

FINANCIAL STATEMENTS
FOR
THE GOVERNMENT
OF
THE CAYMAN ISLANDS
FOR THE YEAR ENDED
30th JUNE 2009



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AUDITOR GENERAL'S REPORT

To The Members of the Legislative Assembly of the Cayman Islands:

I was engaged to audit the accompanying consolidated financial statements of the Cayman Islands Government (the "Government"), which comprise of the consolidated statement of financial position as at 30 June 2009, and the consolidated statement of financial performance, consolidated statement of cash flows and consolidated statement of changes in net worth for the year then ended and a consolidated summary of significant accounting policies and other explanatory information, in accordance with Section 60(1)(a) of the *Public Management and Finance Law (2012 Revision)* ("PMFL").

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Public Sector Accounting Standards ("IPSAS") and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Consolidated Financial Statements

My responsibility is to express an opinion on these consolidated financial statements based on conducting the audit in accordance with International Standards on Auditing. Because of the matters described in the basis for disclaimer of opinion paragraphs however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

Matters that prevented me from completing my audit included, but are not limited to, the following:

a) Lack of sufficient and appropriate evidence

Subsidiary entities' financial statements

In reviewing the results of the audits of subsidiary entities, among others, the separate financial statements of the following entities were respectively disclaimed:

- a. Ministry of District Administration, Planning, Agriculture and Housing
- b. Ministry of Education, Training and Employment
- c. Ministry of Communication, Works and Infrastructure
- d. Ministry of Tourism, Environment, Investment and Commerce
- e. Cayman Islands Health Services Authority

Given the significance of the total assets, liabilities and net worth, as well as revenues and expenses, of the identified entities, I am not able to verify that the consolidated figures of which these form part would be fairly stated.

Assets

The Government has not carried out a revaluation of its lands, buildings, infrastructure and leasehold improvements since 2001. IPSAS 17 indicates that such revaluation should be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. As at 30 June 2009, the carrying value of assets subject to revaluation amounted to approximately \$808 million which represents 51% of the total assets reported. As a result, I was not able to evaluate the reasonableness of the carrying amount of land and buildings, and any associated depreciation or impairment entries recorded within the financial statements as at 30 June 2009 as reasonable.

In addition, I have not been able to review any information, if any, which would enable me to evaluate the reasonableness of the amount, reported as revaluation surplus in the amount of \$20.4 million.

Liabilities

The Government, under the provisions of the Public Service Management Law is obligated to provide post-retirement health benefits to qualified employees, spouses and dependent children commencing upon retirement. I have not been provided with management's evaluation of the extent of its obligations under this medical plan, and consequently, was not provided with estimates and supporting calculations of such liabilities. Furthermore, an independent valuation was not provided. As a result of these deficiencies, I was unable to determine the extent of the post-retirement medical costs obligation of the Government as at 30 June 2009. This material omission of post-retirement health care cost from the consolidated liabilities is not in compliance with IPSAS 25.

Revenues

Management was unable to assert as to the completeness, accuracy and existence of revenues and receivables recorded within the consolidated financial statements as required by ISA 580. As such I was unable to obtain sufficient appropriate audit evidence to determine the reasonableness of the reported revenues.

Expenses

Due to the extent of material omissions and accounting issues reported above, the integrity of a number of related items which are required to be reported in the consolidated statement of financial performance have been affected. These include, but are not limited to, depreciation, impairment and movement in post-retirement health balances. The inclusion or adjustments to the above line items are likely to be material. As such, I was unable to obtain sufficient appropriate audit evidence to determine the accuracy, occurrence and completeness of expenses.

b) Limited Management Representations

As part of the audit I received representation from management with regards to the fairness of the figures and related note disclosures presented in the consolidated financial statements. In said representation, management was not able to assert that the consolidated financial statements as a whole are a true and fair view of the Government.

c) Related Party Transactions

To comply with certain disclosures of IPSAS 20: *Related Party Disclosures*, a system has to be in place to effectively ensure the completeness, accuracy, existence and proper disclosure of all related party transactions. During the year ended 30 June 2009, there is no government-wide system to collate and report related party transactions and balances. As such I am unable to opine on the fairness of related party transactions and transactions that have been included in the consolidated financial statements.

d) Opening Balances

I was unable to substantiate the opening balances of the consolidated financial position as at 1 July 2008. Within the amended provisions of the PMFL, consolidated financial statements for the preceding year ended 30 June 2008 was not received for audit. Because I was unable to verify the fairness of those opening balances, I cannot determine the effects of any adjustments to those opening balances on the current consolidated financial statements.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the consolidated financial statements.

Other Matter

I draw the attention of the reader of the Government's consolidated financial statements that due to the disclaimer of opinion, no further consideration was given on the overall presentation of the financial statements, including fitness for issue to the wider public. Sufficiency in accordance with and compliance with IPSAS and accounting policies required by laws and regulations have not been thoroughly explored to achieve an agreeable presentation of these consolidated financial statements with which I am, due to this Auditor General's Report, associated.



Alastair Swarbrick, MA(Hons), CPFA
Auditor General

Cayman Islands
6 May 2014

Financial Statements

Statement of Financial Position

GOVERNMENT OF THE CAYMAN ISLANDS STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2009

	Note	EPS Current Year Actual 2008/2009 CIS\$000	Original Budget CIS\$000	Final Budget CIS\$000	Variance (Original Budget vs Actual) CIS\$000
Current Assets					
Cash and cash equivalents	2	190,074	214,802	220,900	(24,728)
Loans Made	3	1,748	673	673	1,075
Trade Receivables	4	35,877	39,395	39,395	(3,518)
Other Receivables	5	6,594	11,866	11,866	(5,272)
Inventories	6	7,957	8,318	8,318	(361)
Investments	7	90,616	109,454	109,454	(18,838)
Prepayments	8	10,424	4,390	4,520	6,034
Other current assets	9	2,163	14,598	14,598	(12,435)
Total Current Assets		345,453	403,496	409,724	(58,043)
Non-Current Assets					
Loans Made	3	42,727	60,856	60,876	(18,129)
Trade Receivables	4	5,219	90	90	5,129
Property, plant and equipment	10	1,184,885	1,105,296	1,085,847	79,589
Investments	7	5,442	300	300	5,142
Other non-current assets	9	793	166	166	627
Total Non-Current Assets		1,239,066	1,166,708	1,147,279	72,358
Total Assets		1,584,519	1,570,204	1,557,003	14,315
Current Liabilities					
Trade Payables	11	37,605	49,708	49,702	12,103
Other payables and accruals	12	43,897	9,279	9,279	(34,618)
Bank overdraft	2	11,673	3,985	3,985	(7,688)
Unearned revenue	13	28,361	18,279	16,779	(10,082)
Employee entitlements	14	10,799	6,229	5,029	(4,570)
Borrowings	15	202,064	42,493	42,493	(159,571)
Provisions and other current liabilities	16	18,371	17,533	17,533	(838)
Total Current Liabilities		352,770	147,506	144,800	(204,426)
Non-Current Liabilities					
Employee entitlements	14	311	819	819	508
Other non current liabilities	17	307	1,411	1,411	1,104
Currency issued	18	83,641	88,140	88,140	4,499
Borrowings	15	374,716	616,279	616,957	241,563
Unfunded pension liability	14	209,050	183,412	183,412	(25,638)
Unfunded post retirement health care	14	-	-	-	-
Total Non-Current Liabilities		668,025	890,061	890,739	222,036
Total Liabilities		1,020,795	1,037,567	1,035,539	17,610
Net Assets		563,724	532,637	521,464	(3,295)
Equity					
Reserves	19	77,338	65,919	65,919	(11,419)
Revaluation reserve		20,407	-	-	(20,407)
Current period surplus/(deficit)		(67,657)	13,473	(29,422)	81,130
Prior period accumulated surplus/(deficit)		533,636	453,245	484,967	(80,391)
Total net assets/equity		563,724	532,637	521,464	(31,087)

Statement of Financial Performance

GOVERNMENT OF THE CAYMAN ISLANDS					
STATEMENT OF FINANCIAL PERFORMANCE					
FOR THE YEAR ENDED 30 JUNE 2009					
		EPS Current Year Actual 2008/2009	Original Budget	Final Budget	Variance (Original Budget vs Actual)
	Note				
		Ci\$000	Ci\$000	Ci\$000	Ci\$000
Revenue					
Coercive revenue	20	440,504	465,658	447,262	(25,154)
Sales of goods & services	21	220,534	215,374	214,973	5,160
Investment revenue	22	3,615	7,725	5,754	(4,110)
Donations	23	854	2,034	2,034	(1,180)
Other revenue		43	23,323	23,323	(23,280)
Total Revenue		665,550	714,114	693,346	(48,564)
Expenses					
Personnel costs	24	349,198	352,167	350,463	2,969
Supplies and consumables	25	234,339	165,453	156,607	(68,886)
Leases	26	19,801	18,964	18,905	(837)
Depreciation	10	34,318	34,478	34,478	160
Outputs from non-government organizations	27	21,632	13,872	19,511	(7,760)
Transfer payments	28	31,839	22,431	32,437	(9,408)
Litigation costs	29	1,192	-	-	(1,192)
Other executive expenses	30	4,777	68,866	68,701	64,089
Extraordinary items	31	14,544	-	15,193	(14,544)
Finance costs	32	21,615	25,837	27,900	4,222
Impairment of property, plant and equipment		143	-	-	(143)
(Gains)/losses on financial instruments		(559)	(1,427)	(1,427)	(868)
(Gains)/losses on non-financial instruments	33	372	-	-	(372)
Change in fair value- other assets		94	-	-	(94)
Total Expenses		733,207	700,641	722,768	(32,566)
Surplus/ (Deficit) for the period		(67,657)	13,473	(29,422)	(81,130)

Statement of Cash Flow

GOVERNMENT OF THE CAYMAN ISLANDS				
STATEMENT OF CASH FLOWS				
FOR THE PERIOD ENDED 30 JUNE 2009				
	EPS Current Year Actual 2008/2009	Original Budget	Final Budget	Variance Original Budget vs Actual)
Note	Ci\$000	Ci\$000	Ci\$000	Ci\$000
Operating Activities				
Cash received				
Coercive receipts	440,867	472,458	454,062	(31,591)
Sale of Goods & Services	225,171	247,512	245,611	(22,341)
Interest received	2,830	8,259	6,288	(5,429)
Donations/grants received	853			853
Other receipts	562	7,047	7,047	(6,485)
Total cash received	670,283	735,276	713,008	(64,993)
Cash used				
Personnel costs	(351,410)	(369,371)	(368,866)	17,961
Supplies and consumables	(254,052)	(212,214)	(203,309)	(41,838)
Outputs from non-governmental organizations	(21,632)	(13,872)	(19,511)	(7,760)
Transfer payments	(31,758)	(22,431)	(32,437)	(9,327)
Financing/interest expense	(20,692)	(21,837)	(23,900)	1,145
Other payments	(8,744)	(40,520)	(40,356)	31,776
Extraordinary payments	(16,273)	(250)	(15,443)	(16,023)
Total cash used	(704,561)	(680,495)	(703,822)	(24,065)
Net cash flows from/ (used by) operating activities	(34,278)	54,781	9,186	(89,058)
Investing activities				
Cash received				
Proceeds from the sale of property, plant and equipment	314	19,488	19,488	(19,174)
Proceeds from the sale of investments	2,041	578	578	1,463
Total cash received	2,355	20,066	20,066	(17,711)
Cash used				
Purchase of property, plant and equipment	(122,027)	(203,753)	(184,291)	81,726
Purchase of Investments- Loans Made/Other	(8,118)	(7,275)	(7,295)	(843)
Total cash used	(130,145)	(211,028)	(191,586)	80,883
Net cash flow from /(used by) investing activities	(127,790)	(190,962)	(171,520)	63,172
Financing activities				
Cash received				
Proceeds from borrowings	178,684	248,793	248,793	(70,110)
Total cash received	178,684	248,793	248,793	(70,110)
Cash used				
Repayment of borrowings	(41,648)	(46,990)	(44,199)	5,342
Total cash used	(41,648)	(46,990)	(44,199)	5,342
Net cash flows from /(used by) financing activities	137,036	201,803	204,594	(64,767)
Net increase/(decrease) in cash and cash equivalents held	(25,032)	65,622	42,260	(90,653)
Cash and cash equivalents at beginning of period	203,433	145,194	174,656	58,239
Cash and cash equivalents at the end of the period	2	178,401	210,816	(32,414)

Statement of Changes in Net Worth

GOVERNMENT OF THE CAYMAN ISLANDS STATEMENT OF CHANGES IN NET WORTH FOR THE PERIOD ENDED 30 JUNE 2009				
	Reserves CIS\$000	Revaluation CIS\$000	Accumulated Surplus/(deficits) CIS\$000	Total Net worth CIS\$000
Balance at 30 June 2008	71,554	20,407	529,738	621,699
Changes in accounting policy	0	0	0	
Prior Year Adjustments	0	0	0	0
Restated balance	71,554	20,407	529,738	621,699
Changes in net worth for 2008/09				
Gain/(loss) on property revaluation	0	0	0	0
Gain/(loss) on revaluation of investments	0	0	0	0
Other Movements	0	0	3,897	3,897
Movement in Reserves	5,784	0	0	5,784
Net revenue / expenses recognised directly in net worth	5,784	0	3,897	9,681
Surplus/(deficit) for the period 2008/09			(67,656)	(67,656)
Total recognised revenues and expenses for the period	5,784	0	(63,759)	(57,975)
Balance at 30 June 2009	77,338	20,407	465,979	563,724

Principles of Responsible Financial Management

Principle	2008/2009 Original Budget	2008/2009 Final Budget	Unaudited actuals 2008/2009
	CIS000	CIS000	CIS000
Surplus* : should be positive Surplus = central government operating revenue - central government operating expenses - non-operating revenues & expenses)	<u>Complies</u> Surplus = \$13.4 million	<u>Does not comply</u> \$14.23 million deficit	<u>Does not comply</u> \$39.9 million deficit
Net Worth : should be positive (Net worth = central government assets – central government liabilities)	<u>Complies</u> Net Worth = \$532.6 million	<u>Complies</u> Net Worth = \$521.46 million	<u>Complies</u> Net Worth = \$563.7 million
Borrowing: Debt servicing cost for the year should be no more than 10% of central government revenue (Debt servicing = interest + other debt servicing expenses + principal repayments for central government debt)	<u>Complies</u> Debt servicing = 7.87%	<u>Complies</u> Debt Servicing = 8.1 %	<u>Complies</u> Debt Servicing = 8.2 %
Net Debt: should be no more than 80% of central government revenue (Net debt = outstanding balance of central government debt + outstanding balance of self financing loan balance + weighted outstanding balance of statutory authority/government company guaranteed debt - central government liquid assets)	<u>Complies</u> Net Debt = 72.6%	<u>Complies</u> Net Debt = 74 %	<u>Does not comply</u> Net Debt = 85.0 %
Cash Reserves should be no less than estimated executive expenses for: 90 days 2010/11 (Cash reserves = central government cash and other liquid assets)	<u>Complies</u> Cash reserves = 91 days	<u>Complies</u> Cash reserves = 90.6 days	<u>Does not comply</u> Cash reserves = 69.9 days
Financial risks should be managed prudently so as to minimize risk	<u>Complies</u> Insurance cover exists for key assets and major potential liabilities. Hurricane Preparedness & Response Strategy in place.	<u>Complies</u> Insurance cover exists for key assets and major potential liabilities. Hurricane Preparedness & Response Strategy in place.	<u>Complies</u> Insurance cover exists for key assets and major potential liabilities. Hurricane Preparedness and Response Strategy in place.

