projects aimed at developing and improving national addressing systems, including national standards, databases and tools.
Financial Inclusion Technical Assistance Facility (FITAF)	The UPU's Financial Inclusion Technical Assistance Facility (FITAF) will provide Posts with the means necessary to fill this gap through the development of digitized financial services.
Disaster Risk Management (DRM)	The Universal Postal Union (UPU) is inviting its members to submit applications for disaster risk management (DRM) technical assistance projects.

Data Source: UPU

5.4 As a member, the Bahamas is presented with the opportunities to capitalize on the UPU offered assistance. Assistance designed to augment the modernization of the Post Office and undertake projects for sustainable development. We note, the Disaster Risk Management (DRM) technical projects and the development of the digitized postal financial services.

5.5 Further the UPU is promoting the relevance of the Postal Service, to this extent, *"The post plays an important role in the everyday lives of people and businesses, as well as contributes to global social and economic development."* This message is heralded by the UPU.

The Bahamas Postal Service capitalizing on the UPU capacity building initiatives is vital and we recommended the same to keep pace with postal innovation and communication transformation in a digital economy; for sustainable development.

Also, to improve customer services, user experience, meet the market demand and exceed expectations with innovative tools.

MANAGEMENTS RESPONSE

The Post Office Department has encouraged the participation of officers in Trainpost training sessions, and has seen a number of officers awarded certificates upon successful completion. To date, training sessions and workshop have concentrated on parcel post operations. Being aware that financial inclusion is high on the UPU's agenda for assisting developing countries, the Bahamas Post has expressed its interest in accessing available grants to assist the IT capability of operations, as that we can expand service offerings, and enhance service efficiency. We are currently in talks with UPU, relative to a grant to fund scanning operational devices.

Digital Economy and Digital Postal Delivery Services

- 5.6 The Bahamas Postal Service, like other Postal Administration in the UPU, is responsible for providing and maintaining a *"quality of service"* policy, that focuses on meeting and exceeding customers' expectations.
- 5.7 In this digital economy, the 'New World', *customers'* expectations are changing and market competition is expanding, as medium of communication is rapidly changing. This demands digitization of the Postal Service to advance relevancy and sustainable development initiatives. Digitization of the Bahamas Postal Service is vital in a digital marketplace for:
- E-commerce business
 - Information maintenance improvement
 - Improving new postal processes, systems and technologies for innovation
 - Improving customer services and expanding product line
 - Building capacity and advancing sustainable development
 - Shared business processes and data, "Big Data Analysis"
 - Optimization of operations and delivery tools
 - Revenue enhancement and cost containment

- Interoperability tools and reengineered processes to advance marketability

We recommended the digitization and modernization of the Post Office to advance relevancy and sustainable development.

MANAGEMENTS RESPONSE

The Post Office is encouraged by recent developments relative to innovative talks with UPU, and local financial agencies, who are receptive to partnering and assisting the automation/modernization of the Post office operations.

Implementation of the Treasury Cash Receipting System

- 5.8 Cash is a high risk asset that demands strong internal control as it is susceptible to fraud. In addition to collection of revenue for postal delivery services, the activities of the Post Office Savings Bank are also managed. The Money Order Service is also under management of the banking division. The system is not automated, manual record is being maintained. Consequently, transactions conducted across the integrated banking system are not captured in “real time”. This possess a high risk to data manipulation; errors and fraud could occur and remain undetected for an inordinate time.
- 5.9 Currently, the Cash Receipting System in place at the Public Treasury has not been implemented at the Post Office. For the most part, manual operations and processes are being used to conduct activities. The manual operation is inadequate for the activities being conducted and the internal control framework warrants strengthening.
- 5.10 The Post Office operations to effectively and efficiently account for and report the activities demands having the Treasury Cash Receipting System in place. Implementation of the automated system provides:
- Improved accounting and reporting processes;
 - Accessibility to electronic reports for monitoring and decision making
 - Strengthening controls with segregated duties; and
 - A proper audit trail and timely reconciliation across the integrated system.
- 5.11 We noted, that efforts are being made to implement the Treasury Cash Receipting System, in the first instance, in New Providence. Strong controls to safeguard, receipt and report the government revenue is very significant

and warrants that the implementation include, in this phase, all Post Offices throughout the Bahamas as highlighted in the schedule that follows.

THE BAHAMAS POSTAL SERVICES OFFICES	
New Providence	Family Islands
General Post Office	Grand Bahama
South Beach Post Office	The Bluff Post Office (Andros)
Fox Hill Post Office	Fresh Creek Post Office (Andros)
Elizabeth Estates Post Office	Nicholl's Town Post Office (Andros)
Grants Town Post Office	Eleuthera Post Office (South & Central)
Cable Beach Post Office	Eleuthera Post Office (North)
Carmichael Road Post Office	Bimini Post Office
Clarence Bain Post Office	Bullocks Harbour Post Office
	Cat Island Post Office
	Exuma Post Office
	San Salvador Post Office
	Long Island Post Office
	Acklins Post Office
	Crooked Island Post Office
	Mayaguana Post Office
	Inagua Post Office
Other Post Office Locations	
Airport Post Office - Lynden Pindling International Airport (LPIA)	
Festival Place Post Office - Prince George Dock, Nassau Sandy Port Post Office - Cable Beach, Nassau	

We recommended the plans in place to implement the Treasury Cash Receipting System, within the Post Office, be fully implemented across the integrated system; to strengthen the internal control for: efficient and effective accounting and reporting for good governance. Further, having automated Postal Services Cash Receipting System alignment with the Treasury is vital and should be in place.

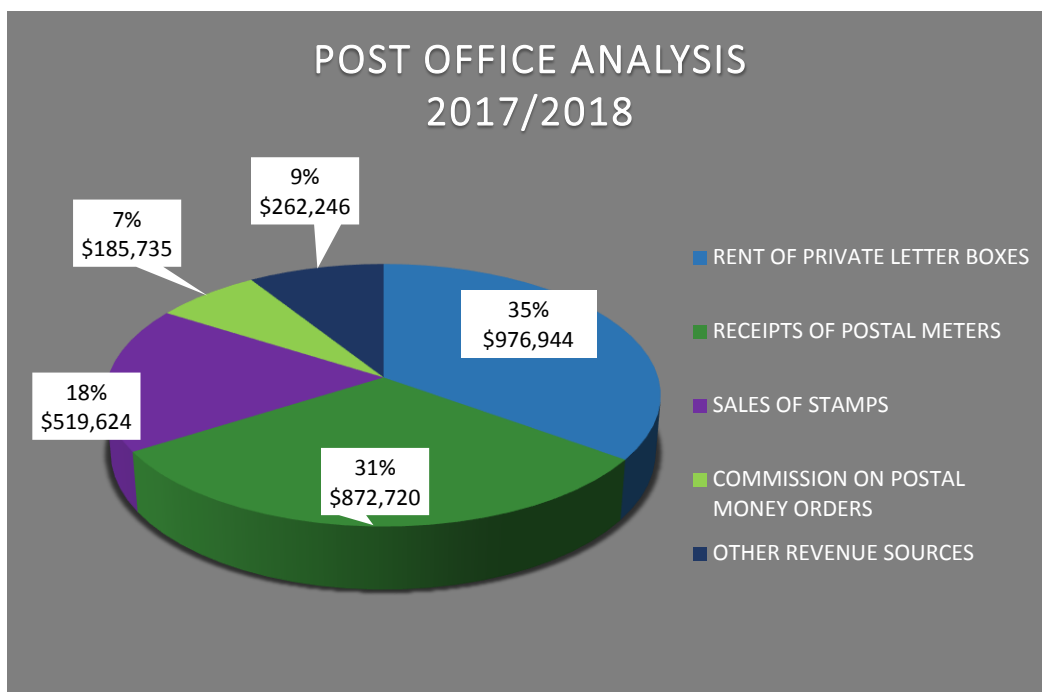
MANAGEMENTS RESPONSE

The Post Office began the process of implementing the Treasury Cash Receipting System, with the collaboration of Treasury and Finance officials.

Revenue Performance

5.12 The Post Office Department generated \$2.81 million for 2017/2018 fiscal period. The budget estimate of \$2.88 million fell short by \$68,268. Captured in the analysis are the revenue streams contribution to the actual revenue performance as follows:

▪ Rent of Private Letter Boxes	\$976,944 or 35%
▪ Receipts of Postal Meters	\$872,720 or 31%
▪ Sales of Stamps	\$519,624 or 18%
▪ Commission on Postal Money Orders	\$185,735 or 7%
▪ Other Revenue Sources	\$262,246 or 9%



5.13 The \$2.81 million actual revenue is 45% of the Post Office Department \$6.74 million actual expenditure for 2017/2018. In comparison to the \$3.17 million revenue generated in 2016/2017, revenue is down by \$356,972. This is representative, mainly, of the following revenue streams decrease in revenue from 2016/2017 to 2017/2018:

- Rental of Private Letter Boxes - \$1,084,925 to \$976,944 (\$107,981 decrease)
- Sale of Stamps - \$712,224 to \$519,624 (\$192,000 decrease)

5.14 Notably, revenue from Receipts of Postal Meter increased by \$151,593 (from \$721,127 to \$872,720). The details of the revenue comparative performance analysis are shown in the schedule that follows.

POST OFFICE REVENUE COMPARATIVE ANALYSIS 2016/2017 VS 2017/2018				
REVENUE ITEM HEAD: 51 / ITEM CLASSIFICATION (OLD/NEW)	PROVISIONAL ACTUAL REVENUE 2016/2017 (\$)	PROVISIONAL ACTUAL REVENUE 2017/2018 (\$)	FORECASTED REVENUE 2017/2018 (\$)	UNDER/(OVER) FORCASTED VARIANCE 2017/2018 (\$)
9074220/1162003 Stamp Tax - Post Office	4,643	5,546	5,000	546
9119100/1141101 Value Added Tax	102,048	88,462	89,537	(1,075)
9201500 Rent - Government Corporation	4,700	0	6,000	(6,000)
9211100 Interest from Investment	0	0	0	-
9233110/1421201 Sale of Stamps	712,224	519,624	750,000	(230,376)
9233120/1421202 Receipts of Postal Meters	721,127	872,720	650,000	222,720
9233210 Parcel Post Allowance	184,684	0	0	-
9233220/1421204 Payment for Foreign Mail Delivery	101,864	81,425	95,000	(13,575)
9233310/1421205 Rent of Private Letter Boxes	1,084,925	976,944	1,100,000	(123,056)
9233320/1421206 Receipts in Cash for Repayment	44,167	55,266	25,000	30,266
9233400/1421207 Commission - On Postal Money Orders	176,050	185,735	135,000	50,735
9233500/1421211 Miscellaneous Postal Revenue	37,348	30,898	30,000	898
9233600 Transfer of Mail (New Providence)	0	0		-
9233700 Storage Fees	2	0	0	-
9233800 Air Terminal Charges	0	0	0	-
9233900/1421208 Philatelic Materials	459	649	0	649
TOTAL POST OFFICE REVENUE	3,174,241	2,817,269	2,885,537	-68,268
TOTAL POST OFFICE EXPENDITURE	6,880,579	6,746,196	7,552,300	806,104
REVENUE AS % OF EXPENDITURE	46%	42%	38%	-8%

POST OFFICE SAVINGS BANK OF THE BAHAMAS

Post Office Savings Bank Audited Annual Financial Statements

5.15 The Post Office Savings Bank is under the management of the control of the Postmaster-General. The Savings Bank Act mandates that the financial reporting of the annual operations be audited and tabled in Parliament. The details are presented in section 12 of the Act as follows:

“Annual accounts of the revenue and expenditure of the Savings Bank and of deposits received and repaid and interest credited to depositors during the year ended on the thirtieth day of June together with a statement of the assets and liabilities of the Savings Bank, shall, after being audited and certified by the Auditor, be laid upon the table of the two Houses of Parliament not later than the thirty-first day of December ensuing in every year and shall as soon as practicable thereafter be published in the Gazette.”

5.16 This mandate is not being executed by the Savings Bank management. In the absence of Audited Financial Statements the state of the financial affairs of the Savings Bank is unknown. In addition, the business activities and annual performance information is unavailable for the stakeholders and users of the financial information. The Government needs the information for decision making, to be in conformity with legislated mandate and to maintain accountability, transparency and good governance of the affairs of the nation.

We recommended that all efforts be made to have Audited Financial Statements prepared for tabling, as this is deemed a matter of urgency and required by law.

MANAGEMENTS RESPONSE

The Post Office takes serious, the recommendation, and remains resolute in its efforts to achieving this very important goal.

Post Office Savings Bank Accounts

5.17 The management of the Savings Bank Accounts records is not automated. The manual record keeping across the Post Office jurisdictions in New Providence to the Family of Islands makes it challenging to maintain real-time information on the integrated system with volumes of transactions. We requested actual records on the status of the bank accounts but was unable

to obtain the same. Management provided an estimation of the savings accounts as follows:

- 28,000 Savings Bank Accounts Estimated in Total;
- 19,000 of the Savings Bank Accounts Estimated as Active; and
- 9,000 Savings Bank Accounts Estimated as Inactive/Dominant

5.18 The estimated 9,000 Savings Bank In-Active/Dominant Accounts are required by law to be “*turn over*” to the Central Bank of The Bahamas. Post Office Department management informed us that contact was made with The Central Bank to proceed with this process, but was informed by the bank that the manual records had to be converted to electronic data.

5.19 We requested update on the banking records for the audit under review but was not provided with the information.

5.20 Transformation and digitalization of the postal financial services of the Saving Bank system is needed; for improved effective and efficient services for good governance and optimization of user experience.

We recommended automating the Savings Bank System and digitalizing the operations across the jurisdiction to advance accountability and maintain real-time records and to strengthen the Banking Control Financial Framework.

We recommended that the Savings Bank In-Active Accounts be converted to electronic data and “*turn over*” to The Central Bank. Also, that current record be provided as requested during the audit.

We further recommended the modernization of the Post Office Savings Bank for good governance and efficient services.

MANAGEMENTS RESPONSE

The Post Office Department is increasingly confident that the recommendation for automation of the postal operation, inclusive of its savings bank, is on the path to realization. Once this goal is achieved, we will proceed with the recommendation to convert all in-active accounts to electronic data, and turned over to The Central Bank. We will endeavor to provide records, upon request, in a timely manner.

The Post Office Department will continue to work toward the goal of complete modernization of its operation.

Conclusion

- 5.21 The operations of the General Post Office, throughout the Commonwealth of The Bahamas and globally, remain relevant and essential in this digital economy; the New World. A New World that promotes digitization and information and communication technology (ITC) transformation for the Postal Service to advance new products and improved services. Importantly, the communication marketplace is rapidly changing and the tools must be in place to compete, so as to capitalize on the market for sustainable development.
- 5.22 The government is advancing digitization projects in embracing United Nations 2030 Agenda for Sustainability Development. Importantly, the Universal Postal Union is an agency of the United Nations and the Bahamas is a member of both of these institutions. Digitization of postal activities is being advanced by the Universal Postal Union and the Bahamas is no exception.
- 5.23 Digitalization and transformation of the Bahamas Postal Service will further advance and harness its mission:

“To be respected and recognized for its timely collection and transmittal of postal products for all customers. It is to become a fully featured market-oriented and profitable business which, meets the communications, advertising and physical distributional needs of the customers.”



GAMING BOARD

THE GAMING BOARD

- 6.1 The Gaming Board is responsible for collection of basic and gaming taxes revenue. The Gaming Tax Act, 2014, Section 64 refers to the imposition of basic and gaming taxes. The basic tax is paid according to the floor space or square footage of the casino and paid only by casino operators.
- 6.2 Gaming taxes are imposed on all gaming operators' winnings in accordance with the Gaming Regulations, 2014, Gaming House Operator Regulations, 2014 for Gaming Houses and the Heads of Agreement of the respective Casino Operators. Section 57: *Gaming House Operators Regulations, 2014* refer to gaming taxes payable by Gaming House Operators as the greater of eleven per centum of taxable revenue, or twenty five per centum of earnings before interest, tax, depreciation and amortization (EBITDA).

Revenue Collection

- 6.3 The Gaming Board collected over \$43.15 million (\$43,152,434) revenue for casino and gaming houses taxes for 2018 as shown in schedule that follows. However, due to Ministry of Finance approval, the Gaming Board was authorized to withhold \$6 million, for its monthly subvention, consequently the balance of \$37,152,434 was remitted to the Consolidated Fund as shown below:

GAMING TAX REVENUE PERFORMANCE ANALYSIS 2017/2018				
HEAD 05 GAMING TAX	ACTUAL PROVISIONAL REVENUE 2017 (\$)	ACTUAL PROVISIONAL REVENUE 2018 (\$)	APPROVED FORECAST REVENUE 2018 (\$)	BUDGET VARIANCE 2018 (\$)
9051100/1144101 Casino Tax	34,916,697	43,152,434	36,500,000	6,652,434
Revenue Fees Withheld to Facilitate Subvention (Process Approved by Ministry of Finance)	7,557,090	6,000,000		
Total Actual Revenue Remitted to the Consolidated Fund (\$6M retained for subvention is not included)	27,359,607	37,152,434	36,500,000	652,434

The revenue collected exceeded \$36.5 million budget by \$6,652,434. The increase was due primarily to 2017 taxes of \$5.6 million remitted in 2018.

Analysis of Retention of \$6 Million to Facilitate Gaming Board Subvention

- 6.4 The Gaming Board is a State Owned Enterprise (SOE), accordingly subvention or subsidy is provided to assist with the operational expenses. The Gaming Board revenue fees and subvention are reported under the Ministry of Tourism and Aviation Head and Item.
- 6.5 The Ministry of Finance approved the Gaming Board’s retention of funds from revenues collected to cover its subvention for the periods specified in the schedule that follows.

ANALYSIS OF 2017/2018 REVENUE FEES RETAINED TO FACILITATE SUBVENTION		
Monthly Subvention Period	Amount Approved by MOF (\$)	MOF Approval Directives for the Gaming Board to Retain Funds from the Revenue Fees
August, 2017 -June, 2018	5,500,000	Funds retained to cover August 2017 - June, 2018 subvention.
July, 2018	500,000	Funds retained as subvention to cover the budget approved amount of \$500,000 for July, 2018 operational expenditure.
Total Revenue Fees Retained for Subvention	6,000,000	

- 6.6 We noted that this process, although approved, did not recognize the reporting of subvention in the respective budgetary period 1st July, 2017 to 30th June, 2018.
- 6.7 The revenue was reported net of the subvention retained and not on the gross basis as required by Section 4 of the Financial Audit and Administration Act 2010 and in accordance with International Public Sector Accounting Standards (IPSAS) guidelines. Hence, \$6 million dollars (\$6,000,000) was not reported in the financial statements,

- 6.8 The \$6 million retained as operational installment was not reported under the appropriate Head/ Item 67: 0911993, to account for the Gaming Board Operational Expenditure. The related Revenue Fees were not included in the Casino Tax Revenue Head/Item 67:9051100. Thus, recurrent revenue and subvention were understated for Head 67: Ministry of Tourism and Aviation.
- 6.9 Strengthening internal controls over financial reporting between the government entities (The Gaming Board and The Ministry of Tourism and Aviation) is imperative. In this way, the financials for the entities would be complete for fair presentation.

We recommended compliance with the Financial Audit and Administration Act 2010 and International Public Sector Accounting Standards (IPSAS) for the appropriate accounting and reporting of Gaming Revenue Fees and Subvention. Accordingly, the transactions should be captured under the designated revenue and expenditure Head and Item to:

- Ensure accurate financial reporting;
- To enhance the budget process;
- To facilitate better comparison between fiscal periods.

Gaming Tax Remittances to the Consolidated Fund

- 6.10 In our previous audits, we noted significant arrears by Gaming Operators, however, during 2018 audit, we noted that the Gaming Operators were remitting fees in a timelier fashion. Management is also to be commended on its initiative to reduce the delay in revenue collection.

Conclusion

- 6.11 The improvement of the Gaming Board in collecting and reporting tax revenue is noteworthy. The taxpayers are reporting the returns and payments in accordance with legislation. In addition, the progress underway in technological advancement for monitoring the gaming operations in a digital economy is notable. The initiative is designed to strengthen the internal control system.
- 6.12 We take this opportunity to express our gratitude to the Gaming Board for the cooperation and courtesies extended by management and staff during the audit.



MINISTRY OF FINANCE

CAPITAL REVENUE

7.1 The \$1.85 billion (\$1,858,178,930) proceeds from borrowings, grants and other capital income included the sale of government non-financial assets, the vehicles, and grants from international organization.

Proceeds from the Sale of Government Assets

The proceeds from the sale of the government non-financial assets, the vehicles, amounted to \$154,203. We reviewed documentation and accounting records to verify the transactions such as:

- The bill of sales for the vehicles in the audited period;
- Authorization from Ministry of Finance confirming the persons that were awarded the right of sale; and
- A list of persons that paid for the vehicles in full.

7.2 Further enquires were made as to the bids submitted for the vehicles and the approved listing, however, we were informed that this process has ceased and a new policy is in place by way of Cabinet Conclusion. We requested to have sight of the Cabinet Conclusion, however, we were unable to obtain the same.

We recommended the following:

- The OAG be provided with a Pre-Listing (Schedule) of Capital Asset, in this case, the vehicles approved for sale and or to be condemned, prior to the sale.
- The physical fleet of vehicles for sale and or to be condemned be made available for the OAG inspection and verification.
- A Vehicle Fixed Asset Register be maintained to account for the government vehicles and to be compliant with good accounting and asset management best practices.

Proceeds from Grants

7.3 The proceeds from grants totaled \$2,597,598.

Proceeds from Borrowings

7.4 The \$1.85 billion proceeds from borrowing included the following:

Proceeds from Stocks/Bonds	\$ 372,000,000
Proceeds from Loans (Commercial Banks)	\$ 120,000,000
Proceeds from Other Loans	\$ 1,363,427,130
Total Proceeds from Borrowings	\$ 1,855,427,130

7.5 The details of the \$1.85 billion are further covered in the Public Debt Section of the report.



**BAHAMAS
CUSTOMS
DEPARTMENT**

- 8.1 Under the provision of the Customs Management Act 2011, the Bahamas Customs Department, a branch of the Ministry of Finance, is responsible for the collection and protection of revenue obtained from tariffs and various taxes such as:
- General Import Duty
 - Excise Duty
 - Importation Value Added Tax (VAT)
 - Environmental Levy Fees
 - Harbour Duties
 - Boarding Fees
 - Departure (Passenger Tax)
 - Landing Fees
 - Container Fees
 - Royalties
 - Other Miscellaneous Fees
- 8.2 The Customs Department is primer in the daily collection of the country's revenue throughout the Commonwealth of the Bahamas. The revenue generated, as a single department, is the highest contribution to the overall recurrent revenue; almost a billion dollars annually. Inclusive is the importation Value Added Tax (VAT). Customs presence is at 113 Ports of Entry, in the country, to facilitate border protection, trade and collection of the government revenue. The ports for the various revenue districts are displayed in the chart that follows.

BAHAMAS CUSTOMS PORTS OF ENTRY					
Abaco		Andros		Berry Islands	
Marsh Harbour	10	Fresh Creek	2	Great Harbour cay	4
Treasure Cay	3	San Andros	2	Chub Cay	2
Green Turtle Cay	1	Congo Town	2	Bimini	11
Sandy Point	2			Cat Cay	1
Spanish Cay	2			Ocean Cay	2
Cat Island		Eleuthera		Exuma	
	5	Harbour Island	4	Spaniel Cay	2
		Spanish Wells	2		
Grand Bahama					
Freeport	11	North Eleuthera	2		
East End	1	Governor's Harbour	3		
Grand Cay & West End	3	Rock Sound	4		
Inagua		San Salvador		Long Island	
	2		3	Stella Maris	7
New Providence					
	13				
TOTAL NUMBER OF PORTS OF ENTRY 113					

REVENUE COLLECTION PERFORMANCE

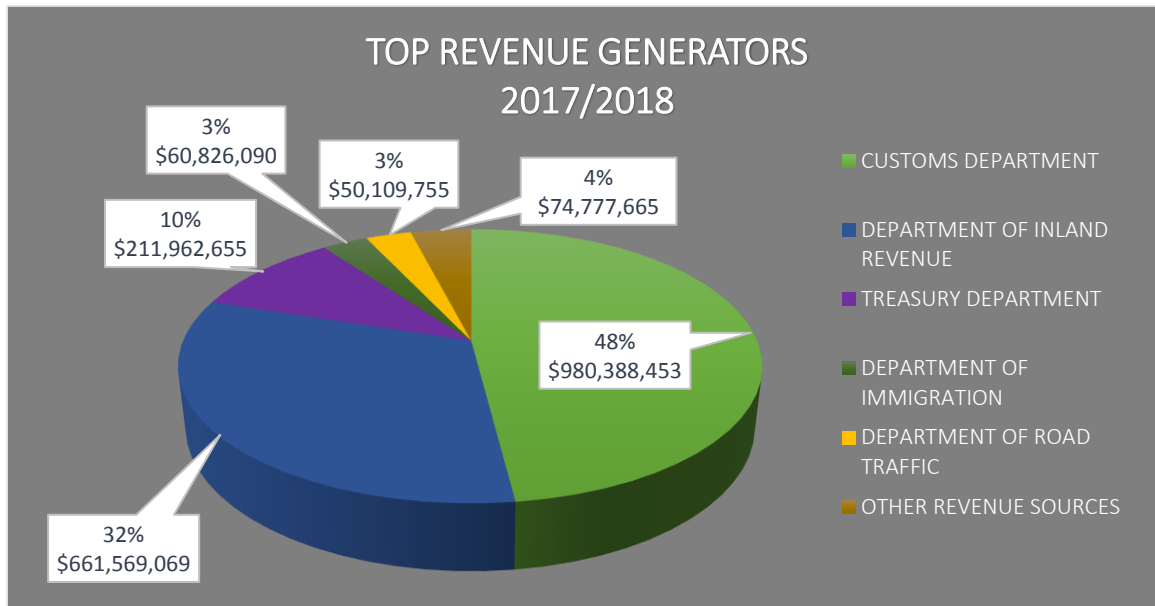
Bahamas Customs is the Highest Revenue Generator

8.3 The Bahamas Customs Department maintains its stability as the highest revenue generator and contributor to the government’s recurrent revenue receipts. Over the past three (3) years the revenue receipts amounted to almost half of the recurrent revenue annually, as follows:

Fiscal Year	Customs Total Revenue Receipt (B\$)	Total Recurrent Revenue Receipts (B\$)	Customs Revenue Contribution (%)
2015/2016	913,648,809	1,989,232,268	46%
2016/2017	999,680,009	2,070,187,632	48%
2017/2018	980,388,453	2,039,633,686	48%

8.4 The \$980.38 million Customs revenue collection in 2017/2018 contributed to 48% of the \$2.03 billion total recurrent revenue.

It is important to note that, in comparison to the other major recurrent revenue streams, Customs outperformed these Revenue Centers. Hence, the Customs Department remains the *“Top Revenue Generator”*. The chart below is illustrative of the dollar value and revenue percentage performance for 2017/2018.



Customs 2017/2018 Revenue Budgetary Performance

8.5 In comparison to the \$1.03 billion Customs revenue projection for 2017/2018, \$980.38 million was generated; resulting in a revenue shortfall of \$50.59 million. Notably, with respect to \$999.68 million revenue collected in 2016/2017, there is a variance of \$19.29 million.

8.6 Significantly, regarding the underperformance of actual revenue collection to the forecasted amount, in part; is a result of exemptions due to the following:

- General Import Duties and Excise Taxes Concessions
- 2017/2018 Reductions in Customs Duties and Tariff
- Exigency Declaration for Relief of Goods

8.7 Importantly, of the \$50.59 million budget revenue shortfall, the *“Excise Taxes”* actual collection over the budget was down by \$32.11 million. This

was the highest budget shortfall in relation to the other Customs revenue streams, as shown in the *“Detail Customs Revenue Performance Report 2017/2018 With Comparatives”*.