* Surplus/Deficit excludes Extraordinary Items

Statement of Segments

GOVERNMENT OF THE CAYMAN ISLANDS				
STATEMENT OF FINANCIAL PERFORMANCE				
FOR THE YEAR ENDED 30 JUNE 2009				
	Central Government Actual 2008/2009	Statutory Authorities & Government Companies Actual 2008/2009	Inter government Trade	EPS Actual 2008/2009
	CI\$000	CI\$000	CI\$000	CI\$000
Revenue				
Coercive revenue	441,993	-	(1,489)	440,504
Sales of goods & services	47,169	337,440	(164,075)	220,534
Investment revenue	1,625	2,786	(796)	3,615
Donations	636	218	-	854
Other revenue	-	43	-	43
Total Revenue	491,423	340,487	(166,360)	665,550
Expenses				
Personnel costs	250,580	128,989	(30,371)	349,198
Supplies and consumables	82,584	186,507	(34,752)	234,339
Leases	11,056	10,064	(1,319)	19,801
Depreciation	14,931	19,387	-	34,318
Outputs from Central Government Departments	-	-	-	-
Funds Transferred to Cabinet	-	-	-	-
Outputs from statutory authorities and government companies	99,371	-	(99,371)	-
Outputs from non-government organizations	22,089	-	(457)	21,632
Transfer payments	31,844	-	(5)	31,839
Litigation costs	496	697	(1)	1,192
Other executive expenses	4,777	-	-	4,777
Extraordinary items	14,309	319	(84)	14,544
Finance costs	14,289	7,326	-	21,615
Impairment of property, plant and equipment	143	-	-	143
(Gains)/losses on financial instruments	(512)	(47)	-	(559)
(Gains)/losses on non-financial instruments	(138)	510	-	372
Capital charge	-	-	-	-
(Profit)/Loss from associates	(98)	-	-	(98)
(Profit)/Loss on Ministry/Portfolio	-	-	-	-
(Profit)/Loss on Statutory Authorities & Government Companies	13,359	-	(13,359)	-
Change in fair value other assets	-	94	-	94
Total Expenses	559,080	353,846	(179,719)	733,207
Surplus/ (Deficit) for the period	(67,657)	(13,359)	13,359	(67,657)

Statement of Segments (continue)

GOVERNMENT OF THE CAYMAN ISLANDS STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2009				
	Central Government Actual 2008/2009	Statutory Authorities & Government Companies Actual 2008/2009	Inter government	EPS Current Year Actual 2008/2009
	CI\$'000	CI\$'000	CI\$'000	CI\$'000
Current Assets				
Cash and cash equivalents	100,890	89,184	-	190,074
Loans Made	5,166	1,179	4,597	1,748
Trade Receivables	30,390	55,104	49,617	35,877
Other Receivables	4,350	4,105	1,861	6,594
Inventories	1,763	6,194	-	7,957
Investments	-	90,616	-	90,616
Prepayments	6,740	5,284	1,600	10,424
Other current assets	-	2,356	193	2,163
Total Current Assets	149,299	254,022	57,868	345,453
Non-Current Assets				
Loans Made	26,909	27,218	11,400	42,727
Trade Receivables	5,219	-	-	5,219
Property, plant and equipment	895,029	289,857	-	1,184,885
Investments	3,362	2,080	-	5,442
Net Worth - Public Entities	211,245	-	211,245	-
Other non-current assets	8	785	-	793
Total Non-Current Assets	1,141,772	319,940	222,645	1,239,066
Total Assets	1,291,071	573,962	280,513	1,584,519
Current Liabilities				
Trade Payables	23,119	43,811	29,325	37,605
Other payables and accruals	49,545	12,473	18,121	43,897
Bank overdraft	2,421	9,252	-	11,673
Unearned revenue	20,662	8,955	1,256	28,361
Employee entitlements	6,912	3,888	-	10,799
Borrowings	180,866	23,423	2,225	202,064
Provisions and other current liabilities	6,771	18,653	7,053	18,371
Total Current Liabilities	290,296	120,740	58,265	352,770
Non-Current Liabilities				
Employee entitlements	281	30	-	311
Other non current liabilities	-	307	-	307
Currency issued	-	83,641	-	83,641
Borrowings	235,616	150,103	11,003	374,716
Unfunded pension liability	201,154	7,896	-	209,050
Unfunded post retirement health care	-	-	-	-
Total Non-Current Liabilities	437,051	241,977	11,003	668,025
Total Non-Current Liabilities	727,347	362,717	69,268	1,020,795
Net Assets	563,724	211,245	211,245	563,724
Equity				
Reserves	77,338	51,416	51,416	77,338
Revaluation reserve	20,407	-	-	20,407
Current period surplus/(deficit)	(67,656)	(13,359)	(13,359)	(67,656)
Prior period accumulated surplus/(deficit)	533,635	173,188	173,188	533,635
Total net assets/equity	563,724	211,245	211,245	563,724

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

The Cayman Islands is an Overseas Territory of the United Kingdom, a foreign sovereign territory. Her Majesty the Queen of England, as the British Queen regnant, is the head of state of the Cayman Islands and appoints the Governor to administer the Government of the Cayman Islands on her behalf. The Cayman Islands has its own Constitution and is governed by a local Parliamentary Democracy comprised of Executive, Legislative and Judicial branches.

While financial decisions of the Government are made by the Legislative Assembly and Cabinet, and the United Kingdom closely monitors financial activities. The United Kingdom does not provide direct financial support to the Cayman Islands,

Principal Activities

The principal activities and operations of the Government of the Cayman Islands are to provide:-

- General public services
- Public order and safety
- Economic affairs
- Environmental protection
- Health
- Social protection
- Housing and community amenities
- Recreational, cultural and religion
- Education

In addition, the Government administers assets transferred or paid to it in trust for any purpose or to hold for or on behalf of any person or entity.

Note 1: Summary of Accounting Policies

These consolidated Entire Public Sector (herein after referred to as the "EPS") financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants and its International Public Sector Accounting Standards Board using the accrual basis of accounting. Where additional guidance is required, International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board are used.

There are no known accounting standards that have been adopted by the IPSAS Board for use in future years that will impact these financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Reporting Entities

The Reporting Entities of the Government of the Cayman Islands consists of Central Government and Statutory Authorities and Government Companies. These agencies collectively are referred to as the Entire Public Sector.

Basis of Preparation

These financial statements have been prepared on the accrual basis of accounting, unless otherwise stated.

The measurement base applied to these financial statements is the historical cost basis.

The financial statements are presented in Cayman Islands dollars rounded to the nearest thousand.

Judgments and Estimates

The preparation of these financial statements is in conformity with International Public Sector Accounting Standards that requires judgments, estimates, and assumptions affecting the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on the judgement of management, historical experience, reports from independent experts and various other factors that are believed to be reasonable under the circumstances. Any uncertainties regarding possible outcomes were dealt with by using expected outcome.

Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the reporting period and in any future periods that are affected by those revisions.

Significant Accounting Policies

The reporting period for the financial statements of the Government of the Cayman Islands is the financial year from 1st July to 30th June.

Basis of Combination

These financial statements combine the following entities using the equity method of combination:

Central Government

- Ministers of Cabinet (Ministries)
- Portfolios
- Judicial Administration
- Office of the Complaints Commissioner
- Office of the Auditor General
- Office of the Information Commissioner
- Government Departments, Sections and Units

Other Entities

- Statutory Authorities
- Government Companies

The financial statements of each reporting entity include all revenues, expenses, assets, and liabilities which are controlled by the entity. Revenues, expenses, assets, and liabilities, which are not controlled by the reporting entity, e.g. trust assets have been excluded from the consolidation and reported separately in the Statement of Trusts.

Corresponding assets, liabilities, income and expenses, are added together line by line. Transactions and balances between entities are eliminated on combination. Where necessary, adjustments are made to the financial statements of Statutory Authorities and Government Companies (SAGC's) to bring the accounting policies into line with those used by Central Government.

Changes in Accounting Policies

When presentation or classification of items in the financial statements is amended or accounting policies are changed, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

The prior year financial results and position have been excluded in keeping with PMFL 2011 Amendment Law which temporarily suspended certain reporting requirements.

The details and presentation of the Statement of Changes in Net Worth has been changed to show greater detail and to reflect changes in accounting policies and corrections of errors and omissions.

Performance statement for each Segment has been included in accordance with **IPSAS 18 – Segment Reporting**.

Budget amounts

The original budget amounts for the financial year are as presented in the 2008/2009 Annual Plan and Estimates as approved by the Legislative Assembly. The Final Budget does not include amounts authorised in advance of appropriation issued under Section 11 (5) of the Public Management and Finance Law (as amended).

Revenue

Revenue is recognised in the accounting period in which it is earned. Revenue received but not yet earned at the end of the reporting period is recognised as a liability -unearned revenue.

The Government derives its revenue through the coercive powers of the state for which no direct exchange of service occurs and from the sale of goods and services to third parties. Revenue is recognised at fair value of services provided.

Coercive revenue is recognised on the following basis:-

Revenue Type	Revenue Recognition Point
Taxes on International Trade and Transactions	
• Import Duties	When goods become liable for duty, generally at declaration, prior to release of goods
• Other Taxes on International Trade and Transactions	When liability for tax or fee is incurred
Domestic Levies on Goods and Services	
• Business and Professional Licenses	Upon initial application and, if appropriate, when renewed
• Other Taxes on Goods and Services	Upon delivery of goods and services
• Motor Vehicle Tax	Upon initial application and due date for annual renewal
• Tourist Accommodation Tax	When monthly return is due
• Miscellaneous Stamp Duty	At the time the goods are delivered
• Miscellaneous Immigration Fees	Upon application
Taxes on Property	
• Land Transfer Duty	At time of transfer of ownership
• Infrastructure Fund Fee	For non-refundable fees, upon application for planning approval
	For refundable fees, once planning approval is granted
Other	
• Court Fines	When fine imposed
• Other Fines	When fine imposed
• Other Revenue	As earned

Expenses

Expenses are recognised in the accounting period in which they are incurred.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, where this is representative of the pattern of benefits to be derived from the leased property. Where incentives are received under an operating lease, the expenses are recognised on a straight-line basis over the lease term. Lease incentives received are recognised evenly over the term of the lease as a reduction in rental expense.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in-transit and deposits with a maturity of no more than three months from the date of acquisition.

Prepayments

The portion of recognised expenditure paid in advance of receiving services has been classified as prepayments in current assets.

Inventories

Inventories held for distribution, or consumption in the provision of services, that are not issued on a commercial basis are measured at the lower of cost or net realisable value. Where inventories are acquired at no cost, or for nominal consideration, the amount reported is the current replacement cost at the date of acquisition.

The amount reported for inventory held for distribution reflects management's estimates for obsolescence or other impairments.

Inventories held for sale or use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value.

Costs are assigned to inventories using first-in first-out (FIFO)] as appropriate.

The write-down from cost to current replacement cost or net realisable value is recognised in the statement of financial performance in the period when the write-down occurs.

Unissued currency notes stock is stated at cost.

Water supply, sewerage materials & water inventory consists of consumable spares and water. Water inventory is calculated at the cost of water plus chemicals multiplied by the volume of water.

Property, Plant and Equipment

Property, plant and equipment, is stated at historical cost less accumulated depreciation. Items of property, plant and equipment are initially recorded at cost. Where an asset is acquired for nil or nominal consideration, the asset is recognized initially at fair value, where fair value can be reliably determined, and as revenue in the Statement of Financial Performance in the year in which the asset is acquired.

Depreciation is expensed on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment (other than land); less any estimated residual value, over its estimated useful life. Leasehold improvements are depreciated either over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is shorter.

<u>Asset Type</u>	<u>Estimated Useful life</u>
• Buildings and structures	10 - 60 years
• Building fit-out (when accounted for separately)	5 - 25 years
• Roads, sidewalks, signs and traffic lights	6 - 50 years
• Heritage buildings & Memorials and Monuments	100 years
• Leasehold Improvement	Over the unexpired period of lease or the useful life of improvement
• Computer Equipment	3 - 10 years
• Developed software	4 - 10 years
• Office equipment and furniture	3 - 25 years
• Motor vehicles	3 - 20 years
• Boats and marine equipment	3 - 25 years
• Cleaning, refuse and recycling equipment	3 - 15 years
• Construction and other equipment	3 - 25 years
• Telecommunications	5 - 50 years
• Books, Music, manuscripts and works of art	2 - 10 years
• Clothing	0 - 4 years
• Aeroplanes and airport/aviation equipment	8 - 33 years
• Fire fighting plant and equipment	10 - 12 years
• Other equipment	5 - 20 years
• Medical and medical laboratory equipment	1 - 25 years
• Library assets	5 - 10 years
• Scientific and laboratory equipment	4 - 25 years
• Water and sewage treatment	10 - 50 years

Disposals

Gains and losses on disposals of property, plant and equipment are determined by comparing the sale proceeds with the carrying amount of the asset. Gains and losses on disposals during the year are included in the Statement of Financial Performance.

Employee Benefits

Employee entitlements to salaries and wages, annual leave, long service leave, retirement leave and other similar benefits are recognised in the Statement of Financial Performance when they are earned by employees. Employee entitlements to be settled within one year following the year-end are reported as current liabilities at the amount expected to be paid.

Pension contributions for employees of the Central Government are paid to the Public Service Pension Fund and administered by the Public Service Pension Board (the "Board"). Contributions of 12% - employer 6% and employee 6% are made to the fund by the Government.

Prior to 1 January 2000 the Board operated a defined benefit scheme. With effect from 1 January 2000 the Government continued to provide a defined benefit scheme for existing employees and a defined contribution scheme for all new employees.

Obligations for **contribution to defined contribution** retirement plans are recognised in the Statement of Financial Performance as they are earned by employees.

Obligations for **defined benefit retirement** plans are reported in the Consolidated Financial Statements for the Entire Public Sector of the Cayman Islands Government and in the Statement of Financial Performance for any contributions made during the period.

With the introduction of the National Pension Law in 1998, all new employees of Statutory Authorities and Government Companies who are not participants in the Public Service Pensions Fund are enrolled in an approved local pension plan.

Pension Liability

The Pension liability is accounted for in accordance with IAS 19 Employee Benefits.

Defined Benefit Plan

Pension liability under the defined benefit plan is recognised net of the following amounts:

- The present value of the defined benefit obligation as at the balance sheet date;
- Plus any actuarial gains (less any actuarial losses) not recognised as income or expense; and
- Minus any past service costs not yet recognised as an expense; and
- Minus the fair value at the balance date of plan assets out of which the obligations are to be settled directly.

Defined Contribution Plan

The pension liability under the defined contribution plan is recognised in the same period the contribution payable is exchanged for service rendered by an employee.

Financial Instruments

The Government is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short term deposits, trade and accounts receivables and trade and accounts payable, all of which are recognised in the Statement of Financial Position.

Classification

A financial asset is classified as any asset that is cash, a contractual right to receive cash or another financial asset or exchange financial instruments under conditions that are potentially favourable. Financial assets comprise of cash and cash equivalents and prepayments, accounts receivable and loans made.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial instrument or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Financial instruments comprise of accounts payable and accrued expenses.

Recognition

The Government recognises financial assets and financial liabilities on the date it becomes party to the contractual provisions of the instrument. From this date, any gains and losses arising from changes in fair value of the assets and liabilities are recognised in the Statements of Financial Performance.

Measurement

Financial instruments are measured initially at cost which is the fair value of the consideration given or received. Subsequent to initial recognition all financial assets are recorded at historical cost, which is considered to approximate fair value due to the short-term or immediate nature of these instruments.

Cayman Islands Monetary Authority's short-term investments are valued, on a monthly basis at their amortized cost. Long term investments are valued at quoted market value. Unrealized gains or losses are recorded in the Statement of Financial Performance.

Cayman Turtle Farm (1983) Limited – Financial liabilities, where indicated, are measured at amortised cost using the effective interest rate method.

Contingent Liabilities and Assets (including guarantees)

Contingent liabilities and assets are reported at the point the contingency becomes evident. Contingent liabilities are disclosed when there is a possible obligation or present obligations that may require an outflow of resources. Contingent assets are disclosed if it is probable that the obligation will be realised.

De-recognition

A financial asset is de-recognized when the Government realises the rights to the benefits specified in the contract or loses control over any right that comprise that asset. A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled, or expires.

Foreign Currency

Foreign currency transactions are recorded in Cayman Islands dollars using the exchange rate in effect at the date of the transaction. Foreign currency gains or losses resulting from settlement of such transactions are recognised in the Statement of Financial Performance.

At the end of the reporting period the following exchange rates were used to translate foreign currency balances:-

- Central Government monetary and non-monetary assets held in US Dollars are reported in Cayman Islands dollars using a rate of 0.83 and liabilities are reported in Cayman Islands dollars using 0.8375. Statutory Authorities and Government Companies foreign currency assets and liabilities denominated in US dollars are reported using a fixed rate of exchange existing at the balance sheet date; and
- All other foreign currency monetary and non-monetary items are reported in Cayman Islands dollars using the rate of exchange existing at the balance sheet date.

Comparative Figures

Comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so. Comparative figures are not include for the period ended June 30 2009

Segment Reporting

These financial statements include segment reporting based on the material institutional components and major economic activities within or undertaken by the Government.

The three major institutional components of the Government are:

- **Central Government:** includes the Judicial Administration, Ministries and Portfolios, Office of the Complaints Commissioner, the Office of the Information Commissioner and the Office of Auditor General it also includes the equity investment in Statutory Authorities and Government companies.

- **Statutory Authorities:** Includes all entities established by law to carry out specific functions authorized by the law that governs the entity; being funded partly or entirely, by money provided by the Governor in Cabinet, and for which the Governor or the Governor in Cabinet has the power to appoint or dismiss the majority of the Board or other governing body.
- **Government Companies:** Includes companies in which the Government has controlling interest and in respect of each such company, includes all subsidiary entities of the company.

Related Parties

Related party relationships and transactions are disclosed in accordance with **IPSAS 20- Related Party Disclosures** and are defined by the following criterion;

- Related party relationships where control exists, regardless of whether there have been transactions between the related parties;
- Transactions between related parties including the nature of the relationship, the type of transaction and the elements of the transactions necessary for an understanding of the financial statements.

No disclosure is required of transactions between:

- Ministries, portfolios, offices and statutory authorities and government owned companies acting in the course of their normal dealings;
- Customers with whom an entity transacts a significant volume of business are not related merely by virtue of the resulting economic dependence. This exclusion applies to private sector or not-for-profit agencies that are dependent upon government funding.
- Related parties for the purposes of the Entire Public Sector include key management personnel such as Ministers and Official Members of Cabinet, Elected Members of the Legislative Assembly, Board members, Board Directors and Chief Officers or any other person acting in a capacity of influence in the Government.

Note 2: Cash and Cash Equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash on hand, deposits held at call with Banks and other short term highly liquid investments with original maturities of three months or less.

Description	EPS Actual Current Year 2008/2009 Ct\$'000
Cash on hand /Petty Cash	1,402
CI \$ Operational /Executive Current Account	35,952
Payroll Current Account	5,538
US\$ Operational & Executive Revenue Account	5,892
Other Bank Accounts	6,812
Cheques in Transit - Central Government & Public Entities	7,941
Fixed Deposits (90 days)	23,340
Short Term Investments	103,197
Cash and cash equivalents (excluding bank overdrafts)	190,074
Cash and bank balances	190,074
Bank Overdrafts	(11,673)
Cash and cash equivalents	178,401

Held by:

Central Government	98,468
Statutory Authorities & Government Companies	79,933
Cash and cash equivalents	178,401

Cash and cash equivalents by type

Restricted Cash	79,836
Operating Cash	98,565
Cash and cash equivalents	178,401

Restricted Cash includes;

Description	EPS Actual Current Year 2008/2009
	CIS'000
General Reserves	43,374
Other Reserves	32,750
National Museum Donations (include McCoy Prize Award and Government Grant)	4
Residue of Housing Recovery Grant Fund held by Cayman Islands Development Bank	108
Cash held on behalf of the Education Council Scholarship Fund	1,045
Domestic and Foreign deposits held for Currency Reserves Asset . These assets are to be used to fund Cayman Island Monetary Authority's currency redemption obligations .	2,555
Restricted Cash	79,836
Held by:	
Central Government	76,123
Statutory Authorities & Government Companies	3,713
Total Restricted Cash	79,836

The use of Central government restricted funds requires the approval of the Legislative Assembly/Finance Committee (in the case of Reserves) and Cabinet and the Asset Forfeiture Committee in the case of Mutual Legal Assistance Treaty (MLAT) funds. (Refer to **Note 19 – Reserves**)

Note 3: Loans Made

Pursuant to Section 34 (1) (b) (c) of the PMFL, The Minister of Finance may make a loan and or guarantee on such terms and condition as the Governor in Cabinet may determine. Such loan must be authorized by way of annual appropriation and are referred to as Loans Made.