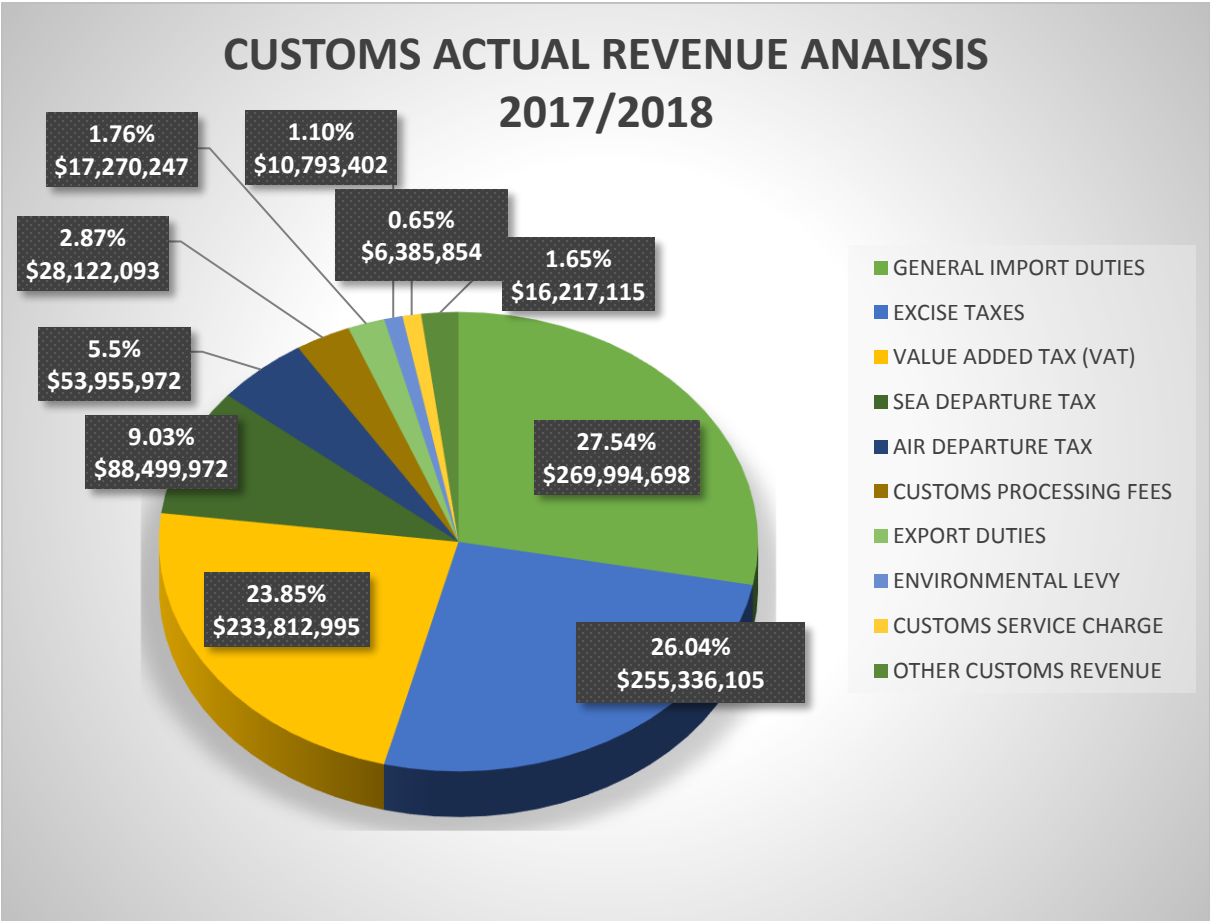
BAHAMAS CUSTOMS REVENUE PERFORMANCE COMPARATIVE ANALYSIS 2017/2018 (B\$)						
CUSTOMS REVENUE COMPONENTS	ACTUALS 2016/2017	FORECAST 2017/2018	ACTUALS 2017/2018	VARIANCE ACTUAL VS. FORECAST	VARIANCE ACTUAL 2016/2017 VS. ACTUAL 2017/2018	
GENERAL IMPORT DUTIES	285,417,050.15	315,000,000.00	269,994,697.68	(45,005,302.32)	(15,422,352.47)	
EXCISE DUTIES	8,380,042.46	11,475,108.00	17,270,246.68	5,795,138.68	8,890,204.22	
EXCISE TAXES	287,446,223.57	273,550,000.00	255,336,104.95	(18,213,895.05)	(32,110,118.62)	
FUEL SURCHARGE - GASOLINE	876,122.81	870,000.00	948,768.64	78,768.64	72,645.83	
FUEL SURCHARGE - DIESEL	423,024.36	450,000.00	337,786.00	(112,214.00)	(85,238.36)	
FUEL SURCHARGE - PROPANE	152,454.05	150,000.00	149,873.90	(126.10)	(2,580.15)	
AIR DEPARTURE TAX	49,357,523.50	52,015,172.00	53,955,971.79	1,940,799.79	4,598,448.29	
SEA DEPARTURE TAX	84,485,455.95	91,943,340.00	88,499,972.37	(3,443,367.63)	4,014,516.42	
PLEASURE VESSELS DEPARTURE TAX	765,171.02	773,872.00	761,898.36	(11,973.64)	(3,272.66)	
VALUE ADDED TAX	224,543,988.83	228,000,000.00	233,812,994.99	5,812,994.99	9,269,006.16	
CUSTOMS FINES & FORFEITURES	729,451.31	600,000.00	780,489.21	180,489.21	51,037.90	
CUSTOMS WAREHOUSE FEES	11,404.94	16,563.00	15,845.24	(717.76)	4,440.30	
WAREHOUSE FEES/CUSTOMS	352,829.66	325,000.00	458,945.43	133,945.43	106,115.77	
CUSTOMS SERVICE CHARGE	6,277,612.86	6,581,963.00	6,385,853.54	(196,109.46)	108,240.68	
CONTAINER MOVEMENT - CUSTOMS	3,554,095.05	3,600,000.00	3,669,354.12	69,354.12	115,259.07	
CONTAINER FEES - FREEPOR T CUSTOMS	106,886.94	218,726.00	134,820.04	(83,905.96)	27,933.10	
OTHER CUSTOMS CHARGES	1,363,332.03	1,200,000.00	767,804.20	(432,195.80)	(595,527.83)	
CUSTOMS BONDING TAX	633,842.32	494,041.00	439,205.07	(54,835.93)	(194,637.25)	
CUSTOMS ROYALTIES	1,016,480.06	1,000,000.00	994,133.68	(5,866.32)	(22,346.38)	
TRANSPORTATION FEES	162.75	-	1,582.75	1,582.75	1,420.00	
SECURITY FEES ON VEHICLES	143,963.20	144,592.00	286,063.92	141,471.92	142,100.72	
SECURITY FEES ON CONTAINERS 20 FT. & UNDER	201,847.80	180,517.00	294,524.71	114,007.71	92,676.91	
SECURITY FEES ON CONTAINERS OVER 20 FT.	1,152,327.54	1,053,250.00	1,478,543.72	425,293.72	326,216.18	
CUSTOMS BOARDING FEES/PLEASURE VESSELS	1,107,719.51	1,088,176.00	1,050,701.29	(37,474.71)	(57,018.22)	
BOARDING FEES - PLEASURE CRAFT 35 " AND OVER	3,526,843.68	3,423,185.00	3,570,237.01	147,052.01	43,393.33	
CUSTOMS PROCESSING FEES	26,758,660.39	26,668,756.00	28,122,093.43	1,453,337.43	1,363,433.04	
ENVIRONMENTAL LEVY	10,812,033.46	10,054,655.00	10,793,402.16	738,747.16	(18,631.30)	
WARE DUES & PORT DUES	-	-	66.50	66.50	66.50	
RENTS FROM VARIOUS PROPERTIES	83,458.41	105,000.00	76,471.22	(28,528.78)	(6,987.19)	
TOTAL	999,680,008.61	1,030,981,916.00	980,388,452.60	(50,593,463.40)	(19,291,556.01)	

Customs Summary Actual Revenue Analysis

8.8 Customs highest revenue streams contributing to the overall \$980.38 million revenue collections were:

- General Import Duties \$269.99 million
- Excise Taxes \$255.36 million
- Value Added Tax (Importation) \$233.81 million

8.9 These revenue segments accounted for \$759.16 million or 76.5% of Customs total revenue collection, as illustrated below.



Importation Value Added Tax (VAT) Revenue Analysis

8.10 Customs collected \$233.81 million in Value Added Tax (VAT) on imported goods with a landed cost \$3.11 billion, as shown in the analysis below.

CUSTOMS IMPORTATION VAT REVENUE ANALYSIS 2017/2018		
PORTS OF ENTRY	IMPORTS LANDED COST (B\$)	VAT COLLECTED (B\$)
New Providence & The Family Islands (eCAS Online)	2,694,385,181	202,078,889
Grand Bahama (eCAS Online)	243,555,924	18,266,694
Abaco (eCAS Online)	140,482,099	10,536,157
eCAS Revenue System Total VAT Revenue Receipts (Deferred VAT Not Included)	3,078,423,205	230,881,740
Other Family Islands Districts (Off-Line (Manual) Not on eCAS Online)	39,083,395	2,931,255
VAT Revenue Total Receipts	3,117,506,600	233,812,995
VAT Deferred	781,487,994.40	58,611,600
Total Imports Vatable Goods Landed Cost (VAT Collected and VAT Deferred Combined)	3,898,994,594	292,424,595

8.11 Imported goods with a landed cost of \$781.48 million attracted \$58.61 million deferred VAT. Deferred VAT is approved by the Ministry of Finance and accounted for on the Taxpayer's filing return in the period incurred. The Customs Department and the Department of Inland Revenue Data Sharing Integration System provide for reconciliation of the Deferred VAT Processing.

8.12 The total imported Vatable goods accounted for \$3.89 billion activity at Customs Ports of Entry. Overall, the importation activity attracted \$292.42 million VAT; \$230.88 million in actual revenue receipts and \$58.61 million deferred.

Concessions Revenue Forgone Analysis

8.13 The analysis of the Customs Concessions Report for 2017/2018 disclosed that the “**conditionally duty free goods**”, imported goods with a landed cost of \$4.77 billion.

The “**Concessions Activity Summary Report Analysis**” that follows captures the following:

Concession Components	Amount (B\$ Millions)
▪ Duty and Excise Liable	\$392.69
▪ Revenue Collected for Duty and Excise Liable	\$ 2.75
▪ VAT Liable	\$358.24
▪ VAT Revenue Collected	\$120.97
▪ VAT Deferred Revenue	\$236.22
▪ Revenue Forgone	\$389.94

CUSTOMS CONCESSIONS ACTIVITY SUMMARY REVENUE ANALYSIS 2017/2018				
CONCESSION REVENUE COMPONENTS	TOTAL TRANSACTION (\$)	REVENUE COLLECTED (\$)	DEFERRED REVENUE (\$)	REVENUE FORGONE (\$)
Trade Sectors Imported Good Landed Cost	4,776,662,017	-		-
Value	923,297,151	-		-
Duty Liable, Excise Liable, VAT Liable Levied on Imported Goods Landed Cost				
Duty Liable	159,092,468	2,573,918		156,518,550
Excise Liable	233,604,587	180,037		233,424,550
VAT Liable	358,249,651	120,976,683	236,228,589	-
Total	750,946,706	123,730,637	236,228,589	389,943,100

8.14 Overall, from the total revenue of \$750.94 million generated for the concessions activity; \$123.73 million was collected, \$236.22 million VAT deferred and \$389.93 million “**revenue forgone**”.

8.15 We noted that the \$389.93 million *“revenue forgone”* accounted for 52% of the \$750.94 million revenue; that would have been recognized, except for the concessions and exemptions.

Overview of Customs Detailed Concessions Report 2017/2018

8.16 Under the Ministry of Finance the concessions and exemptions for duty and excise taxes are approved and processed by Customs for financial accounting and reporting. The approvals coincide with various legislations and general relief exemption exigency declaration by the Minister of Finance. The detailed Concessions Report outlines the exemptions and the related revenue generated under the various *“Trade Sectors”*. An analysis of the concessions disclosed the following:

- Exemptions for petroleum products for B.E.C/B.P.L accounted for \$216.77 million or 55% of the \$392.69 million for concessions duty and excise taxes.
- Exemptions under the Hotel Encouragement Act accounted for \$76.14 million or 19% of the \$392.69 million.
- The Albany Project exemptions accounted for \$23.05 million or 6% of the \$392.69 million.
- These major Trade Sectors combined accounted for \$315.96 million or 80% of the \$392.69 million.
- The other Trade Sectors accounted for the remaining 20% or \$76.73 million.

8.17 From the total \$392.69 million duty and excise taxes levied, \$2.75 million revenue was collected and \$389.94 million exempted through concessions.

Foregone Revenue Financial Impact and Socioeconomic Benefits

8.18 The concessions across the Integrated Trade Sectors have a direct impact, in the first instance, of reduction in the government Customs revenue for duty and excise taxes. The government’s injection of the value of the money, the

concession consideration, to bolster trade and industries for economic sustainability requires Cost-benefit Analysis (CBA) with respect to:

- Environmental Economic
- Sustainable Ecosystems
- Job Creation
- Economic Growth
- Gross Domestic Product (GDP) Growth
- Real Income Growth
- Increase Standard of Living
- Trade and Industry Expansion
- Investment Growth

8.19 Notably the \$389.94 million *“Foregone Revenue”* impacts the overall recurrent revenue. A Cost-benefit Analysis (CBA) is deemed appropriate in Concessions Duty and Taxes Management with respects to the projects investments, industries and policy governing the benefits to be derived. Big Data Analysis across the integrated Trade Sectors to undergird the results would be beneficial for transparency, accountability and good governance.

We recommended that for effective decision making and continuous policy formulation, the application of Big Data Analysis inclusive of Cost-benefits be fully utilized in Trade Sectors Concessions Management to harness good governance.

BAHAMAS CUSTOMS DEPARTMENT CONCESSIONS DETAILED REPORT 2017/2018 FISCAL YEAR (B\$)								
TRADE SECTOR	LANDED COST	VALUE	EXCISE & DUTY LIABLE	EXCISE & DUTY COLLECTED	VAT LIABLE	VAT DEFERRED	VAT CHARGED	
Hotel Encouragement Act	2,984,682,000	191,713,848	76,144,577	62	223,851,151	162,580,475	61,270,677	
General exemption for Petroleum products B.E.C/B.P.L	487,676,709	481,079,255	216,772,373	-	36,575,753	35,899,043	662,372	
Albany Project. Albany Project	398,657,882	58,726,924	23,051,671	-	29,899,342	29,498,300	400,908	
Family Island Development Encouragement Act	298,502,918	22,834,570	8,188,160	-	22,387,719	50,866	22,336,854	
Industries Encouragement Act	75,089,114	22,184,743	9,171,146	-	5,631,685	112,650	5,517,337	
General exemption for production materials for cottage and light industries (Raw Material)	72,522,540	22,344,392	8,304,361	164,505	5,439,192	3,784	5,435,408	
Water & Sewerage Act	53,583,913	17,411,005	8,019,358	-	4,018,794	-	4,018,794	
Vehicles for the Government of The Bahamas	40,719,647	2,993,658	1,488,835	-	3,053,974	-	3,053,974	
General exemption to provide relief in response to a declaration of exigency by the Minister	39,251,373	5,781,108	2,453,792	-	2,943,854	2,413,659	471,367	
Electricity Act. Items including generators and engines in New Providence and the Family Islands	38,797,907	17,717,517	7,620,896	1,541,606	2,909,843	700	2,909,143	
Exemption of duty for goods for use by consular, diplomatic, and international organizations	36,759,701	4,631,806	1,775,697	-	2,756,979	2,670,735	13,167	
Statoil South Riding Point Holding	28,879,374	14,682,507	6,573,884	-	2,165,953	995,142	290,091	
General exemption for historic buildings	25,341,841	2,154,422	851,334	-	1,900,638	4,346	1,896,292	
General exemption for educational, scientific and cultural goods	24,561,819	3,047,295	1,191,355	-	1,842,137	4,416	1,837,721	
Nassau Airport Development Project	21,095,530	1,080,445	448,877	-	1,582,165	167	1,581,998	
Spirit and Beer Manufacturing Act	16,343,506	9,369,927	3,949,807	898,357	1,225,763	-	1,225,763	
Agriculture Manufacturers Act	7,757,868	4,205,749	1,819,710	-	581,840	-	581,840	
AUTEC Agreement	5,440,134	5,034,797	2,185,158	-	408,010	408,010	-	

BAHAMAS CUSTOMS DEPARTMENT CONCESSIONS REPORT 2017/2018 FISCAL YEAR							
TRADE SECTOR	LANDED COST	VALUE	EXCISE & DUTY LIABLE	EXCISE & DUTY COLLECTED	VAT LIABLE	VAT DEFERRED	VAT CHARGED
General exemption for goods for registered fishermen for use in the commercial fishing	15,704,918	4,187,975	1,440,468	-	1,177,869	17,457	1,160,412
General exemption for goods imported as cargo (returning residents)	12,453,470	1,500,578	801,561	-	934,026	341,914	590,473
General exemption for crafts parts and accessories for use by aircraft	11,728,313	6,517,807	1,810,854	-	879,624	24,521	852,831
Exemption of duty for gifts to the Government of The Bahamas	11,553,509	4,133,623	1,465,663	-	866,513	715,249	141,706
General exemption for registered floriculturist, horticulturist, agricultural co-operative societies and farmers	10,580,446	2,201,136	878,714	241,78	793,534	-	793,534
Heads of Agreement Royal Caribbean Cruises Ltd	9,874,483	132,124	90,508	-	740,586		740,586
General exemption for vessels and vessels parts	9,422,643	6,790,918	1,156,802	-	706,699	1,443	705,256
General exemption for goods imported by a religious organization	7,876,656	1,768,922	806,543	-	590,749	46,489	543,870
General exemption for taxi-cabs and omnibuses	7,511,058	2,596,276	1,717,320	-	563,329	17,906	545,424
Capital goods for businesses located outside the Port Area in Grand Bahama	6,346,942	1,027,894	449,304	-	476,020	173,412	302,029
Exemption from duty for charitable goods	4,227,487	538,209	177,439	-	317,062	136,169	180,674
Other Trade Sectors							
TOTAL	4,776,662,017	923,297,151	392,697,055	2,753,955	358,249,677	236,228,589	120,976,863

Outstanding Revenue (Payment Plan)

8.20 Customs record maintenance of outstanding revenue (payment plan) is not fully automated. The outstanding accounts consist of manual records:

- Post Clearance Audit Payment Plan Accounts
- Deferred Payment Plan Accounts

8.21 The manual record to a degree captures some of the information, but improvement is needed to add clarity, enhance accounting and to capture year-end cut off period at June 30th annually. In addition, manual record has risk, as it is susceptible to manipulation and errors. Also, irregularities could occur and remain undetected for extended period.

8.22 The outstanding revenue for the two payment plans totaled approximately \$1.72 million.

We recommended that the accounting for the outstanding revenue accounts be automated to review and monitor the accounts online for efficiency and effectiveness of operations. Also for ease of audit accessibility and management monthly review of collectability performance for decision making.

We recommended that Customs continue their effort to collect the outstanding amounts.

Airline Companies Outstanding Service Charge and Processing Fees

8.23 The table below discloses \$3.74 million outstanding *“Service Charges and Processing Fees”* owing by the various Airline Companies. Revenue remaining outstanding for an inordinate period decreases the collectability rate and is at risk of being collected. Also, delinquent payments on Accounts Receivable affect cash flows and revenue performance.

CUSTOMS OUTSTANDING AIRLINE SERVICE CHARGE AND PROCESSING FEES				
INTERNATIONAL AIRLINES	PERIOD OWING	SERVICE CHARGES (\$)	PROCESSING FEES (\$)	TOTAL OUTSTANDING REVENUE (\$)
Airline Company A	2014-2018	10,400	7,375	17,775
Airline Company B	2015-2018	20,700	6,088	26,788
Airline Company C	2014-2018	12,000	8,499.50	20,499.5
Airline Company D	2013-2018	529,300	33,729	563,029
Airline Company E	2016-2018	5,500	9,300	14,800
Airline Company F	2013-2018	395,600	38,297	433,897
Airline Company G	2016-2018	200	4,313	4,513
Airline Company H	2016-2018	1,750	71,575	73,325
Airline Company I	2013-2018	810,639	34,678.50	845,317.5
Airline Company J	2016-2018	1,000	1,130	2,130
Airline Company K	2013-2018	237,000	9,098	246,098
Airline Company L	2013-2018	1,414,450	68,786.50	1,483,236.50
Airline Company M	2016-2018	14,400	1,065	15,465
TOTAL		3,452,939	293,935	3,746,873

We noted documentation on file communicating request to the airline companies to fulfill their legal obligation to bring the outstanding amounts to account.

We recommended that Customs continue to pursue the collection of the \$3.74 million outstanding Airlines Companies Service Charge and Processing Fees.

Outstanding Billing Fees Transshipment Company- Customs Service Charges

8.24 We reviewed the outstanding billing fee transshipment record and found a company, with outstanding Service Charge Fees in the amount of over \$3.8 million (\$3,841,330) including VAT amount totaling \$164,732.27.

8.25 We were informed that the company is paying the monies collected for Passenger Departure Taxes and Processing Fees; but not the Service Charge Fees. The process to collect the revenue at departmental level and additional efforts made by Customs management were unsuccessful. Consequently, this matter is at the Ministry of Finance for further review and resolution.

The company is non-compliant with Customs Management Regulation 8 (3) (4), which speaks specifically to this charge: *“A fee in respect of the services performed by a Customs Officer while in attendance is payable in respect of an aircraft or vessel in port. All fees payable under this regulation shall be paid into Customs revenue.”*

We recommended that outstanding revenue of \$3.8 million be collected.

Outstanding Accounts Receivable – Dishonoured Cheques

8.26 The Dishonoured Cheques Listing for Customs was reviewed and we noted that \$1.18 million (\$1,186,115.49), warrants management’s attention to collect the outstanding revenue as shown in the table below.

DESCRIPTION	CHEQUE DATE	AMOUNT \$
Company 1	10/11/2017	1,620.92
Company 2	24/04/2017	30,383.43
Company 3	22/09/2017	1,154,111.14
TOTAL		1,186,115.49

8.27 Best practices for accounts receivable management is timely collection and monthly monitoring of accounts to prevent extended years of delinquency. Outstanding receivable for inordinate time puts the government at high collectability risk.

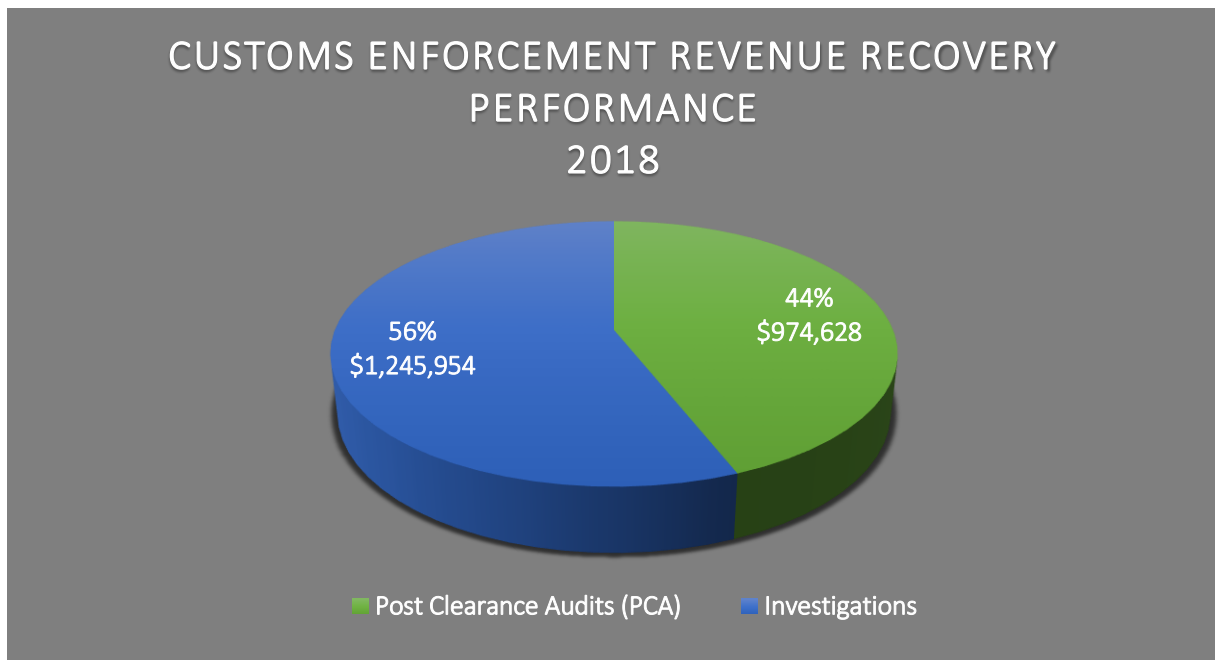
We recommended that Customs continue to pursue the collection of the \$1.18 million outstanding Customs revenue; that has been delayed due to the dishonoured cheques. Going forward Managers Certified Cheque and debit card should be accepted or direct deposit to prevent revenue loss.

Customs Enforcement Revenue Recovery Performance

8.28 The Enforcement Section of the Customs Department consists of eight (8) units as follows:

- Investigation Section
- Marine Unit
- K-9 Unit
- Scanner Division
- Post Clearance Audit
- Risk Analysis
- Prosecution
- Armory

8.29 The performance of revenue enhancement and recovery through the work undertaken by the integrated units resulted in generating \$2.22 million (\$2,220,582). The Investigations Unit accounted for recovered \$1.24 million or 56% of the \$2.22 million and Post Clearance Audits (PCA) \$974,628 or 44% as depicted below.



8.30 The revenue recovered in 2017 was \$3.61 million; which is more than the 2018 performance by \$1.39 million as shown in the table below.

CUSTOMS ENFORCEMENT REVENUE RECOVERY COMPARATIVE PERFORMANCE 2018						
ENFORCEMENT SECTION	INVESTIGATION TYPE 2018			REVENUE RECOVERED (\$)		Revenue Variance (\$) Inc. / (Dec.)
	Field Audits	Desk Audits	Investigation Cases	2017	2018	
Post Clearance Audit (PCA)	10	18	-	2,768,751	974,628	(1,794,122)
Investigation	-	-	118	715,735	680,157	(35,578)
Investigation Freeport	-	-	122	134,856	565,797	430,941
TOTAL	28	240	240	3,619,341	2,220,582	(1,398,759)

8.31 The \$1.39 million decrease in revenue recovery, in some aspects, is due to:

- Field Audits decreased by 73%, from 37 in 2017 to 10 in 2018.
- Desks Audits by decreased by 96%, from 441 in 2017 to 18 in 2018.
- Investigation Freeport increased by 205% from 40 in 2017 to 122 in 2018.

8.32 Overall, the number of investigation cases increased in 2018 by 85 (from 155 in 2017 to 240 in 2018). The increase resulted in \$1,245,954 revenue recovery (\$680,157 and \$565,797 respectively).

We recommended that, wherever possible, to increase the number of investigations, field and desks audits to:

- Enhance revenue recovery performance;
- Continuously increase revenue collections; and
- Strengthen mitigation controls to prevent revenue leakages.

Conclusion

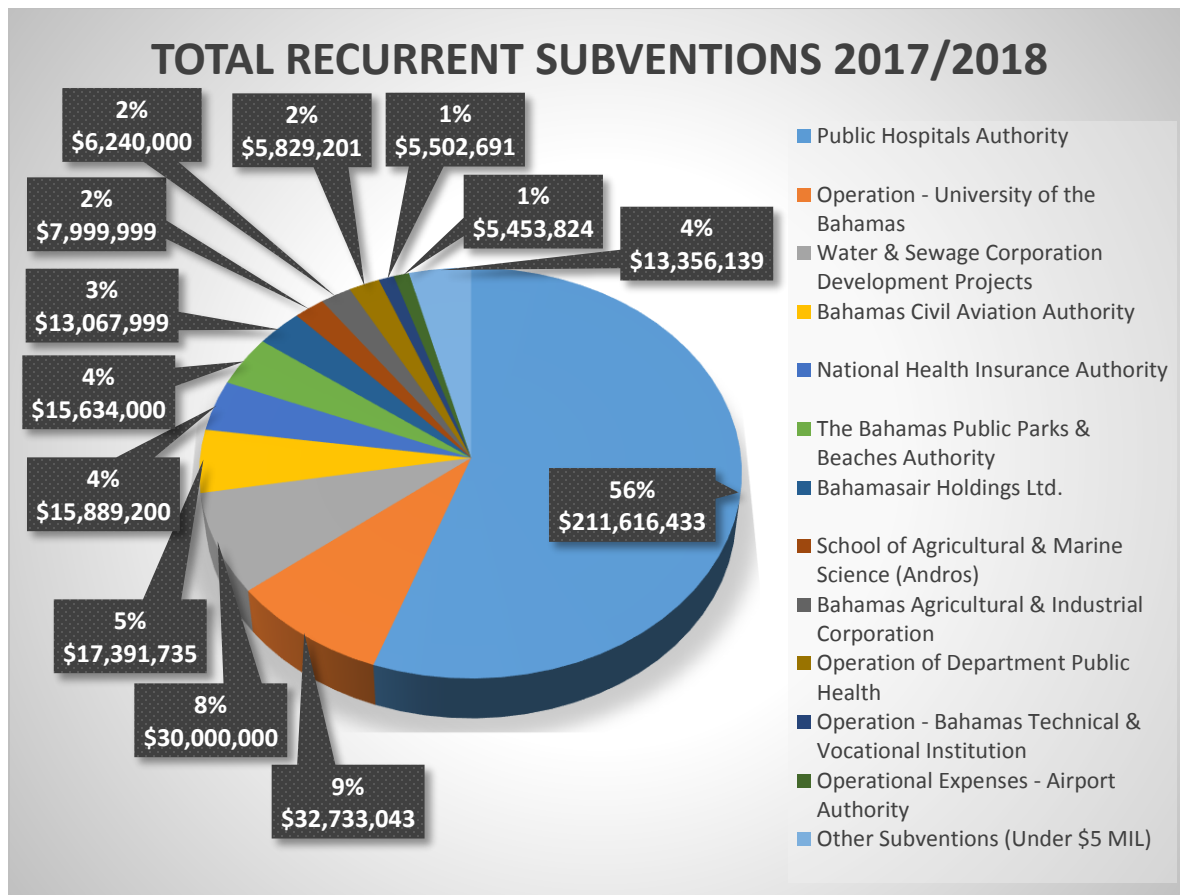
- 8.33 Customs revenue collection is deemed very significant in funding the government's recurrent operations; as the department is the highest collection agency and contributor to the overall recurrent revenue. As such, all tools and innovative systems necessary to facilitate and enhance Customs revenue collection management, trade and border protection should be of high priority for continuous transformation. We encourage the Government of the Commonwealth of the Bahamas to continue its support of the Customs Department digitization process.
- 8.34 OAG commend the Customs Department for their effort in collecting government revenue. We extend appreciation and courtesies to Customs management and staff for working with the Audit Team in building capacity to complete the audit process.



SUBVENTIONS

SUBVENTIONS

9.1 Provision is made in the annual national budget for the Government State Owned Enterprises (SOEs) in the form of subvention; financial assistance for the operations. The 2017/2018 subvention disbursements in the amount of \$380.7 million (\$380,714,264) to the government State Owned Enterprises (SOEs) accounted for 17% of the \$2.18 billion (\$2,188,578,847) recurrent expenditure. The monetary contributions of the subsidies to the SOEs' assist with the operations of the facilities in the delivery of primary services, as depicted in the chart below.



Financial Accounting and Reporting of SOEs'

- 9.2 The SOEs' by way of legislation are required to have annual audited financial statements and report submitted through the Minister for tabling in Parliament. This process and compliance of the same is required for accountability, transparency and good governance of the public purse. We noted that the degree of compliance by the SOEs' are not up to the regulated standard of being current.
- 9.3 Non-conformance with financial regulations and related legislation negatively impacts the financial affairs of the country. Hence, it is imperative for SOEs' to comply with annual audited financial statements reporting. The government integrated systems effectiveness, efficiency and economy depend on the regulated activity for reliance of the financial affairs and decision making.

We recommended that the governmental monitoring controls for SOEs' annual financial statement audits and reporting be effectively monitored and enforcement and regulated to achieve full compliance. To improve the process and elevate compliance, we further recommended capacity building across the Public Financial Management Architecture.

Operational Overview of SOEs' Receiving the Bulk of Subvention

- 9.4 The SOEs' receiving the bulk of the annual government's subvention are operating primary services relative to the sustainability of the country, mainly:
- Public Hospitals Authority (PHA)
 - Operation – University of the Bahamas (UB)
 - Water & Sewerage Corporation Development Projects (WSC)
 - Bahamas Civil Aviation Authority
 - National Health Insurance Authority (NHIA)
 - Bahamas Public Parks and Beaches Authority
 - Bahamasair Holding Ltd.

Public Hospitals Authority (PHA)

- 9.5 The Public Hospitals Authority (PHA) received \$211.61 million (\$211,616,433) or 56% of the overall \$380,714,264 subvention for 2017/2018 fiscal year. The PHA is responsible for the operations of the government's healthcare facilities inclusive of:

- The Princess Margaret Hospital - PMH
- The Grand Bahamas Healthcare Services - GBHS (inclusive of the Rand Memorial Hospital)
- The Sandilands Rehabilitation Centre – SRC
- The Bahamas National Drug Agency – BNDA
- Emergency Management Services - EMS
- Materials Management Directorate - MMD

9.6 The PHA in the delivery of essential healthcare is also responsible for the distribution of pharmaceutical drugs and medical and surgical supplies to the government's other Public Healthcare Facilities, throughout the country (public sector healthcare procurement). The PHA falls under the Ministry of Health.

Operation of University of The Bahamas (UB)

9.7 In assisting with sustaining the operation of the University of The Bahamas (UB) \$32.73 million in subvention was disbursed for 2017/2018. UB is the national tertiary level institution of the country. UB's mission is *"To build character through teaching, learning, research, scholarship and service."* UB's goal is *"To foster national, regional and international development by embracing technological innovation and advancing and disseminating knowledge."* UB falls under the Ministry of Education.

Water & Sewerage Corporation Development Projects

9.8 The Water and Sewerage Corporation (WSC) falls under the Ministry of Public Works. The WSC received \$30 million in subvention in 2017/2018 to facilitate its operations. The Water and Sewerage Corporation Act of 1976 entails the entity's responsibilities, but not limited to, as follows:

- Providing water supplies for domestic, business, and other uses;
- Providing adequate drainage and disposal of sewage and other effluent;
- Expanding and extending the Commonwealth's water and sewer systems to all parts of the country;
- Ensuring and controlling the optimum development and use of the nation's water resources;

- Serving as advisor to the Minister responsible for the water and sewerage resources and systems of the nation;
- Drafting regulations for the responsible Minister's consideration and approval; and
- Registering and servicing users of the water and sewerage systems.

Bahamas Civil Aviation Authority

9.9 The Bahamas Civil Aviation Authority (BCAA) received \$17.39 million in subvention for 2017/2018. The BCAA, an arm of Ministry of Tourism and Aviation, is governed by a Board. BCCA is responsible for safety oversight throughout the archipelago of the Bahamas and all aviation matters as outlined in the Civil Aviation Act. Under BCCA's management are:

- Independent Aircraft Accident Investigation Department (AAID)
- Air Transport Licensing Department and subsidiary Bahamas Air Navigation Services Department (BANSD)
- Air Traffic Services Communications Navigation
- Surveillance/ Airway Facility Services
- Aeronautical Information Services/Management

National Health Insurance Authority (NHIA)

9.10 The National Health Insurance Authority (NHIA) received \$15.88 million in subvention for 2017/2018. The NHIA was established to oversee the implementation of the National Health Insurance (NHI) for the Bahamas. Under the National Health Insurance Act, 2016 the NHI objectives are:

- (a) to establish the administrative framework and other necessary mechanisms to enable the provision of equitable, accessible, affordable and quality health care services to all eligible persons for the attainment of universal health coverage;
- (b) to facilitate people centered health care that meets the needs of the population;
- (c) to provide plurality in the health care system with equal opportunity for public and private sector participation;
- (d) to promote efficiency in health care administrative operations; and
- (e) to enable sustainability through appropriate allocation of resources in health care, in collaboration with the Ministry of Health.

9.11 NHI enrollment began in 2017 and is on-going. In May, 2017 Bahamians begin receiving primary healthcare service under NHI. We noted that NHI Primary Care Transformation is progressive.

Bahamas Public Parks and Beaches Authority

9.12 The Bahamas Public Parks and Public Beaches Authority (BPPPBA), functioning under the Ministry of Environment and Housing, mandate is: *“To control, plan, and design, develop, administer, manage and maintain public parks and public beaches.”* The BPPPBA received \$15.63 million in subvention, in the 2017/2018 budget, to facilitate its operations. The BPPPBA’s operational responsibilities include:

- Conserving the natural beauty, shape and features of public parks and public beaches;
- Protecting and preserving animals, plants and other organisms within the public parks and public beaches;
- Preserving objects and places of aesthetic, historical or scientific interest;
- Removing derelict objects from any park or beach;
- Maintaining public access to beaches and provide lifeguard services; and
- Maintaining green verges, roundabouts, open green spaces, parks and beaches ensuring sanitary and clean conditions.

Bahamas Air Holding Ltd (Bahamasair)

9.13 Incorporated in 1970, Bahamas Air Holding Ltd, or Bahamasair is the national airline of the Bahamas, also known as the National Flag Carrier. With respect to the tourism industry, Bahamasair is essential for both travel services and promoting the Bahamas domestically and internationally. The airline’s activity also contributes to foreign exchange earnings, creates employment opportunities for Bahamian and promoting general aviation. Bahamasair falls under the Ministry of Tourism and Aviation.

Good Governance, Transparency and Accountability of State-Owned Enterprises

9.14 The Government’s State Owned Enterprises (SOEs) are required to provide Annual Report and Audited Financial Statement for reporting in Parliament.

The SOEs depending on the nature of the business operations falls under the perspective Ministry's and the Ministry of Finance oversight of as well. The SOEs are required to be compliant with legislation governing the operations and report annually as mandated for good governance, transparency, and accountability. We noted that there is a degree of non-compliance by SOEs with respect to the annual audited financial statements accountability.

We recommended that stakeholders charged with oversight and management of the SOEs build capacity in ensuring the Annual Report and Audited Financial Statements are prepared and tabled in Parliament for good governance, transparency and accountability.

Breakdown of Other SOEs' Subvention Disbursement

The other SOEs' that received subvention are detailed in the analysis table that follows.

Public Hospitals Authority		\$211,616,433	56%
Operation - University of the Bahamas		\$32,733,043	9%
Water & Sewerage Corporation Development Projects		\$30,000,000	8%
Bahamas Civil Aviation Authority		\$17,391,735	5%
National Health Insurance Authority		\$15,889,200	4%
The Bahamas Public Parks & Beaches Authority		\$15,634,000	4%
Bahamasair Holdings Ltd.		\$13,067,999	3%
School of Agricultural & Marine Science (Andros)		\$7,999,999	2%
Bahamas Agricultural & Industrial Corporation		\$6,240,000	2%
Operation of Department of Public Health		\$5,829,201	2%
Operation - Bahamas Technical & Vocational Institute		\$5,502,691	1%
Operational Expenses - Airport Authority		\$5,453,824	1%
		TOTAL OVER \$5 MILLION	96%
SUBVENTIONS OVER \$5 MIL		\$367,358,125	96%
SUBVENTIONS UNDER \$5 MIL		\$13,356,139	4%
TOTAL		380,714,264	100%



PENSIONS

PENSIONS

Pensions Expenditure

- 10.1 Under the Pensions Act, Chapter 43 (previously Chapter 35) of The Statute Laws of The Bahamas, the Public Services Pension Plan is non-contributory. The purpose of the plan is to award pensions and gratuities to public officers.
- 10.2 The pensions' budget for 2017/2018 was \$96.93 million and the actual expenditure totaled \$96.8 million as shown in the schedule below. Pensions to Officials accounted for \$94.99 million or 98% of the \$96.8 million actual expenditure.

PENSION EXPENDITURE COMPARATIVE ANALYSIS 2016/2017 VS 2017/2018					
HEAD	ITEM CLASSIFICATION / TITLE	ACTUAL EXPENDITURE 2016/2017 (\$)	ACTUAL EXPENDITURE 2017/2018 (\$)	APPROVED ESTIMATES 2017/2018 (\$)	UNDER / (OVER) THE ESTIMATE (\$)
5	2731101 Pensions to Officials	90,063,937	94,998,525	95,000,000	1,475
22	2731102 Parliamentary Pensions	1,402,367	1,682,434	1,730,000	47,566
22	2731103 War Veterans & Widows Pensions	5,391	56,469	50,000	(6,469)
22	2731105 Pensions - Ex-Service Men (Br. Legion Fund)	14,600	0	14,600	14,600
22	2731104 Widows & Orphans Pensions	63,082	71,571	135,400	63,829
TOTAL		91,549,377	96,808,999	96,930,000	121,001

Gratuities

- 10.3 The gratuities budget was \$33.5 million and the actual expenditure amounted to \$30.7 million. Public Officials and Staff Gratuities accounted for

\$30.17 million or 98% of the actual \$30.73 million expenditure as shown in the schedule that follows.

GRATUITIES EXPENDITURE COMPARATIVE ANALYSIS 2016/2017 VS 2017/2018					
HEAD	ITEM CLASSIFICATION / TITLE	ACTUAL EXPENDITURE 2016/2017 (\$)	ACTUAL EXPENDITURE 2017/2018 (\$)	APPROVED ESTIMATES 2017/2018 (\$)	UNDER /(OVER) THE ESTIMATE (\$)
5	2731201 Public Officials / Staff Gratuities	26,312,295	30,179,865	33,000,000	2,820,135
22	Parliamentary Officials Gratuities	0	554,417	500,000	(54,417)
TOTAL		26,312,295	30,734,282	33,500,000	2,765,718

10.4 In comparison to \$26.31million actual expenditure in 2016/2017, the disbursements increased by \$4.42 million or 17%.

Pensions and Gratuities Expenditure Analysis

10.5 Pensions and Gratuities expenditure of \$127.54 million is 6% of the \$2.18 billion recurrent expenditure as shown below.

PENSIONS & GRATUITIES OVERALL COMPARATIVE ANALYSIS 2016/2017 VS 2017/2018				
EXPENDITURE / HEAD ITEM CLASSIFICATION	ACTUAL EXPENDITURE 2016/2017 (\$)	ACTUAL EXPENDITURE 2017/2018 (\$)	APPROVED ESTIMATE 2017/2018 (\$)	UNDER /(OVER) THE ESTIMATE (\$)
Total Pensions	91,549,377	96,808,999	96,930,000	121,001
Total Gratuities	26,312,295	30,734,282	33,500,000	2,765,718
Pensions and Gratuities Total	117,861,672	127,543,281	130,430,000	2,886,719
Total Recurrent Expenditure	2,865,758,870	2,188,578,845	2,374,908,653	186,329,808
Pensions and Gratuities Expenditure as a % of Total Recurrent Recurrent	4%	6%	5%	2%

10.6 In comparison to the \$117.86 million expenditure in 2016/2017, the payments increased by \$9.68 million or 8%. The increase, in some aspects, is attributed to the 471 new pensioners added to the Pensioners' Payroll Register as shown below.

PENSIONS PAYMENT REGISTER HEAD COUNT			
FINANCIAL YEAR	FINANCIAL YEAR ENDED 30 JUNE 2017	FINANCIAL YEAR ENDED 30 JUNE 2018	CHANGE IN PENSIONERS' REGISTER HEAD COUNT 2017 - 2018
New Providence	5,641	6,112	471
Grand Bahama	104	100	(4)
TOTAL COUNT	5,745	6,212	467

10.7 The addition comprised of four hundred seven one (471) pensioners added to pensioners' payroll in New Providence. In addition, in Grand Bahama the pensioners' payroll decreased by four (4) pensioners. Overall, the transactions resulted in 467 additions or 8% increase of pensioners' head count over the prior year; which correlates with that of the \$9.68 million expenditure increase.



SUMMARY AND FISCAL PERFORMANCE

SUMMARY OVERVIEW AND FISCAL PERFORMANCE ANALYSIS 2017/2018 FINANCIAL ACTIVITIES

SUMMARY OF FINANCIAL PERFORMANCE 2017/2018 FISCAL PERIOD

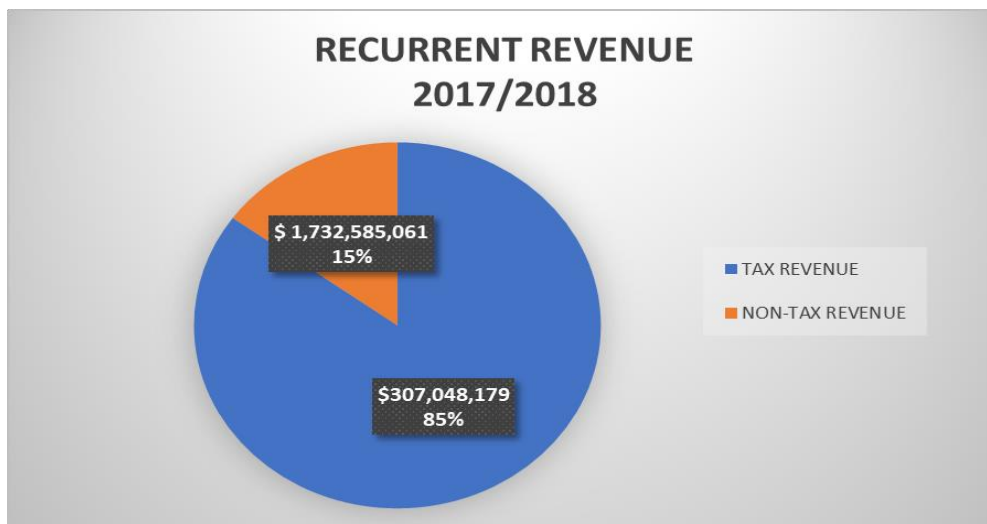
RECURRENT REVENUE PERFORMANCE

11.1 The projected recurrent revenue for 2017/2018 was \$2.15 billion. The \$2.03 billion generated fell short by \$110.74 million, resulting in a revenue deficit, as shown below.

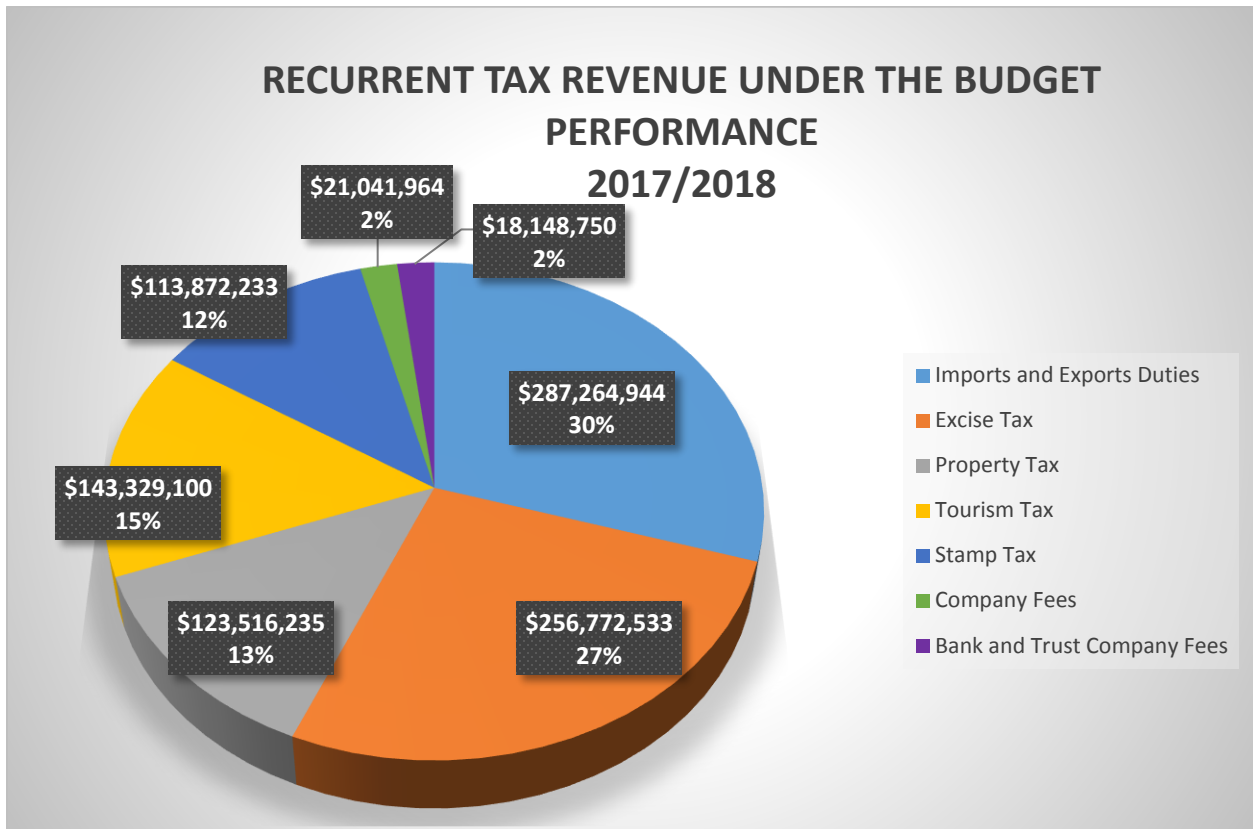
Recurrent Revenue Comparative Performance Analysis 2017/2018			
Revenue	Final Approved Budget 2017/2018 B\$	Actuals 2017/2018 B\$	Budget Variance B\$
Tax Revenue	1,788,854,546	1,732,585,507	56,269,039
Non-Tax Revenue	361,526,728	307,048,178	54,478,550
Total Tax & Non-Tax Revenue	2,150,381,274	2,039,633,686	110,747,589

Tax Revenue

11.2 Tax revenue contributed to \$1.73 billion or 85% of the \$2.03 billion and non-tax revenue accounted for \$307 million or 15%; as illustrated below.



11.3 The tax revenue streams actual performance of \$1.73 billion, that underperformed are displayed as follows.



Tax Revenue Underperformance

11.4 Contributing to the \$81.89 million revenue shortfall or budget underperformance were the primary tax revenues that did not meet the following projections:

- Importation and Export Duties - \$326.47 million (fell short by \$39.21 million)
- Excise Tax - \$275 million (fell short by \$18.24 million)
- Property Tax \$143.5 million (fell short by \$19.98 million)

11.5 These primary revenue streams accounted for \$77.44 million or 95% of the \$81.89 million underperforming tax revenue transactions, as shown below.

Recurrent Tax Revenue Under The Budget Performance Analysis 2017/2018			
Tax Revenue	Final Approved Budget 2017/2018 B\$	Actuals 2017/2018 B\$	Variance B\$
Importation & Export Duties	326,475,108	287,264,944	39,210,164
Excise Tax	275,020,000	256,772,533	18,247,467
Property Tax	143,500,000	123,516,235	19,983,765
Tourism Tax	144,732,384	143,329,100	1,403,284
Stamp Tax	115,631,250	113,872,233	1,759,017
Company Tax	21,483,817	21,041,964	441,853
Bank & Trust Company Fees	19,000,000	18,148,750	851,250
Total Tax Revenue	1,045,842,559	963,945,759	81,896,800

Non Tax Revenue Performance

11.6 Non tax revenue fell short of the budgeted \$358.7 million by \$55.4 million. The underperformance consisted mainly of \$30.2 million less revenue generated for fees and service charges and \$22.3 million for interest and dividends, respectively as illustrated below.

Recurrent Non Tax Revenue Under Budget Performance Analysis 2017/2018			
Non Tax Revenue	Final Approved Budget 2017/2018 B\$	Actuals 2017/2018 B\$	Variance B\$
Fees and Service Charges	306,864,475	276,618,037	30,246,438
Revenue from Government Property	20,510,353	19,872,687	637,666
Interest and Dividends	28,939,000	6,619,949	22,319,051
Re-imbusement and Loan Payment	2,395,900	176,382	2,219,518
Total Non Tax Revenue	358,709,728	303,287,055	55,422,673

The combined tax and non-tax revenue underperformance totaled \$137.3 million.

Recurrent Revenue Over-performance

11.7 It is worthy to note that three revenue segments over performed, which resulted in \$31.31 million more in contribution than the budget as illustrated as follows:

- Motor Vehicle Fees - \$7.1million over the budget;
- VAT and Other Taxes Revenue - \$23.2 million over the budget;
- Services of a Commercial Nature - \$944,123 over the budget and this contributed to reducing the \$137.31 million underperformance to the overall recurrent revenue shortfall of \$110.74 million.

Recurrent Revenue Over Budget Performance Analysis 2017/2018			
Revenue	Final Approved Budget 2017/2018 B\$	Actuals 2017/2018 B\$	Variance B\$
Motor Vehicle	42,950,000	50,109,617	(7,159,617)
Vat & Other Taxes	663,561,987	686,770,223	(23,208,236)
Services of a Commercal Nature	2,817,000	3,761,123	(944,123)
Total	709,328,987	740,640,963	(31,311,976)

CAPITAL REVENUE

11.8 Other receipts of funding included revenue sources from:

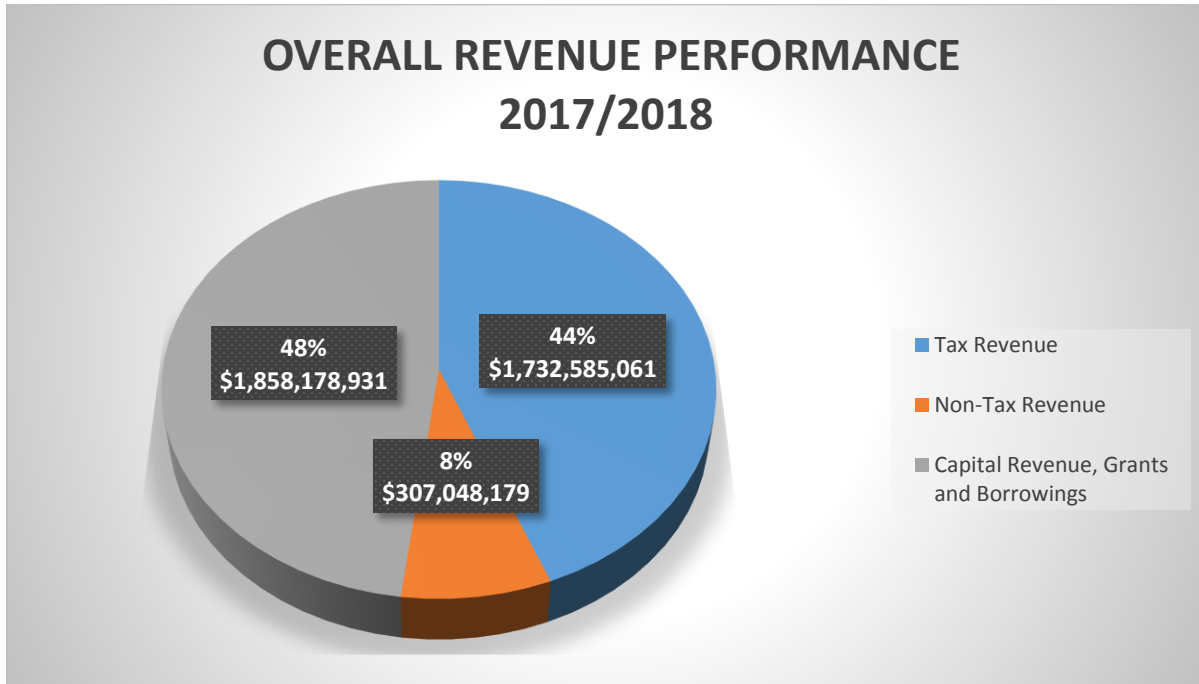
- Grants \$2,597,598
- Sale from Government Assets (non-financial) \$154,203
- Proceeds from borrowings \$1,855,427,130

The \$1.85 billion in borrowings went over the final approved projection of \$753 million by \$1.10 billion or 146%, as shown as follows.

Borrowings, Grants and Other Capital Income 2017/2018 Analysis			
SOURCES OF FUNDS (CAPITAL RECEIPTS)	FINAL APPROVED BUDGET B\$	ACTUALS B\$	VARIANCE B\$
Proceeds From Borrowings	753,024,363	1,855,427,130	(1,102,402,767)
Proceeds from Grants	2,205,000	2,597,598	(392,598)
Proceeds from Sale of Government Assets	2,000	154,202	(152,202)
TOTAL CAPITAL RECEIPTS	755,231,363	1,858,178,930	(1,102,947,567)

OVERALL REVENUE PERFORMANCE 2017/2018

11.9 The \$1.85 billion capital revenue, when combined with the \$2.03 billion recurrent revenue resulted in an overall 2017/2018 total revenue of \$3.89 billion. These sources of receipts inflows are further illustrated as follows.



From the above chart, the \$1.85 billion capital revenue (mainly the borrowings), exceeded the \$1.73 tax revenue by 7% or \$122.84 million.

11.10 All of the government's recurrent revenue was not collected during the financial year. Outstanding revenue remains to be collected; mainly from taxation for VAT, Business Licence Fees, Real Property Tax and Customs fees and duties. The outstanding revenue, in some aspect contributed to the \$110.74 recurrent revenue deficit.

We recommended that the revenue collection processes across the integrated systems be transformed to increase the recurrent revenue by:

- Reduction of outstanding revenue for dishonoured cheques;
- Reduction of outstanding Customs deferred revenue payments, processing fees and services charges; and
- Reduction of outstanding Department of Inland Revenue real property tax, business licence fees and VAT.

Collection of all outstanding revenue should be vigorously pursued. Revenue enhancement and tax compliance tools at administrators' disposal, should be fully utilized to increase collections and improve taxpayer compliance across the integrated systems.

RECURRENT EXPENDITURE PERFORMANCE

11.11 The original approved recurrent budget of \$2.24 billion (\$2,243,068,781) was later revised, by way of supplemental, to the final approved budget of \$2.37 billion (\$2,374,908,652). The actual recurrent expenditure totaled \$2.18 billion (\$2,188,578,845). This expenditure budgetary performance went under the final approved budget by \$186.32 million (\$186,329,807) as shown in the table that follows.

Recurrent Expenditure Budgetary Performance (Actual Under the Budget) 2017/2018			
Ministries/Departments	Final Approved Budget Financial Year Ended 30-Jun-18	Actual Financial Year Ended 30-Jun-18	Variance Financial Year Ended 30-Jun-18
Dept of Public Service & Nat'l Insurance	249,593,793	219,680,862	29,912,931
Ministry of Foreign Affairs	36,781,917	29,950,305	6,831,612
Ministry of Finance	277,581,310	216,477,115	61,104,195
Royal Bahamas Police Force	136,420,638	127,223,236	9,197,402
Ministry of Education	94,593,419	86,379,502	8,213,917
Ministry of Youth, Sports & Culture	30,021,200	24,304,606	5,716,594
Ministry of Health	308,306,804	277,803,958	30,502,846
Ministry for Grand Bahama	13,455,300	10,079,964	3,375,336
Sub Total Expenditure Under Budget by More Than \$3 million	1,146,754,381	991,899,548	154,854,833
Sub Total Expenditure Other Ministries & Departments Under Budget by Less Than \$3 million	1,228,154,271	1,196,679,297	31,474,974
Total Recurrent Expenditure	2,374,908,652	2,188,578,845	186,329,807

11.12 The Department of Public Service and National Insurance, Ministry of Finance and the Ministry of Health constituted \$121.51 million or 65% of the \$186.32 million expenditure underperformance.

11.13 The recurrent actual expenditure of \$2.18 billion (\$2,188,578,845) in comparison to the recurrent actual revenue \$2.03 billion (\$2,039,633,686); resulted in a recurrent deficit of \$148.94 million (\$148,945,159).

The actual recurrent expenditure report analysis for the various ministries and departments is shows below:

Recurrent Expenditure Actual Expenditure Analysis - Governmental Operational Services 2017/2018				
Head	Ministries/Departments	Actual Expenditure B\$	Governmental Services/Contractual Obligations	% of Expenditure
5	Department of Public Service & National Insurance	219,680,862	Pensions/Gratuities/Insurance Premiums/Office Rent	10%
21	Ministry of Finance	216,477,115	Tax Reform/Special Employment Project/General Overtime/ Lease of Vehicles/Utility & Communication/Tourism Related Operation/Supplies & Material	10%
22	Treasury Department	414,657,216	NIB Employee Contribution/VAT Expenses/Public Debt Servicing Interest/Fees & Charges on Debt Transactions/Hedging Gain/Losses /Parliamentary Pensions	19%
13	Ministry of Foreign Affairs	29,950,305	Providing Services to Citizens and Residents/Technical Assistance & Training/Obtaining Official Documents/Diplomatic Relations (Bahamas Overseas Offices)/Consular Services/ Foreign Policies & Treaties	1%
18	Department of Local Government	22,878,322	Appointment of Statutory Boards : Road Traffic Authority/Port Authority/Town Planning Committee/Hotel Licensing Board/Licensing Authority Building Control - to grant permits/Granting Business Licenses/Maintaining Public Buildings and their environs whereby improving efficient and effective services in the community	1%
7	Office of the Attorney General & Legal Affairs	18,843,236	Legal Affairs/Legal Advisor to the Government/Drafting & Preparation of Government Legislation/Relations with the Judiciary & Bar/Notaries Public/Criminal Prosecution/Law Reform and Revision /Internal Legal Cooperation etc.	1%
8	Office of the Judicial (Magistrates' & Supreme Courts)	13,286,229	The Judiciary of The Bahamas /Supreme Court and Magistrates Court advancing the administration of justice in the Bahamas	1%

Recurrent Expenditure Actual Expenditure Analysis - Governmental Operational Services 2017/2018				
Head	Ministries/Departments	Actual Expenditure B\$	Governmental Services/Contractual Obligations	% of Expenditure
11	Bahamas Department of Correctional Services	24,552,593	National Security (Rehabilitation and Successful Reintegration into Society/Public Safety)	1%
31	Royal Bahamas Police Force	127,223,236	National Security (Law Enforcement Agency - Crime Prevention/ Policing and Safety/ Community - Solve and Prevent Crime/ Personal Safety)	6%
32	Royal Bahamas Defence Force	54,808,725	National Security (Military of The Bahamas- Navy/Defend The Bahamas/Protect its international integrity/Patrol its waters/Aspects of Disaster Relief Agency & Emergency Rescue)	3%
35	Department of Education	194,236,393	Education (Teachers-Employment)/School Lunch Programme/School Bus Services/School Board Operations	9%
38	Ministry of Education	86,379,502	Subsidies -Operation - University of The Bahamas/Bahamas Technical & Vocational Institution/Private Enterprises - Independent Schools/Scholarships	4%
44	Department of Social Services	38,309,454	Social Assistance Benefits/Food Assistance Programme/Relief Emergency Desk Assistance	2%
47	Ministry of Youth, Sports & Culture	24,304,606	IAAF WORLD Relay Games/Subsidies to National Arts Gallery/Subventions -National Sports Authority & Other Special Financial Transactions	1%
56	Ministry of Agriculture & Marine Resources	21,543,920	Bahamas Agricultural & Industrial Corporation/School of Agriculture & Marine Science	1%
60	Ministry of Health	277,803,958	Subsidies - National Health Insurance Authority and Public Hospitals Authority (SRC, BNDA, EMS,MMD,GBHS)	13%
65	Dept. of Environmental Health Services	33,513,726	Consultancy - Environmental	2%

Recurrent Expenditure Actual Expenditure Analysis - Governmental Operational Services 2017/2018				
Head	Ministries/Departments	Actual Expenditure B\$	Governmental Services/Contractual Obligations	% of Expenditure
72	Ministry of Energy & The Environment	25,707,300	The Bahamas Public Parks & Beaches Authority	1%
23	Customs Department	36,852,879	Collection and Protection of the Revenue of The Bahamas/Equitable Collection of Revenue/Protection of The Bahamas' Imports and Facilitation of Trade	2%
30	Department of Immigration	21,291,070	Border Control/Immigration Enforcement/Refugee Administration/Permits	1%
	Ministry of Tourism & Aviation	105,187,068	Tourism Operations/Subsidies - Bahamasair Holdings Ltd/Airport Authority/Nassau Flight Services	5%
33	Ministry of Public Works	37,285,500	Subsidy/Water & Sewerage Corporation Development Projects	2%
34	Department of Public Works	17,769,690	Providing Governmental Architectural Services/Building Control/Building Survey/Family Island Maintenance/Civil Design & Construction/General Services/Structural Engineering/Mechanical & Electrical Engineering/Quantity Surveying	1%
	Sub Total (Primary Services)	2,062,542,905		94%
	Sub Total Other Ministries/Departments	126,035,940	Other Pertinent M&Ds Delivery of Operational Goods and Services	6%
	Total Recurrent Expenditure	2,188,578,845		100%

CAPITAL EXPENDITURE

11.14 The original approved budget of \$229.7 million (\$229,725,200), by way of supplemental, was revised to the final approved amount of \$358.68 million. An increase of \$128.96 million (\$128,961,590).