Loans Made balances consist of loan administered primarily through Cayman Islands Development Bank to students, small businesses and individuals for low income housing and personal loans. Loans issued by Central Government consist of Mortgage loans to Civil Servants and Overseas Medical Loans and other advances to institutions and staff.

Movement in Loans	Opening Balance 2007/2008	Net movement	EPS Actual Current Year 2008/2009
	Ci\$'000	Ci\$'000	Ci\$'000
Medical loans	14,335	(454)	13,881
Personal loans	788	(118)	670
Mortgages	13,988	(2,335)	11,653
Student loans	3,392	160	3,552
Loans to farmers	196	89	285
Commercial Loans - CIDB	12,728	1,235	13,963
Private schools	400	(20)	380
Citizens associations	420	20	440
Other loans	871	1,125	1,996
Gross	47,118	(298)	46,820
Provision for Impairment Losses	(3,297)	952	(2,345)
Loans Made Net of Impairment Losses	43,821	654	44,475

Loan Maturity Profile	EPS Actual Current Year 2008/2009
	Ci\$'000
Current	
Amounts due within 12 months	1,748
Non- Current	
Amounts due after 1 year	42,727
	44,475

Managed by:

Central Government	16,080
Statutory Authorities & Government Companies	28,395
Loans Made	44,475

Fair Value

The carrying values of other loans and advances are not materially different from their fair values.

Movement in Provision and Impairment

Description	EPS Actual Current Year 2008/2009 Ct \$'000
Balance at 1 July	3,297
Additional provisions made during the year	178
Impairment charge for the year	0
Receivables written off during the period	(1,130)
Balance at 30 June	2,345
Attributable to:	
Central Government	323
Statutory Authorities & Government Companies	2,022
Balance at 30 June	2,345

Note 4: Trade Receivables

At the end of June 2009, the government had trade receivable of \$78.1 million and a corresponding bad debt provision of \$37 million. The Health Services Authority accounted for 66.7% of the trade receivable.

Long-term trade receivables (\$4.9 million) are in relation to deferred import duty arrangements with Stingray – Cesar Condominiums, with respect to the Ritz Carlton Hotel and Condominiums development project. Under the agreement, duties have been deferred as an investment incentive and are due and payable on a quarterly basis at a rate of \$250,000 for a period of 7 years. All other trade receivables are deemed current.

Trade Receivables	EPS Actual Current Year 2008/2009 CI \$'000	Original Budget CI \$'000	Final Budget CI \$'000	Variance (Original Budget vs Actual) CI \$'000
Debtors- Coercive Revenue	12,714	8,359	8,359	4,355
Debtors- Sale of goods & services	65,354	63,624	63,624	1,730
	78,068	71,983	71,983	6,085
Less: provision for doubtful debts	(36,972)	(32,498)	(32,498)	(4,474)
Total Trade receivables	41,096	39,485	39,485	1,611
Maturity Profile				
Trade Receivables due in one year	35,877	39,395	39,395	(3,518)
Trade Receivables due after one year	5,219	90	90	5,129
Trade Receivables	41,096	39,485	39,485	1,611
Managed by:				
Central Government	17,064	14,962	14,962	2,102
Statutory Authorities & Government Companies	24,032	24,523	24,523	(491)
Trade Receivables	41,096	39,485	39,485	1,611

Movements in the provision of doubtful debts are as follows:

Description	EPS Actual Current Year 2008/2009 CI \$'000
Balance at 1 July	30,284
Additional provisions made during the year	6,688
Receivables written off during the period	0
Balance at 30 June	36,972

Additional bad debt provisions made during the year includes provision for outstanding hospital fees, Affordable Housing Initiative lease/mortgages and Cayman Islands Airport Authority receivables.

Note 5: Other Receivables

A provision of \$0.45 million has been recognized as impairment in with respect to dishonoured cheques. Management is of the opinion that that this provision is adequate and carrying amount is collectible.

Description	EPS Actual Current Year 2008/2009 C\$'000
Advances	2,210
Reimbursable Expenses	773
Dishonoured cheques	558
Interest receivable	10
Insurance Claim Reimbursable HSA	221
Other	2,822
Total other receivables	6,594
Managed by:	
Central Government	4,245
Statutory Authorities & Government Companies	2,349
Total other receivables	6,594

Note 6: Inventories

Description		EPS Actual Current Year 2008/2009 CI \$'000
Raw Materials (including consumable stores)		1,172
Inventory held for use in the provision of goods and services	(a)	3,745
Other Inventories for use within one year		249
Inventory of unissued currency notes and coins		748
Coins awaiting melt-down, Coins for resale & Bullions		912
Water Supply , Sewerage Materials & Water Inventory	(b)	1,131
Total Inventories		7,957

Managed by:

Central Government	1,763
Statutory Authorities & Government Companies	6,194
Inventories	7,957

a) Inventory held for use in the provision of goods and services

These include; pharmaceutical and medical supplies, insecticides and motor vehicle spare parts.

b) Water Supply, Sewerage Materials & Water Inventory

This inventory consists of consumable spare parts and water specific to the operation of Water Authority Cayman. Inventory is net of a provision of \$9K, these inventory items were determined as no longer usable in the Water Authority's operations.

Note 7: Investments

Description	EPS Actual Current Year 2008/2009
	CI\$'000
Marketable Securities and Deposits	90,611
Interest receivable on reserves held	5
Short Term Investments	90,616
US Treasury Notes	2,080
47 Shares Caribbean Development Bank	237
Cayman First (formerly Sagicor) 24% holding	3,125
Long Term Investments	5,442

	Long Term Investments CI\$'000	Short Term Investments CI\$'000
Managed by:		
Central Government	3,362	0
Statutory Authorities & Government Companies	2,080	90,616
Investments	5,442	90,616

Long Term Investments include -US Treasury notes are stated at market value, with an interest rate of 1.375% and a maturity date of 15 May 2012 with range of maturities between 1-5 years.

Marketable Securities and Deposits comprise: US Treasury Bills and US Treasury Notes with maturity dates ranging between 2nd July 2009 and 17th December 2009, and the Federal Reserve Repurchase Agreement with a maturity date 01 July 2009.

	CI\$'000
US Treasury Bills	61,194
US Treasury Notes	29,417
Total Short-term Investments, at amortized cost	90,611

The fair value of the short term investment equates cost.

US Treasury Notes, Marketable Securities and Deposits form part of the Currency Reserve Assets of the Cayman Islands Monetary Authority.

Sections 32(8) of the Monetary Authority Law (2008 revision) mandates the preservation of Currency Reserve Assets, separately from all other assets as these assets are to be used to fund currency redemption obligations. They cannot be used to satisfy liabilities arising from any other business transactions. (See Currency Issued Note 18).

Note 8: Prepayments

Description	EPS Actual Current Year 2008/2009
	CIS'000
Accrued Prepayments	4,893
Prepaid Insurance	1,780
Cayman Airways - Security Deposits	2,687
Port Authority - Prepaid Expenses	1,064
Total Prepayments	10,424
Managed by:	
Central Government	5,240
Statutory Authorities & Government Companies	5,184
Total Prepayments	10,424

Security Deposit

To support its operations, Cayman Airways Limited (CAL) has entered into a number of lease agreements, including rentals of four aircrafts. As at 30 June 2009, CAL had given a security deposit of \$2.7 million to the leasing agents. These security deposits are refundable to Cayman Airways upon expiry of the respective lease agreements. Refer to **Note 34- Commitments**

Note 9: Other Current Assets & Other Non-Current Assets

Description	EPS Actual Current Year 2008/2009 CI\$'000
Turtle Farm -Biological Assets	927
Aircraft and flight equipment held for sale	1,047
Other	189
Total Other Current Assets	2,163
Managed by:	
Central Government	0
Statutory Authorities & Government Companies	2,163
Other Current Assets	2,163

Aircraft and flight equipment held for sale

Cayman Airways decommissioned two aircraft and placed them in storage for sale. Consequently, the value associated with these aircraft has been classified as held for sale. As the estimated net realizable value of the aircraft and flight equipment had decreased significantly the aircraft and flight equipment held for sale value was reduced as at June 30 2009 as a result of examining offers received and considered comparatives for similar aircraft in the market.

The results of the 2009 annual impairment review indicated that there has been no further decline in the market for the aircraft owned by the Cayman Airways Ltd. during the period ended 30 June 2009. Using the criteria established by IAS 36, **Impairment of Assets**, it was determined that an impairment provision was not required for the year ended 30 June 2009.

Description	EPS Actual Current Year 2008/2009 CI\$'000
Cayman Islands Monetary Authority - Employee Pension Plan Net Asset	485
Cayman National Cultural Foundation -Works of Arts	300
Other (Judicial Affairs)	8
Total Other Non- Current Assets	793
Managed by:	
Central Government	8
Statutory Authorities & Government Companies	785
Other non-current Assets	793

Note 10: Property, Plant and Equipment ENTIRE PUBLIC SECTOR

Cost or Valuation in CUS'000

	Land	Plant and equipment	Buildings	Furniture	Computers	Aeroplanes	Boats	Motor Vehicles	Leasehold Improvement	Office Equipment	Road & Sidewalks	Infrastructure	Medical Equipment	Other assets	Assets under construction	Total
Balance as at 1 July 2008	349,773	28,046	392,917	16,954	28,234	24,088	1,306	32,682	3,943	7,685	229,924	7,153	8,307	91,812	177,638	1,400,463
Additions	2,662	9,264	13,044	569	733	(832)	14	13,771	3,751	1,060	-	5,290	-	3,071	81,494	133,891
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments/Impairment	8,187	(833)	(3,308)	1,593	3,446	(1,106)	3,256	(2,848)	(2,722)	(173)	5,349	(5,098)	2,771	847	(17,544)	(8,182)
Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2009	360,621	36,477	402,654	19,117	32,413	22,150	4,577	43,605	4,972	8,573	235,273	7,345	11,078	95,730	241,588	1,526,171

Accumulated Depreciation and impairment losses

	Land	Plant and equipment	Buildings	Furniture	Computers	Aeroplanes	Boats	Motor Vehicles	Leasehold Improvement	Office Equipment	Road & Sidewalks	Infrastructure	Medical Equipment	Other assets	Assets under construction or development	Total
Balance as at 30 June 2008	-	12,699	140,205	6,793	19,041	13,495	512	21,628	2,449	4,798	56,973	3,104	5,772	31,797	-	319,268

	Land	Plant and equipment	Buildings	Furniture	Computers	Aeroplanes	Boats	Motor Vehicles	Leasehold Improvement	Office Equipment	Road & Sidewalks	Infrastructure	Medical Equipment	Other assets	Assets under construction	Total
Balance as at 1 July 2008	-	12,699	140,205	6,793	19,041	13,495	512	21,628	2,449	4,798	56,973	3,104	5,772	31,797	-	319,268
Impairment loss 2008/09	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation Expense 2008/09	-	3,427	13,849	1,623	3,381	1,830	162	2,751	556	789	643	342	-	4,965	-	34,318
Eliminate on Disposal 2008/09	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments	-	562	(14,445)	198	1,125	(289)	(324)	2,812	102	480	(455)	(211)	1,103	(2,956)	-	(12,299)
Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2009	-	16,688	139,609	8,614	23,548	15,037	350	27,192	3,107	6,067	57,160	3,236	6,875	33,806	-	341,287

	Land	Plant and equipment	Buildings	Furniture	Computers	Aeroplanes	Boats	Motor Vehicles	Leasehold Improvement	Office Equipment	Road & Sidewalks	Infrastructure	Medical Equipment	Other assets	Assets under construction	Total
Net Book value 30 June 2008	349,773	15,346	252,712	10,162	9,193	10,592	795	11,054	1,494	2,887	172,951	4,049	2,535	60,015	177,638	1,081,195
Net Book value 30 June 2009	360,621	19,789	263,045	10,503	8,865	7,113	4,227	16,413	1,865	2,505	178,113	4,109	4,203	61,924	241,588	1,184,885

Assets under Construction or Development as at June 30 2009 includes

Description	EPS Actual Current Year 2008/2009 \$'000
Central Government	
Barkers National Park	1,160
Community Centres / Town Hall & Public Facilities	2,042
Government Office Administration Project	29,725
Legislative Assembly	2,465
Libraries	6,516
Marine Base	1,637
Roads/ Ramps / Sidewalk/Seawalls	59,540
Schools	84,277
Server & Network Support - OPS	2,019
Sports Centres/Complex	14,206
Summary Court Building	997
Statutory Authorities and Government Companies	
North Side Water Works Site Preparation	875
North Side Water Production and Pumping- Contractors	718
New Housing Project in East End, West Bay , Eastern Avenue,	270
Construction in progress - Airport Authority	3,937
Port Authority Projects-George Town cruise/cargo facilities,	
Forklift / Crane refurbishment and Cayman Brac New Building	1,316

Note 11: Trade Payables

Description	EPS Actual Current Year 2008/2009	Original Budget	Final Budget	Variance (Original Budget vs Actual)
	CI\$'000	CI\$'000	CI\$'000	CI\$'000
Trade Payables	37,605	49,978	49,702	(12,373)
Total Trade Payables	37,605	49,978	49,702	(12,373)
Managed by:				
Central Government	13,363	15,603	15,603	(2,240)
Statutory Authorities & Government Companies	24,242	34,375	34,099	(10,133)
Total Trade Payables	37,605	49,978	49,702	(12,373)

Note 12: Other Payables and Accruals

Description	EPS Actual Current Year 2008/2009
	CI\$'000
Payroll Deductions	1,290
Accruals	38,368
Interest	3,315
Other Payables	924
Total Other payables and accruals	43,897
Managed by:	
Central Government	36,970
Statutory Authorities & Government Companies	6,927
Total Other payables and accruals	43,897

Note 13: Unearned Revenue

Revenue is treated as unearned when cash is received before it has been earned (in advance) or is due. Unearned revenue occurs primarily in the Department of Immigration, Financial Services and Cayman Airways Limited.

Description	EPS Actual Current Year 2008/2009
	CI\$'000
Security Deposits	243
Philatelic revenue deposits	2
Immigration Receipts	14,302
General Registry Receipts	3,496
Lands & Survey -Web receipts	227
Cayman Airways -Unearned transportation liability	7,274
Maritime Authority - Revenue Deposits	438
National Museum - Restricted Funds	75
Education -Donations/Grants	910
Other	1,394
Total Unearned Revenue	28,361

Managed by:

Central Government	20,398
Statutory Authorities & Government Companies	7,963
Total Unearned Revenue	28,361

Security Deposits

Large commercial importers are allowed a 14-day credit period. In order to access such a facility, the importer is required to maintain a security bond with the Customs Department. In the event the customer fails to honor their obligations with the Customs Department, the bond is cashed immediately. If the customer does not re-instate the bond then the facility becomes void.

Immigration receipts

Immigration receipts are held as unearned with respect to annual work permit where the holder is entitled to a 50% refund in the event that such permit(s) are cancelled within the first 6-months of issue.

General Registry receipts

These represent receipts, including prepayments by customers to be applied against future annual company registrations.

Unearned transportation liability

Unearned transportation liability revenue represents Cayman Airways Limited flight seats sold but not yet flown. Passengers are only able to make reservations up to a twelve month period in advance of booking date.

Note 14: Employee Entitlements

Civil servants are contractually entitled to have health care and pension benefits while in service, as per the Public Service Management Law (as amended) (the "PSML").

The Government, under the provisions of the PSML, is obligated to provide post-retirement benefits to qualified employees in the form of health care and pension (see note on Post-Retirement Health Care).

Employee entitlements liability at June 2009 (\$220.2 million) includes earned but unused vacation (leave) and compensated time, outstanding wages, post-employment benefit such as pension and long service leave.

Details	EPS Actual Current Year 2008/2009 CIS'000
<i>Employee entitlements are represented by:</i>	
· Annual leave	7,045
· Retirement and long service leave	281
· Salaries and wages	512
· Other	2,136
· Pension Liability - current	1,136
· Pension - Defined Benefit Liability	209,050
Total employee entitlements	220,160
Managed by:	
Central Government	208,348
Statutory Authorities & Government Companies	11,812
Total employee entitlements	220,160

Maturity Profile

Details	EPS Actual Current CIS'000
Current portion-Employee entitlements	10,799
Non-current portion- Employee Entitlement	311
Non-current Portion-Unfunded Pension Liability	209,050
Total employee entitlements	220,160

Pension

Under the Public Service Pension (PSP) Law, pension fund valuations are required every 3 years. In keeping with this requirement, an actuarial valuation with an effective date of January 1, 2008 was conducted for the three separate Plans; the Public Service Pensions Plan, the Parliamentary Pensions Plan and the Judiciary Pensions Plan. These Actuarial Valuation Reports were accepted by the Public Service Pension Board and are awaiting approval by Cabinet and tabling in the Legislative Assembly.

The actuarial valuation calculated a fund deficiency of \$207.1 million as at January 1, 2008 for the entire public sector. This represents fund deficiencies arising from participants having accrued considerable defined benefit entitlements prior to the establishment of the pension fund.

Principal assumptions of the actuarial valuation

The principal assumptions (excluding the estimated retirement age which varied with each Plan) used in the computation of the actuarial estimate of the pension liability for each of the three named Pension Plans are as follows:

- a) annual salary increases of 4%;
- b) long term inflation rate of 2.5% per annum;
- c) valuation interest rate to discount future benefit payments of 7%;
- d) expected long-term rate of return on the Fund's invested assets of 7%;
- e) anticipated future pensions payments increases of 3% per annum; and
- f) estimated retirement age of 55 for the Parliamentary Pensions Plan, 57 for the Public Service Pensions Plan, and 65 for the Judiciary Pensions Plan.

The principal assumptions used in the computation of the Public Authorities actuarial estimate of the pension liability are the same as above with the exception of the following:

Discount rate: 5 - 6.7%

Expected long-term rate of return: 6%

The actuarial position of the Public Service Pensions Plan, the Parliamentary Pensions Plan, and the Judiciary Pensions Plan as of January 1, 2008 are presented below.

Public Service Pensions Plan Actuarial Valuation

Details	Valuation 2008/2009 CI \$'000
Defined Benefit Plan	
Value of pension fund allocated asstes	174,300
Past service liability (no projection of pay)	310,800
Past service liability (with projection of pay)	366,700
Fund deficiency	192,400
Defined Contribution Plan	
Assets - liabilities	68,400
Value of pension fund allocated asstes	242,700
Past service liability (no projection of pay)	379,200
Past service liability (with projection of pay)	435,000
Fund Ratio (assets/Public service liability)	
Defined benefit plan	48%
All plans	56%

Future contribution requirement

The contribution required for defined contribution participants is 13% of their payroll.

Similarly, defined benefit participants will need to contribute 44.9% of the payroll of defined benefits participants. This contribution requirement is based on cost plus amortization of the actuarial deficiency over a 20 year period

Judicial Pension Fund Plan Actuarial Valuation

Details	Valuation
	2008/2009
	CI \$'000
Value of pension fund allocated assets	1,901
Past service liability (no projection of pay)	1,863
Past service liability (with projection of pay)	1,879
Acturial Surplus	22

Details	Valuation
Fund Ratio (assets/Public service liability)	101%

Future contribution requiremnet

Details	Valuation
Annual amount	233
Annual amount as a percentage of annual salary	40%

The annual cost is the annual contribution necessary in order to accumulate sufficient funds at retirement age in order to meet the value of expected benefits due to the participants of this plan

The cost is expected to remain constant as a percentage of salaries.

Parliamentarian Pensions Plan Actuarial Valuation

Details	Valuation
	2008/2009
	CI \$'000
Value of pension fund allocated assets	4,729
Past service liability (no projection of pay)	18,634
Past service liability (with projection of pay)	19,434
Fund deficiency	14,704

Details	Valuation
Fund Ratio (assets/Public service liability)	24%

Future contribution requirement

The contribution requirement on the basis of normal cost plus amortization of the actuarial deficiency over the next 20 years is \$1.8 million or 104.07% annually of the pensionable payroll inclusive of members' 6% contribution.

SAGC's Pensions Plan IAS Valuation

While the PSP law requires a tri-annual Fund Valuation, for the purpose of IAS – 19 **Employee Benefits** the requirement is to determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

An actuarial valuation was done by Civil Aviation Authority (CAA), Cayman Islands Airport Authority (CIAA), Cayman Islands development Bank (CIDB), Health Services Authority (HSA) and University College of the Cayman Islands (UCCI).

The fund deficiency reported as at June 30, 2009 for Statutory Authorities and Government Companies is \$7.9 million. The unfunded pension obligation for CIDB and UCCI are based on IAS valuations as at June 30, 2008, and the unfunded pension obligation for CAA, CIAA, HSA are based on June 30, 2009 valuations.

Fund deficiency

	2008/2009	2007/2008
	CI \$'000	CI \$'000
Central Government	186,472	186,472
Statutory Authorities & Government Companies	7,896	5,928
Total Public Service Pension	194,368	192,400
Judicial Pensions	(22)	(22)
Parliamentarian Pensions	14,704	14,704
	209,050	207,082

Annual Leave payable

Leave is earned but is only taken upon approval of the appointing officer based on the exigency of the department.

The annual leave year is calculated based on the calendar year and pro-rated over the fiscal year. Annual leave is expected to be taken by the end of each calendar year, except where an appointing officer has approved the carrying forward of leave to the following leave year.

Vacation leave payable in June 2008/09 was \$7 million. The amounts payable by entity are listed below:

Annual leave current employees

Details	CI \$'000
Audit Office	107
Portfolio of Legal Affairs	235
Portfolio of Internal and External Affairs	1,148
Judicial Administration	56
Portfolio of Finance and Economics	290
Ministry of Tourism, Environment, Investment and Commerce	253
Ministry of District Administration, Planning, Agriculture and Housing	946
Ministry of Education, Training, Employment, Youth, Sports and Culture	532
Ministry of Health and Human Services	219
Cabinet Office	356
Portfolio of the Civil Service	42
Complaints Commissioner	2
Ministry of Communications, Works & Infrastructure	641
Executive Internal and External Affairs	69
Executive Legal Affairs	10
Judicial Executive	78
Cayman Islands Development Bank	15
National Housing Development Trust	8
National Drug Council	8
Health Services Authority	1,950
Maritime Authority of the Cayman Islands	80
Total annual leave outstanding	7,045

Salaries & Wages

In 2008/2009 civil servants of the Prison Department were approved for a restructuring/ realignment of their pay scale. This has been gazette and accrued; however, the necessary funding has not yet been identified to settle the obligation.

Retirement and long service leave

Details	EPS Actual Current
	Year 2008/2009
	CI\$'000
Provision for Severance Pay	30
Retirement leave	281
Total retirement leave	311

Based on the Personnel Regulations and the PSML, some senior civil servants are contractually entitled to special post retirement leave.

Include in retirement leave is a provision for contributions to a private pension plan, for some contracted employees in the Judicial and Legal Departments.

Post-Retirement Health Care

In addition to the Past Service Pension Liability, the Government also recognizes its obligations for the future health care costs of Civil Servants who earned that benefit based on their prior service with the Government.

Previously Civil Servants who worked for a minimum of 10 years with the Government would be entitled to a health care benefit upon retirement. However, the Public Service Management Law now requires that the employee puts in the same amount of years of qualifying service and also retire from the Civil Service in order to obtain such benefits in the future.

The exact amount of the health care liability has never been actuarially assessed and therefore not formally recognized on the Statement of Financial Position. However, the Government has engaged the services of an Actuary to carry out this assessment and the results are expected in 2013.

Note 15: Borrowings

Statement of Public Debt

Description	Opening	Additions	Repayments	Closing Balance
	CI \$'000	CI \$'000	CI \$'000	CI \$'000
Central Government	285,965	156,446	(25,929)	416,482
Water Authority-Cayman	14,095	4,676	(567)	18,204
Port Authority	16,549	-	(1,876)	14,673
Cayman Islands Development Bank	30,937	-	(295)	30,642
University College of the Cayman Islands	1,430	-	(205)	1,225
Tourism Attractions Board	2,272	-	(375)	1,898
National Housing Development Trust	10,908	-	(430)	10,478
Cayman Airways Ltd	33,681	12,600	(8,209)	38,072
Cayman Islands Turtle Farm (1983) Ltd	43,592	-	(1,002)	42,590
Cayman Islands Airports Authority	3,533	-	(1,018)	2,516
Borrowings Total	442,963	173,722	(39,905)	576,780

	EPS Current Year Actual 2008/09 \$'000
Local Currency Debt	
Not later than one year	310
Between one and two years	619
Between two and five years	599
Later than five Years	1,035
Total Local Currency Debt	2,563
Foreign Currency Debt (state in \$CI)	
Not later than one year	201,754
Between one and two years	79,553
Between two and five years	83,732
Later than five years	209,178
Total Foreign Currency Debt	574,217
Total Outstanding Debt	576,780
Total Marketable Securities and Deposits	-
Net Public Debt	576,780

	\$'000
Current Portion	202,064
Longterm Portion	374,716
Net Public Debt	576,780

Managed by	
	\$'000
Central Government	416,482
Statutory Authorities & Government Companies	160,298
Net Public Debt	576,780

All loans outside central government have been directly assessed and are serviced by the entity to which assigned.

Note 16: Provisions and Other Current Liabilities

Description	EPS Actual Current Year 2008/2009
	CI \$'000
Owing to Trusts	5,686
Other current liabilities	1,859
Water Authority-Cayman - Customers' Deposits	1,083
Cayman Airways frequent flyer provision	2,111
Cayman Island National Insurance Co. -Provision for claims i	7,632
Total	18,371
Managed by:	
Central Government	6,765
Statutory Authorities & Government Companies	11,606
Total Provisions and other current liabilities	18,371

Amounts Owing to Trusts- The balance include \$5.4 million owed for Immigration Repatriations Deposits (see Note 42)

Provision for claims incurred- CINICO has estimated a provision for claims which have been incurred but not yet reported ("IBNR"). The estimated IBNR is based on all information it has available to it at the time, however the ultimate liability may be in excess of, or less than, the amounts provided. CINICO uses acceptable methods to estimate provisions for claims incurred but not reported; these are periodically reviewed by an independent actuary.

A health claim is payable when an event has occurred that gives rise to a claim payment within the benefits of an insured member's policy while in force. The lag between the occurrence of a claim and the final payment is normally short term in nature as providers are required by the Health Insurance Law to submit any claim within 180 days of date of service. Thus, any estimates are normally settled within a year.

The provision reported has been adjusted by the amount stated as Receivable from CINICO by the Health Services Authority.

Cayman Airways frequent flyer provision. The frequent flyer provision is based on expected redemption of outstanding miles. The expected redemption level is based on the Company's history of redemption for the program since inception (over 10 years). Accordingly, the expected redemption level is not expected to fluctuate significantly from the actual redemption.

Points are redeemable for a maximum of two years in the event of non-activity in dormant accounts.

Note 17: Other Non-Current Liabilities

Other Non-Current Liabilities

These relate to payments made by purchasers to the National Housing Development Trust on their mortgages which are recorded as deferred liabilities.

	EPS Actual Current Year 2008/2009
	CI\$'000
Deposits -Save Ms Lassie House	22
Payments on Mortgages	285
Total	307

Note 18: Currency Issued

These are Demand Liabilities representing the value of currency notes and coins in circulation and are fully funded by the Currency Reserve Assets. (See Note 2 and Note 7)

Total currency Demand Liabilities comprises of:

Description	EPS Actual Current Year 2008/2009
	CI\$'000
Currency notes in circulation	74,698
Currency coins in circulation	8,943
Total Demand Liabilities	83,641

Under the Monetary Authority Law (2008 revision), sections 32(2) and 32(6) respectively, the Currency Reserve Assets consist of external assets (not less in value than an amount equivalent to 90% of demand liabilities) and local assets (not to exceed 10% of Demand Liabilities).

Note 19: Reserves

The total reserve held is stated below. Restricted cash balances for reserves held are disclosed in Note 2 Cash and Cash Equivalent.

Description	Actual Current Year 2008/2009	Original Budget	Variance (Original Budget vs Actual)
	CI\$'000	CI\$'000	CI\$'000
Housing Guarantee Reserve Fund	1,360	1,029	331
Environmental Protection Fund	26,898	21,854	5,044
Infrastructure Development Fund	2,227	0	2,227
Retained Earnings held as Special Funds	3,479	0	3,479
Retained Earnings held as General Reserve	43,374	43,036	338
Total	77,338	65,919	11,419

Note 20: Coercive Government Revenue

Coercive revenue is earned by Central government using the coercive power of the State.

For the year ended June 30 2009, CI \$440.5 million was earned compared to the original budget of CI \$465.7 million.

Revenue Description	EPS Actual Current Year 2008/2009 CI\$'000	Original Budget CI\$'000	Final Budget CI\$'000	Variance Original Budget vs Actual CI\$'000
Levies on International Trade and Transactions	165,917	183,023	174,951	(17,106)
Domestic Levies on Goods and Services	241,913	238,298	227,759	3,615
Levies on Property	30,259	42,204	42,394	(11,945)
Fines	2,400	2,133	2,158	267
Other Executive Revenue	15	-	-	15
Total Coercive Revenue	440,504	465,658	447,262	(25,154)

Levies on International Trade and Transactions

Revenue Description	EPS Actual Current Year 2008/2009 CI\$'000
Motor Vehicle Duty	11,286
Gasoline Diesel Duty	22,988
Alcoholic Beverages Duty	15,665
Tobacco Products Duty	3,166
Other Import Duty	99,482
Cruise Ship Departure Charges	8,887
Environmental Protection Fund Fees	4,443
Total Levies on International Trade and Transactions	165,917

Domestic Levies on Goods and Services

Revenue Description	EPS Actual Current Year 2008/2009
	CI\$'000
Bank and Trust Licenses	23,906
Company fees	59,083
ICTA Licences	8,664
Insurance Licenses	6,817
Motor Vehicle related charges	10,115
Mutual Fund Fees	29,287
Other Financial Services related fees	6,650
Other Miscellaneous Licenses/Fees	4,580
Other Stamp Duty	9,994
Tax and Trust Undertakings	4,435
Tourism related charges	9,974
Trade, Business and Other Licencing fees	18,202
Work Permit and Immigration related fees	50,206
Total Domestic Levies on Goods and Services	241,913

Levies on Property

Revenue Description	EPS Actual Current Year 2008/2009
	CI\$'000
Infrastructure Fund fee	609
Land Holding Companies Share Transfer Charge	673
Stamp Duty - Land Transfers	28,269
Timeshare Ownership	708
Total levies on property	30,259

Fines

Revenue Description	EPS Actual Current Year 2008/2009
	CI\$'000
Court Fines	1,455
Compounded Penalties	724
Immigration Fines	72
Procedural Fines	148
Tourism Fines	1
Total fines	2,400

Other Executive Revenue

Revenue Description	Current Year Actual 2008/2009
	CIS'000
Hurricane Ivan Loans Received	15
Total Other Executive Revenue	15

Revenue concessions

Waivers are granted as Investment Incentives, Industry Incentives, and Relief from Hardship. These are approved by cabinet on an individual basis where there is no pre-existing condition under the law for such waivers.

During the financial year ended 30 June 2009 the following revenue concessions were granted and off-set against the relevant revenue type.

Revenue concessions by type

Revenue Concessions	CIF Value	Total Duty	Amount Paid	Amount Waived
	C\$'000	C\$'000	C\$'000	C\$'000
Gasoline & Diesel	3,941	788	335	453
Motor Vehicle Duties	1,539	437	355	82
Other Imports	47,275	11,031	7,235	3,796
Total	52,755	12,257	7,925	4,331

Revenue Concessions by Type of importer	CIF Value	Total Duty	Amount Paid	Amount Waived
Details	C\$'000	C\$'000	C\$'000	C\$'000
Business importers	45,358	10,733	6,434	4,299
Civil groups and non profit organizations	59	20	20	0
Government capital works	1,450	290	290	0
Government departments	3,584	717	712	6
Individual importers	2,305	496	470	26
Total	52,755	12,257	7,925	4,331

Gasoline and Diesel

During the year ended 30 June 2009 \$0.45 million was waived on imports of gasoline and diesel with a CIF value of \$ 3.9 million. Waivers were given as below;

Gasoline & Diesel	CIF Value	Total Duty	Amount Paid	Amount Waived
Details	C\$'000	C\$'000	C\$'000	C\$'000
Business importers	3,941	788	335	453
Total	3,941	788	335	453

Motor Vehicle

During the year ended 30 June 2009 \$0.08 million was waived on imports motor vehicles with a CIF value of \$ 1.5 million. Waivers were given as below;

Motor Vehicle Duties Details	CIF Value	Total Duty	Amount Paid	Amount Waived
	C\$'000	C\$'000	C\$'000	C\$'000
Business importers	1,301	364	291	72
Civil groups and non profit organizations	40	16	16	0
Government departments	31	7	7	0
Individual importers	167	51	41	10
Total	1,539	437	355	82

Other Imports

During the year ended 30 June 2009 \$3.8 million was waived on imports of other imports with a CIF value of \$ 47.2 million. Other imports include but are not limited to building materials, electrical supplies, spare parts, chemical and laboratory supplies, computer parts etc. Waivers were given as below;

Other Imports Details	CIF Value	Total Duty	Amount Paid	Amount Waived
	C\$'000	C\$'000	C\$'000	C\$'000
Business importers	40,116	9,582	5,808	3,774
Civil groups and non profit organizations	18	4	4	0
Government capital works	1,450	290	290	0
Government departments	3,553	711	705	6
Individual importers	2,138	445	429	16
Total	47,275	11,031	7,235	3,796

Note 21: Sales of Goods and Services

Sale of goods and services comprises administrative fees charged to persons or corporations for accessing Government services and facilities.

The Government earned a total of \$220.5 million for sales of Goods & Services for the year ended June 30, 2009. This was comparable to budget.