11.15 The capital expenditure went under the final approved \$358.68 million by \$89.97 million. The Ministry of Finance and the Ministry of Public Works expenditure accounted for 95% or \$85.14 million of the overall \$89.97 million.

Capital Expenditure Budgetary Performance (Actual Under the Budget) 2017/2018			
Ministries/Departments	Final Approved Budget Financial Year Ended 30-Jun-18	Actual Financial Year Ended 30-Jun-18	Variance Financial Year Ended 30-Jun-18
Ministry of Finance	187,177,000	125,472,426	61,704,574
Royal Bahamas Defence Force	21,300,000	17,524,823	3,775,177
Ministry of Public Works	115,568,036	91,859,224	23,708,812
Ministry of Education	34,641,754	33,850,724	791,030
Total Capital Expenditure	358,686,790	268,707,197	89,979,593



PUBLIC DEBT

PUBLIC DEBT

The Public Debt

12.1 The Public Debt for the fiscal year ending 2018 totaled \$7.3 billion, an increase of \$680.90 million; an equivalent of 10% over prior year 2017 debt of \$6.66 billion, as shown in the schedule below.

THE PUBLIC DEBT COMPARATIVE ANALYSIS SUMMARY 2017 VS 2018				
Loan Description	Amount Outstanding As At 30/06/17	Exchange Rate Adjustments	Amount Outstanding As At 30/06/18	Net Increase/ (Decrease)
Bahamas Government Registered Stock	3,177,472,700		3,262,472,700	85,000,000
Bahamas Government Stock	277,310,000		226,236,000	(51,074,000)
Bahamas Government Treasury Notes	208,668,182		213,358,763	4,690,581
Loans Syndicated and Payable Bahamain Dollars	312,475,086		210,613,294	(101,861,792)
Loans and Bonds Syndicated and Payable in US Dollars and Other Currencies	1,763,585,711	8,688,421	2,637,108,043	873,522,332
Sub-Total	5,739,511,679	8,688,421	6,549,788,800	810,277,121
Short Term Debt Securities	926,322,526		796,952,930	(129,369,596)
Total	6,665,834,205	8,688,421	7,346,741,730	680,907,525

12.2 Net movement in funding source of \$680.90 million increase consisted of:

- Bahamas Government Registered Stock increase of \$85 million
- Bahamas Government Stock decrease of \$51 million
- Bahamas Government Treasury Notes increase of \$4.69 million

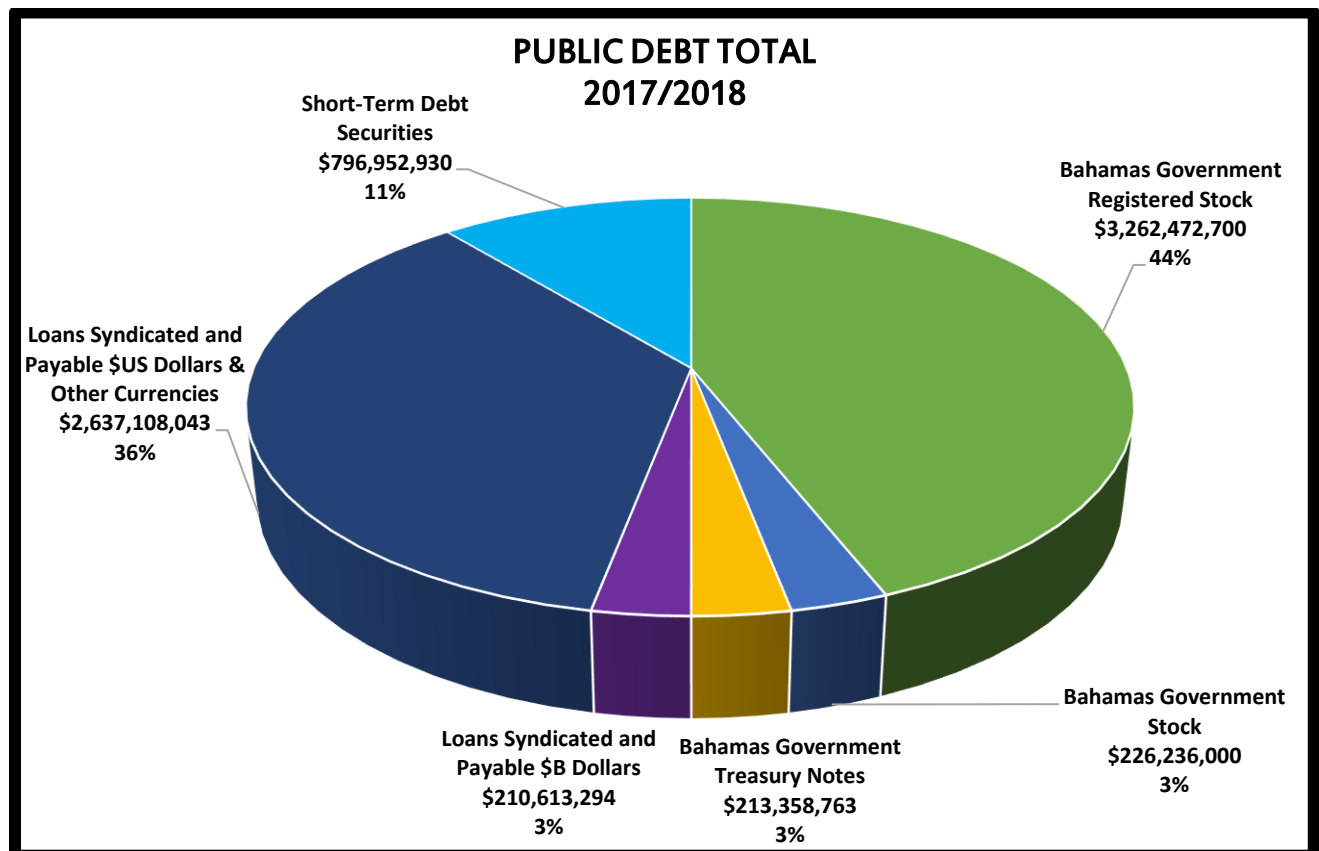
- Loans Syndicated and Payable Bahamian Dollars decrease of \$101.86 million
- Loans and Bonds Syndicated and Payable in US Dollars and Other Currencies increase of \$873.52 million
- Short Term Debt Securities decrease of \$129.36 million

Composition of the Public Debt

12.3 The government’s Public Debt composition include external and domestic debt with The Bahamas Government Stock, its principal funding source. The main component of the external debt comprise of:

- US \$ Bonds
- Multilateral loans with the Inter-American Development Bank (IDB)
- Other loans including J P Morgan, Deutsche Bank, Credit Suisse and Chinese concessional loans.

The chart in figure 1 below depicts the main components of the Public Debt.



12.4 The following schedule sets forth (in percentages) the Government debt outstanding by remaining maturity as of June 2018.

Public Debt Remaining Years until Maturity	
Maturity Date (Year/s)	Percentage Due
Due within one year	21%
Due within 2-5 years	17%
Due within 6-10 years	21%
Due within 11-15 years	30%
Due 16 years and over	11%
Total	100%

Domestic Debt

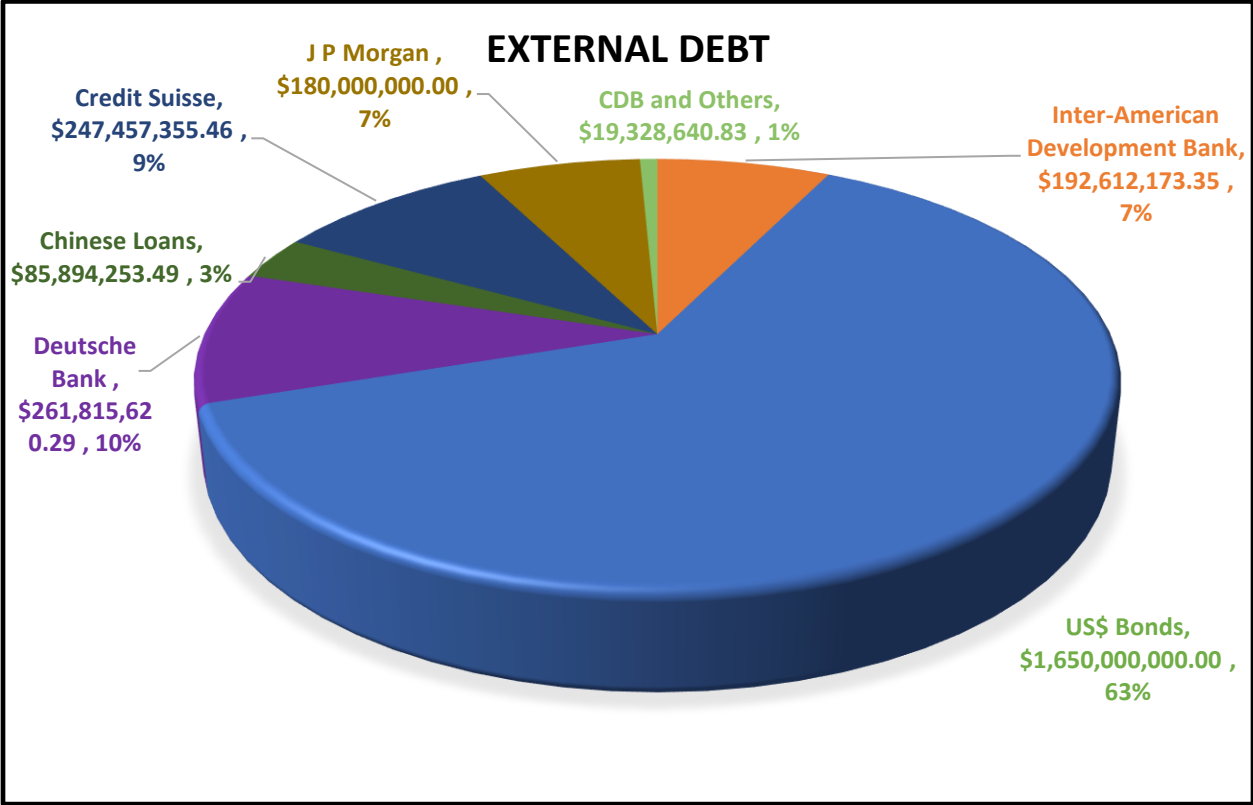
12.5 The domestic debt comprised 64% of the total debt portfolio including Bahamas Debt Securities of \$3.5 billion, ranging in maturities up to 20 years.

External Debt

12.6 The external debt of \$2.6 billion, stood at 36% of total Public Debt with US\$ Bonds totaling almost \$1.6 billion or 62.57% of the external debt. Other lenders included:

- Multi-lateral loans with IDB of \$193 million or 7.3% of external debt;
- JP Morgan - \$180 million or 6.83% of external debt;
- Deutsche Bank \$261.8 million or 9.93% of external debt;
- Credit Suisse \$247 million or 9.38% of external debt; and
- Chinese loans - \$86 million or 3.26% of total debt.

The chart in figure 2 depicts the main components of the external debt.



The US dollar represents the major currency component of the external debt.

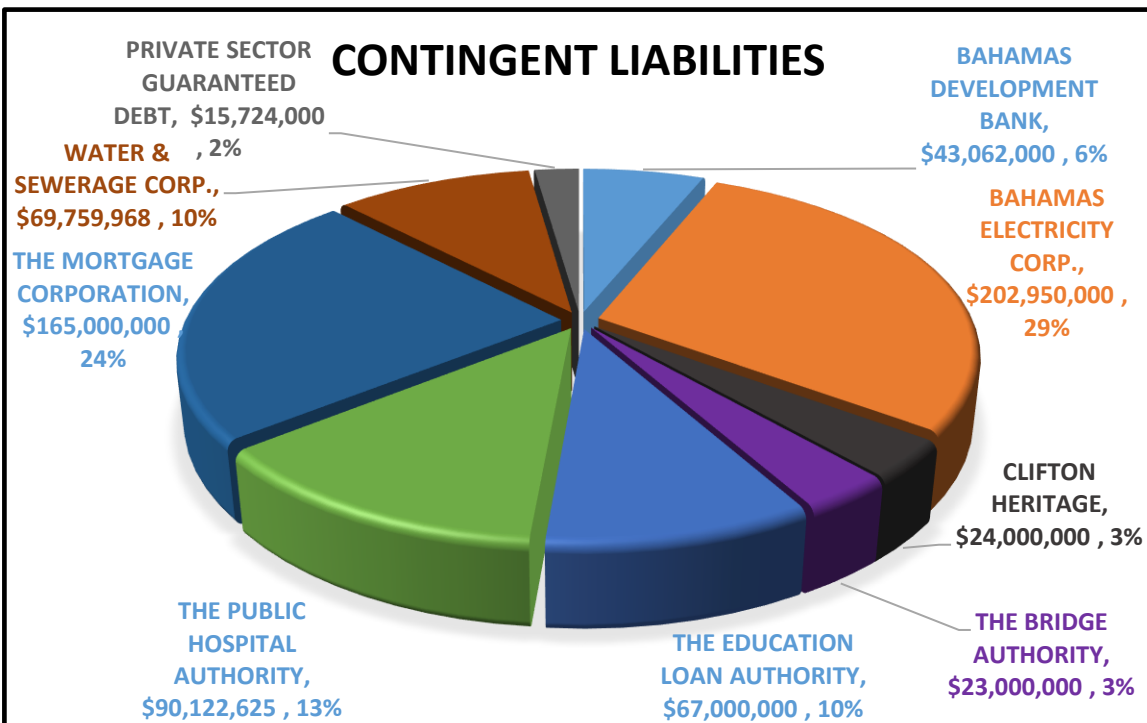


CONTINGENT LIABILITIES

CONTINGENT LIABILITIES

Contingent Liabilities

- 13.1 In light of the government's ownership interest in various public institutions and corporations, the government is a guarantor for a number of loans.
- 13.2 The total contingent liabilities as of June 30, 2018 totaled \$700.61 million for the related loans. The chart below depicts the composition of the total contingent liabilities.

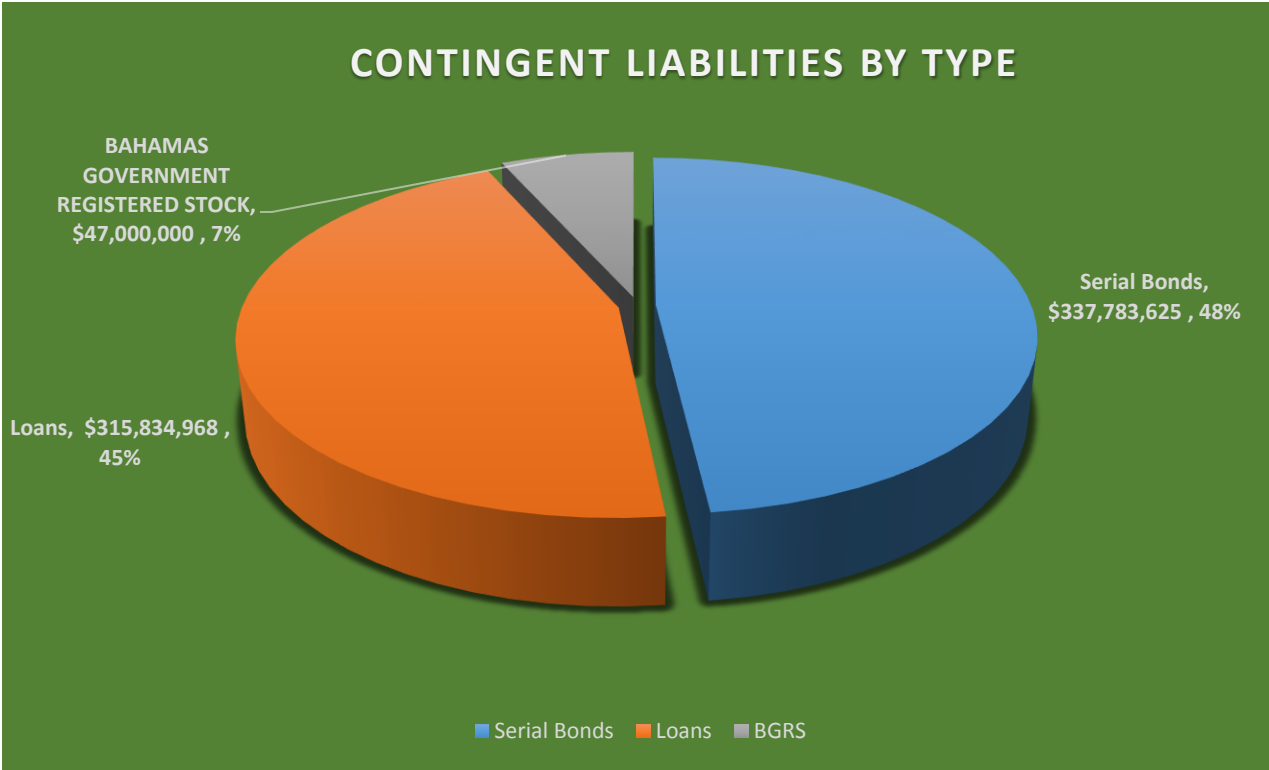


Contingent Liabilities Composition	
Government Entities	Loan Amount (\$)
Private Sector Guaranteed Debt	15,724,000
Water & Sewerage Corporation	69,759,968
Mortgage Corporation	165,000,000
Public Hospitals Authority	90,122,625
Education Loan Authority	67,000,000
Bahamas Development Bank	43,062,000
Bahamas Electricity Corporation	202,950,000
Clifton Heritage	24,000,000
Bridge Authority	23,000,000
Total	700,618,593

Contingent Liabilities by Type

13.3 The chart below depicts the contingent liabilities by type as follows:

- Serial Bonds the highest with 48% at \$337.78 million
- Loans follow with 45% at \$315.83 million
- Bahamas Government Registered Stock with 7% at \$47 million



Debt Servicing of the Public Debt

- 13.4 The Public Debt Servicing Redemption for 2018 fiscal year totaled over \$1 billion (\$1,072,345,080), an increase of over \$675.99 million over prior year 2017 figure of \$396.34 million (\$396,347,268).



SECTION FOURTEEN

DEPARTMENT OF INLAND REVENUE

DEPARTMENT OF INLAND REVENUE

14.1 The Department of Inland Revenue (DIR), which falls under the Ministry of Finance (MoF) is responsible for the tax administration and revenue collection for:

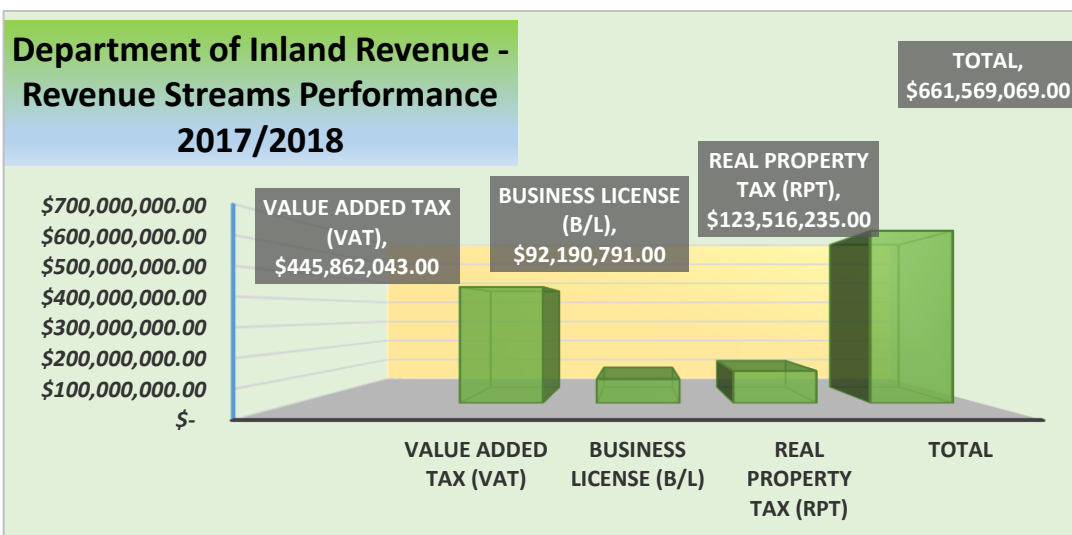
- Value Added Tax (VAT)
- Real Property Tax (RPT)
- Business Licence Fees (BL)

In addition to the Department's core responsibilities above, DIR manages the processing of all First Home-Owners Exemption transactions, however, the stamp tax revenue generated from those transactions is collected and reported by Public Treasury Department.

The DIR annual revenue performance and overall tax administration play a very significant role in the governance, transparency and accountability of the government's recurrent financial operations.

DIR Revenue Performance

14.2 The DIR collected \$661.56 million in recurrent revenue for 2017/2018 as illustrated below.



14.3 In comparison to the approved budget 2017/2018 of \$728.48 million, and actual revenue 2017/2018 of \$661.56 million the revenue fell short by \$66.91 million or 9% as shown below.

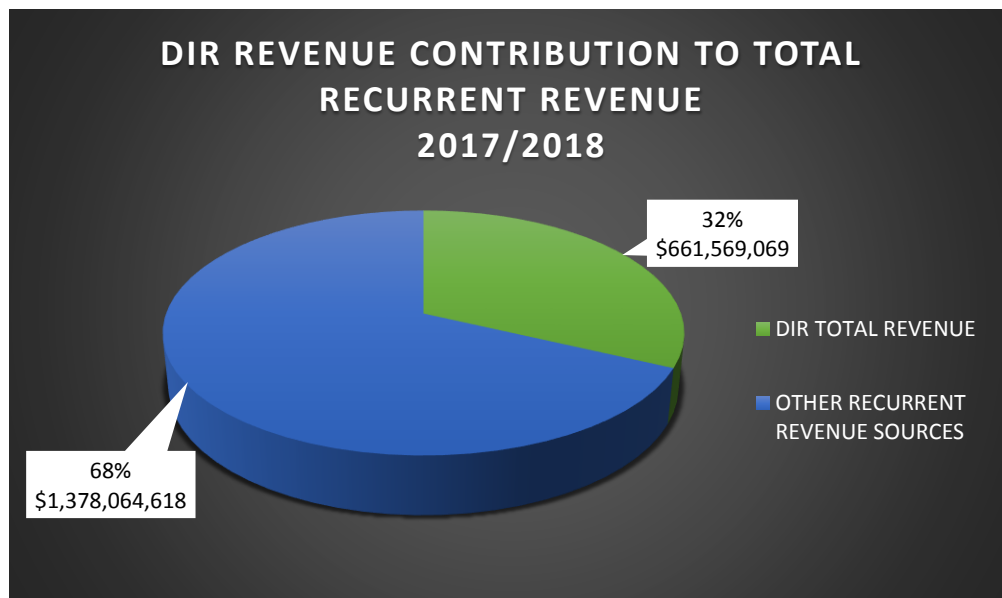
DIR COMPARATIVE REVENUE PERFORMANCE ANALYSIS 2016/2017 VS 2017/2018				
Revenue Components	Actual Revenue 2016/2017 (\$)	Approved Forecast Revenue 2017/2018 (\$)	Actual Revenue 2017/2018 (\$)	Variance 2017/2018 (\$)
Value Added Tax				
Value Added Tax	412,772,736	432,655,000	445,862,043	(13,207,043)
VAT Penalties, Late Fees & Interest	-	1,500,000	-	1,500,000
Sub-Total Value Added Tax	412,772,736	434,155,000	445,862,043	(11,707,043)
Real Property Tax				
Commercial Property Tax	44,969,013	52,500,000	45,048,662	7,451,338
Owner Occupied Property Tax	33,750,957	38,000,000	34,325,897	3,674,103
Residential Property Tax	12,007,191	18,000,000	12,182,211	5,817,789
Foreign Owned Undeveloped Property Tax	29,854,801	35,000,000	31,959,465	3,040,535
Sub-Total Real Property Tax	120,581,962	143,500,000	123,516,235	19,983,765
Business Licence Fees				
Business Licence	138,694,442	150,000,000	92,190,791	57,809,209
Business Licence Penalties, Late Fees & Interest	-	825,000	-	825,000
Sub-Total Business Licence Fees	138,694,442	150,825,000	92,190,791	58,634,209
Total	672,049,140	728,480,000	661,569,069	66,910,931

Additional notable aspects of the revenue performance are:

- The Business Licence revenue, over prior year 2016/2017 of \$138.69 million, is down by \$46.5 million, an equivalent of 34% compare to 2017/2018 of \$92.19 million.
- The VAT revenue collection surpassed the budget by \$11.7 million.
- The Real Property Tax performed below the budget by 19.98 million, an equivalent of 14%.
- Overall, in comparison to the prior year, the DIR revenue is down \$10.48 million or approximately 2%.

DIR Revenue Contribution to Total Recurrent Revenue

14.4 Although the \$728.48 budget expectation was not met by the DIR, the \$661.56 million revenue collected contributed to 32% of the total \$2.03 billion recurrent revenue. The chart below illustrates the same.



VAT Rate Revenue Economic Impact

14.5 It is important to highlight that not all of the consumption of goods and services in the VAT System attract the standard rate of 7.5%. Depending on the type of supply of goods and services VAT is charged at one of these three rates:

Standard Rate – taxpayers pay 7.5% on the total of the taxable goods or services;

Zero Rate – the total value of goods or services is taxed at 0%, therefore, no tax is charged or revenue generated from these activities;

Exempt Rate – the goods or services provided are not considered taxable transactions, hence, no tax is levied or collected for these transactions.

Statistical Analysis of the VAT Tax Rate Structure

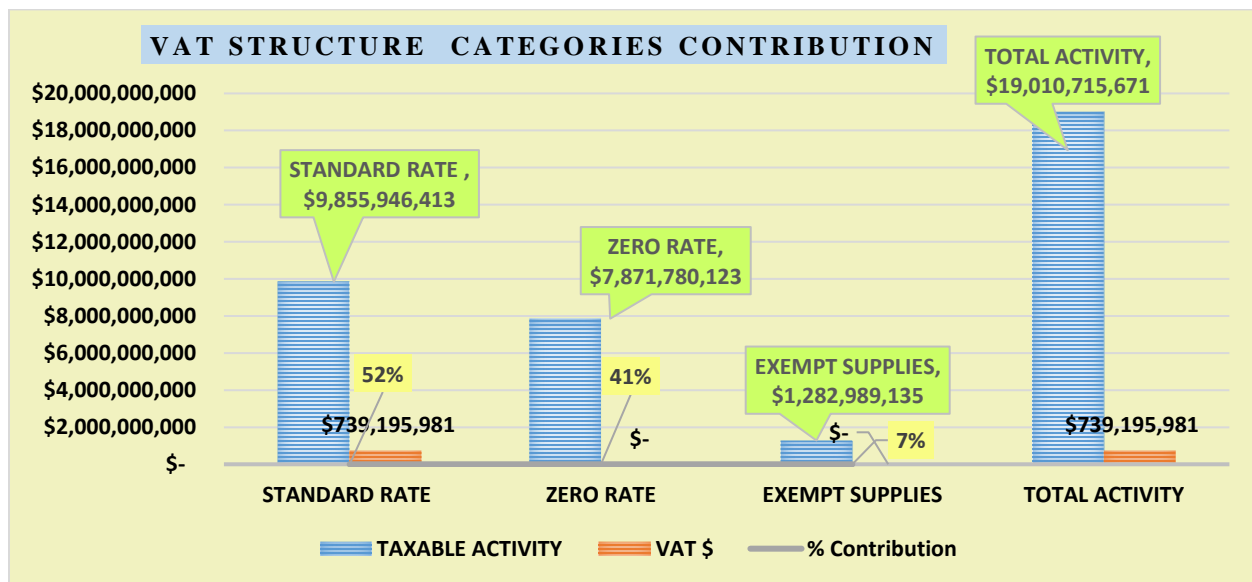
14.6 The Value Added Tax is structured to support the economic activity of goods and services in the domestic market to generate tax revenue for recurrent operations sustainability.

The level of consumption of goods and services that are Vatable at the standard tax rate (7.5% for 2017/2018 fiscal year) drives the tax revenue, the output, as outlined in the schedule below.