Revenue type	Current Year Actual 2008/2009 CIS'000	Original Budget CIS'000	Final Budget CIS'000	Variance Original Budget vs Actual CIS'000
Fees and charges	72,102	87,813	79,332	(15,711)
General sales	104,761	122,317	122,140	(17,556)
Rentals	4,646	4,203	7,571	443
Other Goods and Services	39,025	1,041	5,930	37,984
Total Sales of Goods and Services	220,534	215,374	214,973	5,160

Earned by:

	CIS'000	CIS'000	CIS'000	CIS'000
Central Government	39,182	57,798	57,008	(18,616)
Statutory Authorities and Government Companies	181,352	157,576	157,965	23,776
Total Sales of Goods and Services	220,534	215,374	214,973	5,160

Fees & Charges

These are application fees, administrative charges and processing fees charged by the entities for the collection and processing of the respective coercive revenue. See tables below:

Revenue Description	EPS Actual Current Year 2008/2009 CIS'000
Air Safety Regulation, Certification, Oversight fees	4,375
CIDB Operating Interest income	2,897
Company Fees & Other Business Licencing fees	11,006
Customs related fees	1,045
Garbage and Environmental Health services fees	6,484
Land survey and related fees	871
Maritime Services, Port Development Fees, Cruise Ship Passenger Fees*	1,139
Other Miscellaneous fees	6,868
School and Examination related fees	3,782
Stock Exchange fees -Listing Fees, broker membership fees	1,494
Vehicle Licencing, Inspection and related fees	1,597
Water Sales, Sewerage Fees	25,250
Work Permit and Immigration related fees	5,294
Total Fees & Charges	72,102

Sales of Goods (General Sales)

Revenue Description	EPS Actual Current Year 2008/2009 Ct\$'000
Other Postal Business	157
Postal Stamps	2,412
Sale of Laws	54
Sale of Agric. Supplies/Produce	1,075
Sale of Advertising Space	675
Sale of Gazettes and Subscriptions	585
Canteen Sales	144
Philatelic Sales	33
Prison Sales	36
Sale of Planning Documents	29
Police Clearances	342
Auction Receipts	14
Maritime Services, Port Development Fees, Cruise Ship Passenger Fees, Cargo Handling *	18,130
Regulatory fees, Licensing Fees, Radio Licenses	1,124
Registration Fee, Surveyor Fees, Crew Compliance, Tonnage	6,677
Passenger Revenue, Cargo Revenue, Handling Revenue	54,468
Turtle meat sales, Admission Fees	4,870
Travel & Security Tax, Terminal facility & Passenger Facility Charges	11,784
Insurance Premiums	746
Regulatory Fees	791
Other Miscellaneous Sales	615
Total General Sales	104,761

* These fees were reclassified in 2009 to "Other Fees"

Rentals – Rental of Public Facilities to the Public

Revenue Description	EPS Actual Current Year 2008/2009 CIS\$'000
Rentals - Other Properties	732
Postal Box Rental Fees	1,004
Rental - School Canteens	113
Rentals - Government Housing	46
Rentals - Other Properties	2,570
Rentals - Hell Shops	55
Rentals - Craft Market	55
Rentals - Town Halls	35
Equipment Rental - PWD (Cayman Brac)	13
Rental of Customs Training Room	3
Rental - Temporary Housing	17
Rental of CSD Equipment	3
Total rentals	4,646

Other Goods & Services

Revenue Description	EPS Actual Current Year 2008/2009 CIS\$'000
GIS Applications	28
Births, Deaths & Marriages	95
Miscellaneous Receipts	1,843
Miscellaneous Licensing Receipts	82
GPS Licenses Refund	12
Health Services Fees	15
Room and Board Fees	8,660
Inpatient Revenue	20,101
Outpatient Revenue	8,189
Total Other goods and services revenue	39,025
Total Sale of Goods & Services	220,534

Note 22: Investment Revenue

Description	EPS Actual Current Year 2008/2009	Original Budget	Final Budget	Variance (Original Budget vs Actual)
	CIS\$'000	CIS\$'000	CIS\$'000	CIS\$'000
Interest Marketable Securities, Deposits and Cash	2,247	6,409	4,438	(4,162)
Royalties	1,239	1,284	1,284	(45)
Dividend income -Sagcor	53	0	0	53
Interest on Loans made	76	32	32	44
Total Investment revenue	3,615	7,725	5,754	(4,110)
Earned by:				
	CIS\$'000	CIS\$'000	CIS\$'000	CIS\$'000
Central Government	830	2,587	616	(1,757)
Statutory Authorities and Government Companies	2,785	5,138	5,138	(2,353)
Total Investment revenue	3,615	7,725	5,754	(4,110)

Note 23: Donations

During the year ended 30 June 2009 the Government received donations totaling to \$0.85 million. Donations in cash and other items covered a wide range of programmes and activities ranging from prisoners rehabilitation, education initiatives and buildings. Donors include corporate and private citizens.

Where received in kind, the amount was recorded at the estimated fair value and is reported below.

Where donation received have specific conditions attached these are shown as liabilities in keeping with Generally Accepted Accounting Principles (GAAP) and are disclosed below. Approximately \$33K of the total amount did not meet the qualifying criteria as this portion represents donation to projects which re not completed.

Government Department	Source	Purpose	EPS Actual Current Year 2008/2009 CI\$'000
Portfolio of Internal & External Affairs	Digicel	General Donations/Programmes	3
Ministry of Education, Training & Employment	John Gray Church	General Donations/Programmes	6
	State Street	General Donations/Programmes	13
	Maples and Calder	Library	543
	Hedge Fund Care Cayman	General Donations/Programmes	8
Ministry of Health, Environment, Youth, Sports & Culture	Caribbean Structure Ltd	Donation to Golden Age Home	10
	Rotaract Blue Cayman Island	Maple House	26
	Iris Jog	Empowerment and Community Develop	9
	Caledonian Bank	Empowerment and Community Develop	13
Cabinet Office	Cabinet Secretariat	Donation to THI for Generation Next	13
Executive Education		Scholarship Fund	6
National Gallery	Donation	Gallery Construction	102
University College of the Cayman Islands			2
National Drug Council	Various Donors	General Donations/Programmes	3
Health Services Authority	Lynn M. Bodden	Donation of Blood Analyzers	9
	CIRSBR	Donation for Repairs	8
	Various	Medical Conference/Pain Management Conference	22
	Various Donors	Donation of Equipment	23
	Lions Club Donation	General Donations/Programmes	1
	Various Other	HP Laptop Donation	3
	Various Other	General Donations/Programmes	14
CAYS Foundation		Academic Award	24
		Reading Programme	24
Total of Donations <1000 to other Gov Institutions			1

Total Donations	887
Donation revenue recognized in Performance Statement	854
Donations recognized as Liabilities	33

Donation Earned by:	EPS Actual Current Year 2008/2009 CI\$'000	Original Budget CI\$'000	Final Budget CI\$'000	Variance (Original vs Actual) CI\$'000
Central Government	636	714	714	(78)
Statutory Authorities and Government Companies	218	1,320	1,320	(1,102)
Total Donation	854	2,034	2,034	(1,180)

Expenses

Note 24: Personnel Remuneration

During the year ended 30 June 2009, personnel remuneration for the EPS amounted to \$349.2 million, \$127.8 relating to Statutory Authorities and Government Companies and \$221.4 to Central government. Personnel remuneration is governed by the Public Service Management Law (as amended) and the salary bands for each group. Remuneration is monitored by the Portfolio of the Civil Service who is mandated under PSML to carry out annual audits of each department. Statutory Authorities and Government Companies are allowed greater flexibility and remunerate their staff at levels comparable to the private sector.

Description	EPS Actual Current Year 2008/2009 CIS'000	Original Budget CIS'000	Final Budget CIS'000	Variance (Original Budget vs Actual) CIS'000
Salaries, wages and allowances	311,112	301,349	294,292	(9,763)
Health care	3,549	-	-	(3,549)
Pension	16,791	15,693	15,571	(1,098)
Movement in leave provision	443	195	195	(248)
Movement in Unfunded Pension Liability	15,019	14,117	19,592	(902)
Other personnel related costs	2,285	20,813	20,813	18,528
Total Personnel Costs	349,198	352,167	350,463	2,969
Cost attributable to:				
Central Government	221,391	246,012	244,308	24,621
Statutory Authorities and Government Companies	127,807	106,155	106,155	(21,652)
Total Personnel Costs	349,198	352,167	350,463	2,969

Health care

All Central government employees participate in the State run health care scheme operated by the Cayman Islands National Insurance Company (CINICO) and administered via the Health Services Authority (HSA). Statutory Authorities and Government Companies are allowed to choose other health providers and insurers. (see Note 14 Employees Entitlement.)

Pension

All pensionable employees (persons below the age of 60) participate in the public service pension scheme which comprises 3 pension plans; the Public service pension plan, the Parliamentary pension plan and the Judiciary pension plan. The Parliamentary and Judicial pension plan are based on defined benefit i.e. the government bears the risk should the plan fail while the public service pension is based on a defined contribution i.e. the participants bear the risk. The contribution rate to each plan is as follows: (see Note 14-Employees Entitlement.)

Public service pension -	defined contribution	6% employee, 6% employer
Public service pension -	defined benefit	6% employee, 6% employer
Parliamentary pension plan	defined benefit	6% employee, 6% employer
Judiciary pension plan	defined benefit – Category (1)	10% employee, 31% employer
Judiciary pension plan	defined benefit – Category (2)	10% employee, 20 employer
Judiciary pension plan	defined benefit - Magistrates	6% employee, 6% employer

Note 25: Supplies & Consumables

Supplies and Consumables includes professional fees, office supplies, utilities and general insurance incurred in the course of undertaking the functions and activities included in these financial statements.

Description	EPS Actual Current Year 2008/2009	Original Budget	Final Budget	Variance (Original Budget vs Actual)
	Ci\$'000	Ci\$'000	Ci\$'000	Ci\$'000
Supplies and Materials	43,884	80,301	78,787	36,417
Purchase of services	93,000	54,928	54,928	(38,072)
Utilities	24,091	-	-	(24,091)
General Insurance	12,286	-	-	(12,286)
Travel and Subsistence	5,425	-	-	(5,425)
Recruitment & Training	2,969	-	-	(2,969)
Other	52,683	30,224	22,892	(22,459)
Total Supplies & Consumables	234,339	165,453	156,607	(68,886)
Cost attributable to:				
Central Government	83,568	86,937	70,294	3,369
Statutory Authorities and Government Companies	150,771	78,516	86,313	(72,255)
Total Supplies & Consumables	234,339	165,453	156,607	(68,886)

Note 26: Leases

The Government finds it necessary to enter in private lease agreements for accommodation and the use of some types of vehicle where it is more economical and or practical to do so than outright acquisition.

Description	EPS Actual Current Year 2008/2009	Original Budget	Final Budget	Variance (Original Budget vs Actual)
	Ci\$'000	Ci\$'000	Ci\$'000	Ci\$'000
Lease of Sites or Buildings	12,366	18,964	18,905	6,598
Lease of Equipment	7,355	-	-	(7,355)
Lease of Vehicles	81	-	-	(81)
Total operating lease	19,801	18,964	18,905	(837)
Cost attributable to:				
Central Government	9,749	10,986	10,927	1,237
Statutory Authorities and Government Companies	10,052	7,978	7,978	(2,074)
Total operating lease	19,801	18,964	18,905	(837)

For the year ended 30th June 2009, the Government spent a total of \$19.8 on leases including office and commercial space, storage, residences, museum facilities and land.

Note 27: Outputs from Non-Government Organizations

The government purchases services from certain entities outside of the public sector to assist in the delivery of programmes and services which are beneficial to the local populace

This includes a range of services such as education programmes, anti-substance abuse programmes, sports programmes and tertiary care at various overseas institutions.

Description	EPS Actual Current Year 2008/2009 CIS\$'000	Original Budget CIS\$'000	Final Budget CIS\$'000	Variance (Original Budget vs Actual) CIS\$'000
Organize, Administer and Executive the Cayman Island Fishing Tournament	46	46	46	(0)
Legal Aid Services	1,849	937	1,850	(912)
Organization of Batabano Festival	30	30	30	-
HIV/AIDS and First Aid Public Education Programmes	40	40	40	-
Anti-Substance Abuse Programmes	200	200	200	-
Management of Small Business Development	200	200	200	-
Support for Battered Women and Children	300	300	300	-
Community Development, Prevention and Beautification Programmes	40	100	100	60
Employee Assistance Programme	60	60	70	-
School Lunch and Uniform Programmes	560	350	485	(210)
Teaching of Tertiary Education Course	70	70	70	-
Organisation of the Miss Cayman Pageant	100	100	100	-
Supervision of Pre-School Children	60	60	60	-
Care of the Indigent, Elderly and Disabled Persons	963	978	978	15
National Council of Voluntary Organisation and Children Services(NCVO)	130	130	130	0
Foster Care for Children	200	200	200	(0)
Preservation of Natural Environments and Places of Historic Significance	308	308	308	-
Primary and Secondary Education by Private Schools	1,738	2,000	2,000	262
Community Programme	100	100	100	0
Elite Athletes Programme	170	172	172	2
Services for Refugees	203	64	400	(139)
Rental Accommodation for Persons in Need	764	552	798	(212)
Youth Development Programmes	28	35	35	7
Sports Programmes	434	439	439	5
Landscaping and Beautification Projects	150	150	150	-
Mentoring Cayman Programme	15	15	15	-
Treatment for Children in Approved Schools	27	150	150	123
Burial Assistance for Indigents	49	120	120	71
Palliative Care Nursing	60	60	60	-
Social Marketing for Prevention of HIV/AIDS	100	80	80	(20)
Tertiary Care at Various Overseas Institutions	12,512	5,700	9,700	(6,812)
Other Sports and Cultural Programmes	111	111	111	0
Gardening Projects and Landscaping	5	5	5	-
Spaying and Neutering of Dogs and Cats	10	10	10	-
Other NGS Expense	1	-	-	(1)
Non-Governmental Organizations Expense	21,632	13,872	19,512	(7,760)

Note 28: Transfer Payments

Transfer payment is a transfer of money from government to an individual, an organization or another government for which the government does not:

- (i) receive any goods or services directly in return as would occur in a purchase/sales transaction;
- (ii) expect to be repaid in the future, as would be expected in a loan; or
- (iii) expect a financial return, as would be expected in an investment.

Description	EPS Actual Current Year 2008/2009	Original Budget	Final Budget	Variance (Original Budget vs Actual)
	CI\$'000	CI\$'000	CI\$'000	CI\$'000
Poor Relief Payments	6,289	5,782	6,264	(507)
Poor Relief Vouchers	1,083	590	1,172	(493)
Temporary Poor Relief Payments for Young Parents Programme Students	23	38	38	15
Youth After Care Payments	19	20	20	1
Emergency Relief Payments	29	20	40	(9)
Ex-Gratia Benefit Payments to Seamen	6,083	5,594	6,057	(489)
Benefit Payments to Ex-servicemen	1,967	2,008	2,164	41
Tourism Scholarships	512	767	767	255
Miss Cayman Scholarship	21	50	50	29
Pre-School Educational Assistance	997	1,221	1,221	224
Youth Programmes - Churches & Other Non-Governmental Organizations	246	162	162	(84)
Local, Overseas Scholarships and Bursaries	8,252	6,154	8,354	(2,098)
Residential Electricity Consumption Rebate	6,230	-	6,000	(6,230)
Interest on Loans - CICS Co-operative Credit Union	87	-	103	(87)
Community Scholarship	-	25	25	25
Total Transfer Payments	31,839	22,431	32,437	(9,408)

Note 29: Litigation Costs

The Attorney General's Office provides litigation services to the government of the Cayman Islands. In instances where it is deemed that due to resources, other legal and or ethical reasons, some departments may be given permission by the Attorney General's Office to use the services of external providers (refer to **Note 35 – Contingencies**).

Description	EPS Actual Current Year 2008/2009 CIS\$'000
Litigation costs	1,192
Total Litigation cost	1,192
Cost attributable to:	
Central Government	496
Statutory Authorities and Government Companies	697
Total Litigation cost	1,192

Litigation cost by entity

Details	EPS Actual Current Year 2008/2009 CIS\$'000
Portfolio of Internal and External Affairs	188
Portfolio of Finance and Economics	119
Ministry of Tourism, Environment, Investment and Commerce	48
Ministry of Health and Human Services	14
Ministry of Communications, Works & Infrastructure	128
Water Authority-Cayman	20
Cayman Islands Development Bank	35
Health Services Authority	486
Information and Communications Technology Authority	95
Cayman Islands Stock Exchange	61
Total Litigation cost	1,192

Note 30: Other Operating Expenses

Other Operating Expenses includes any government expenditure that does not relate to outputs, transfer payments or financing expenses.

Description	EPS Actual Current Year 2008/2009	Original Budget	Final Budget	Variance (Original Budget vs Actual)
	CI\$'000	CI\$'000	CI\$'000	CI\$'000
Caribbean Regional Technical Assistance Centre	6	10	10	4
Contribution to Caribbean Development Bank - Special Development Fund	269	74	269	(195)
Caribbean Economic Community Fees	152	148	171	(4)
Judiciary Expenses	527	550	550	23
Constituency Allowance	382	402	402	20
Contribution to Caribbean Financial Action Task Force	18	20	20	2
Subscription to Caribbean Examinations Council	11	12	12	1
University of the West Indies Membership Levy	140	140	140	(0)
UNESCO Fees	4	6	6	2
Caribbean Food and Nutrition Institute Subscription	0	3	3	3
Pan American Health Organisation Subscription	13	18	18	5
Caribbean Health Research Council	2	5	5	3
Caribbean Epidemiology Centre Subscription	14	15	15	1
Default on Governmental Guaranteed Loans	-	-	80	-
Caribbean Catastrophic Risk Insurance Facility - Annual Premium	1,675	1,680	1,680	5
National Heroes Day	483	400	400	(83)
Court of Appeal Expenses	428	325	455	(103)
Security Services - Portfolio of Legal Affairs	-	294	294	294
Commonwealth Parliamentary Association	100	100	100	-
Others Operating Expense	118	-	-	(118)
Actuarial Valuations	435	-	-	(435)
Contribution to United Nations Development Program	-	105	-	105
United Nations Caribbean Environmental Program	-	5	5	5
Civil Aviation Authority other operating expenses	-	941	941	941
Cayman Airways Limited other operating expenses	-	19,062	19,062	19,062
Cayman Islands Airport Authority other operating expenses	-	10,202	10,202	10,202
Cayman Islands Development Board other operating expenses	-	2,712	2,712	2,712
Port Authority other operating expenses	-	1,264	1,264	1,264
Tourism Attraction Board other operating expenses	-	333	333	333
Turtle Farm other operating expenses	-	4,800	4,800	4,800
Electricity Regulatory Authority other operating expenses	-	103	103	103
Information and Communications Technology Authority other operating expenses	-	6	6	6
Cayman National Cultural Foundation other operating expenses	-	125	125	125
National Gallery other operating expenses	-	4	4	4
National Museum other operating expenses	-	199	199	199
University College of the Cayman Islands other operating expenses	-	1,087	1,087	1,087
Children and Youth Services (CAYS) Foundation other operating expenses	-	146	146	146
Health Services Authority other operating expenses	-	23,445	23,445	23,445
National Drug Council other operating expenses	-	125	125	125
Total Other Operating Expenses	4,777	68,865	69,189	64,089

Note 31: Extraordinary Items

Description	EPS Actual Current Year 2008/2009
	Ci\$'000
Hurricane Gustav Relief -Cayman Brac and Little Cayman	211
Special Police Investigation	3,867
Judicial Tribunal	3,017
Hurricane Paloma Relief - Cayman Brac and Little Cayman	5,027
Hurricane Disaster Relief - Hurricane Paloma and Cuba	242
Personal Emoluments for the Judiciary	-
Settlement of Court Order	-
Default on Government Guaranteed Loans	80
Court of Appeal Expenses	-
Contributions to United Nations Development Program	-
Other Extraordinary Expenditures	2,015
Extraordinary Repairs & Maintenance	1,918
Travel & Subsist. -Extraordinary	37
Extraordinary Revenue	(1,869)
Total extraordinary items	14,544
Cost attributable to:	
Central Government	14,199
Statutory Authorities and Government Companies	346
Total extraordinary items	14,544

Note 32: Finance Costs

During the year ended 30th June 2009, the Government incurred financing charges of \$21.6 million in relation to its public debt of \$576.8 million.

Description	EPS Actual Current Year 2008/2009	Original Budget	Final Budget	Variance (Original Budget vs Actual)
	CI\$'000	CI\$'000	CI\$'000	CI\$'000
Interest on borrowings	21,450	25,376	27,439	3,926
Other borrowing costs	165	-	461	(165)
Interest on overdraft	-	461	-	461
Total Finance cost	21,615	25,837	27,900	4,222
Cost attributable to:				
Central Government	14,289	13,437	15,500	(852)
Statutory Authorities and Government Companies	7,326	12,400	12,400	5,074
Total Finance cost	21,615	25,837	27,900	4,222

Financing Cost	EPS Actual Current Year 2008/2009 CI\$'000
Central Government	
Local & Foreign Currency Loan Interest	12,288
Bond Interest	2,001
Statutory Authorities and Government Companies	
Bond Interest	4,698
Local & Foreign Currency Loan Interest	2,628
Total Finance cost	21,615

Interest on Borrowings relates to interest levied on bank loans issued by both local and international financial institutions sourced by both Central government and Statutory Authorities and Government Companies.

Note 33: Gains and Losses on Non-Financial Instruments

Description	EPS Actual Current Year 2008/2009 CIS\$'000
(Gain)/loss on disposal/sale of assets	650
miscellaneous non-operating receipts	(278)
Total	372

Cost attributable to:	CIS\$'000
Central Government	
(Gain)/loss on disposal/sale of assets	37
miscellaneous non-operating receipts	(175)
	(138)
Statutory Authorities and Government Companies	
(Gain)/loss on disposal/sale of assets	613
miscellaneous non-operating receipts	(103)
	510
Total (gain)/loss on non-financial instruments	372

Note 34: Commitments

A commitment is a firm intention at the end of the reporting period to incur a future obligation which will give rise to a future payment or sacrifice of economic benefits

	Total Commitments as at June 30 2009 Ct\$'000
Capital Commitments	
Land and Buildings	
Faith Hospital -Construction / renovation	2,051
Government Office accommodation	66,920
National Gallery New Building	2,500
Other Fixed Assets	
CIMA Basil II Project and Vault Management	1,956
Water Authority - North Side Reverse Osmosis plant	9,215
Other Commitments	
Water Authority - Red Gate Reverse Osmosis plant Refurbishm	3,078
Total Capital Commitments	85,720
Operating Commitments	
Non-cancellable Accommodation Leases	9,323
Other non-cancellable Leases	1,116
Cayman Airways Aircraft lease	19,466
Non-cancellable contracts for the supply of goods and services	
Other Operating Commitments	
CIMA Vault Management	98
Other Operating Commitments	75
H.S.A off-site storage of clinical and financial electronic data and management for the next five years	4,230
Total Operating Commitments	34,308
Total Commitments	120,028

Capital Commitments

Additional Capital Commitments

The Ministry of Education, Training, Employment, Youth, Sports and Culture has an outstanding capital commitment for the completion of two new schools.

Operating Commitments

Additional Operating Commitments

Airports Authority entered into a contract in the fiscal year ended June 30, 2007 for architectural and engineering consulting services with a total value of \$5.5 million. Per the contract, the agreement may be terminated by the Authority upon not less than seven days written notice to the consultant for the owner's convenience and without cause and the consultant shall be compensated for services performed prior to termination. As at June 30, 2009, the authority is committed to \$0.39 million.

Cayman Islands Development Bank had commitments relating to maintenance of the RIBS/EDGE banking software by Gresham Computing Ltd in the amount of \$17.6K at June 30, 2009.

Note 35: Contingent Liabilities

A contingent liability is a potential liability which may become an actual liability when one or more future events occur or fail to occur.

The contingent liabilities of the Government are classified into three (3) categories:

- Guarantees
- Legal proceedings & disputes
- Other contingent liabilities

Additional information regarding each category is provided below.

Guarantees

Guarantees of the Government include:

- Guarantees of the borrowings of Statutory Authorities and Government Companies;
- Guarantees, either collective or specific, of the loans of certain individuals and companies obtained from the private sector; and
- Other explicit guarantees.

Legal proceedings & dispute

Estimates in legal matters against the Government were developed by the Office of the Attorney General using the current facts and known circumstances. The factors considered in developing the legal provisions include the merits and jurisdiction of the litigation, the nature and number of other similar current and past litigation cases, the nature of the subject matter of the litigation, the likelihood of settlement and current state of settlement discussions, if any.

The government is routinely engaged in litigation arising in the ordinary course of its business. It is government's policy to rigorously assert its position in such cases. Should the government be unsuccessful in these matters, it does not expect the outcome to materially affect the results of operations or financial position.

Contingent liabilities with respect of Civil/Quasi Civil Matters are disclosed in the financial statements of the individual entities.

Other contingent liabilities

This covers any other potential liability not disclosed in any of the categories above.

Port Authority**a) Claims by third parties**

Two employees of the Port Authority were involved in separate accidents during their normal course of work and action has been brought against the Authority by the third parties involved. These claims are being dealt with by the Authority's insurance company. To date there has not been any further correspondence with the Authority and management expects no pay outs from funds of the Authority as a result of these claims.

b) New Cruise Facility

The Port Authority of the Cayman Islands and the Cayman Islands Government has been advised by GLF Construction Corporation that it intends to make a claim for the cancelation of a signed Framework Agreement. A Framework Agreement was signed on December 14, 2009 with a life of four months until April 14th 2011 and could be extended for a further two months upon agreement by the three parties. The Agreement outlined the duties each party were to perform and should the parties conclude that either wanted to terminate they could by giving reasonable notice and reasons for terminating. The Cayman Islands Government terminated the Framework with written notice on April 14, 2011.

Health Services Authority

a) Contingent legal claims

The Health Authority believes that the outflow of funds for malpractice and employee related legal claims amounting to \$637,250 and \$225,000 respectively are less than probable and are covered by insurance in excess of deductible; accordingly, no provisions were recognized for possible losses.

There are a number of claims outstanding that relate to services provided prior to the establishment of the Health Authority or prior to 1 July 2002. Neither provision nor contingent liability has been made for these claims in the financial statements, as the Health Authority believes any costs encountered [that are not covered by insurance will be met by the Ministry of Health and Human Services (the "Ministry").

Turtle Farm

a) Construction claim

During the year ended June 30, 2006 the Company was involved in a dispute with one of the contractors for the Boatswain's Beach Project. The contractor filed a claim under the terms of the contract for costs of CI\$530,000 associated with their structural concrete contract. The Company made a counter claim for the reimbursement of an account payment of CI\$221,044 made to the contractor. There was no further development of this claim and management considers it difficult to make any assessment of outcome with any degree of certainty.

b) Discharge permit

The nature of the operations of the Company requires it to obtain a discharge permit from the Water Authority of the Cayman Islands (the "Water Authority") in order to discharge waste water from the turtle tanks into the ocean. During the years ended June 30, 2008 and 2007 the Company did not hold such a discharge permit and was therefore not compliant with the environmental laws of the Cayman Islands. A permit was granted on October 1, 2008 for a period of two years. The failure of the Company to comply with the environmental laws prior to October 1, 2008 has left the Company exposed to possible litigation and the imposition of fines. As of the date these financial statements were available to be issued there has been no legal action initiated against the Company nor any fines levied.

The two year permit granted (as above) required the Company to reduce its effluent discharge by 50% by July 1, 2009. The Company engaged external consultants who were recommended to the Company to assist in complying with the terms of the permit and the relevant laws, however, as of July 1, 2009 and through the date that these financial statements were available to be approved the Company has not met the 50% reduction criteria.

The Company has not been able to meet the effluent reduction goals of the permit due to cut-backs and cost constraints preventing the Company from making the required capital investment to install a system appropriate to meet these requirements. In addition, management has looked further into the system design that the external consultant has proposed and management now considers that design would not be appropriate as its anticipated adverse impact on air quality in the community would in all likelihood be much more noticeable and objectionable than the status quo which has been running for

several years without significant adverse community reaction. The Company continues to work cooperatively with the Water Authority doing frequent measurement of the effluent discharge, and is considering alternative techniques in the use of the existing infrastructure to reduce the potential environmental impact of its effluent discharge.

The Company was required to renew the permit subsequent to the expiration of the previous permit on September 30, 2009, and an application for renewal has been submitted. As part of the application process the permit must be publicly advertised. To date, no information requests or protests have been received by the Water Authority in relation to the application.

c) Planning permit

Arising from the development of the Project, the Company is required to hold planning permits (or Certificates of Occupancy ("CO")) from the Planning Department. However, as at June 30, 2009, the Company did not hold the required CO's from the Planning Department. These CO's are required to be obtained under the Planning Law of the Cayman Islands for, inter alia, authorization of electrical utility power connection. All CO's should have been handed over to the Company post construction by the building construction management team; however, this did not take place.

Management has engaged various building contractors, structural engineers and electricians to work on the matter with a view of obtaining the required outstanding permits to ensure compliance with the regulations. Management is also working with the Building Control Unit of the Planning Department to resolve the status of the remaining permits. To date, no known litigation or other negative enforcement action has been initiated by the Planning Department against the Company as a result of the failure to comply with these regulations.

Ministry of Education, Training, Employment, Youth, Sports and Culture

A dispute arose between the ministry and Tom Jones International Ltd ("TJI") a construction company retained to construct the campuses of John Gray and Clifton Hunter high schools. TJI ceased work on the campuses on November 1, 2009 citing the Government's alleged refusal to provide assurance in the form of a payment trust or payment bond, for the completion of the projects. As of the date of this report the outcome of the dispute is uncertain and the amount of any costs that may be incurred as a result is of such disputes is unknown.

Note 36: Financial Risk Management

The governments' operating activities expose it to various types of financial risks that are associated with the financial instruments and markets in which it invests. These financial risks include credit and counterparty risk, liquidity risk and market risk (including currency risk and interest rate risk). The government's financial assets are comprised primarily of cash and receivables while its financial liabilities comprise of (long and short term) and trade and other payables.

The Portfolio of Finance has overall responsibility for the establishment and oversight of the risk management framework. The government's risk management policies are to identify and analyze the risks, set appropriate risk limits and controls, monitor risks and gauge adherence to limits. These risk management policies and systems are intended to reflect changes in market conditions

The overall risk management program is intended to focus on minimizing potential adverse effects on the government's operations resulting from financial risks. The exposure to, and management of, these risks are discussed below.

Credit risk

Credit and counterparty risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation or commitment. Financial instruments potentially expose the government to credit risk. Concentrations of credit risk relate to groups of customers or counter- parties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

Each entity is responsible for managing and analysing the credit risk for each of their new clients before credit facilities are offered. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

While some incidents of risks are incidental to the business of the government body in question, some risks are unavoidable as the law which governs the operation of the particular entity does not allow the entity in question any choice as to whom it does business with. However, the government has put measures in place to mitigate where possible against the impact of such risks.

The measures are;

- **Cash and cash equivalents**

Central government entities are only allowed to conduct business with reputable financial institutions as part of the centralized banking system and by resolution of the board of directors in the case of statutory authorities and government companies. The government operates through an open bidding process to ensure that it obtains the best deal and value for money.

Statutory Authorities and Government Companies are asked to adhere to their investment guidelines which establish counterparty concentration limits and minimum standards that each

counter party must attain while their current, call, and fixed deposits must be placed with approved financial institutions.

At 30 June 2009, Central government primary banker is the RBC Royal Bank (Cayman) limited which is considered to be stable and one of the top tier banking institutions. SAGC's conduct business through the local top tier banking institutions, which must meet their respective board of directors' approval. The government does not anticipate any material losses as a result of this concentration.

- **Accounts receivable**

The credit quality of each customer is assessed, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board of each SAGC's. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or credit cards.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

While this area represents significant risks, the government generally operates a no –credit policy however, where credit is allowed such customers have to be pre-approved and are required to place assessed deposits with the department from which such credit is being requested.

For trade customers, the Government performs adequate due diligence (including, but not limited to, independent credit ratings, assessment of credit quality, taking into account its financial position, past experience and other factors) on the stability of the customer and their repayment capabilities prior to extending credit.

On an on-going basis, management regularly monitors the level of debts outstanding from customers to ensure that the risk of loss arising from default is minimized. Customers are generally granted contractual credit terms of 14-30 days. Credit arrangements outside of the norm, is arranged via Cabinet. Such credit is usually based on humanitarian or national development and investment concerns.

In the case of the Health Services Authority and the Information and Communications Technology Authority, who do not have the ability to determine who they extend their services to, the level of credit default is highest.

While the government has instituted the national health insurance law, in some instances, the level of insurance coverage is not sufficient to cover the health needs of the patient however, the government is duty bound to provide health care to its citizenry. Such cases are referred to as self-pay and represent 65% of the default which is deemed uncollectible. This situation has been escalated by the Health Services Authority for policy changes to reduce bad debts.

In the case of Information and Communications Technology Authority, the Authority does not have the flexibility in refusing to transact with a licensee in accordance with the laws. While the

Authority does not believe that it has any significant credit risk exposure to any single licensee, it is inherently exposed in its entirety to the Telecommunications industry in the Cayman Islands. The Authority's licensees include well-established telecommunication and media companies and, at 30 June 2009, there have been no indications of any insolvency in those entities that impacts their ability to pay the Authority.

Accordingly, some delays in payment are expected, but no significant risk of non-payment is expected. Where Government has experienced significant delays in receiving payments from customers, such defaults are referred to the Debt Recovery Unit or other collection agencies or legal counsels.

However, to mitigate the risk arising from default, management maintains regular contact with the customers to ensure that repayment is timely, and to identify early any potential indicators of default.

- **Insurance**

The risk under insurance contracts is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. The principal risk that the government faces is that the actual claim payments exceed the amount of insurance provisions. This could occur for various reasons; for example, the severity and/or frequency of claims may be higher than anticipated, or unit claim costs could be higher than estimated. Any significant delays in the reporting of claims information from service providers will also lead to increased uncertainty. Claim losses are random and the actual number and amount of claims will vary from year to year from the level established using statistical and actuarial techniques.

General Insurance

Central government has extensive property plant & equipment (net book value of \$895 million reported at 30 June 2009) and has therefore taken steps to mitigate the risk of natural disasters and accidents.

The Risk Management Unit is charged with the monitoring and insuring of all government assets and any ensuing liability/claim (professional or otherwise) which may arise from government operations or its employees.

The government also participates in the Caribbean Catastrophe Risk Insurance Facility (CCRIF).

CCRIF was developed to help mitigate the short-term cash flow problems small developing economies suffer after major natural disasters. A critical challenge is often the need for short-term liquidity to maintain essential government services until additional resources become available. Although ex post disaster funding from bilateral and multilateral agencies can be an important component of a government's catastrophe risk management strategy, over-reliance on this approach has obvious limitations. Unfortunately, donor assistance often takes months to materialize, and usually supports specific infrastructure projects. CCRIF represents a cost-effective

way to pre-finance short-term liquidity to begin recovery efforts for an individual government after a catastrophic event, thereby filling the gap between immediate response aid and long-term redevelopment.

Health Insurance

The government under the National Health policy provides insurance coverage to civil servants and the wider public through its CINICO offices.

The government is exposed to the risk that it may not be able to settle insurance claims as they fall due. These risks are managed through the process of re-insurance.

CINICO uses several techniques to mitigate risk surrounding potential high claim losses. For its largest group (Group 30100 - Civil, Servants, Pensioners and Government Entities), reinsurance has been purchased that covers overseas claim losses which exceed US\$609,756, up to US\$5,000,000 in respect of any one covered person during the policy year. The Company's Standard Health Insurance Contracts ("SHIC" plans) use a combination of pre-existing conditions, and annual limits to mitigate risk. CINICO employs the services of Care Management Network Inc. ("CMN") to control overseas claim costs. CMN provides case management services with the goal of managing a patient's care path in an economical fashion at each step of the way. CMN also has pre-negotiated contracts with many overseas providers which would allow the Company to realize significant savings. Furthermore, on a monthly basis, the Risk and Appeals Committee meets to discuss large claims and any disputed claims.