VAT TAX RATE STRUCTURE ACTIVITY PERFORMANCE ANALYSIS 2017/2018					
VAT Tax Activity Component	VAT Tax Rate	Consumption Value of Goods and Services (\$)	VAT Revenue Collected (\$)	Deferred VAT Revenue (\$)	Tax Activity Output %
Bahamas Customs Imporation VAT	7.5%	3,117,506,600	233,812,995		16.4%
Department Of Inland - VAT Registrants Filing Returns -Standard VAT Rate	7.5%	5,944,827,240	445,862,043		31.3%
Other Government Ministries	7.5%	12,124,573	909,343		0.1%
Total VAT Revenue Collected	7.5%	9,074,458,413	680,584,381		48%
Imporation VAT (Deferred VAT)	7.5%	781,488,000	-	58,611,600	4%
Sub-Total Standard Rate	7.5%	9,855,946,413	680,584,381	58,611,600	52%
Department of Inland Revenue - VAT Registrants Filing Returns at (Zero Rate)	0%	7,871,780,123	-		41%
Department of Inland Revenue - VAT Registrants Filing Returns- Exempted from VAT	No VAT	1,282,989,135	-		7%
TOTAL		19,010,715,671	680,584,381	58,611,600	100%

14.7 It is important to note that, VAT is one of the government's primary source of taxation to raise revenue and thus it is fundamental that the tax

administration be efficient and effective, to work as designed; given basically only 52% of the activity results in revenue generation. The 52% of the standard rate 7.5% revenue generating activity is further illustrated below.



The above chart shows over \$19.01 billion of goods and services was funneled in the domestic economy and VAT was accounted for as follows:

- Taxable supplies valuing \$9.85 billion attracted 7.5% VAT, resulting in \$680.58 million actual tax revenue and \$58.61 deferred VAT, a grand total of \$739.19 VAT. These transactions accounted for 52% of the overall consumption. Significantly, the \$680.58 actual VAT revenue accounted for 39% of the \$1.73 billion tax recurrent revenue.
- The zero rate supplies activity pumped \$7.87 billion in the market and accounted for 41% of the \$19.01 billion, but attracted VAT at 0%. These VAT Registrants are normally in a VAT credit position and request refund for the same. The VAT refund disbursements for 2017/2018 totaled \$19.35 million.
- The exempt supplies activity injected \$1.28 billion in the economy and accounted for 7% of \$19.01 billion, but the transactions do not attract VAT.
- The zero rated and exempt supplies, when combined, accounted for \$9.15 billion or 48% of the overall \$19.01 billion consumption of goods and services.

- Review of records disclosed that not all the VAT collected by the taxpayers is being reported and remitted to the government. Some taxpayers are withholding the revenue and their tax liability is increasing coupled with the interest and penalties. Withholding VAT results in revenue leakage.

We recommended that compliance and enforcement be bolstered to collect the VAT revenue. In addition, we recommended innovative tools be pursued to strengthen the VAT Rate Structure; while maintaining equity and equality for tax efficiency across the economy.

VAT Outstanding Revenue

14.8 The VAT Outstanding Revenue Analysis schedule below shows a cumulative amount of \$41.1 million outstanding for the fiscal periods from 2015 to 2018.

VALUE ADDED TAX OUTSTANDING REVENUE ANALYSIS						
VAT Revenue Tax Type	2015 (\$)	2016 (\$)	2017 (\$)	2018 (\$)	Total (\$)	% Outstanding by Tax Type
Filing Returns	192,875	2,191,129	4,273,053	6,637,181	13,294,238	32%
Estimated Assessments	119,292	133,702	238,428	250,794	742,216	2%
Assessments	46,313	1,137,515	5,153,218	753,492	7,090,539	17%
Audit Assessments	1,218,148	5,894,832	5,960,990	6,902,649	19,976,618	49%
Total	1,576,629	9,357,178	15,625,689	14,544,116	41,103,612	100%

From the above data, the highest categories are Audit Assessments accounting for \$19.97 million or 49% of the \$41.1 million followed by the Filing Returns with \$13.29 million or 32% respectively.

We recommended that compliance and enforcement tools be reinforced to pursue the VAT and collect the outstanding revenue.

VAT Refunds

14.9 VAT refunds are processed for taxpayers whose taxable transactions of goods or services result in a credit. VAT refund cases processed, approved and paid in 2017/2018 totaled \$19.35 million; a decrease of \$2.41 million or 10% over the prior year, as shown below.

VAT REFUNDS COMPARATIVE ANALYSIS 2016/2017 vs. 2017/2018				
Description	2016/2017 (\$)	2017/2018 (\$)	Increase/Decrease (\$)	% +/- (-)
Refunds Approved and Paid	21,718,049	19,300,862	(2,417,187)	-11%
Total Interest Paid	54,730	55,332	602	1%
Total	21,772,779	19,356,194	(2,416,585)	-10%

The late refund payment attracted \$55,332 in interest penalty. Interest penalty is incurred if the taxpayers' refund cases are not processed within 60 days as prescribed by the VAT Act (2014) Section 57 (1) (b).

We recommended that the VAT Refund Processing turnaround time be improved to maintain efficiency in timely delivery of taxpayer services.

Revenue Enhancement Unit (REU)

14.10 The Revenue Enhancement Unit (REU) is an independent Unit, within the DIR, that reports directly to the Ministry of Finance (MoF). REU was established in January 2017 and is responsible for:

Reduction of the Government's revenue leakage through projects;

Addressing compliance with the tax and Customs laws in the Bahamas;

Focusing on revenue recovery from four (4) key tax areas:

- Value Added Tax
- Real Property Tax
- Business Licence Fees
- Customs related Taxes and Fees (with the collaboration of the Bahamas Customs for its investigatory powers)

The DIR VAT Audit Unit also falls under the REU Management. VAT Audit is deemed an independent function within the DIR and as such; should have

its own organizational structure for appropriate management and reporting functions.

We recommended the reorganization of the Audit Unit within the DIR to be consistent with best practices for the management and reporting functions inclusive of that with the Audit Committee.

14.11 We noted transactions processed by the REU that are deemed significant to address weaknesses in the system for corrective actions. Examples are as follows:

An assessment conducted on a taxpayer's account was \$348,464.95 which was later reversed to \$275,350.27; resulting in a reduction of \$167,954.42 in tax liability.

Another assessment performed resulted in \$246,509.61 and was later reversed to \$165,612.73; resulting in \$80,896.88 reduction in tax liability.

We noted that there was no documentation on file to justify the reversals.

We recommended that the assessed amounts of \$348,464.95 and \$246,509.61 be reviewed.

14.12 We noted instances where penalties and interest were waved.

Waiving of these penalties and interest is prohibited by law. Reference is drawn to Section 60 (7) of the VAT Act that states: *"The Controller may waive a fine if he/she desires to; but not interests and penalties."*

Waiving interest and penalties resulted in revenue leakage. In the sample of cases examined the amount waived totaled \$92,240. This is an indication of system override and weakness in internal controls.

We recommended that legislation, policies and procedures governing tax administration management of VAT interests and penalties be fully enforced for equity, equality and transparency. In addition, we recommended internal controls needs to be strengthen to prevent unauthorized system override.

Value Added Tax and Business Licence Integrated Systems

14.13 Review of a sample of taxpayers' accounts disclosed tax arrears for VAT and Business Licence fees, at the end of fiscal year at June 30th, 2018, totaling over \$2.11 million as listed in the table that follows.

SAMPLE OF VALUE ADDED TAX & BUSINESS LICENCE FEES			
Taxpayer	VAT Arrears As At June 30, 2018 (\$)	Business Licence As At June 30, 2018 (\$)	Total Arrears by Taxpayer As At June 30, 2018 (\$)
A	-	18,411	18,411
B	92,585	-	92,585
C	130,302	115,656	245,958
D	18,886	8,320	27,207
E	-	29,124	29,124
F	36,177	25,346	61,524
G	47,255	14,259	61,513
H	36,588	4,756	41,344
I	28,905	6,191	35,096
J	100,000	-	100,000
K	309,965	100,685	410,650
L	1,070	201,920	202,990
M	-	154,788	154,788
N	19,443	27,765	47,209
O	-	80,441	80,441
P	-	29,516	29,516
Q	-	29,735	29,735
R	-	47,521	47,521
S	106,202	25,406	131,608
T	95,586	-	95,586
U	60,119	52,891	113,010
V	56,593	6,685	63,278
TOTAL	1,139,675	979,417	2,119,092

The \$2.11 million is an accumulation of the taxpayers' non-compliance with legislation in paying VAT as due and the annual business licence fee.

We recommended that the enforcement and compliance tools as legislated be reinforced in collecting tax revenue.

Business Licence Renewal Application Processing Controls

14.14 Examination of a sample of business licences processed for 2018 renewal, disclosed significant understated turnover values as shown in the schedule that follows.

Sample of Understated Business Licence Turnover For 2017/2018				
Taxpayer	VAT Exclusive Filing Amount (\$)	Turnover on B/L Renewal Application (\$)	Understated Amount (\$)	Shortage on B/L Fee Paid (\$)
A	3,201,279	2,975,344	225,935	1,695
B	26,682,244	19,682,244	6,664,726	83,309
C	1,957,556	1,584,257	373,299	2,800
D	672,346	627,406	44,940	562
E	130,213,841	119,397,477	10,816,364	135,205
F	3,464,085	2,915,345	548,740	4,116
Total	166,191,350	147,182,072	18,674,003	227,685

In addition to the above, a taxpayer whose total turnover for 2017/2018 was \$17,097,197 and should have paid a standard business licence fee of \$213,715, actually paid a total of \$64,783, resulting in a shortage of \$148,932.

We recommended that controls be strengthened to improve the efficiency of the Business Licence Unit. The use of Data Analytical and Continuous Integrated Systems Audit Reviews be advanced to detect and action exceptions in a timely fashion. In addition the shortage should be collected.

Annual Business Licence Processing

Application for new business licence requires the following documentation:

- i. The National Insurance Board "Letter of Good Standing"
- ii. Department of Physical Planning
- iii. Ministry of Works
- iv. The Department of Environmental Health Services
- v. Royal Bahamas Police Force Business Inspection and Licensing Form

14.15 We noted in some cases, licences were issued without out having all the relevant documentation affixed on file.

14.16 All businesses in operations are mandated by law to have an active business licence and comply with the regulated annual renewal process. We noted a number of multimillion dollar businesses that are operating without renewed business licences. Some of the businesses have been operating for years without having a licence.

In some cases, the business licence renewal process was initiated but remains incomplete.

14.17 For businesses that have annual turnover exceeding \$ 100,000, an “Income Verification Letter” also known as “An Accountant’s Certified Letter” from a BICA Certified Accountant is required for the licence renewal. We noted that a number of businesses did not provide this required documentation, as shown in the schedule below.

A SAMPLE OF ISSUED BUSINESS LICENCES WITH NO ACCOUNTANT CERTIFICATION LETTER 2017/2018	
TAXPAYER	ANNUAL TURNOVER (\$)
A	3,201,279
B	683,753
C	4,383,065
D	9,023,298
E	7,700,167
F	15,393,082
G	8,706,170
H	1,220,980
I	1,987,556
J	1,406,075
K	1,598,861
L	4,534,409
M	4,331,578
N	5,682,426
O	1,835,262
P	8,041,796

We recommended that required documentation for processing business licence renewal be reviewed for verification and affixed on file. Further, to maintain strong controls, the Business Licence Unit be transformed to advance efficiency.

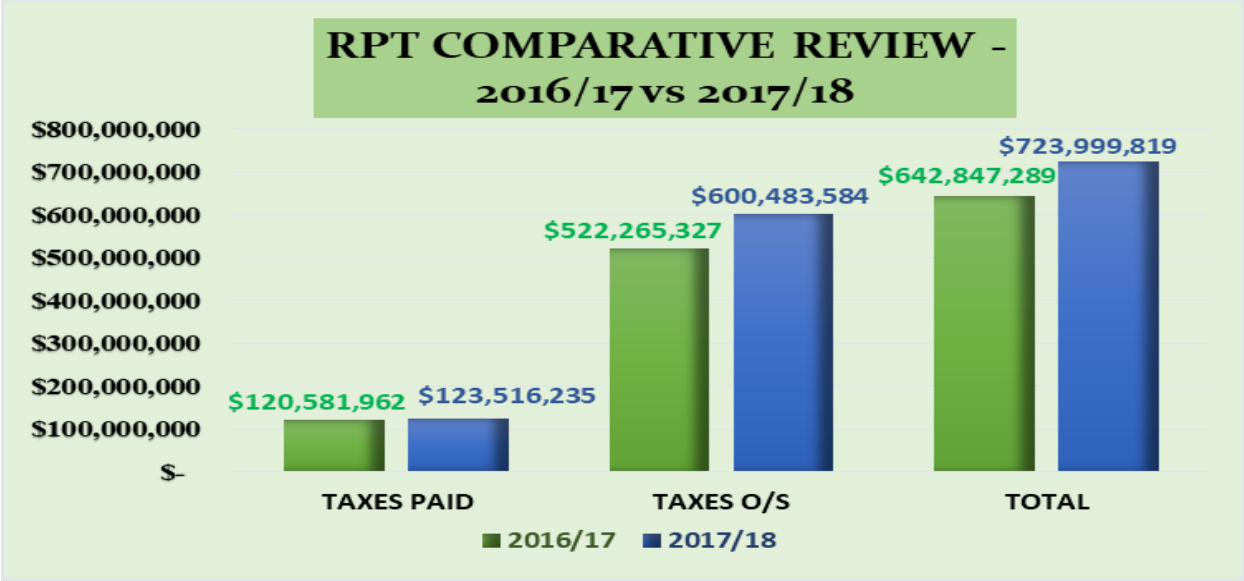
Real Property Tax Arrears

14.18 The RPT arrears at the end of fiscal year 2017/2018 amounted to \$600.48 million, an increase of \$78.21 million over the prior fiscal year as shown in the schedule below.

Real Property Tax Arrears Comparative Analysis 2016/2017 vs. 2017/2018			
Tax Components	Outstanding Taxes 2016/2017 (\$)	Outstanding Taxes 2017/2018 (\$)	Increase in Arrears (\$)
Current Year	42,402,610	63,025,087	20,622,477
Prior Year	309,102,317	351,929,036	42,826,719
Surcharge	170,760,328	185,529,461	14,769,133
Cumulative Arrears	522,265,255	600,483,584	78,218,329
Surcharge % of Cumulative Arrears	33%	31%	-2%
Prior Year % of Cumulative Arrears	59%	59%	-1%
Combined % of Surcharge and Prior Year Arrears	92%	90%	-2%

14.19 The prior year arrears and the surcharge for both fiscal periods, when combined, accounted for 92% and 90% of the cumulative taxes respectively. By law, if taxes are not paid by December 31st of each year a 5% surcharge is applied. This surcharge increases the taxpayer arrears substantially.

14.20 Efforts to increase the RPT revenue collection, in all aspects, is deemed vital as in comparison to the tax arrears; a minimal amount of revenue is collected annually. The chart that follows illustrates the analysis.



We recommend all the tools necessary to bolster the collection RPT tax revenue and strengthen the efficiency and effectiveness tax administration be utilized.

Conclusion

14.21 The Tax Administration of the government’s three (3) primary sources of revenue by the DIR is monumental. The DIR remains one of the primary collection agency for the government taxes and as such, all the tools necessary to advance the improvement and sustainable development of the operations should be in place.

14.22 We extend our appreciation to the management and staff of the Department of Inland Revenue, for the courtesy and assistance given during the audit



SECTION FIFTEEN

FINAL ACCOUNTS

FINAL ACCOUNTS

Treasury Queries 2018 Final Accounts and Notable Concerns for Improvement in Strengthening PFM

Bank Reconciliation

15.1 Notable improvement has been made with timeliness of monthly bank reconciliation for the various bank accounts.

We recommended that the bank reconciliation processing timeliness improvement remain consistent and that consistency is achieved in all aspect to harness Treasury management functions.

Managements Response

We continue to strive to maintain timely and accurate bank reconciliations.

Family Islands Accounts

15.2 Treasury's accounting and reporting functions, in the first instance, in the Family of Islands are not fully automated with the Treasury Financial Management System (TFMS). Manual Processing is being conducted with respect to the various financial transactions, within 31 Local Government Districts for the various islands communities, extending across the listed Family Islands in the table below.

Family Islands with Various Districts Under Family Island Administrators Portfolio		
Abaco	Acklins	Andros
Bimini	Cat Island	Crooked Island
Eleuthera	Exuma	Grand Bahama
Inagua	Long Islands	Mayaguana
Ragged Island	San Salvador	

- 15.3 The administration of public funds for the proper usage and development of these districts are to be executed in accordance with “The Local Government Act” 1996. The budget for these public funds falls under Head 28: The Department of Local Government, which functions under the Ministry of Transport and Local Government. The Public Treasury Department Family Island Section further undergirds the accounting and reporting of the transactions with the manual transactions integration into to the TFMS. However, improvement could be made with the implementation of the TFMS automation within the islands.
- 15.4 Having a fully integrated automated TFMS across the government financial activities strengthens the internal controls and provides for real time effective continuous monitoring around and through the system. We deem this essential in this digital economy for improved transparency, good governance and accountability. The functional TFMS in the islands would further assist the stakeholders charged with the responsibilities of transparency and good governance of the public funds such as the:
- Family island Administrators
 - Local District Councillors
 - Local Town Committees

We recommended the implementation of the Treasury Financial Management System (TFMS) full automation across the Family of Islands and related districts to improve transparency, good governance, accountability, effectiveness and efficiency of operations. Further the implementation and modernization of the Treasury system in the Family of Islands will augment the improved transparency and good governance initiatives and projects that are progressing relative to:

- Fiscal Responsibility
- Public Procurement
- Public Financial Management

Managements Response

Plans are in place to commence roll out of TFMS across the Family Island, starting with completion of Grand Bahama and Abaco. However, it all hinges on whether the Government of the Bahamas will acquire a new IFMIS system which will then be rolled out instead of the existing TFMS.

Dishonoured Cheques (Receivable)

- 15.5 We noted that the Financial Statements reflected an amount of 19,655,196 as the balance at June 30th, 2018. The prior year balance was 19,836,264, as indicated in June 30th 2017 Financial Statements; a movement decrease of 181,068 or 1%.
- 15.6 The cumulative amount of \$19.65 million dishonoured dates originated from 1986 to this current financial reporting period, 2018. Dishonoured cheques (accounts receivable) that remain outstanding for inordinate time carry a high risk of uncollectibility. Accounts deemed uncollectible are to be segregated as bad debts for write-off, as best practices and standards in accounting guidance provide.

We recommended that data be prepared for the dishonoured cheques deemed uncollectible, the bad debts that are no longer an asset, be presented to the Ministry of Finance to facilitate the process for Cabinet's approval for write-off.

We further recommended that the amounts deemed collectible be robustly pursued to collect the outstanding revenue.

Managements Response

We are considering putting a recommendation forth for dishonored cheques write off.

Public Debt

- 15.7 We noted that, currently the Public Treasury does not have in operations a modernized Public Debt Management System (DMS). The operations and functions, management of the debt portfolios, are processed using the Excel formulated spreadsheets to track and account for the transactions. This process is challenging, time intensive and increases the risk of errors due to the magnitude of manual processing.
- 15.8 In this digital era, the *"New World"*, modernization of the Treasury's Public DMS is pivotal to strengthen transparency, accountability, and good governance to maintain effective and efficient operations. Also to manage the high risks associated with the public debt portfolios inclusive of contingent liabilities.

15.9 Debt management information is critical to users in decision making and full automation is needed with the related Financial Management Information Systems (FMIS)), inclusive of a greater degree of capacity building with the Central Bank of The Bahamas and other relevant stakeholders.

15.10 In strengthening Public Financial Management (PFM), we view this project, the modernization of the Treasury's Public DMS essential and deems it prudent to be incorporated in the National Digitization Project of the integrated systems that is underway. This will provide having a greater interoperability by implementing a Public DMS, for example: Debt Management and Financial Analysis System (DMFAS) or the Commonwealth Secretariat Debt Recording and Management System (CS-DRMS) or an effective and efficient DMS in general; for systematic and accurate maintenance of the public debt. The automated systems are designed to achieve optimism and efficiency in outcomes such as:

- Debt sustainability
- Reducing long-term debt servicing
- Managing risk of contingent liabilities
- Managing risk of debt distress
- Strengthening the maintenance of recording, validating and mandatory debt data accuracy
- Payment and Registry of Debt
- Allowing automated settlement
- Reducing operational risk
- Conducting portfolio and risk analyses
- Plan future borrowings and mobilization of resources
- Generating analytical reports for decision making

We recommended the modernization of the Treasury Public Debt Unit; to have an automated Debt Management System (DMS). We further recommended this as an essential project for implementation for sustainable development to maintain debt sustainability and economic resiliency.

Managements Response

We presently share the CDRMS system with Central Bank, however features are limited. There are plans in motion for a new Public Debt Law and subsequent to that an improved Debt System.

Outstanding Basic & Gaming Taxes – Closed Casinos

15.11 Prior to the new 2014 legislation governing gaming activities (The Gaming Act, The Gaming Regulations, and The Gaming House Operator Regulations), Casinos basic and gaming taxes were paid to and collected by the Treasurer. Accordingly, the outstanding taxes as shown in the Schedule and Payment of Basic and Gaming Taxes are presented to the Ministry of Finance and the Treasury Department for discussion for resolution.

OUTSTANDING BASIC & GAMING TAXES FOR CLOSED CASINOS			
Closed Casinos	Basic Tax (\$)	Actual Gaming Tax (\$)	Taxes Outstanding (\$)
Lucayan Beach	1,300,000.00	20,831,056.40	22,131,056.40
Casino at Bahamia	600,000.00	12,619,141.78	13,219,141.78
Ruffin Crystal Palace	566,666.66	6,710,073.98	7,276,740.64
Cranival Leisure Industries	-	4,077,402.10	4,077,402.10
Isles of Capri	51,613.02	73,342.53	124,955.55
Grand Bahama (Deferred Taxes)			10,750,000.00
TOTAL	2,518,279.68	44,311,016.79	57,579,296.47

We recommended that urgent steps be taken to collect outstanding taxes and that Section 194, “Penalty and interest for failure to pay tax when due” of the Gaming Regulations, 2014 be complied with. We further recommended that discussions with the Ministry of Finance and the Treasury Department continue, in an effort to clear the books of the amounts owed by the closed Casinos; if deemed uncollectable. Process and legislation in place to address and obtain authorization for write-off to be pursued to resolve this outstanding matter.

Managements Response

The administration for the casinos and gaming houses are managed by the Gaming Board and the responsible Minister. The involvement of Treasury relates only to the receipts of the taxes and its recording, since these funds must be paid into the Consolidated Fund.

Requests for write offs for outstanding amounts may be that of the Board and the responsible Minister, being guided by the FAA Act.

**AUDIT CERTIFICATE
THE FINAL ACCOUNTS OF
THE COMMONWEALTH OF THE BAHAMAS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2018**

In compliance with Section 43 of the Financial Administration and Audit Act, 2010, and as specified under Section 32(3), I have examined the Financial Statements of the Government of The Commonwealth of The Bahamas for the financial year ended June 30th, 2018. These financial statements comprise:

- i. Statement of Financial Assets and Liabilities (Balance Sheet) (Consolidated Fund)
- ii. Statement of Revenue and Expenditure
- iii. Statement of Cash Flow
- iv. Statement of Changes in Consolidated Fund (Current Account)
- v. Statement of Changes in Consolidated Fund (Capital Account)

The examination was conducted in accordance with the Financial Administration and Audit Act, 2010, The Financial Regulations 1975, The International Organization of Supreme Audit Institutions (INTOSAI) Auditing Standards and other auditing procedures as were considered necessary in the circumstance. The Financial Statements are the responsibility of the Treasurer, while my responsibility is to examine and certify the Statements, based on the outcome of my examination, as required by the Financial Administration and Audit Act, 2010.

I certify that the Final Accounts of the Government of The Commonwealth of The Bahamas present a true and fair view of the state of affairs for the year ended June 30, 2018.

**Terrance S. Bastian (Mr.)
Auditor General**

Nassau, Bahamas
November 20, 2021



ANNEX

CONTENTS

Balance Sheet – Consolidated Fund.....	Annex 1
Statement of Revenue & Expenditure.....	Annex 2
Statement of Cash Flow.....	Annex 3
Statement of Consolidated Fund (Current Account).....	Annex 4
Notes to the Financial Statements	Annex 5
Statement of Public Debt	Annex 6
Statement of Contingent Liabilities	Annex 7
Statement of Financial Position.....	Annex 8
Statement of Changes in Post Office Savings Bank.....	Annex 9



ANNEX 1

Balance Sheet

Consolidated Fund

THE GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS
STATEMENT OF FINANCIAL ASSETS AND LIABILITIES (BALANCE SHEET)
AS AT 30-JUNE-2018
(CONSOLIDATED FUND)

	Notes	As at 30-Jun-2018 B\$	As at 30-Jun-2017 B\$
FINANCIAL ASSETS			
Cash and Bank Balances	(11)	83,891,409	60,597,639
Fixed Deposits - Sinking Fund	(18)	109,832,315	103,575,699
Fixed Deposits BoB (Consolidated Fund)	(17)	11,491,810	3,416,480
Dishonoured Cheques (Receivables)	(19)	19,655,196	19,836,264
Advances	(13a)	116,467,584	60,782,207
TOTAL FINANCIAL ASSETS		341,338,314	248,208,289
FINANCIAL LIABILITIES			
CURRENT LIABILITIES			
Bank Overdraft	(10 & 11)	253,938,330	294,587,309
Treasury Bills	(8)	544,748,900	661,957,900
BGRS, Short Term	(8b)	270,000,000	270,000,000
Short Term Advances	(9)	154,118,143	154,118,143
Salary Deductions Payable	(12)	22,787,800	27,582,700
Other Short Term Depository Liabilities	(13b)	189,498,477	301,897,068
TOTAL CURRENT LIABILITIES		1,435,091,650	1,710,143,120
NET LIABILITIES		1,093,753,336	1,461,934,831
Supported by			
FUND BALANCES			
Consolidated Fund Current Account		(2,902,274,644)	(1,910,709,605)
Consolidated Fund Capital Development Account		1,808,521,308	448,774,776
TOTAL FUND BALANCES		(1,093,753,336)	(1,461,934,829)



Statement of Revenue & Expenditure

THE GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS
STATEMENT OF REVENUE AND EXPENDITURE FOR THE YEAR ENDED 30-JUNE-2018
(CONSOLIDATED FUND)

	Notes	Original Budget	Final Approved Budget	Actuals	Variance
		Financial Year Ended 30-Jun-2018	Financial Year Ended 30-Jun-2018	Financial Year Ended 30-Jun-2018	Financial Year Ended 30-Jun-2018
		B\$	B\$	B\$	B\$
REVENUE					
Recurrent Revenue					
Tax Revenue					
Import and Export Duties	(4)	326,475,108	326,475,108	287,264,944	39,210,164
Excise Tax	(4)	275,020,000	275,020,000	256,772,533	18,247,467
Property Tax	(4)	143,500,000	143,500,000	123,516,235	19,983,765
Motor Vehicle	(4)	42,950,000	42,950,000	50,109,617	(7,159,617)
Gaming Tax	(4)	36,500,000	36,500,000	37,152,434	(652,434)
Tourism tax	(4)	144,732,384	144,732,384	143,329,100	1,403,284
Stamp Tax	(4)	115,631,250	115,631,250	113,872,679	1,758,571
Company Fees	(4)	21,483,817	21,483,817	21,041,964	441,853
Bank & Trust Company Fees	(4)	19,000,000	19,000,000	18,148,750	851,250
VAT & Other Taxes	(4)	663,561,987	663,561,987	681,377,251	(17,815,264)
SUB-TOTAL TAX REVENUE	(4)	1,788,854,546	1,788,854,546	1,732,585,507	56,269,039
Non-Tax Revenue					
Fees and Service Charges	(4)	306,864,475	306,864,475	276,618,037	30,246,438
Revenue from Government Property	(4)	20,510,353	20,510,353	19,872,687	637,666
Interest and Dividends	(4)	28,939,000	28,939,000	6,619,949	22,319,051
Re-imbursment and Loan Repayment	(4)	2,395,900	2,395,900	176,382	2,219,518
Services of a Commercial Nature	(4)	2,817,000	2,817,000	3,761,123	(944,123)
SUB-TOTAL NON TAX REVENUE	(4)	361,526,728	361,526,728	307,048,178	54,478,550
SUB-TOTAL TAX & NON TAX REVENUE	(4)	2,150,381,274	2,150,381,274	2,039,633,686	110,747,589
Capital Revenue					
Capital Revenue	(6)	2,000	2,000	154,203	(152,203)
Grants	(6)	2,205,000	2,205,000	2,597,598	(392,598)
Proceeds from Borrowings	(6)	753,024,363	753,024,363	1,855,427,130	(1,102,402,767)
SUB-TOTAL CAPITAL REVENUE	(6)	755,231,363	755,231,363	1,858,178,931	(1,102,947,568)
TOTAL REVENUE		2,905,612,637	2,905,612,637	3,897,812,616	(992,199,979)
EXPENDITURE					
Agencies' Recurrent Expenditure					
Governor General & Staff		1,169,950	1,169,950	967,964	201,986
The Senate		251,200	251,200	248,297	2,903
House of Assembly		2,288,118	2,303,518	2,053,455	250,063
Dept of the Auditor General		2,547,740	2,547,740	2,096,888	450,852
Dept of Public Service & Nat'l Insurance		249,593,793	249,593,793	219,680,862	29,912,931
Cabinet Office		7,287,300	7,358,257	6,568,796	789,461
Office of the Attorney General & Legal Affairs		15,262,800	19,163,480	18,843,236	320,244
Office of the Judicial (Magistrates' & Supreme Courts)		14,463,521	14,632,033	13,286,229	1,345,804
Court of Appeal		2,436,312	2,442,312	1,920,199	522,113
Registrar General's Department		3,706,085	3,706,085	3,352,305	353,780
Bahamas Department of Correctional Services		25,310,467	25,324,560	24,552,593	771,967
Parliamentary Registration Dept.		1,552,633	1,552,633	1,149,745	402,888
Ministry of Foreign Affairs		36,738,190	36,781,917	29,950,305	6,831,612
Office of the Prime Minister		11,600,603	13,096,849	10,198,099	2,898,751
Bahamas Information Services		2,401,311	2,405,606	2,183,631	221,974
Government Printing Department		1,671,542	1,671,542	1,474,707	196,835
Department of Local Government		23,638,760	23,638,760	22,878,322	760,438
Department of Physical Planning		1,024,264	1,024,264	740,119	284,145
Department of Lands & Survey		2,109,198	2,109,198	1,380,505	728,693
Ministry of Finance		213,938,450	277,581,310	216,477,115	61,104,195
Treasury Department		367,879,216	400,246,236	414,657,216	-14,410,980
Customs Department		31,032,504	37,068,429	36,852,879	215,550
Department of Statistics		3,179,900	3,179,900	2,788,897	391,003
Department of Inland Revenue		7,167,389	7,226,300	6,106,083	1,120,217
Ministry of National Security		13,922,620	13,922,620	12,334,799	1,587,821
Department of Immigration		21,764,768	21,793,757	21,291,070	502,687
Royal Bahamas Police Force		136,262,613	136,420,638	127,223,236	9,197,403
Royal Bahamas Defence Force		55,380,776	55,522,473	54,808,725	713,747
Ministry of Public Works		37,856,171	37,856,171	37,285,500	570,671
Department of Public Works		19,578,504	19,578,504	17,769,690	1,808,814
Department of Education		196,334,761	196,334,761	194,236,393	2,098,368
Department of Archives		781,583	786,543	600,715	185,828
Ministry of Education		94,545,085	94,593,419	86,379,502	8,213,917
Ministry of Transport and Local Government		9,913,700	9,913,700	8,622,572	1,291,128
Ministry of Social Services		11,050,000	11,050,000	10,156,287	893,713
Department of social Services		36,694,812	40,983,274	38,309,454	2,673,820