However, this does not discharge the government's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the government remains liable for the payment of the claim. As part of the reinsurance renewal, the government reviews the creditworthiness of the reinsurer prior to finalization of any contract, and has chosen a reinsurer with an AM Best rating of A (Excellent).

The following factors are likely to affect the sensitivity of the CINICO's reserves:

- Changes to the loss ratios for the underlying business
- Changes to the reporting pattern of losses

Changes to the severity of losses

Short-term insurance liabilities are not directly sensitive to the level of market interest rates, as they are undiscounted, contractually non-interest bearing, and are payable less than one year.

Short-term insurance liabilities are estimated using standard actuarial claims projection techniques. These methods extrapolated the claims development for each underwriting year based on the observed development of earlier years, adjusted for any current trends or developments. In most cases, no explicit assumptions are made as projections are based on assumptions implicit in the historic claims reporting patterns on which the projections are based. As such, the sensitivity of short term insurance liabilities is based on the financial impact of changes to the claims reporting patterns.

Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument (interest rates, foreign exchange rates or equity and commodity prices) will fluctuate due to changes in market prices. This will affect the positions held by the Company making the financial instruments less valuable or more onerous.

The government's activities expose it to financial market fluctuations.

The carrying amount of call accounts, fixed deposit accounts, interest receivable and other liabilities approximated their fair value due to the short-term maturities of these assets and liabilities. The fair values of assets and liabilities are not materially different from the carrying amounts. Readily available markets, enables the determination of fair values.

Interest Rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The government holds significant cash balances, reserves and deposits that are interest bearing and as a result are subject to risks due to fluctuations in the prevailing levels of market interest rates in relation to these financial instruments.

The nature of the government's exposure to interest rate risk and its objectives, policies and processes for managing interest rate risk have not changed significantly from the prior year. Subsequent to June 30, 2009 the market interest rates have remained relatively stable and the government has therefore not experienced any adverse effects as a result of interest rate risk.

The government has entered into several contractual debt obligations. These instruments have scheduled maturity dates and interest rates (fixed, variable and floating).

The Health Services Authority is exposed to interest rate risk for the \$4 million credit facility with First Caribbean International Bank (Cayman) Ltd ("FCIB") at a prime rate plus 0.25% per annum. This interest rate will fluctuate from time to time in line with the general level of interest rates. The risk is managed by maintaining a short-term credit agreement that is renewable every year to have a negotiable and preferred rate. In addition, the Health Services Authority is limiting the usage of the credit facility by continuously monitoring the daily cash position which management views as likely to result into a bank preferred interest rate on the renewal of the agreement. The Health Services Authority has a minimal exposure on interest risk as none of the other financial instruments is exposed to this type of risk.

The Port Authority also has a loan with a local financial institution with a floating interest rate that is adjusted every six months to .75% above LIBOR rates. The Port Authority holds long-term debts and cash and cash equivalents that are interest bearing and as a result the Port Authority is subject to risk due to fluctuations in the prevailing levels of market interest rates in relation to these financial instruments.

Cayman Airways Limited has overdraft facility and long term debt which are priced at a floating rate of interest which is reset monthly as market rate changes. This presents a cash flow interest rate risk should market rates change.

The Cayman Islands Turtle Farm (1983) Ltd has Long term bank debt that is subject to interest rate risk. This long term bank debt attracts variable interest rates based on market interest rates which are reset monthly. The Senior Notes were issued at fixed rates of interest and therefore there is no assessed interest rate risk on the Notes.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The government receives revenue in Cayman Islands Dollars (CI\$) as well as United States dollars (US\$). and pays expenses in both (CI\$) and (US\$). The exchange rate between the CI\$ and US\$ is fixed, CI\$0.82 to US\$1, therefore eliminating the exposure to foreign currency risk. However, the government has debt in Euros and occasionally has to settle other trade debts in these currencies as well. Government has set up a policy to require departments/ entities to manage their foreign exchange risk against the functional currency. This is particularly applicable to government departments located outside the Cayman Islands. The government, due to the small nature of these overseas offices, considers the exposure minimal and therefore does not hedge against the risk.

Commodity Price risk

The government's fuel requirements expose the government to the market volatility of fuel prices for jet fuel, gas and diesel. Cayman Airways is subject to jet fuel price risk resulting from its aviation activities as the national air carrier of the Cayman Islands. The volatility of jet fuel prices has been significant in recent years and can have a significant effect on the profitability of Cayman Airways' operations. Similarly the Department of Vehicles is charged with purchasing and supplying all government vehicles (land and marine craft) with fuel.

The government does not engage in any hedging activities with respect to mitigating the risk of fluctuations in fuel prices and instead, purchases fuel at the daily spot rate as the demand exists, consequently, there is significant exposure to fluctuations in the price of fuel.

Price risk

Price risk is the risk that factors specific to individual securities or their issuer or factors affecting all securities traded in the market will fluctuate. The government does not hold securities as at June 30, 2009 and as such is not exposed to price risk.

Liquidity risks

Liquidity risk is the risk that the government will be unable to meet its payment obligations associated with its financial liabilities when they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities coupled with the ability to predict and manage the expected cash outflows in order to sustain the operations of the government.

The government requires Statutory Authorities and Government Companies to manage this risk on a basis which generally requires the entity to hold assets of appropriate quantity and quality to meet all its obligations as they fall due. The investment guidelines being: security, liquidity and income.

The Treasury Department monitors the Central government liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the government's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets (Principles of Responsible Financial Management) and applicable external regulatory or legal requirements.

Surplus cash held by the Central government operating entities over and above balances required for working capital is managed and invested by the Treasury. The Treasury invests surplus cash in interest bearing current accounts, time deposits, and money market deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide adequate cash flows as determined by the above-mentioned forecasts. At the reporting date, the government held aggregate cash of CI\$178.4 million and other liquid assets of CI\$142.8 that are expected to readily generate cash inflows for managing liquidity risk.

The government analyzes its non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows.

Note 37: Fair Value Estimation

Central Government

The carrying value of cash and cash equivalents, accounts receivable (net of provisions), work in progress, accounts payable and employee entitlements approximate their fair values due to their relative short-term maturities. Fair values estimates are made at a specific point in time, based on market conditions and the information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions, economic conditions and other factors could cause significant changes in fair value estimates.

Loans (EPS)

The fair value of long-term debt which is at a floating rate of interest approximates the carrying value. The current rate approximates the interest rate which the government expects similar financing for similar term to be raised at, at the balance sheet dates, and additionally, the rate is reset in response to market changes.

Included in Current and long term debt balances are certain non-interest bearing loans. The carrying amount of these loans represents the principal balance owing. The anticipated future principal repayments have not been discounted. All other loans are floating rate and bear interest at the market rate. The carrying value of these loans approximates the fair market value.

The Cayman Turtle Farm long-term liabilities are carried at their contracted settlement value. Additionally, the cost of all monetary assets and liabilities has been appropriately adjusted to reflect estimated losses on realization or discounts on settlement.

National Housing Development Trust financial instruments are measured initially at cost which is the fair value of the consideration given or received. Financial liabilities are subsequently measured at amortized cost.

Note 38: Related Parties

During the year ended 30 June 2009, in the normal course of business, government entities provided goods and services to each other. The rates for these services are based on the applicable laws and conventions and all transactions were deemed to be at arm's length.

Where the obligation was waived, the department sought approval from the Governor-in-Cabinet to waive such fees/duties.

Where no such approval was sought or given, the normal rates were applied.

The table below summarizes the extent of trading between government entities.

Government Department/Entity	Good/Services provided	2008/2009
		C\$'000
Audit Office	Audit Services	1,447
Portfolio of Internal and External Affairs	Security Services	6,644
Portfolio of Legal Affairs	Legal Services and Sale of Laws	949
Portfolio of Finance and Economics	Customs Duty	1,705
Ministry of Tourism, Environment, Investment and Commerce	Miscellaneous	15
Ministry of District Administration, Planning, Agriculture and Housing	Fuel, Maintenance & Equipment Services	4,377
Ministry of Education, Training, Employment, Youth, Sports and Culture	Training	27
Ministry of Health and Human Services	Health Services	68
Cabinet Office	Computer/Technology related services	10,436
Portfolio of the Civil Service	HR matters	1,234
Ministry of Communications, Works & Infrastructure	Fuel, Maintenance & Equipment Services	16,429
Executive Council	Capital Financing Charge	14,219
Executive Finance	Customs / Import Duty	1,247
Executive Health	Health Insurance	572
Executive Planning	Stamp Duty	689
Executive Tourism	Traders, Liquor, & Local Company Licenses	486
Executive Communication, Works & Infrastructure	Information Communication	465
University College of the Cayman Islands	Education & Training	473
Civil Aviation Authority	Regulatory & Oversight fees	1,000
Health Services Authority	Health Care	16,195
Cayman Airways	Airline Services	1,915
National Roads Authority	Road Services	149
Airports Authority	Facility Rental	7,811
Cinico	Health Care	30,166
Total		118,720

All transactions were made under the normal trading terms and where departments default such balances can be referred to the Debt Collection Unit.

Key management personnel

A key employee is defined as an employee or senior government official such as Chief Officers, Deputy Chief Officers, Chief Financial Officers, Member of Government Boards, Members of Cabinet, Key Advisors, close members of the family of key management personnel and any entity connected to the Government of the Cayman Islands who based on their position and office has the ability to influence the decision making process.

Description	Current year actual	Number of Persons
	CI\$.000	
Salaries & other benefits	15,022	120

No loans were granted to key management personnel and or their close relatives during the year ended June 30 2009 with the exception of Cayman Islands Development Bank and Cayman Turtle Farm Limited.

As at June 30, 2009, Senior Management at CIDB held loans totaling \$253,662 (2008: \$244,446). Income earned on Senior Management loans was \$18,681 (2008: \$19,478).

During the year ended June 30, 2009 a loan of CI\$40,379 (2008: CI\$21,094) was made to a member of Cayman Turtle Farm Senior Management along with trade credit advances of CI\$1,900 (2008: CI\$ Nil). As at June 30, 2009 the loan and trade credit advancement had been settled in full (2008: CI\$19,644 outstanding).

In addition to the above some key members of management are given the right to access certain benefits from some entities in which they serve such as Cayman Airways Ltd.

Due to the size of the country and the nature of the economy, it is highly probable that there may be an element of related party interest in most transactions.

The government has therefore implemented a public procurement policy and 3-quote system to negate against the impact of any negative perception of such related party transactions.

Note 39: Subsequent Events

A subsequent event is an event or transaction occurring after the balance sheet date, but before the financial statements are either issued or available to be issued.

Central Government

Ministry of Education, Training, Employment, Youth, Sports and Culture

Subsequent to the reporting date the Ministry issued a writ of summons late 2011 against an insurance firm in connection with on-going legal battles between Cayman and its former high schools construction project contractor, Tom Jones International.

Statutory Authorities & Government Companies

- ***Cayman Airways Ltd.***

Lease agreements with ILFC and Castle were re-opened for new negotiations in connection with the potential return or renewal of an existing lease. The net result of these negotiations is an expected annual reduction of lease expenses near \$800,000. The lease on the aircraft up for return or renewal was renewed for 4 years (November 2014) and the leases for the other aircraft were extended approximately 2 years each (resulting lease end dates are November 2013 through October 2014). The Company believes that the modified leases, in addition to providing a reduction in lease rates, allow for better planned retirement or replacement of the existing fleet of aircraft by bringing all lease end dates within a one year period.

In November 2010, one of the two aircraft held for sale was sold to a foreign purchaser for a consideration of \$650,000.

- ***Cayman Islands Development Bank***

- a) **US\$5 Million Credit Facilities**

During July 2010, the Bank received proceeds of US\$5 Million under a new credit facility with a local financial institution. The facility will be for a period of 5 years at an interest rate of U.S. 180-Day LIBOR plus 2.75% and is secured by a Government Guarantee. During January 2011, CIDB received another US\$5 Million proceeds under a new credit facility with a local financial institution. The facility will be for a period of 5 years at an interest rate of U.S. 180-Day LIBOR plus 2.75% and is secured by a Government Guarantee. Both facilities are with the same local financial institution.

- b) **US\$6 Million Bond**

In June 2010, the Management of the Bank successfully negotiated with the bondholders of the US\$6 Million bond which matured in June 2010 to extend maturity for another 5 years. Over 95%

(US\$ 5.8 Million) of the bondholders agreed to extend the maturity date for another 5 years at an interest rate of U.S. 6 Month LIBOR, plus 2.75%. The Bank paid redemption of US\$300,000 and facilitated a transfer in the amount of US\$100,000. Net payout under the bond was US\$200,000.

c) Claim by Former Employee

The services of a former employee of the Bank were terminated on January 8, 2009. A claim for unfair dismissal was subsequently filed and went before the Labour Tribunal. Based on a ruling by the Tribunal, the Bank paid out \$1,523.08 in July 2010 in settlement of the claim. Further action was brought by the employee against the Bank and in February 2011 a full and final settlement in the amount of \$44,069.45 was made.

- ***Cayman Islands Airports Authority***

On November 3, 2009, the CIAA terminated a contract with its architecture and engineering consultants. On September 17, 2010, a Deed of Agreement was signed which included a compensation of \$485,624.

- ***Civil Aviation Authority***

The Authority renewed its lease agreement with the Cayman Grand Harbour Shoppes Ltd on June 11, 2010 for a further three year term from August 15, 2010 to August 15, 2013. Total space occupied is 3,530 square feet at a lease rate of \$29 per square ft.

- ***Information and Communications Technology Authority***

In October 2009, dms Broadcasting Ltd. ("dms") applied to the Grand Court for leave for judicial review proceedings that seek to quash decisions made by the Authority on 1 October 2009 not to renew/extend part of dms' ICT license to broadcast on the 96.5 MHz frequency and to require dms to cease broadcasting its "Cayrock" station on that frequency as of 5 October 2009. On 12 October 2009, the Grand Court granted dms leave to bring the judicial review proceedings and the hearing of that application is scheduled for 23 November 2009. The Authority's attorneys have advised that, at this time, it is not possible to assess the likelihood or the extent of any liability/losses the Authority may be exposed to in relation to these judicial review proceedings.

- ***National Housing and Development Trust***

a) The Butterfield Bank (Cayman) limited submitted tender proposal for long Term Financing to NHDT on March 6, 2009. The NHDT Board accepted the proposal from Butterfield Bank for a bond issue of up to US\$14,500,000/Ci\$12,083,000 to be drawn up to June, 2011. As of June 30, 2010 there were two draw-downs totaling US\$4,800,132/Ci\$4,000,000. The third requested draw-down dated 15-March 2011, for and additional Ci\$ 4,000,000 was received on December 6, 2010. The fourth and final draw-down of Ci\$ 4,083,000 was received on June 17, 2011.

b) The Trust issued 3 contracts between October 2009 and August 2010 for \$2,049,209 relating to infrastructure, demolition and construction works.

- c) Supplementary agreements for government guaranteed loans were approved in August 2010 to increase Government Guaranteed Home Mortgage Assistance loans by \$5M for both First Caribbean International Bank and Butterfield Bank bringing the amount per bank to \$15M.

- **Port Authority**

Insurance claims

The total insurance claims made for damages caused by hurricane Paloma, in Cayman Brac, to its Buildings and Equipment is in the amount of \$1,125,433. The estimated Insurance settlement is CI\$942,235.90, with a deductible of \$183,197.10. As at June 30, 2009 the total sum received was \$562,717 and a further payment of \$379,518.90 was received on July 10, 2010.

Court proceedings on lessees

The Port Authority initiated court proceedings during the financial year against four tenants of the Royal Watler Terminal to recover \$ 260,635 in outstanding rent. To date, a sum of \$6,000 was received in full and final settlement for one tenant and the likelihood of receiving any further proceeds for the remaining three are remote to impossible, as the tenants have either moved out, have no assets for the courts to confiscate or they have left the island. Since the likelihood of receiving any further payments on the outstanding accounts is remote, an allowance was made for the entire amount of the outstanding rents. Management believes that no further action is deemed necessary as the cost to the Authority will far outweigh any benefits received.

- **University College of the Cayman Islands**

In April 2009 a suit was filed against the University College by a former employee, with respect to the termination of his employment. A settlement was reached in November 2010 and subsequently paid by the University. This payment represents full and final settlement of all and any claims that may be brought against the College or its officers, present or former, in respect of the former employee's termination.

- **Water Authority**

In October 2010, based on the directive of the Government of the Cayman Island, the Water Authority – Cayman issued a request for proposal for the sale of the sewerage assets with bids due on December 10, 2010.

In accordance with the applicable accounting standards, an amount of \$18.84 million was transferred from the Authority's Fixed Asset and recognized as sewage. Assets held for sale at June 30, 2009. The estimate of the cost of selling the assets has not been determined.

Supplementary Statements

Note 40: Statement of Un-appropriated Financial Transactions

While the 2008/09 financials indicate there was unauthorized expenditure, the actual cash outflow may not have occurred.

Such commitments have been recorded in keeping with GAAP and accrual accounting.