THE GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS
STATEMENT OF REVENUE AND EXPENDITURE FOR THE YEAR ENDED 30-JUNE-2018
(CONSOLIDATED FUND)

Notes	Original Budget Financial Year Ended 30-Jun-2018 B\$	Final Approved Budget Financial Year Ended 30-Jun-2018 B\$	Actuals Financial Year Ended 30- Jun-2018 B\$	Variance Financial Year Ended 30- Jun-2018 B\$
Department of Housing	2,514,700	5,201,934	2,533,398	2,668,536
Ministry of Youth, Sports & Culture	29,751,200	30,021,200	24,304,606	5,716,594
Department of Labour	2,478,050	2,478,050	2,156,966	321,084
Ministry of Financial Services	2,858,750	2,858,750	2,130,038	728,712
Post Office Department	7,552,300	7,569,760	6,746,193	823,567
Port Department	8,271,750	8,277,000	6,302,722	1,974,278
Road Traffic Department	5,368,300	5,368,300	4,622,728	745,572
Department of Meterology	2,832,100	2,832,100	1,982,397	849,703
Ministry of Agriculture & Marine Resources	21,930,000	22,246,920	21,543,920	703,000
Department of Agriculture	6,930,850	6,937,183	5,626,265	1,310,918
Department of Marine Resources	3,235,440	3,235,440	2,627,047	608,393
Ministry of Health	307,596,885	308,306,804	277,803,958	30,502,846
Dept of Environmental Health Services	31,107,700	35,541,895	33,513,726	2,028,169
Ministry of Tourism & Aviation	110,176,397	112,413,165	105,187,068	7,226,097
Ministry of Labour	3,758,050	3,758,050	3,514,908	243,142
Ministry of Energy & The Environment	18,125,700	26,786,400	25,707,300	1,079,100
Department of Information Technology	2,788,670	2,788,670	2,769,251	19,419
Ministry for Grand Bahama	13,455,300	13,455,300	10,079,964	3,375,336
HEADS NOT REPEATED	-	-	-	-
SUB TOTAL RECURRENT EXPENDITURE (5)	2,243,068,781	2,374,908,653	2,188,578,845	186,329,808
Public Debt Servicing - Redemption	432,768,656	1,088,193,235	1,072,345,080	15,848,155
CAPITAL EXPENDITURE (7)	-	-	-	-
Ministry of Finance (7)	72,500,000	187,177,000	125,472,426	61,704,574
Royal Bahamas Defence Force (7)	21,300,000	21,300,000	17,524,823	3,775,177
Ministry of Public Works (7)	113,285,200	115,568,036	91,859,224	23,708,812
Ministry of Education (7)	22,640,000	34,641,754	33,850,724	791,030
SUB TOTAL CAPITAL EXPENDITURE (7)	229,725,200	358,686,790	268,707,198	89,979,592
TOTAL RECURRENT & CAPITAL EXPENDITURE	2,905,562,637	3,821,788,678	3,529,631,123	292,157,555
SURPLUS/DEFICIT	50,000	-916,176,041	368,181,493	(700,042,424)



Statement of Cash Flow

THE GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS
STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2018
(CONSOLIDATED FUND)

Notes	Financial Year Ended 30-Jun-2018	Financial Year Ended 30-Jun-2017	
	B\$	B\$	
CASH FLOWS FROM OPERATING ACTIVITIES			
Recurrent Revenue	(4) 2,039,633,686	2,070,187,632	
Increase/Decrease in Dishonoured Cheques	181,068	123,788	
Recurrent Expenditure (less Debt repayment)	(5) (2,188,578,845)	(2,469,411,602)	
NET CASH FLOWS FROM OPERATING ACTIVITIES	(148,764,091)	(399,100,182)	
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from capital revenue/grants	(6) 2,751,800	71,169	
Capital acquisitions	(7) (268,707,198)	(390,254,236)	
Other capital expenditure	(7) 0	0	
Capital Contributions, Subsidies & Grants	(7) 0	0	
NET CASH FLOWS FROM INVESTING ACTIVITIES	(265,955,398)	(390,183,067)	
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (Decrease) in Treasury Bills	(8) (117,209,000)	332,676,000	
Increase (Decrease) in Bank Advances	(9) 0	9,461,091	
Increase (Decrease) in Other Advances	(10) (55,685,377)	(31,925,410)	
Increase (Decrease) in Salary Deductions	(12) (4,794,899)	1,790,582	
Increase (Decrease) in Other Deposits	(10) (112,398,591)	90,778,184	
Proceeds from Bonds/Stocks	(6) 372,000,000	275,000,000	
Proceeds from US \$ Loan	(6) 250,000,000	0	
Proceeds from EURO Loan	(6) 355,038,757	0	
Proceeds from Loans	(6) 753,692,792	45,847,399	
Proceeds from Loans (Commercial Banks)	(6) 124,695,581	305,000,000	
Principal Redemption Payments on Public Debt/Payments into Fixed Deposits for Sinking Funds	(5) (1,072,345,080)	(396,347,268)	
NET CASH FLOWS FROM FINANCING ACTIVITIES	492,994,183	632,280,578	
NET INCREASE (DECREASE) IN CASH	78,274,694	(157,002,671)	
CASH AND CASH EQUIVALENT			
Cash and Cash equivalent at beginning of year	(126,997,491)	30,005,181	
Cash and Cash equivalent at end of year	(48,722,797)	(126,997,491)	
	Financial Year Ended 30-Jun-2018	Financial Year Ended 30-Jun-2017	Change
Cash and Domestic Bank Accounts	(11) 44,327,618	57,957,932	(13,630,315)
Foreign Banks denominated in B\$	(11) 39,563,791	2,639,707	36,924,084
Sub-Total	(11) 83,891,409	60,597,639	23,293,769
Fixed Deposits @ BoB (maturities less than 3months)	(17) 11,491,810	3,416,480	8,075,330
Fixed Deposits, Sinking Fund	(18) 109,832,315	103,575,699	6,256,616
Sub-Total	205,215,534	167,589,818	37,625,715
Less: Bank Overdrafts	(10 & 11) (253,938,330)	(294,587,309)	40,648,979
Net Cash & Cash Equivalent	(48,722,797)	(126,997,491)	78,274,694

the accompanying notes are an integral part of these financial statements



Statement of Consolidated Fund (Current Account)

THE GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS
STATEMENT OF CHANGES IN CONSOLIDATED FUND BALANCES
FOR YEAR ENDED 30- JUNE-2018
(CURRENT ACCOUNT)

Notes	Financial Year Ended Jun-2018 B\$	Financial Year Ended 30-Jun-2017 B\$	Net Change in Fund Balance B\$
Balance as at 1st July, 2017	(1,910,709,606)	(1,357,252,346)	553,457,260
Recurrent Revenue	2,039,633,686	2,070,187,632	30,553,946
Less: Refund of Revenue	-	-	-
Net Recurrent Revenue	2,039,633,686	2,070,187,632	30,553,946
Other Revenues & Transfers			
Transfers from Capital Account	229,775,200	242,113,978	12,388,778
Total Revenues	2,269,358,886	2,312,301,610	42,892,724
Sub-Total	358,669,281	955,049,264	596,349,984
Recurrent Expenditure	3,260,923,925	2,865,758,870	(395,165,055)
Balance as at 30 June 2018	(2,902,224,645)	(1,910,709,606)	991,515,039

STATEMENT OF CHANGES IN CONSOLIDATED FUND BALANCES FOR YEAR
ENDED 30 JUNE 2018
(CAPITAL ACCOUNT)

Notes	Financial Year Ended Jun-2018 B\$	Financial Year Ended 30-Jun-2017 B\$	Net Change in Fund Balance B\$
Balance as at 1st July, 2017	448,774,776	455,224,421	(6,449,645)
Financing Sources			
Proceeds from Stocks/Bonds	372,000,000	275,000,000	97,000,000
Proceeds from US\$ Loan (Deutsche Bank)	250,000,000	-	250,000,000
Proceeds from Credit Suisse Loan	355,038,757	-	355,038,757
Proceeds from Other Loans	753,692,792	45,847,399	707,845,393
Proceeds from TNotes	4,695,581	-	4,695,581
Proceeds from Loans from Commercial Banks	120,000,000	305,000,000	(185,000,000)
Proceeds From Grants	2,597,598	4,780	2,592,818
Capital Revenue			
Other Capital Income	154,202	66,389	87,813
Total Financing Sources & Capital Revenue	1,858,178,930	625,918,568	1,232,260,362
Sub-Total	2,306,953,706	1,081,142,990	1,225,810,717
Capital Development Expenditure			
Capital Development Expenditure	268,707,198	375,853,985	(107,146,787)
Other Capital Expenditure	-	14,400,251	(14,400,251)
Loans, Contributions and Advances to Government Corporations	-	-	-
Total Capital Expenditure	268,707,198	390,254,236	(121,547,038)
Other Expenditure and Transfers			
Transfer to Current Account	229,725,200	242,113,978	(12,388,778)
Total Capital Development Expenditure and Transfers	498,432,398	632,368,214	(133,935,816)
Balance as at 30 June 2018	1,808,521,308	448,774,776	1,359,746,533

the accompanying notes are an integral part of these financial statements



Notes to The Financial Statements

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

1. Reporting Entity

The Financial Statements for the Commonwealth of the Bahamas are presented to Parliament annually and contain the following, the Statement of Financial Assets and Liabilities (Balance Sheet), the Statement of Budgetary Performance (which replaces the Statement of Revenue and Expenditure) and the Statement of Cash Flows, along with other detail statements required by the Financial Administration and Audit Act (FAA Act 2010).

The main statements consist of the Statement of Financial Assets and Liabilities (Balance Sheet), the Statement of Budgetary Performance, the Statement of Cash Flow and the Statements of Changes in Fund Balances (Current and Capital Development Accounts). The Statement of Revenue and Expenditure has been replaced by the Statement of Budgetary Performance which is a requirement of Cash Basis International Public Sector Accounting Standards. The Statement of Financial Assets and Liabilities (Balance Sheet) are inclusive of cash and cash equivalents including dishonoured cheques.

The other requirements under the FAA Act 2010 are supplementary and are shown in the notes.

The Financial Statements are prepared by the Public Treasury Department of the Commonwealth of the Bahamas and are governed by the Constitution, the FAA Act 2010 and the Financial Regulations 1975 and guided by Cash Basis IPSAS. It is a requirement under the Act to report against budget.

2. Summary of Significant Accounting Policies

All Revenues, Recurrent and Capital Expenditure flow through the Consolidated Fund of Government of the Commonwealth of the Bahamas.

The FAA Act 2010, requires that monies paid pending repayment or application to the purposes for which they were deposited be kept in an account styled "Deposits Fund Account".

Any net cash requirement of the Consolidated Fund is provided through the Government's traditional sources of financing, and borrowings in the financial markets.

Any grants from external sources are recorded under the appropriate category for which they were received.

Basis of preparation

The preparation of the financial statements is governed by the FAA Act 2010, and guided with International Public Sector Accounting Standards (IPSAS) cash basis. We continue to transition to modified accrual and then to full accrual. We however do not prepare consolidated statements and hence do not report on quasi-government entities. All quasi-government entities report individually to Parliament.

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

In complying with the FAA Act 2010 the fixed assets acquired in the current year are included in the notes.

The financial assets of the Government are reported in the Statement of Financial Assets and Liabilities. The Act also requires a Statement of Cash Flows and a Statement of Revenue and Expenditure which has been replaced by the Statement of Budgetary Performance, the new Statement reflects the format recommended by the Cash Basis IPSAS along with the Statement of Financial Assets and Liabilities which form the primary statements. The other statements required by the act are supplementary and shown in the notes.

Reporting currency

These statements are prepared in Bahamian dollars (B\$).

Foreign currency

Foreign currency transactions during the year are translated into local currency at the exchange rate at the date of the transaction.

Comparatives

To ensure consistency with current period and classification method adopted to make a fair presentation of financial information, comparative figures have been restated where appropriate.

Revenue

Revenue is levied through Parliament by way of imposing taxes, fees and charges. All such revenue collected through the relevant Ministries and Departments is recognized at the time of collection.

Revenue due but not collected are maintained in subsidiary records but they are not included in the financial statements until collected.

Expenses

Expenses are accounted for in the fiscal year that goods and services are paid.

Assets

All assets are expensed in the year they are purchased. However there is a separate capital statement that reports on all capital purchases during the year. A number of Agencies maintain an asset register either electronically or manually. Included in the notes is a list of fixed assets acquired during the period July 1, 2017 to June 30, 2018 as required by the FAA Act 2010.

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

Liabilities

Liabilities incurred at the end of the year are not accrued and not accounted for in the balance sheet, however in the subsequent year/s when it is paid.

Loans are not reported in the balance sheet however they are recorded and reported in the statement of Public Debt in the Notes to the Financial Statement.

3. Budgetary Process

The Budget, as approved by the parliament and enacted by the Appropriation Acts provides the authority for recurrent and capital expenditure and indicated revenues for the fiscal year.

The authority for recurrent and capital expenditure lapses at the end of the fiscal year.

Further authority for recurrent and capital expenditure is provided by supplementary budgets, which are approved by Parliament.

4. Recurrent Revenue

These comprise of recurrent revenue by revenue category during this fiscal period. A new stream of tax was added in January 2015, value added tax levied at a rate of 7.5%. A summary of total Tax and Non-Tax Revenue for year ending June 30, 2018.

Summary of Recurrent Revenue

	APPROVED EST 2017/18	ACTUAL REV 2017/18	UNDER/(OVER) THE ESTIMATES
TOTAL TAX REVENUE	1,788,854,546	1,732,585,507	56,269,485
TOTAL NON-TAX REVENUE	361,526,728	307,048,178	54,478,550

Details regarding the recurrent revenue are contained in Annex 1 pages 2-31.

5. Recurrent Expenditure

These comprise of recurrent expenditure by Ministries and Departments during this fiscal period. Debt Redemption which totals \$1,072,345,080 is not shown in the Statement of Budgetary Performance, only the Interest component is reflected. The details of the Debt Redemption is in Note 29.

Summary of Recurrent Expenditure

	APPROVED EST 2017/18	ACTUAL EXP 2017/18	UNDER/(OVER) THE ESTIMATES
TOTAL RECURRENT EXPENDITURE	2,374,908,653	2,188,578,845	186,329,808

Details by head and line item are shown in Annex 1 pages 35-386

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

6. Borrowings, Grants and Other Capital Income

During the year under review Borrowings, Grants and Other Capital Revenue in the total amount of \$1,858,178,930 were obtained from the following sources:

Proceeds from Stocks/Bonds	\$ 372,000,000
Proceeds from Loans Commercial Banks)	\$ 120,000,000
Proceeds from Other Loans	<u>\$1,363,427,130</u>
Total Proceeds from Borrowings	\$1,855,427,130
Proceeds from Grants	\$ 2,597,598
Proceeds from Sale of Gov't Assets	<u>\$ 154,202</u>
Total Borrowings, Grants & Other Capital Income	<u>\$1,858,178,930</u>

7. Capital Acquisitions

These comprise of major capital acquisitions and capital development works during this fiscal period. Other Capital Outlays comprise of loans, contributions and advances to Corporations.

Summary of Capital Acquisitions, Development and Capital Outlays

HEAD	MINISTRY/DEPARTMENT	APPROVED	ACTUAL	UNDER/(OVER)
		ESTIMATES	EXPENDITURE	THE ESTIMATE
		2017/2018	2017/2018	
21	SUNDRY CAPITAL EXPENDITURE	72,500,000	125,472,426	(52,972,426)
32	ROYAL BAHAMAS DEFENCE FORCE	21,300,000	17,524,823	3,775,177
33	MINISTRY OF WORKS & URBAN DEVELOPMENT	113,285,200	91,859,224	21,425,976
38	MINISTRY OF EDUCATION, SCIENCE & TECHNOL	22,640,000	33,850,724	(11,210,724)
	TOTAL CAPITAL EXPENDITURE	229,725,200	268,707,198	(38,981,997)

Details by head and line item are shown in Annex 1 pages 392-401.

8. Treasury Bills

Treasury Bills are short term debt obligation backed by the Bahamas Government with a maturity of less than one year. It's governed by the section 17 of the Financial Administration and Audit Act. These T-Bills are issued through a competitive bidding process at a discount from par. The management of the process is handled by the Central Bank of the Bahamas and issuance of the paper is carried out by the Treasury Department. As at 30 June 2018, TBills outstanding was \$544,748,900.

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

Treasury Bills Account for year ended 30th June 2018

Outstanding TBills as at 1st July 2017		\$661,957,900
Amount Redeemed	(\$224,209,000)	
Amount Issued	\$107,000,000	
		(\$117,209,000)
Outstanding TBills as at 30th June 2018		<u>\$544,748,900</u>

b) Short Term BGRS

Proceeds from TBills in 2016/2017 in the amount of \$270,000,000 was used to Purchase Short Term BGRS and these funds were reinvested for another year in 2017/2018 in BGRS.

9. Central Bank of the Bahamas Advances

In accordance with the Central Bank of the Bahamas Act 351 section 28, the Bank may make temporary advances to the Government on such terms and conditions which may be agreed between the Minister and the Bank. Every such advance must be paid as soon as possible and any amount of such advances at any one time shall not exceed ten percent (10%) of the average ordinary revenue or ten percent (10%) of the estimated ordinary revenue of the Government, whichever is less.

As at 30 June 2018, the amount outstanding was \$134,657,052 as delineated below:

Issue Date	Principal Outstanding	Interest Rate
5/8/2011	5,587,608	0.8408%
28/09/2011	20,000,000	0.6380%
12/11/2013	69,444	0.3560%
15/11/2013	19,000,000	0.3560%
5/2/2014	10,000,000	0.3948%
21/02/2014	10,000,000	0.3948%
25/02/2014	10,000,000	0.5540%
28/04/2014	30,000,000	0.5540%
29/04/2014	10,000,000	0.5540%
30/04/2014	10,000,000	0.5540%
24/06/2014	5,000,000	0.5116%
21/07/2014	5,000,000	0.5116%
Total	<u>134,657,052</u>	

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

10. Advances from Other Financial Institutions.

The Government of the Bahamas maintains an overdraft facility at the Royal Bank of Canada under the authority of Section 17 of the FAA Act. This facility has an approved limit of \$100million. Overdraft interest of prime (4.75%) is applied to the net balance of the consolidated total of Central Government Consolidated Fund and Deposit Fund bank accounts lodged with the Royal Bank of Canada in accordance with the agreement.

Additionally the Government of the Bahamas obtained an advance of \$14,000,000 from First Caribbean Bank to meet recurrent account shortfall.

11. Cash and Bank Balances- (Consolidated Fund)

	Financial Year Ended 30-Jun-2018	Financial Year Ended 30-Jun-2017
Bank of the Bahamas	38,389,673	30,221,979
Central Bank of the Bahamas	121,312,498	128,365,562
Bank Imprest Ministries & Departments	1,010,884	1,181,500
Foreign Banks	39,563,791	2,639,707
Family Island Bank Accounts	4,938,688	5,181,070
Royal Bank	-	-
Sub-Total	<u>205,215,534</u>	<u>167,589,818</u>
Royal Bank	(230,065,353)	(230,294,589)
Bank of the Bahamas	(2,578,105)	(31,531,259)
Central Bank of the Bahamas	(15,896,435)	(16,519,176)
Tourism US\$ Account	<u>(5,398,438)</u>	<u>(16,242,285)</u>
Sub-Total	<u>(253,938,330)</u>	<u>(294,587,309)</u>
Total Cash and Bank Balances	<u>(48,722,797)</u>	<u>(126,997,491)</u>

12. Salary Deductions

This amount represents amounts deducted from central government employees' salary with respect to employees' obligations either mandatory or voluntary to third parties for the month of June 2018 and paid in July 2018, totaling \$22,787,800.97.

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

13. Other Short term Advances and Depository Liabilities

a) The amount of \$116,467,584 advanced is as delineated below:

	As at 30-Jun-2018	As at 30-Jun-2017
	\$	\$
Family Islands	4,738,974	4,730,452
Ministries, Departments & Quasi-Government Entities	106,836,386	55,640,037
Due from other Funds	3,666,022	(624,218)
Miscellaneous	<u>1,226,202</u>	<u>1,035,936</u>
Total Advances	<u>116,467,584</u>	<u>60,782,207</u>

After the passage of Hurricane Mathew which had devastating effects on three Islands namely New Providence (the capital), Grand Bahama and North Andros, the Cabinet of the Bahamas made a policy decision to grant all public officers who incurred damages in the Central Government as well as those in the Quasi- Government Entities, soft loans upto a maximum of \$20,000.

These loans were administered by the Bank of the Bahamas (BOB) and they were to attract interest at 3% to be used to offset the administrative costs incurred by BOB.

As at June 30th 2018, the amount outstanding on these loans was \$36,617,936. This amount is reflected in the amount shown for Ministries, Departments and Quasi Government Entities.

b) The other short term depository liabilities of \$189,498,477 is as delineated below:

	As at 30-Jun-2018	As at 30-Jun-2017
	\$	\$
Contingency Deposits	31,828,020	141,703,935
Sinking Fund Deposits	109,840,379	103,575,699
Unclaimed Cheques	96,465,810	65,126,735
Miscellaneous	(49,475,819)	(9,349,388)
Ministries & Departments	<u>840,087</u>	<u>840,087</u>
	<u>189,498,477</u>	<u>301,897,068</u>

12

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

Contingency Deposits represent amounts approved via contingency/supplementary budgets but were not expended in current fiscal year. Such approved amounts can be carried over to subsequent fiscal year once authorized by the Minister of Finance in accordance with section 9 of the Financial Administration and Audit Act.

14. Public Debt

The Public Debt is the Government's liabilities and under the present basis of preparation the long term portion of the debt of \$6,549,788,800 is not recorded in the primary financial statements. However in keeping with the FAA Act 2010 section 32 3) (f), a statement of public debt showing several amounts of the loans issued is disclosed further in the notes.

A summarized schedule of public debt totaling \$7,346,741,729 including the Bahamas Government overdraft of \$103,546,978 as at June 30, 2018 is delineated

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	LOAN DRAW DOWN CURRENT YEAR	AMOUNT REDEEMED IN CURRENT YEAR	LOAN DRAWDOWN AMOUNT PRIOR YEARS	AMOUNT REDEEMED AS AT 30/06/17	AMOUNT OUTSTANDING AS AT 30/06/17	Exchange Rate Adjustments	AMOUNT OUTSTANDING AS AT 30/06/18	NET INCREASE/ (DECREASE)
1 Bahamas Government Registered Stock			4,442,272,700	4,442,272,700	492,000,000	407,000,000	545,000,000	682,800,000	3,177,472,700	0	3,262,472,700	85,000,000
2 Bahamas Government Stock			302,310,000	277,310,000	0	51,074,000	0	0	277,310,000	0	226,236,000	(51,074,000)
3 Bahamas Government Treasury Notes			261,708,094	261,708,094	4,695,581	5,000	258,183,000	4,134,000	208,668,182	0	213,358,763	4,690,581
4 Loans Syndicated and payable - Bahamian Dollars			463,245,714	463,245,714	0	101,861,792	0	60,770,628	312,475,086	0	210,613,294	(101,861,792)
5 Loans & Bonds Syndicated and payable in US Dollars & Other Currencies			3,512,573,904	3,306,407,562	1,369,262,525	504,428,613	1,419,917,477	129,785,030	1,763,585,711	8,688,421	2,637,108,043	873,522,333
Sub-Total			8,982,110,412	8,750,944,070	1,865,958,105	1,064,369,405	2,223,100,477	877,489,658	5,739,511,679	8,688,421	6,549,788,800	810,277,121
6 Short term Debt Securities			843,405,952	1,159,485,930	107,000,000	224,209,000	0	0	926,322,526		796,952,930	(129,369,596)
7 Sinking Funds						6,532,007	71,608,867					
Total			9,825,516,364	9,910,430,000	1,972,958,105	1,295,110,412	2,294,709,344	877,489,658	6,665,834,205	8,688,421	7,346,741,729	680,907,525

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

15. Contingent Liabilities

The contingent liability portfolio consists of loans made by quasi government institutions and guaranteed by the Government. A summarized schedule of the Contingent Liabilities totaling \$700,618,593 is delineated below: A statement of the contingent liabilities showing several amounts are disclosed further in the notes.

LOANS	AMOUNT OF LOAN AUTHORIZED BY LEGISLATURE	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	LOAN DRAWN DOWN CURRENT YEAR	AMOUNT REDEEMED AS AT 30/06/2018	AMOUNT OUTSTANDING AS AT 30/06/2017	AMOUNT OUTSTANDING AS AT 30/06/2018	REMARKS
1) BAHAMAS DVLPMT. BK.	50,690,000	50,690,000		3,027,956	46,089,956	43,062,000	
2) BAHAMAS ELECTRICITY CORP.	246,000,000	246,000,000		12,300,000	215,250,000	202,950,000	
3) CLIFTON HERITAGE	24,000,000	24,000,000			24,000,000	24,000,000	
4) THE BRIDGE AUTHORITY	23,000,000	23,000,000			23,000,000	23,000,000	
5) THE EDUC. LOAN AUTHORITY	67,000,000	67,000,000			67,000,000	67,000,000	
6) THE PUBLIC HOSPITALS AUTHORITY	135,000,000	108,000,000			96,705,102	90,122,825	
7) THE MORT. CORPORATION	165,000,000	165,000,000			165,000,000	165,000,000	
8) WATER & SEWERAGE CORP.	95,000,000	82,582,274		4,113,144	73,873,112	69,759,967	
9) PRIVATE SECTOR GUARANTEED DEB	15,724,000	15,724,000	5,947,000		9,777,000	15,724,000	
10) BAHAMAS RESOLVE LTD	-	-			-	-	
TOTAL	821,414,000	781,998,274	5,947,000	19,441,100	720,695,170	700,618,593	

The Bahamas Resolve (loan) is merely a letter of support by the government; however it is not guaranteed, therefore it cannot be included in the above list.

16. Inter-Account Transfers

During the year in review \$372,000,000 was raised via Bahamas Government Registered Stock, \$120,000,000, proceeds from Loans from the Commercial Banks, and drawdowns of \$753,692,792 on existing loans from which \$229,775,200 was transferred from the Consolidated Fund Capital Account to the Consolidated Fund Current Account to cover the budget deficit.

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

17. Fixed Deposits

At 30 June 2018 the balances on the Fixed Deposits were as follows:

BANK OF THE BAHAMAS

Fixed Deposits (Consolidated Fund)	<u>11,491,810</u>	
Total Fixed Deposits at Bank of Bahamas		<u><u>11,491,810</u></u>

18. Sinking Fund

Fixed Deposits have been established to facilitate periodic deposits from the Consolidated Fund in connection with the redemption of various Bonds which have been issued by the government.

<u>CENTRAL BANK</u>	\$	\$
US\$ 200 million Bond (2003-2033)	72,965,567	
US\$ 100 million Bond (2008-2038)	27,452,034	
Balance at 30 June 2018		100,417,601
B\$ 24 million Bond- Re: Clifton Heritage	<u>9,414,714</u>	
Balance at 30 June 2018		9,414,714
Total Fixed Deposits (Sinking Fund)		<u><u>109,832,315</u></u>

19. Dishonoured Cheques

A record is maintained of cheques received from the general public and other sources which were subsequently dishonoured by the drawee bank and are carried on the books until these cheques are honoured or approval is obtained for write-off. The total amount June 30, 2018 stands at \$19,655,196.00.

20. Fixed Assets

The Financial Administration and Audit act 2010 now require a statement of fixed assets of the Government acquired during the financial year.

	\$
Land	
Infrastructure	61,634,705
Buildings & Improvement	59,334,558
Transportation	15,020,079
Machinery & equipment	1,622,081
Furniture & fixtures	15,708,916
Computerization	<u>2,293,412</u>
TOTAL	155,613,751

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

21. Government Corporations and Autonomous Agencies

There are a number of wholly owned Government Corporations namely;

Entity	Percentage (&) of ownership
a) Bahamas Electricity Corporation	100
b) The Water and Sewerage Corporation	100
c) Broadcasting Corporation of the Bahamas	100
d) Bahamasair Company Limited	100
e) The Hotel Corporation	100
f) Bahamas Mortgage Corporation	100
g) Bahamas Agricultural & Industrial Corporation	100

There are a number of Government Authorities mainly,

a) Airport Authority	100
b) Bahamas Maritime Authority	100
c) Public Hospitals Authority	100
d) The Bridge Authority	100
e) Education Loan Authority	100
f) National Sports Authority	100
g) Beaches & Parks Authority	100

Entities that the Government has part ownership;

a) Arawak Port Development	40
b) Bahamas Telecommunication Company Limited	49
c) Bank of the Bahamas	51
d) Aliv	50

Other autonomous entities;

a) Bahamas Development Bank	100
b) Central Bank of the Bahamas	100
c) Nassau Flight Services	100
d) Utilities and Regulatory Authority	100
e) Insurance Commission	100
f) Bahamas Securities Commission	100
g) Bahamas Resolve Limited	100
h) Post Office Savings Bank	100

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

22. Deposit Fund Account

The Public Treasury has the fiduciary responsibility for the maintenance of a Deposit Fund Account as per FAA Act 2010.

Sections 15 & 16 provides for the establishment of a Deposit Fund Account into which monies are deposited pending repayment or application to the purposes for which they were deposited.

Additionally section 15 sub-section (2) of the FAA Act 2010 provides authority for the Minister to make advances from the monies deposited.

As at 30th June 2018, the fund balance of the Deposits Fund is \$97,073,510.

Details are shown further in the notes.

23. Cash and Bank Balances- Deposits Fund

As at June 30, 2018, the Cash & Bank Balances were \$94,794,917 as delineated below:

	Financial Year Ended 30-Jun-2018	Financial Year Ended 30-Jun-2017
<u>Deposits Fund</u>		
Bank of the Bahamas	8,555,482	8,427,978
Central Bank of the Bahamas	0	0
Royal Bank	74,680,153	66,031,072
Family Island Bank Accounts	11,559,282	11,169,061
Total Cash and Bank Balances Deposits Fund	94,794,917	85,628,111

24. Sinking Fund/Debenture

A Debenture (1963-2023) in the amount of 86,000 pounds sterling which equated to \$245,714 was issued in 1963 for the purchase of the Harcourt Malcolm Building (Re: Harcourt Malcolm Purchase Act 1963). A Sinking Fund together with its related Fixed Deposit has been established to facilitate periodic deposits from the Consolidated Fund in connection with the redemption of this Debenture which has been issued by the government. At 30 June 2018 the balance on the Fixed Deposit was \$225,223.

25. Investments- Deposits Fund

This investment of \$47,800 represents a bequest by Mr. W. G. Elmslie to the Bahamas Government of which the interest is to be used towards the maintenance of the clinic in West Grand Bahama.

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

26. Public Officers' Loan

The Public Officers' Loan Fund was established to assist Public Officers with urgent / unexpected medical expenses, to pursue additional academic qualifications and for the purchase of vehicles in accordance with General Orders No: 1250.

These loans/advances are granted by the Minister as per Section 15 Sub-section 2 (d) of the Financial Administration and Audit Act 2010 and paid from the Deposit Fund Account. These loans/advances attract interest at the prime rate. The amounts outstanding as at June 30, 2017 and June 30, 2018 are \$1,060,953 and \$918,427 respectively.

Statement of Public Officers' Loan Fund is shown further in the notes.

27. Post Office Savings Bank Fund (Chapter 315 Section 11)

These funds represent monies deposited in the Treasury and are invested on behalf of the Post Office Savings Bank in accordance with section 11 of the Savings Bank Act.

As of 30 June 2018, the total of monies held on behalf of the Post Office Savings Bank was \$ 8,840,577 and is invested as shown below.

	Financial Year Ended 30-Jun-2018	Financial Year Ended 30-Jun-2017
<u>Post Office Savings Bank (POSB)</u>		
Royal Bank	2,756,649	705,621
Bank of the Bahamas	4,793,928	4,723,630
Bahamas Government Registered Stock	<u>1,290,000</u>	<u>3,190,000</u>
Total Cash and Bank Balances POSB	<u>8,840,576</u>	<u>8,619,250</u>

28. Confiscated Asset Fund

The Confiscated Asset Fund Statements are presented under separate cover in accordance with the Proceeds from Crime Act and therefore are not included in these Statements. The assets of the said fund are under management of the Minister of Finance and as at 30 June 2018, the balance of the fund was \$2,187,829.79.

29. Public Debt Statement

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
PUBLIC DEBTS STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	LOAN DRAWN DOWN CURRENT YEAR	AMOUNT REDEEMED IN CURRENT YEAR	LOAN DRAWDOWN AMOUNT PRIOR YEARS	AMOUNT REDEEMED AS AT 30/06/17	AMOUNT OUTSTANDING AS AT 30/06/17	Exchange Rate Adjustments	AMOUNT OUTSTANDING AS AT 30/06/18	NET INCREASE/ (DECREASE)
1 Bahamas Government Registered Stock			4,442,272,700	4,442,272,700	492,000,000	407,000,000	545,000,000	682,800,000	3,177,472,700	0	3,262,472,700	85,000,000
2 Bahamas Government Stock			302,310,000	277,310,000	0	51,074,000	0	0	277,310,000	0	226,236,000	(51,074,000)
3 Bahamas Government Treasury Notes			261,708,094	261,708,094	4,695,581	5,000	258,183,000	4,134,000	208,668,182	0	213,358,763	4,690,581
4 Loans Syndicated and payable - Bahamian Dollars			463,245,714	463,245,714	0	101,861,792	0	60,770,628	312,475,086	0	210,613,294	(101,861,792)
5 Loans & Bonds Syndicated and payable in US Dollars & Other Currencies			3,512,273,904	3,306,407,562	1,369,262,525	504,428,613	1,419,917,477	129,785,030	1,763,585,711	8,688,421	2,637,108,043	873,522,333
Sub-Total			8,982,110,412	8,750,944,070	1,865,958,105	1,064,369,405	2,223,100,477	877,489,658	5,739,511,679	8,688,421	6,549,788,800	810,277,121
6 Short term Debt Securities			843,405,952	1,159,485,930	107,000,000	224,209,000	0	0	936,322,526		796,952,930	(129,369,596)
7 Sinking Funds						6,532,007	71,608,867					
Total			9,825,516,364	9,910,430,000	1,972,958,105	1,295,110,412	2,294,709,344	877,489,658	6,665,834,205	8,688,421	7,346,741,729	680,907,525



Statement Of The Public Debt

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
PUBLIC DEBTS STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	LOAN DRAW DOWN CURRENT YEAR	AMOUNT REDEEMED IN CURRENT YEAR	LOAN DRAWDOWN AMOUNT PRIOR YEARS	AMOUNT REDEEMED AS AT 30/06/17	AMOUNT OUTSTANDING AS AT 30/06/17	Exchange Rate Adjustments	AMOUNT OUTSTANDING AS AT 30/06/18
BAHAMAS GOVT REGISTERED STOCK											
1. \$25.0m Treasury Stock (8/10/87) (7 3/4% & 8 3/4%) Maturing 1996 & 2012	1987	1996/2012	25,000,000	25,000,000			0	25,000,000	0		0
2. \$45.0m Treasury Stock (1/2.5/8, 7/8, 1 1/16, 1 3/16, 1 1/4 % above prime) (23/9/96) Maturing 2004, 2016.	1996	2004/2016	45,000,000	45,000,000			0	45,000,000	0		0
3. \$30.0M Treasury Stock (08/7/97) (1-1/8, 1-7/8% above prime) 2015 & 2016	1997	2015/2016	30,000,000	30,000,000			0	30,000,000	0		0
4. \$35.0m Treasury Stock (8%, 8 1/2% & 9%) (15/3/88) Maturing 1993, 1998 & 2013	1988	1993/2013	35,000,000	35,000,000			0	35,000,000	0		0
											Revaluation of the House of Assembly dated Dec. 17, 1988. Revaluation of the House of Assembly dated June 13, 1996. Revaluation of the House of Assembly dated June 13, 1996. Revaluation of the House of Assembly dated Dec. 17, 1987.

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS
PUBLIC DEBTS STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	LOAN DRAWN DOWN CURRENT YEAR	AMOUNT REDEEMED IN CURRENT YEAR	LOAN DRAWDOWN AMOUNT PRIOR YEARS	AMOUNT REDEEMED AS AT 30/06/17	AMOUNT OUTSTANDING AS AT 30/06/17	Exchange Rate Adjustments	AMOUNT OUTSTANDING AS AT 30/06/18
BAHAMAS GOVT REGISTERED STOCK											
5 \$47.0m Treasury Stock (24/8/93) (5/8, 11 7/16, 3/8% above prime) Maturing 2010, 2011 & 2012	1993	2010/2012	47,000,000	47,000,000				47,000,000	0		Resolution of the House of Assembly dated Dec. 9, 1994 0
6 \$65.0M Treasury stock (5 3/4%, 5 7/8%, 6% & 6 5/8) (20/09/94) Maturing 2007, 2008, 2009 & 2014	1994	2007/2014	65,000,000	65,000,000				65,000,000	0		Resolution of the House of Assembly dated June 16, 1994 0
7 \$25.0m Treasury Stock (18/05/95) (1% above prime) Maturing 2013	1995	2013	25,000,000	25,000,000				25,000,000	0		Resolution of the House of Assembly dated June 16, 1994 0
8 \$30.0m Treasury Stock (26/2/96) (7/8, 1 1/16, 1 7/8% above prime) Maturing 2010, 2013 & 2014	1996	2010/2014	30,000,000	30,000,000				30,000,000	0		Resolution of the House of Assembly dated June 15, 1995 0

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS,
PUBLIC DEBT STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	LOAN DRAWN DOWN CURRENT YEAR	AMOUNT REDEEMED IN CURRENT YEAR	LOAN DRAWDOWN AMOUNT PRIOR YEARS	AMOUNT REDEEMED AS AT 30/06/17	AMOUNT OUTSTANDING AS AT 30/06/17	Exchange Rate Adjustments	AMOUNT OUTSTANDING AS AT 30/06/18
BAHAMAS GOVT REGISTERED STOCK											
9- \$40.0m Treasury Stock (13/06/96) (1 1/16, 1 1/8, 1 3/16, 1 1/4 % above prime) 2014, 2015, 2016 & 2017	1996	2014/2017	40,000,000	40,000,000				40,000,000	0		Resolution of the House of Assembly dated June 15, 1995 0
10- \$50.0m Treasury Stock (15/07/97) (17/32%, 9/16%, 19/32%, 5/8% above prime) maturing 2014, 2017	1997	2014/2017	50,000,000	50,000,000	20,000,000	20,000,000		30,000,000	20,000,000		Resolution of the House of Assembly dated June 15, 1997 0
11- \$50.0m Treasury Stock (15/10/97) (1 1/8%, 1 3/16%, 1 1/4% above prime rate) maturing 2015, 2016 & 2017	1997	2015/2017	50,000,000	50,000,000	20,000,000	20,000,000		30,000,000	20,000,000		Resolution of the House of Assembly dated June 15, 1997 0
12- \$21.0m Treasury Stock (08/4/98) (7/16% & 1/2% above prime rate) Maturing 2012 & 2014	1998	2012/2014	21,000,000	21,000,000				21,000,000	0		Resolution of the House of Assembly dated June 15, 1997 0

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
PUBLIC DEBT STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	LOAN DRAW DOWN CURRENT YEAR	AMOUNT REDEEMED IN CURRENT YEAR	LOAN DRAWDOWN AMOUNT PRIOR YEARS	AMOUNT REDEEMED AS AT 30/06/17	AMOUNT OUTSTANDING AS AT 30/06/17	Exchange Rate Adjustments	AMOUNT OUTSTANDING AS AT 30/06/18
BAHAMAS GOVT REGISTERED STOCK											
13. \$50.0m Treasury Stock (10/8/98) (3/8%, 15/32%, 9/16% & *19/32% above prime rate) Maturing 2011, 2014	1998	2011/2018	50,000,000	50,000,000		10,000,000		20,000,000	30,000,000		20,000,000
Repeal of the House of Assembly dated June 15, 1998											
14. \$26.0m Treasury Stock (26/2/99) (7/32%, 5/16% & 9/16% above prime rate) Maturing 2007, 2010, 2018	1999	2007/2018	26,000,000	26,000,000		10,000,000		16,000,000	10,000,000		0
Repeal of the House of Assembly dated June 15, 1998											
15. \$30.0m Treasury Stock (9/32%, 5/16%, & 19/32% above prime rate) Maturing 2008, 2009 & 2018	1998	2008/2018	30,000,000	30,000,000				20,000,000	10,000,000		10,000,000
Repeal of the House of Assembly dated June 15, 1998											
16. \$50.0m Treasury Stock (21/7/99) (7/32%, 9/32%, 3/8%, 7/16, 15/32% above prime rate) Maturing 2011, 2013, 2016,	1999	2011/2019	50,000,000	50,000,000				30,000,000	20,000,000		20,000,000
Repeal of the House of Assembly dated June 16, 1999											

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS
PUBLIC DEBT STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	LOAN DRAWN DOWN CURRENT YEAR	AMOUNT REDEEMED IN CURRENT YEAR	LOAN DRAWDOWN AMOUNT PRIOR YEARS	AMOUNT REDEEMED AS AT 30/06/17	AMOUNT OUTSTANDING AS AT 30/06/17	Exchange Rate Adjustments	AMOUNT OUTSTANDING AS AT 30/06/18
BAHAMAS GOVT REGISTERED STOCK											
17 \$28.0M Treasury Stock (15/11/99) (3/8%, 7/16%)	1999	2016/2019	28,000,000	28,000,000				8,000,000	20,000,000		20,000,000
18 \$30.0M Treasury Stock (21/09/00) (7/16%, 15/32%, 1/2% above prime rate) Maturing 2018, 2019 & 2020	2000	2018/2020	30,000,000	30,000,000		0		0	30,000,000		30,000,000
19 \$25.8M Treasury Stock (27/10/00) (9/32%, 15/32%, & 1/2% above prime rate) Maturing 2013, 2019, & 2020	2000	2013/2020	25,800,000	25,800,000		5,800,000		5,800,000	20,000,000		20,000,000
20 \$34.3M Treasury Stock (00/07/01) (1/2%, 17/32%, & 9/16% above prime rate) Maturing 2019, 2	2001	2019/2021	34,300,000	34,300,000		0		0	34,300,000		34,300,000
21 \$40.9478M Treasury Stock (12/12/01) 15/32%, 1/2, 17/32,	2001	2018/2021	40,947,800	40,947,800		0		0	40,947,800		40,947,800
9/16 Maturing 2018-2021											

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
PUBLIC DEBT STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	LOAN DRAWN DOWN CURRENT YEAR	AMOUNT REDEEMED IN CURRENT YEAR	LOAN DRAWDOWN AMOUNT PRIOR YEARS	AMOUNT REDEEMED AS AT 30/06/17	AMOUNT OUTSTANDING AS AT 30/06/17	Exchange Rate Adjustments	AMOUNT OUTSTANDING AS AT 30/06/18
BAHAMAS GOVT REGISTERED STOCK											
22 \$20.465M Treasury Stock (26/04/02) (1 & 9/16 APR) Maturing 2020 & 2021	2002	2020/2021	20,465,000	20,465,000			0	0	20,465,000		20,465,000 <small>Resolution of the House of Assembly dated June 6, 2002</small>
23 \$60.0M Treasury Stock (23/08/02) (1/4, 13/32 APR) Maturing 2017, 2022	2002	2017/2022	60,000,000	60,000,000		7,000,000		0	60,000,000		53,000,000 <small>Resolution of the House of Assembly dated June 15, 2007</small>
24 \$65.0M Treasury Stock (04/12/02) (3/1, 13/32 APR) Maturing 2015, 2020, 2021 & 2022	2002	2015/2022	65,000,000	65,000,000				15,000,000	50,000,000		50,000,000 <small>Resolution of the House of Assembly dated June 15, 2002</small>
25 \$61.1M Treasury Stock (08/04/03) (1/4, Maturing 2019, 2021, 2021, 2022 & 2023	2003	2019/2023	61,100,000	61,100,000				0	61,100,000		61,100,000 <small>Resolution of the House of Assembly dated June 15, 2002</small>

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
PUBLIC DEBT STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	LOAN DRAW DOWN CURRENT YEAR	AMOUNT REDEEMED IN CURRENT YEAR	LOAN DRAWDOWN AMOUNT PRIOR YEARS	AMOUNT REDEEMED AS AT 30/06/17	AMOUNT OUTSTANDING AS AT 30/06/17	Exchange Rate Adjustments	AMOUNT OUTSTANDING AS AT 30/06/18
BAHAMAS GOVT REGISTERED STOCK											
26- \$75.0M Treasury Stock (21/07/03)(3/32, 3/16, 11/32, 3/8)											
Maturing 2014, 2017, 2022 & 2023	2003	2014/2023	60,000,000	60,000,000		15,000,000	0	0	60,000,000		45,000,000
Resolutions of the House of Assembly dated June 18, 2003											
27- \$23.2898M Treasury Stock (09/02/04) (11/32, 3/8)											
Maturing 2023-2024	2004	2023/2024	23,289,800	23,289,800			0	0	23,289,800		23,289,800
Resolutions of the House of Assembly dated June 18, 2004											
28- \$100M Treasury Stock (29/07/04)(1/32, 1/3, 1/8, 3/16, 7/32, 1/4%, 9/32%, 5/16%)											
Maturing 2015, 2016, 2018, 2021, 2022, 2023 & 2024	2004	2015/2024	100,000,000	100,000,000			0	0	80,000,000		80,000,000
Resolutions of the House of Assembly dated June 18, 2004											
29- \$100.0M Treasury Stock (22/10/04)(1/32, 1/16, 3/32, 5/32, 1/4, 9/32, 5/16)											
Maturing 2015, 2016, 2017, 2019, 2022, 2023, 2024	2004	2015/2024	100,000,000	100,000,000		15,000,000	25,000,000	25,000,000	75,000,000		60,000,000
Resolutions of the House of Assembly dated June 18, 2004											

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
PUBLIC DEBT STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	LOAN DRAW DOWN CURRENT YEAR	AMOUNT REPEEMED IN CURRENT YEAR	LOAN DRAWDOWN AMOUNT PRIOR YEARS	AMOUNT REDEEMED AS AT 30/06/17	AMOUNT OUTSTANDING AS AT 30/06/17	Exchange Rate Adjustments	AMOUNT OUTSTANDING AS AT 30/06/18
BAHAMAS GOVT REGISTERED STOCK											
30. \$40.0M Treasury Stock (27/04/05) (7/32, 1/4, 9/32, 5/16) Maturing 2022-2025	2005	2022/2025	40,000,000	40,000,000				0	40,000,000		40,000,000
											Resolution of the House of Assembly dated April 17, 2005
31. \$40,466,66M Treasury Stock (28/06/05) (28/06/05) (1/8, 1/4, 9/32) Maturing 2020,2024 & 2025	2005	2020/2025	40,466,600	40,466,600				0	40,466,600		40,466,600
											Resolution of the House of Assembly dated July 6, 2005
32. \$75.0M Treasury Stock (07/09/05)(5/32, 3/16, 7/32, 1/4, 9/32) Maturing 2021-2025	2005	2021/2025	75,000,000	75,000,000				0	75,000,000		75,000,000
											Resolution of the House of Assembly dated June 20, 2005
33. \$75.0M Treasury Stock (18/07/06)(5/32, 1/4, 9/32, 5/16) Maturing 2021, 2024, 2025 & 2026	2006	2021/2026	75,000,000	75,000,000				0	75,000,000		75,000,000
											Resolution of the House of Assembly dated June 20, 2005
34. \$25.894M Treasury Stock (30/06/05) (5/8) Maturing 2025	2005	2025	25,894,200	25,894,200				0	25,894,200		25,894,200
											Resolution of the House of Assembly dated June 20, 2005

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
PUBLIC DEBT STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	LOAN DRAW DOWN CURRENT YEAR	AMOUNT REDEEMED IN CURRENT YEAR	LOAN DRAWDOWN AMOUNT PRIOR YEARS	AMOUNT REDEEMED AS AT 30/06/17	AMOUNT OUTSTANDING AS AT 30/06/17	Exchange Rate Adjustments	AMOUNT OUTSTANDING AS AT 30/06/18
BAHAMAS GOVT REGISTERED STOCK											
35 \$51,645M Treasury Stock (04/05/06)(1/4, 9/32, 5/16)	2006	2024/2026	51,645,000	51,645,000		0		0	51,645,000		51,645,000
Resolution of the House of Assembly dated June 20, 2008											
36 \$100M Treasury Stock (02/09/06) 5/32%, 3/16%, 7/32%, 1/4%, 9/32%	2006	2021/2026	100,000,000	100,000,000		0		0	100,000,000		100,000,000
Resolution of the House of Assembly dated June 21, 2008											
Maturing 2021, 2022, 2023, 2024, 2025 & :											
37 \$50M Treasury Stock (28/03/07)(9/32, 5/16)	2007	2026/2027	50,000,000	50,000,000		0		0	50,000,000		50,000,000
Resolution of the House of Assembly dated June 21, 2008											
Maturing 2026 & 2027											
38 \$45,284M Treasury Stock (09/05/07)(5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100)	2007	2027	45,284,000	45,284,000		0		0	45,284,000		45,284,000
Resolution of the House of Assembly dated June 21, 2008											
Maturing 2027											
39 \$100M Treasury Stock (26/07/07) 5/16	2007	2027/2037	100,000,000	100,000,000		0		0	100,000,000		100,000,000
Resolution of the House of Assembly dated June 14, 2009											
Maturing 2027, 2035 & 2037											

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
PUBLIC DEBT STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	LOAN DRAW DOWN CURRENT YEAR	AMOUNT REDEEMED IN CURRENT YEAR	LOAN DRAWDOWN AMOUNT PRIOR YEARS	AMOUNT REDEEMED AS AT 30/06/17	AMOUNT OUTSTANDING AS AT 30/06/17	Exchange Rate Adjustments	AMOUNT OUTSTANDING AS AT 30/06/18
STOCK											
40 \$35M Treasury Stock (08/10/07) 5/16% Maturing 2027, 2028 & 2029	2007	2027/2029	35,000,000	35,000,000				0	35,000,000		35,000,000 Resolution of the House of Assembly dated June 21, 2008
41 \$31.5009M Treasury Stock (28/11/07) 1/23%, 3/23%, 5/16%, 13/23% Maturing 2018,2020,2027 & 2030	2007	2018/2030	31,500,900	31,500,900				0	31,500,900		31,500,900 Resolution of the House of Assembly dated June 21, 2008
42 \$100M Treasury Stock (02/09/08) 9/3, 3/8%, 13/23%, 7/16% Maturing 2028,2029,2030,2031,2032 & 20	2008	2028/2033	100,000,000	100,000,000				0	100,000,000		100,000,000 Resolution of the House of Assembly dated June 21, 2008
43 \$107.226M Treasury Stock (06/01/09) 5/16%, 11/23% Maturing 2028,2029,2030,2031,2032 & 20	2008	2028/2033	107,226,000	107,226,000				0	107,226,000		107,226,000 Resolution of the House of Assembly dated June 14, 2007

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
PUBLIC DEBT STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	LOAN DRAW DOWN CURRENT YEAR	AMOUNT REDEEMED IN CURRENT YEAR	LOAN DRAWDOWN AMOUNT PRIOR YEARS	AMOUNT REDEEMED AS AT 30/06/17	AMOUNT OUTSTANDING AS AT 30/06/17	Exchange Rate Adjustments	AMOUNT OUTSTANDING AS AT 30/06/18
BAHAMAS GOVT REGISTERED STOCK											
44 \$150M Treasury Stock (27/08/09) 1/8%, 9/64%, 5/32%, 11/64%, 3/16%, 13/16%	2009	2028/2030	150,000,000	150,000,000				0	150,000,000		150,000,000 <small>Resolution of the House of Assembly dated June 17, 2009</small>
45 \$59,724,300 Treasury Stock (26/04/10) 1/12%, 3/32%, 5/48% Maturing 2028, 2029 & 2030	2010	2028/2030	59,724,300	59,724,300				0	59,724,300		59,724,300 <small>Resolution of the House of Assembly dated June 17, 2009</small>
46 \$100M Treasury Stock (26/07/10) 1/2%, 11/96%, 3/32%, 7/48%, 17/96% Maturing 2028, 2029, 2031, 2034 & 2037	2010	2028/2037	100,000,000	100,000,000				0	100,000,000		100,000,000 <small>Resolution of the House of Assembly dated June 18, 2010</small>
47 \$100M Treasury Stock (19/10/10) 5.5%/1/48%, 1/24%, 5/32%	2010	2015/2030	100,000,000	100,000,000		20,000,000		30,000,000	70,000,000		50,000,000 <small>Resolution of the House of Assembly dated June 18, 2010</small>

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS,
PUBLIC DEBT STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	LOAN DRAW DOWN CURRENT YEAR	AMOUNT REDEEMED IN CURRENT YEAR	LOAN DRAWDOWN AMOUNT PRIOR YEARS	AMOUNT REDEEMED AS AT 30/06/17	AMOUNT OUTSTANDING AS AT 30/06/17	Exchange Rate Adjustments	AMOUNT OUTSTANDING AS AT 30/06/18
BAHAMAS GOVT REGISTERED STOCK											
48 \$34,993.2M Treasury Stock (10/12/10) 11/96%, 1/8%, 13/96%, 7/8% Maturing 2026,2027,2028 & 2029	2010	2026/2029	34,993,200	34,993,200			0	0	34,993,200		34,993,200 <small>Resolution of the House of Assembly dated June 10, 2010</small>
49 \$100M Treasury Stock (15/08/11) Maturing 2016, 2020, 2026, 2028, 21	2011	2016/2032	100,000,000	100,000,000			0	0	95,000,000		95,000,000 <small>Resolution of the House of Assembly dated June 7, 2011</small>
50 \$60M Treasury Stock (10/11/11) 1/64%, 1/32%, 5/64%, 3/32% Maturing 2016,2018,2020,2026,2028	2011	2016/2028	60,000,000	60,000,000			0	0	50,000,000		50,000,000 <small>Resolution of the House of Assembly dated June 9, 2011</small>
51 \$10,635.9M Treasury Stock (26/06/12) 1/64%, 3/128%, 1/32% Maturing 2017,2018,2020,2021,2022,2027 & 2031	2012	2019/2021	10,635,900	10,635,900			0	0	10,635,900		10,635,900 <small>Resolution of the House of Assembly dated June 7, 2012</small>

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
PUBLIC DEBT STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	LOAN DRAW DOWN CURRENT YEAR	AMOUNT REDEEMED IN CURRENT YEAR	LOAN DRAWDOWN AMOUNT PRIOR YEARS	AMOUNT REDEEMED AS AT 30/06/17	AMOUNT OUTSTANDING AS AT 30/06/17	Exchange Rate Adjustments	AMOUNT OUTSTANDING AS AT 30/06/18
BAHAMAS GOVT REGISTERED STOCK											
52 \$200M Treasury Stock (16/07/12), 4%, 4 1/10%, 4 1/8%, 4 1/4%, 4 3/10%, 4 13/40% & 4 7/20%, Maturing 2017,2018,2020,2021,2022,2027 & 2031	2012	2017/2031	200,000,000	200,000,000		20,000,000		0	200,000,000		180,000,000
<small>Resolution of the House of Assembly dated June 14, 2012</small>											
53 \$100M Treasury Stock (25/09/12) 3/256%, 3/128%, 11/256%, 7/128%, 1/16% Maturing 2016,2019,2022,2027,2030,2032	2012	2016/2032	100,000,000	100,000,000				0	85,000,000		85,000,000
<small>Resolution of the House of Assembly dated June 14, 2012</small>											
54 \$25M Treasury Stock (29/10/12) 15/256%, 1/16% Maturing 2031, 2032	2012	2031/2032	25,000,000	25,000,000				0	25,000,000		25,000,000
<small>Resolution of the House of Assembly dated Oct 17, 2012</small>											
55 \$50M Treasury Stock (17/04/2013) 7.128%, 15/256%, 1/16% Maturing 2031, 2032, 2033.	2013	2031/2033	50,000,000	50,000,000				0	50,000,000		50,000,000
<small>Resolution of the House of Assembly dated Mar. 18, 2013</small>											

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
PUBLIC DEBT STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	LOAN DRAW DOWN CURRENT YEAR	AMOUNT REDEEMED IN CURRENT YEAR	LOAN DRAWDOWN AMOUNT PRIOR YEARS	AMOUNT REDEEMED AS AT 30/06/17	AMOUNT OUTSTANDING AS AT 30/06/17	Exchange Rate Adjustments	AMOUNT OUTSTANDING AS AT 30/06/18	
56 \$70M Treasury Stock (06/07/2013) 3.256%, 7.256%, 5.128%, 3.64%, 7.128%, 1.16%, 9.128% Maturing 2020, 2024, 2029, 2031, 2033, 2034	2013	2020/2034	70,000,000	70,000,000				0	70,000,000		70,000,000	Resolution of the House of Assembly June 2013
57 \$45M Treasury Stock (13/09/2013) 7.128%, 15/256%, 1.16% Maturing 2031, 2032, 2033	2013	2031/2033	45,000,000	45,000,000				0	45,000,000		45,000,000	Resolution of the House of Assembly June 2013
58 \$20M Treasury Stock (03/10/2014) Maturing 2016	2014	2016	20,000,000	20,000,000				0	0		0	Resolution of the House of Assembly 2014
59 \$35.0M Treasury Stock (30/10/14) Maturing 2019, 2020, 2021	2014	2019/2021	35,000,000	35,000,000				25,000,000	10,000,000		10,000,000	Resolution of the House of Assembly 2014
60 \$20.0M Treasury Stock (18/11/14) Maturing 2029	2014	2029	20,000,000	20,000,000				15,000,000	5,000,000		5,000,000	Resolution of the House of Assembly 2014
61 \$10.0M Treasury Stock (17/07/15) Maturing 2023	2015	2023	10,000,000	10,000,000				0	10,000,000		10,000,000	Resolution of the House of Assembly 2015
62 \$30M Treasury Stock (18/07/16) Maturing 2024	2016	2024	30,000,000	30,000,000				0	30,000,000		30,000,000	Resolution of the House of Assembly 2016
63 \$30M Treasury Stock (04/08/16) Maturing 2036	2016	2036	30,000,000	30,000,000				0	30,000,000		30,000,000	Resolution of the House of Assembly 2016
64 \$30M Treasury Stock (26/08/16) Maturing 2036 #2	2016	2036	30,000,000	30,000,000				0	30,000,000		30,000,000	Resolution of the House of Assembly 2016
65 \$40M Treasury Stock (25/07/16) Maturing 2025, 2026	2016	2025/2026	40,000,000	40,000,000				0	40,000,000		40,000,000	Resolution of the House of Assembly 2016

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
PUBLIC DEBT STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	LOAN DRAWN DOWN CURRENT YEAR	AMOUNT REDEEMED IN CURRENT YEAR	LOAN DRAWDOWN AMOUNT PRIOR YEARS	AMOUNT REDEEMED AS AT 30/06/17	AMOUNT OUTSTANDING AS AT 30/06/17	Exchange Rate Adjustments	AMOUNT OUTSTANDING AS AT 30/06/18
66-\$25M Treasury Stock (23/09/16) Maturing 2036 # 3	2016	2036	25,000,000	25,000,000			25,000,000	0	25,000,000		25,000,000 <i>Resolution of the House of Assembly 2016</i>
67-\$100M Treasury Stock (05/10/16) & (13/10/16) Maturing 2036	2016	2036	100,000,000	100,000,000			100,000,000	0	100,000,000		100,000,000 <i>Resolution of the House of Assembly 2016</i>
68-\$20M Treasury Stock (13/04/16) Maturing 2019	2016	2019	20,000,000	20,000,000				20,000,000	0		0 <i>Resolution of the House of Assembly 2016</i>
69-\$5.0M Treasury Stock (13/04/16) Maturing 2021	2016	2021	5,000,000	5,000,000				5,000,000	0		0 <i>Resolution of the House of Assembly 2016</i>
70-\$25M Treasury Stock (13/04/16) Maturing 2036 # 5	2016	2036	25,000,000	25,000,000				25,000,000	0		0 <i>Resolution of the House of Assembly 2016</i>
71-\$120M Treasury Stock (19/10/16) Maturing 2017	2016	2017	120,000,000	120,000,000		120,000,000		0	120,000,000		0 <i>Resolution of the House of Assembly 2016</i>
72-\$20M Treasury Stock (19/12/16) Maturing 2021	2016	2021	20,000,000	20,000,000			20,000,000	0	20,000,000		20,000,000 <i>Resolution of the House of Assembly 2016</i>
73-\$75M Treasury Stock (29/03/17) Maturing 2018	2017	2018	75,000,000	75,000,000		75,000,000		0	75,000,000		0 <i>Resolution of the House of Assembly 2017</i>
74-\$75M Treasury Stock (27/04/17) Maturing 2018	2017	2018	75,000,000	75,000,000		75,000,000		0	75,000,000		0 <i>Resolution of the House of Assembly 2017</i>
75-\$75M Treasury Stock (14/07/17) Maturing 20	2017		75,000,000	75,000,000	75,000,000			0			75,000,000 <i>Resolution of the House of Assembly 2017</i>

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
PUBLIC DEBT STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	LOAN DRAWN DOWN CURRENT YEAR	AMOUNT REDEEMED IN CURRENT YEAR	LOAN DRAWDOWN AMOUNT PRIOR YEARS	AMOUNT REDEEMED AS AT 30/06/17	AMOUNT OUTSTANDING AS AT 30/06/17	Exchange Rate Adjustments	AMOUNT OUTSTANDING AS AT 30/06/18
76 \$62M Treasury Stock (16/10/17) Maturing 20	2017		62,000,000	62,000,000	62,000,000			0			62,000,000 <i>Resolution of the House of Assembly 2017</i>
77 \$20M Treasury Stock (17/10/17) Maturing 20	2017		20,000,000	20,000,000				0			0 <i>Resolution of the House of Assembly 2017</i>
78 \$120M Treasury Stock (27/10/17) Maturing 20	2017		120,000,000	120,000,000	120,000,000			0			120,000,000 <i>Resolution of the House of Assembly 2017</i>
79 \$50M Treasury Stock (15/12/17) Maturing 20	2017		50,000,000	50,000,000	50,000,000			0			50,000,000 <i>Resolution of the House of Assembly 2017</i>
80 \$20M Treasury Stock (26/02/18) Maturing 20	2018		20,000,000	20,000,000	20,000,000			0			20,000,000 <i>Resolution of the House of Assembly 2017</i>
81 \$15M Treasury Stock (28/03/18) Maturing 20	2018		15,000,000	15,000,000	15,000,000			0			15,000,000 <i>Resolution of the House of Assembly 2017</i>
82 \$75M Treasury Stock (28/03/18) Maturing 20	2018		75,000,000	75,000,000	75,000,000			0			75,000,000 <i>Resolution of the House of Assembly 2017</i>
83 \$75M Treasury Stock (27/04/18) Maturing 20	2018		75,000,000	75,000,000	75,000,000			0			75,000,000 <i>Resolution of the House of Assembly 2017</i>
TOTAL			4,442,272,700	4,442,272,700	492,000,000	407,000,000	545,000,000	682,800,000	3,177,472,700		3,862,472,700

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
PUBLIC DEBT STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	LOAN DRAW DOWN CURRENT YEAR	AMOUNT REDEEMED IN CURRENT YEAR	LOAN DRAWDOWN AMOUNT PRIOR YEARS	AMOUNT REDEEMED AS AT 30/06/17	AMOUNT OUTSTANDING AS AT 30/06/17	Exchange Rate Adjustments	AMOUNT OUTSTANDING AS AT 30/06/18
BAHAMAS GOVERNMENT STOCK											
\$200M Bahamas Government Stock											
Tranche 1: \$75M Maturing 2017, 2019, 2021, 2044	2015	2017-2044	75,000,000	75,000,000		22,500,000		0	75,000,000		52,500,000
Tranche 2: \$70M Maturing 2018, 2020, 2022, 2045	2015	2018-2045	75,000,000	70,000,000		10,574,000		0	70,000,000		59,426,000
Tranche 3: \$55M Maturing 2018, 2020, 2022, 2045	2015	2018-2045	75,000,000	55,000,000		18,000,000		0	55,000,000		37,000,000
Tranche 4: \$77.310M Maturing 2018, 2020, 2022	2015	2018-2022	77,310,000	77,310,000		0		0	77,310,000		77,310,000
TOTAL			302,310,000	277,310,000	0	51,074,000		0	277,310,000		226,236,000

Revised Date of this Statement of Accounts June 2018

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
PUBLIC DEBT STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	LOAN DRAW DOWN CURRENT YEAR	AMOUNT REDEEMED IN CURRENT YEAR	LOAN DRAWDOWN AMOUNT PRIOR YEARS	AMOUNT REDEEMED AS AT 30/06/17	AMOUNT OUTSTANDING AS AT 30/06/17	Exchange Rate Adjustments	AMOUNT OUTSTANDING AS AT 30/06/18
BAHAMAS GOVERNMENT TREASURY											
NOTES											
Tranche 1: \$100M	2015	On Demand	100,000,000	100,000,000	4,695,580.74	5,000	100,000,000	53,039,902	46,860,088		51,650,669
Tranche 2: \$71.3M	2015	On Demand	71,300,000	71,300,000		0	71,300,000	0	71,300,000		71,300,000
Tranche 3: \$21,535M	2015	On Demand	21,535,000	21,535,000		0	21,535,000	2,914,000	21,535,000		21,535,000
Tranche 4: \$27.31M	2015	On Demand	27,310,000	27,310,000		0	27,310,000	20,000	27,310,000		27,310,000
Tranche 5: \$26,177M	2015	On Demand	26,177,000	26,177,000		0	26,177,000	1,200,000	26,177,000		26,177,000
Tranche 6: \$15,386.094M	2015	On Demand	15,386,094	15,386,094		0	11,861,000	0	15,386,094		15,386,094
TOTAL			261,706,094	261,706,094	4,695,581	5,000	258,183,000	4,134,000	208,668,182		213,358,763

Regulation of the House of Assembly

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS,
PUBLIC DEBT STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	LOAN DRAW DOWN CURRENT YEAR	AMOUNT REDEEMED IN CURRENT YEAR	LOAN DRAWDOWN AMOUNT PRIOR YEARS	AMOUNT REDEEMED AS AT 30/06/17	AMOUNT OUTSTANDING AS AT 30/06/17	Exchange Rate Adjustments	AMOUNT OUTSTANDING AS AT 30/06/18
SHORT TERM FACILITIES											
Bahamas Government Treasury Bills		On Demand	544,748,900	907,281,900	107,000,000	224,209,000	0	661,957,900	544,748,900		544,748,900
Central Bank of the Bahamas Advances		On Demand	134,657,052	134,657,052	0	0	0	134,657,052	134,657,052		134,657,052
RBC Overdraft Facility		On Demand	150,000,000	103,546,978	0	0	0	115,707,575	103,546,978		103,546,978
FCB \$1M Revolving Facility		On Demand	14,000,000	14,000,000	0	0	0	14,000,000	14,000,000		14,000,000
Total			843,405,952	1,159,485,930	107,000,000	224,209,000	0	926,322,526	796,952,930		796,952,930

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS,
PUBLIC DEBT STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	LOAN DRAWN DOWN CURRENT YEAR	AMOUNT REDEEMED IN CURRENT YEAR	LOAN DRAWDOWN AMOUNT PRIOR YEARS	AMOUNT REDEEMED AS AT 30/06/17	AMOUNT OUTSTANDING AS AT 30/06/17	Exchange Rate Adjustments	AMOUNT OUTSTANDING AS AT 30/06/18
LOANS SYNDICATED & PAYABLE IN BAHAMIAN DOLLARS											
FDB \$100M Loan Notes	2014	0	100,000,000	100,000,000		10,000,000	0	0	100,000,000		90,000,000
											<small>Based on the amount of the loan as at 30/06/17 as at 2014</small>
Royal Bank of Canada Loan Facility	2014	2015-2016	150,000,000	150,000,000				60,000,000	0		0
											<small>Based on the amount of the loan as at 30/06/17 as at 2014</small>
Royal Bank of Canada COB Capital Works Loan	2015	2027	8,000,000	8,000,000		611,792		770,628	7,229,372		6,617,580
											<small>Credit Agreement</small>
Royal Bank of Canada Working Capital Loan	2016	2018	75,000,000	75,000,000		75,000,000		0	75,000,000		0
											<small>Credit Agreement</small>
\$130M Club Loan for Hurricane Recovery	2016	2021	130,000,000	130,000,000		16,250,000		0	130,000,000		113,750,000
Harcourt Malcolm Property Purchase 1963/2023	1963	2023	245,714	245,714		0		0	245,714		245,714
											<small>The Harcourt Malcolm Property Purchase Act 1963/2023 (No. 25) of the Public Works Act 1963</small>
TOTAL			463,245,714	463,245,714		101,861,792		60,770,628	312,475,086		210,613,294

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS,
PUBLIC DEBT STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	LOAN DRAWN DOWN CURRENT YEAR	AMOUNT REDEEMED IN CURRENT YEAR	LOAN DRAWDOWN AMOUNT PRIOR YEARS	AMOUNT REDEEMED AS AT 30/06/17	AMOUNT OUTSTANDING AS AT 30/06/17	Exchange Rate Adjustments	AMOUNT OUTSTANDING AS AT 30/06/18
LOANS SYNDICATED IN U.S. DOLLARS AND OTHER CURRENCIES											
US\$21.0m 848/OC-BH 108 Loan	1995	2020	21,600,061	21,600,061		1,296,002	21,600,061	17,712,055	3,888,006		2,592,004 <small>Loan Agreement</small>
Inter-American Development Bank 1266/OC-BH Infrastructure Rehabilitation (Hurricane Floyd) (Mar 21, 2001)	2001	2021	21,000,000.00	20,222,558		1,263,910	20,222,558	15,166,918.00	5,055,640		3,791,730 <small>Loan Contract dated 21/01/01</small>
Inter-American Development Bank 1320/OC-BH (New Providence Transport Program) (22/10/01)	2001	2021	46,200,000.00	43,399,981		3,250,878	43,399,981	28,771,029	14,628,952		11,378,074 <small>Loan Contract dated 22/10/01</small>
Inter-American Development Bank 1617/OC-BH Immediate Response Facility	2005	2025	16,700,000	3,580,522		238,701	3,580,522	1,670,911	1,909,611		1,670,910 <small>Loan Contract dated April 1, 2005, 2005</small>
Inter-American Development Bank 1695/OC-BH Education & Training Loan	2006	2016	18,000,000	12,798,382		885,820	12,798,382	4,383,099	8,415,283		7,529,463 <small>Loan Agreement</small>

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
PUBLIC DEBT STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	LOAN DRAWN DOWN CURRENT YEAR	AMOUNT REDEEMED IN CURRENT YEAR	LOAN DRAWDOWN AMOUNT PRIOR YEARS	AMOUNT REDEEMED AS AT 30/06/17	AMOUNT OUTSTANDING AS AT 30/06/17	Exchange Rate Adjustments	AMOUNT OUTSTANDING AS AT 30/06/18	
E. E. C. Rural Energy Project (Loan Disbursed in Euro)	1991	2030	1,442,766	827,357		30,657	827,357	484,267	397,706	10,124	377,173	State Agreement November 1, 1992
Food Technology Complex	1982	2021	433,375	433,375		18,798	433,375	375,599	84,044	1,924	67,169	State Agreement dated July 2, 2004
IDB 1170/OC-BH Solid Waste Management Loan	2001	2019	23,500,000	21,797,403		1,500,613	21,797,403	18,045,870	3,751,533		2,350,920	State Agreement No. 1170/OC-BH
IDB 1988/OC-BH New Providence Trms Spinn Fdg.	2008	2033	100,000,000	100,000,000		4,767,602	5,454,440	23,718,365.00	76,281,635		71,514,033	Loan Contract dated June 21, 2008
\$200M Bond Issue Maturing 2033	2003	2033	200,000,000	200,000,000		0	200,000,000	0	200,000,000		200,000,000	Financial Instrument Resolution, Board of Aidors 12, June 2003
Deutsche Bank 75M Loan (B0/09/2013)	2013	2020	101,542,500	101,542,500		0	101,542,500	0	85,695,000.00	1,927,500	87,622,500	Credit Agreement
Deutsche Bank 45M Loan			45,000,000	45,000,000		0	45,000,000	0	45,000,000		45,000,000	Credit Agreement
Int'l Private Capital / Mt. Dwyer Bond Issue	2014	2024	300,000,000	300,000,000		0	300,000,000	0	300,000,000		300,000,000	Credit Agreement

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
PUBLIC DEBT STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	LOAN DRAW DOWN CURRENT YEAR	AMOUNT REDEEMED IN CURRENT YEAR	LOAN DRAWDOWN AMOUNT PRIOR YEARS	AMOUNT REDEEMED AS AT 30/06/17	AMOUNT OUTSTANDING AS AT 30/06/17	Exchange Rate Adjustments	AMOUNT OUTSTANDING AS AT 30/06/18
The EXIM Bank of China-Container Scanners Loan	2006	2022	5,187,302	4,737,791		329,307	4,737,791	1,837,512	3,099,615	80,720	2,851,028
*134,000,000 RMB Yuan Disbursed in USD											
\$100M Bond Issue Maturing 2038	2008	2038	100,000,000	100,000,000		0	100,000,000	0	100,000,000		100,000,000
Credit Suisse CHF 100M	2016	2023	100,120,144	100,120,144		8,231,468			100,120,144	529,920	92,418,595
Credit Suisse CHF 100M+50M	2017	2024	155,038,760	155,038,760	155,038,760.00						155,038,760
Family Island Project (CDB Loan no: 09/0R-BHA)	2010	2015/2018	10,109,000	6,995,917	588,100		6,995,917	820,868	6,175,049		5,586,949
Chinese Concessional Loan (Airport Road)	2010	2030	59,438,553	54,627,214	3,735,190		54,627,214	5,406,585	49,220,629	1,224,972	46,710,411
\$300M Bond Issue Maturing 2029	2009	2029	300,000,000	300,000,000	0			0	300,000,000		300,000,000

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
PUBLIC DEBT STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	LOAN DRAWN DOWN CURRENT YEAR	AMOUNT REDEEMED IN CURRENT YEAR	LOAN DRAWDOWN AMOUNT PRIOR YEARS	AMOUNT REDEEMED AS AT 30/06/17	AMOUNT OUTSTANDING AS AT 30/06/17	Exchange Rate Adjustments	AMOUNT OUTSTANDING AS AT 30/06/18
IDB 2682/2683/OC-BH Air Trnsprt. Reform Program (16/12/2011)	2011	2031	50,000,000	18,658,964		1,166,186	18,658,964	1,749,278	16,909,686		15,743,500
Chinese Concessional Ln. (North Abaco P/Br.) * (260,000,000 RMB Yuan Disbursed in USD)	2012	2032	38,002,443	38,002,443		2,604,794	17,997,103	2,604,794	38,002,443	935,165	36,332,814
IDB 2756 OC-BH Trade Sector Support (18/07/2012)	2012	2037	16,500,000	13,339,000	2,300,000.00	282,185	11,140,000		11,140,000		13,157,815
RBC US\$150 Million Bridge Facility	2014	2015	0	0	0	0		0	0		0
IDB 2758 OC-BH Social Safety Net Reform (30/08/2012)	2012	2037	7,500,000	4,136,138	206,862	103,403	3,929,277		3,929,277		4,032,735
J.P. Morgan US\$180M Credit Agreement	2012	2023	180,000,000	180,000,000		0	180,000,000	0	180,000,000		180,000,000

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS
PUBLIC DEBT STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	LOAN DRAW DOWN CURRENT YEAR	AMOUNT REDEEMED IN CURRENT YEAR	LOAN DRAWDOWN AMOUNT PRIOR YEARS	AMOUNT REDEEMED AS AT 30/06/17	AMOUNT OUTSTANDING AS AT 30/06/17	Exchange Rate Adjustments	AMOUNT OUTSTANDING AS AT 30/06/18
IDB 2773 OC-BH New Providence S.F. II (04/09/2012)	2012	2037	65,000,000	65,000,000	55,476,000	2,863,430	64,945,525	6,709,692	58,234,833		55,446,879
College of The Bahamas Transformation Project (CDB Loan no: 10/OR-BHA)	2014	2031	16,180,000	183,861		0		183,861	0		0
JADB 3340 OC-BH Public Financial Mgmt.	2016	2041	33,000,000	1,130,455	1,130,455		0		1,130,455		1,130,455
JADB 3499 OC-BH Citizen Security & Justice	2016	2041	20,000,000	2,373,656					2,373,656		2,373,656
CDB MDI Immediate Response- Hurricane Sandy	2014	2023	750,000	659,780		82,472	659,780	144,327	515,453.00		432,981
CDB 11/OR-BHA Water Supply Improvement Project	2016		28,329,000	12,864,369	9,972,411		2,891,958		2,891,958		12,864,369
Defence Force Vessels Loan	2014		232,000,000	177,236,930	538,561	21,209,095	176,678,369		145,865,558	3,978,096	129,193,120
Deutsche Bank USD \$250 Million Loan	2017		250,000,000	250,000,000	250,000,000.00		0		0		0
\$750M Bond Issue Maturing	2017		750,000,000	750,000,000	750,000,000.00		0		0		750,000,000
Credit Suisse AG - USD5200M Loan	2017	2033	200,000,000	200,000,000.00	200,000,000.00		0		0		0
TOTAL			3,512,575,904	3,306,407,562	1,369,262,525	504,428,613	1,419,917,477	129,785,030	1,763,585,711	8,688,421	2,637,108,043



Statement Of Contingent Liabilities

30. Contingent Liabilities

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
CONTINGENT LIABILITIES STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

LOANS	AMOUNT OF LOAN AUTHORIZED BY LEGISLATURE	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	LOAN DRAWN DOWN CURRENT YEAR	AMOUNT REDEEMED AS AT 30/06/2018	AMOUNT OUTSTANDING AS AT 30/06/2017	AMOUNT OUTSTANDING AS AT 30/06/2018	REMARKS
1) BAHAMAS DVL/PMT. BK.	50,690,000	50,690,000		3,027,956	46,089,956	43,062,000	
2) BAHAMAS ELECTRICITY CORP.	246,000,000	246,000,000		12,300,000	215,250,000	202,950,000	
3) CLIFTON HERITAGE	24,000,000	24,000,000			24,000,000	24,000,000	
4) THE BRIDGE AUTHORITY	23,000,000	23,000,000			23,000,000	23,000,000	
5) THE EDUC. LOAN AUTHORITY	67,000,000	67,000,000			67,000,000	67,000,000	
6) THE PUBLIC HOSPITALS AUTHORITY	135,000,000	108,000,000			96,705,102	90,122,625	
7) THE MORT. CORPORATION	165,000,000	165,000,000			165,000,000	165,000,000	
8) WATER & SEWERAGE CORP.	95,000,000	82,582,274		4,113,144	73,873,112	69,759,967	
9) PRIVATE SECTOR GUARANTEED DEBT	15,724,000	15,724,000	5,947,000		9,777,000	15,724,000	
10) BAHAMAS RESOLVE LTD	-	-			-	-	
TOTAL	821,414,000	781,986,274	5,947,000	19,441,100	720,695,170	700,618,593	

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
CONTINGENT LIABILITIES STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

LOANS	AMOUNT OF LOAN AUTHORIZED BY LEGISLATURE	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	LOAN DRAWN DOWN CURRENT YEAR	AMOUNT REDEEMED AS AT 30/06/2018	AMOUNT OUTSTANDING AS AT 30/06/2017	AMOUNT OUTSTANDING AS AT 30/06/2018	REMARKS
BAHAMAS DEVELOPMENT BANK							
BDB - SERIES A & B BONDS	25,000,000	25,000,000		3,000,000	21,000,000	18,000,000	
BDB - SERIES C & D BONDS	25,000,000	25,000,000			25,000,000	25,000,000	
EIB Promo S.M Firms ECU 0.69M	690,000	690,000		27,956	89,956	62,000	
TOTAL	50,690,000	50,690,000	0	3,027,956	46,089,956	43,062,000	
BAHAMAS ELECTRICITY CORP.							
US \$83.2M of US \$211 Refinancing Loan (FC	83,200,000	83,200,000		4,114,500	72,845,500	68,731,000	
US \$127.8M of US \$211 Refinancing Loan (F	127,800,000	127,800,000		6,435,500	111,779,500	105,344,000	
US\$35M Loan (FCIB Refinancing)	35,000,000	35,000,000		1,750,000	30,625,000	28,875,000	
TOTAL	246,000,000	246,000,000	0	12,300,000	215,250,000	202,950,000	

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
CONTINGENT LIABILITIES STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

LOANS	AMOUNT OF LOAN AUTHORIZED BY LEGISLATURE	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	LOAN DRAWN DOWN CURRENT YEAR	AMOUNT REDEEMED AS AT 30/06/2018	AMOUNT OUTSTANDING AS AT 30/06/2017	AMOUNT OUTSTANDING AS AT 30/06/2018	REMARKS
CLIFTON HERITAGE AUTHORITY							
BGRS	24,000,000	24,000,000			24,000,000	24,000,000	Resolution House of Asmbly
	24,000,000	24,000,000	0	0	24,000,000	24,000,000	
THE BRIDGE AUTHORITY							
BGRS	23,000,000	23,000,000			23,000,000	23,000,000	
TOTAL	23,000,000	23,000,000	0	0	23,000,000	23,000,000	
THE EDUCATION AUTHORITY							
VARIOUS BKS - SERIES A,B,C BDS.	67,000,000	67,000,000			67,000,000	67,000,000	Resolution House of Asmbly
TOTAL	67,000,000	67,000,000	0	0	67,000,000	67,000,000	

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
CONTINGENT LIABILITIES STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

LOANS	AMOUNT OF LOAN AUTHORIZED BY LEGISLATURE	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	LOAN DRAWN DOWN CURRENT YEAR	AMOUNT REDEEMED AS AT 30/06/2018	AMOUNT OUTSTANDING AS AT 30/06/2017	AMOUNT OUTSTANDING AS AT 30/06/2018	REMARKS
THE PUBLIC HOSPITALS AUTHORITY							
Critical Care Block Bond	100,000,000.00	73,000,000.00		3,923,976.56	66,707,602.00	62,783,625	
FCIB	35,000,000.00	35,000,000.00		2,658,500.00	29,997,500.00	27,339,000	
TOTAL	135,000,000	108,000,000	0	0	96,705,102	90,122,625	
THE MORTGAGE CORPORATION							
SERIAL BONDS	165,000,000	165,000,000			165,000,000	165,000,000	
TOTAL	165,000,000	165,000,000	0	0	165,000,000	165,000,000	
WATER & SEWERAGE CORP.							
IADB-1112/OC-BH LOAN	14,000,000.00	10,632,274		506,656	3,546,594	3,039,938	Resolution
FAMILY ISLAND PORTABLE WATER							

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
CONTINGENT LIABILITIES STATEMENTS
FOR YEAR ENDED 30 JUNE, 2018**

LOANS	AMOUNT	AMOUNT	LOAN	AMOUNT	AMOUNT	AMOUNT	AMOUNT	REMARKS
	OF LOAN AUTHORIZED BY LEGISLATURE	DRAWN IN RESPECT OF LOAN AUTHORIZED	DRAWN DOWN CURRENT YEAR	REDEEMED AS AT 30/06/2018	OUTSTANDING AS AT 30/06/2017	OUTSTANDING AS AT 30/06/2018		
IDB-2624/OC-BH WATER PROJECT LOAN	81,000,000	71,950,000		3,606,488	70,326,518	66,720,030		Resolution House of Asmbly
TOTAL	95,000,000	82,582,274	0	4,113,144	73,873,112	69,759,967		
PRIVATE SECTOR GUARANTEED DEBT								
Bank of The Bahamas Hurricane Guarantee F	4,640,000	4,640,000	1,749,000		2,891,000	4,640,000		
Bank of The Bahamas Education Guarantee f	11,084,000	11,084,000	4,198,000		6,886,000	11,084,000		
TOTAL	15,724,000	15,724,000	5,947,000	0	9,777,000	15,724,000		



Statement Of Financial Position

31. Statement of Financial Position - Deposit Fund

**THE GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS
STATEMENT OF FINANCIAL POSITION FOR YEA ENDED JUNE 30-2018
(DEPOSIT FUND)**

Notes	As at 30-Jun-2018 B\$	As at 30-Jun-2017 B\$
FINANCIAL ASSETS		
Cash and Domestic Bank Balances (22)	94,569,693	85,402,888
Fixed Deposits (Harcourt Malcolm Properties) (23)	225,223	225,223
Dishonoured Cheques (18)	2,230,794	1,036,454
Investments (Emslie Trust) (24)	47,800	47,800
TOTAL FINANCIAL ASSETS	97,073,510	86,712,365
CURRENT LIABILITIES & EQUITY		
Deposit Fund Balance	97,073,510	86,712,364
TOTAL CURRENT LIABILITIES & EQUITY	97,073,510	86,712,364

STATEMENT OF CHANGES IN DEPOSITS FUND FUND BALANCES FOR YEAR ENDED 30-JUNE-2018

Notes	Financial Year Ended 30-Jun-2018 B\$	Financial Year Ended 30-Jun-2017 B\$	Net Change in Fund Balance B\$
Balance as at 1st July 2017	(86,712,364)	(89,857,955)	(3,145,591)
Receipts			
Cash Transfers in	(20,546,574)	(14,055,639)	6,490,935
Sub-Total	(107,258,938)	(103,913,594)	3,345,344
Payments			
Cash Transfers out	10,185,428	17,201,230	7,015,802
Balance as at 30 June 2018	(97,073,510)	(86,712,364)	10,361,146

SCHEDULE OF CASH MOVEMENT IN DEPOSIT FUND ACCOUNTS BY ACCOUNT CATEGORIES FOR YEAR ENDED 30-JUNE-2018

	Transfers In	Transfers Out	Net Movement
Cash Imprests Family Island	0	55,106	(55,106)
Postal Advances	0	2,072,665	(2,072,665)
Advances Special	215,365	0	215,365
Advances Miscellaneous	3,421	0	3,421
Advance to Other Funds	4,290,240	0	4,290,240
Stores Inventory	0	0	0
Undistributed Foreign exchange	0	154,040	(154,040)
Undistributed Collections Deposits Fund	11,266,150	0	11,266,150
Unclaimed Cheques	13,805	0	13,805
Postal Transactions	0	725,841	(725,841)
Depository Liabilities Ministries/Departments	4,551,441	0	4,551,441
Depository Liabilities Special	0	7,177,776	(7,177,776)
Depository Liabilities Land Acquisition	18,151	0	18,151
Depository Liabilities Payable	188,001	0	188,001
Total	20,546,574	10,185,428	10,361,146



Statement Of Changes in Post Office Savings Bank

32. Statement of Changes in Post Office Savings Bank Fund Balances

THE GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS
STATEMENT OF CHANGES IN POST OFFICE SAVINGS BANK FUND BALANCES
FOR YEAR ENDED JUNE 30-2018
(DEPOSIT FUND)

Notes	Financial Year Ended 30-Jun-2018	Financial Year Ended 30-Jun-2017	Net Change in Fund Balance
	B\$	B\$	B\$
Balance as at 1st July 2017	8,619,251	8,371,412	(247,839)
Receipts			
Interest earned (7)	221,326	247,839	26,513
Sub-Total	<u>8,840,577</u>	<u>8,619,251</u>	<u>(221,326)</u>
Payments			
Cash Transfers out	-	-	-
Balance as at 30 June 2018	<u>8,840,577</u>	<u>8,619,251</u>	<u>(221,326)</u>

33. Statement of Public Officers Loan Fund

STATEMENT OF PUBLIC OFFICERS' LOAN FUND FOR YEAR ENDED 30-JUNE-2018

Notes	Financial Year Ended 30-Jun-2018	Financial Year Ended 30-Jun-2017	Net Change in Fund Balance
	B\$	B\$	B\$
Balance as at 1st July 2017	1,060,953	1,292,570	231,617
Less: Principal Repayments	552,550	1,175,400	622,850
Sub-Total	<u>508,404</u>	<u>117,170</u>	<u>(391,234)</u>
Loans made in period	410,024	943,783	533,760
Balance as at 30 June 2018	<u>918,427</u>	<u>1,060,953</u>	<u>142,526</u>



ACKNOWLEDGEMENT & APPRECIATION

ACKNOWLEDGEMENT AND APPRECIATION

Special thanks are extended to staff members of the OAG for their dedication to duty and loyalty during the 2017/2018 fiscal year. As a result of their efforts and commitment, the Auditor General was able to fulfill his statutory obligation.

Sincere thanks and appreciation is also extended to all persons in the various Ministries and Departments for their co-operation and courtesies extended to the Auditor General and staff.

We realize that for every organization to function at peak performance and be efficient in order to result in the very highest quality, there must be responsible leadership at every level within the organization.

We are cognizant of the fact that every day thousands of Public Servants go to work to conduct the business of the Commonwealth of the Bahamas. Sometimes they perform acts of great heroism and go above and beyond the call of duty, but most often, they simply do their jobs to the best of their ability. We note that there are thousands of Public Servants who are creative, hardworking and focused on delivering the many services that make it possible for our complex government to function and we appreciate the time and effort dedicated to assisting the Auditor General and staff in carrying out the mandate of the OAG.

Appreciation also goes to the Caribbean Organization of Supreme Audit Institutions (CAROSAI), the International Organization of Supreme Audit Institutions (INTOSAI), the INTOSAI Development Initiative (IDI) and the Bahamas Public Service Training Centre for their respective assistance in the further training of our staff.