	Actual 1-JUL-2008 - 30-JUN-2009	Original Budget	Final Budget	Variance (Original Budget vs Actual)
	Ci\$ '000	Ci\$ '000	Ci\$ '000	Ci\$ '000
<u>Appropriation to the Chief Secretary</u>				
Other Executive Expenses				
OE 2- Personnel Emoluments for H.E. the Governor, Chief Secretary, Ministers and MLAs	2,934	2,620	2,620	(314)
OE 48 - Depreciation of the Portfolio of I & E Exec. Assets	61	52	52	(9)
OE 68 - Special Police Investigation	4,787	-	4,445	(4,787)
<u>Appropriation to the Head of the Civil Services</u>				
CIN 2 - Health Insurance for Civil Service Pensioners	13,052	12,886	12,886	(166)
<u>Appropriation to the Financial Secretary</u>				
TP 36 - Residential Electricity Consumption Rebate	6,230	-	6,000	(6,230)
OE 72 - Judicial Tribunal	3,017	-	1,439	(3,017)
OE 73 - Actuarial Valuations	435	-	126	(435)
LM 2- Farmers/Ranchers Loans	115	25	25	(90)
<u>Appropriation to the Minister of District Administration, Planning, Agriculture & Housing</u>				
NHT 3-Administration of the Low Income Housing Scheme	425	261	222	(164)
TP 35- Paloma Relief	6,300	-	5,500	(6,300)
<u>Appropriations to the Minister of Health & Human Services</u>				
CIN 1- Medical Care for Seamen and Veterans	4,749	4,500	4,500	(249)
DRC 1- Policy Advice and Research	248	176	176	(72)
HEA 2- Medical care for indigents	8,006	5,817	7,010	(2,189)
HEA 10 - Ambulance Services	2,126	1,807	1,807	(319)
HEA 11 - Services at District Community Health Centres	5,906	4,810	4,114	(1,096)
NGS 23- School Lunch and Uniform Programme	557	350	485	(207)
NGS 55 - Provision of Tertiary Care at Various Overseas Institutions for Indigents	12,865	5,700	9,700	(7,165)
TP 1 - Poor Relief Payments	6,286	5,782	6,264	(504)
TP 8- Ex-Gratia Benefit Payment to Seamen	6,083	5,594	6,057	(489)
<u>Appropriations to the Minister of Education, Training, Employment, Youth, Sports & Culture</u>				
OE 64 - National Heroes Day	485	400	400	(85)
Unappropriated Expenditure	54	-	-	(54)
OE 29- Coroners Autopsies				
	84,722	50,780	73,828	(33,942)

Note 41: Statement of Expenses or Capital Expenditure Incurred in Emergencies

There were no emergency situations which warranted emergency spending during the year ended June 30, 2009.

Note 42: Schedule of Section 11(5) Approvals

The PMFL Section 11 (5) allows the government to authorize expenditure up to a maximum of 5% of the total annual budgeted revenue. During the year ended June 30, 2009, the following transactions were approved by way of Section 11 (5).

Output		Reference	Original Appropriation	S11 (5)	Reported
			0	CIS000	CI\$000
EA 35	Traffic calming		-	933	933
EA 91	Coastal Protection Project		660	2,435	3,095
TP 34	Hurricane Gustav Relief	CP 2619/08	-	200	200
TP 34	Hurricane Gustav Relief	CP 2664/08	-	100	100
EA 111	Purchase of Property-Miss Lassie House		-	1,090	1,090
EA 96	Land purchased -cayman Brac		790	(500)	290
TP 39	Hurricane Disaster Relief	CP 1526/09	-	5,000	5,000
EA 4	Land Purchase-Ongoing	CP1527/09	-	160	160
EA 104	New Badden Town Civic Center	CP1527/09	1,900	(160)	1,740
TP 29	Youth Programmes-Church and Other Non-Governmental Organisation	CP 1658/09	162	100	262
TP 30	Local, Overseas Scholarships and Bursaries	CP 1658/09	6,154	(100)	6,054
TP 30	Local, Overseas Scholarships and Bursaries	CP1515/08	-	2,200	2,200
CAL 2	Provision of Air Service to Strategic Market	CP 1464/08	9,000	2,924	11,924
OE 72	Judicial Tribunal	CP 1512/08	-	413	413
OE 72	Judicial Tribunal	CP 1512/08	-	516	516
LM 5	Waste Water Treatment		-	100	100
EI 21	Equity Injection-Judicial Administration		300	334	634
NGS 2	Legal Aid	CP1547/09	-	200	200
EI 50	Equity injection CINICO	CP 1269/08	1,500	1,500	3,000
EI 29	Health Services Authority(replace damaged Assets	CP 1269/08	-	2,800	2,800
EI 30	Health Services Authority(replace damaged Assets	CP 1446/08	100	1,250	1,350
NGS 23	School Lunch and Uniform Programmes		350	135	485
NGS 39	Rental Accommodation for Persons in Need		552	246	798
TP 2	Promotion of Nation Building and Church based Support		590	582	1,172
OE 68	Special Police Investigation		-	1,804	1,804
PIE 6	Maintenance of the Electoral Register		-	300	300
GOV 2	Co-ordination of Engagement Programme and Support for the Governor	CP 1442/08	-	250	250
TOTAL			22,058	24,811	46,869

Note 43: Statement of Trust

Under the Public Management and Finance Law, "trust assets" means assets (including money, but not money belonging to the Central government) transferred or paid to the Government, a ministry, portfolio, the Office of the Complaints Commissioner, the Office of the Information Commissioner or the Audit Office in trust for any purpose or to hold for or on behalf of any person, and includes any such assets -

- (a) to be held pending the completion of a transaction or dispute; or
- (b) that belong or are due to any person and are collected under any agreement with that person.

Statement of Trust Holdings					
As at June 30, 2009					
	Note	Balance as at July 1, 2008	Additions	Distribution	Closing Balances June 30, 2009
Trust Asset		CI \$'000	CI \$'000	CI \$'000	CI \$'000
Prisoners' Monies	1	92	-	-	92
Immigration Repatriation Deposits	2	5,406	-	-	5,406
Immigration Bail Bonds	3	-	27	(6)	21
Police Bail Bonds	4	166	10	-	176
Asset Forfeiture	5	392	3	-	395
Defunct Companies	6	4,023	813	(421)	4,415
Court Fund Trusts	7	19,203	10,509	(11,186)	18,526
Other Trusts	8	334	3	-	337
Total Trust Asset		29,616	11,365	(11,613)	29,368

Per Section 70 of the PMFL, assets unclaimed for a period of 6 years are transferred as part of the consolidated funds and property of the government. Trust assets are to be held and accounted for separately and are not to be reported as part of the Financial Statements of Government but are to be disclosed in accordance with the provisions of the law.

These trusts are classified into seven (8) broad groups and are shown in the Statement of Trust. These are discussed immediately below.

1. Prisoners' Monies – Prisoners are given the opportunity to earn while in prison, such earnings are held by the authorities and paid over to the individual after their period of incarceration has expired.
2. Immigration Repatriation Deposits - Previously, under the immigration law, each work permit holder was expected to pay over the assessed airfare charge to repatriate the individual worker to their homeland should such a need arise. These sums were returned to the work permit holder at the end of the work permit. The amounts shown represent unclaimed repatriation deposits. This provision under the Immigration law was rescinded in 2000.
3. Immigration Bail Bonds -Required to release an individual arrested and detained for immigration reasons.
4. Police Bail Bonds – These are amounts assessed by the courts in relation to cases where it is deemed necessary to exact a bond on an individual.
5. Asset Forfeiture - these are assets which have been forfeited by the courts. These are part a sharing arrangement the Mutual Legal Assistance Law.
6. Defunct Companies – companies that have been struck from the register and their assets held by the government, see Company Law (2007 revision), Section VI (181)
7. Court Fund Trusts – these are sums assessed, collected, invested and paid on behalf of and under the directions of the Grand Court.

8. Other Trust – Miscellaneous Trust funds.

Note 44: Outputs from Public Entities

In order to improve the delivery and range of services it offers to the public, the Government has established several authorities and companies with the sole mandate of making such a good or service available to the public with the mode of delivery being akin to or comparable to private sector operating standards. There are currently 25 Statutory Authorities and Government Companies. Five of these entities are self-sufficient and do not require cabinet funding /support.

For the year ended June 30th, 2009, the Government purchased outputs amounting to \$99.4 million; this was \$12.2 million more than originally budgeted

Description	Central Government Actual Current Year 2008/2009	Original Budget	Final Budget	Variance (Original Budget vs Actual)
	CIS'000	CIS'000	CIS'000	CIS'000
Cayman Airways Ltd	13,424	10,500	13,424	(2,924)
Cayman Islands Development Bank	578	578	578	0
Cayman Islands Monetary Authority	14,000	14,500	14,000	500
Cayman Islands National Insurance Company	17,801	17,386	17,386	(415)
Cayman National Museum	802	853	853	51
Children and Youth Services Foundation	2,400	2,400	2,400	-
Electricity Regulatory Authority	143	210	143	67
Health Services Authority	24,855	18,782	21,470	(6,073)
Information and Communications Technology Authority	347	385	347	38
Cayman Islands Airport Authority	4,915	4,915	4,915	(0)
National Gallery	416	416	416	(0)
National Cultural Foundation	791	841	841	50
National Drug Council	522	525	525	3
National Housing Community Development Trust	611	650	611	39
National Roads Authority	9,266	5,730	9,266	(3,536)
Sister Island Affordable Housing	75	75	75	-
Tourism Attractions Board	2,126	2,126	2,126	0
Cayman Maritime Administration	1,775	1,822	1,822	47
University College of the Cayman Islands	3,925	3,925	3,925	(0)
Grant to Pension Board	600	600	600	-
Total Outputs to Public Entities	99,371	87,219	95,723	(12,152)

Note 45: Investment in Statutory Authorities and Government Companies

Description	Opening Balance Networth	Surplus/ (Deficit)	Equity Injection	Capital Withdrawal	Ending Balance
	CI \$'000	CI \$'000	CI \$'000	CI \$'000	
Sister Islands Affordable Housing Corporation	901	(126)	290	-	1,065
Cayman Islands Monetary Authority	30,084	310	-	-	30,394
Water Authority-Cayman	46,981	3,368	-	(50)	50,299
Port Authority	41,230	(76)	-	(350)	40,804
Cayman Islands Development Bank	5,644	(63)	-	-	5,581
National Gallery of the Cayman Islands	2,300	30	-	-	2,330
National Museum	644	(30)	475	-	1,088
University College of the Cayman Islands	5,051	(517)	-	-	4,534
Civil Aviation Authority	3,942	1,920	-	-	5,863
National Drug Council	225	13	-	-	238
Cayman National Cultural Foundation	3,907	(108)	-	-	3,799
Health Services Authority	53,047	(6,744)	9,373	-	55,676
Tourism Attractions Board	4,830	14	220	-	5,064
Information and Communications Technology Authority	1,574	11	-	-	1,585
Maritime Authority of the Cayman Islands	2,979	44	-	-	3,023
Children & Youth Services Foundation	492	268	-	-	760
National Housing Development Trust	(295)	(1,251)	300	-	(1,246)
Cayman Airways Ltd	(42,118)	(6,143)	-	-	(48,262)
Cayman Islands Stock Exchange	1,466	288	-	(497)	1,257
Cayman Islands Turtle Farm (1983) Ltd	(12,254)	(12,016)	8,064	-	(16,205)
National Roads Authority	6,308	(1,584)	139	-	4,863
Cayman Islands Airports Authority	46,356	2,894	-	-	49,250
Cayman Islands National Insurance Company	190	5,809	3,000	-	8,999
Electricity Regulatory Authority	156	328	-	-	485
Total	203,639	(13,358)	21,862	(897)	211,245

For the year ended 30 June 2009 Government made Equity Injections of \$21.8 million into Statutory Authorities and Government Companies. Comprehensive details of each Entity's performance/position can be obtained from their individual financial statements.

Note 46: Details of Borrowings

Government of the Cayman Islands Details of Borrowings as at 30th June 2009			
	Managed By	Original Borrowing	Balance as at 30th June 2009
			CU\$'000
The Cayman Islands Government Securities Law, 2003 2003 Bond Issue Principal amount is US\$163.2 million. Issue date of the Bond was 8th April 2003 with a final maturity date of 8th April 2018. Interest is payable at a fixed rate of 5.3% per annum over the 15 year life of the Bond. Interest and principal is repaid semi-annually in April and October.	Central Government	US 163,200	82,008
FirstCaribbean International Bank (Cayman) Limited Loan Law 8 of 2003 - General Financing of CIG Activities Loan of US\$9,600,000 repayable over 10 years. Repayments of US\$480,000 and interest at Libor + Libor margin to be repaid semi-annually commencing 30th December 2004. converted to a fixed rate loan 30 June 2005 at an interest rate of 5.02% pa.	Central Government	US 9,600	4,000
FirstCaribbean International Bank (Cayman) Limited The Loan (No. 2) Bill, 2003 Construction Works - Prospect Primary & National Archives Building Loan Agreement of US\$18,000,000. Initial Drawdown of US\$9,606,300 on 30 June 2004 amortised over 10 years with semi-annual payments of interest + Principal US\$480,315.83 commencing 30th December 2005: converted from a libor rate loan to a fixed rate loan	Central Government	US 18,000	9,000
FirstCaribbean International Bank (Cayman) Limited Loan Law 5 of 2004 Road Works Loan of US\$15,600,000 with an initial drawdown of US\$8,722,650.00 on 30th June 2004. US\$8,722,650 amortised over 10 years with semi-annual payments of interest + Principal US\$436,132.50 commencing 30th December 2005: converted to a fixed rate loan on 1 J	Central Government	US 15,600	9,750
FirstCaribbean International Bank (Cayman) Limited Loan Agreement #10090596 of US\$74,399,940.48 with an initial drawdown of US\$17,999,985.60 on 30th June 2005 US\$17,999,985.60 amortised over 10 years at fixed rate of interest of 4.8475% pa with quarterly payments of Principal US\$449,999.64 + interest	Central Government	US 18,000	4,803
FirstCaribbean International Bank (Cayman) Limited Loan Agreement of US\$74,399,940.48 with a second drawdown of US\$28,800,000.00 on 23 November 2005 amortised over 15 years at a fixed interest rate of 5.58% pa with quarterly payments of interest + Principal US\$480,000.00 commencing 28 February 2006	Central Government	US 28,800	18,400
FirstCaribbean International Bank (Cayman) Limited Loan Agreement of US\$74,399,940.48 with a third drawdown of US\$11,999,999.40 on 14 December 2006 amortised over 15 years at 3 month libor rate + margin with quarterly payments of interest + Principal US\$333,333.00 commencing 14 March 2007. Converted to a fixed rate loan for 5 years from 14 Dec 08 to 14 Dec 13 at an interest rate of 3.2% pa.	Central Government	US 12,000	7,222

Government of the Cayman Islands **Details of Borrowings**

as at 30th June 2009

	Managed By	Original Borrowing	Balance as at 30th June 2009
			US\$000
FirstCaribbean International Bank (Cayman) Limited Loan Agreement of US\$74,399,940.48 with a fourth drawdown of US\$15,599,964.48 on 29 June 2007 amortised over 8 years at 3 month libor rate + margin with quarterly payments of interest + Principal US\$487,498.89 commencing 28 September 2007. Converted to a fixed rate loan for 5 years from 29 Dec 08 to 29 Dec 2013 at 2.82% pa.	Central Government	US 15,600	4,361
FirstCaribbean International Bank (Cayman) Limited The final drawdown of US\$62,999,949.60 on Loan Agreement of US\$155,759,875.39 was drawn on 27th June 2008. The loan has been amortised over 15 yrs with 1/4ly payts of Principal US\$1,050,000 plus interest commencing 24 Oct 08. The loan was converted to a fixed rate loan for 5 years from 24 Jan 09 to 23 Jan 2014 at 4.25% pa.	Central Government	US 63,000	49,875
FirstCaribbean International Bank (Cayman) Limited A second draw down in the amount of US\$45,599,963.52 on Loan Agreement of US\$155,759,875.39 was drawn on 24 June 2008 at 1 month libor plus 0.50% margin. The loan has been amortised over 15 yrs with 1/4ly payts of Principal US\$760,000 plus interest commencing 24 Oct 2008. The loan was converted to a fixed rate loan for 5 years from 24 Jan 09 to 23 Jan 2014 at 4.25% pa.	Central Government	US 45,600	36,100
FirstCaribbean International Bank (Cayman) Limited Facility in the amount of US\$155,759,875.39 (CIS\$129.8million @ 0.833334) with an availability period of 12 months. Bridge Loan of CIS\$16m drawdown 26 Oct 07. CIS\$7.3m drawdown on 23 Nov 07 and a third drawdown of CIS\$16m on 14 December 2007 at 1 week Libor. Amortised over 15 yrs with 1/4ly payts of Principal US\$786,000 plus interest commencing 11 May 2008. Converted to a fixed rate loan for 5 yrs from 11 Feb 09 to 10 Feb 2014 @ 4.25%pa.	Central Government	US 47,160	36,025
RBC/BNS/HSBC - Bridge Financing Facility with rate of Interest at 1 month libor plus margin issued 1 April 2009 to be Repaid in full when Long Term Financing acquired	Central Government	US 185,074	154,938
Total debts managed by Central Government			416,482

Government of the Cayman Islands

Details of Borrowings

as at 30th June 2009

	Managed By	Original Borrowing	Balance as at 30th June 2009
			C\$'000
Royal Bank of Canada	Cayman Airways Ltd	US 23,602	19,275
During the year ended 30 June 2004, the Company entered into a loan agreement with Royal Bank of Canada (Cayman Islands) ("RBC") to obtain funds to a total value of \$23,602,333, which will be repaid over a fifteen year period. This funding was obtained in order to provide funds for operational needs. On 11 February 2008, the Company entered in new agreement with RBC covering all existing credit facilities ("Credit Facilities") with RBC at that time, the terms of which supersede all previous borrowing agreements. The Company is required to pay an amount of \$187,000 monthly relating to both principal and interest. The loan bears a floating rate of interest priced at one month Libor plus 1.25% per annum. The loan is secured by way of guarantee from the Government.			
Royal Bank of Canada	Cayman Airways Ltd	US 10,528	6,009
During the year ended 30 June 2004, the Company entered into a loan agreement with RBC to obtain funds to a total value of \$21,055,000, which will be repaid over a fifteen year period. The agreement required a local bank in the Cayman Islands to provide 50% of the required funds (see (ii) below). This funding was obtained in order to provide funds for operational needs. On 11 February 2008, the Company entered in new agreement with RBC covering all existing credit facilities ("Credit Facilities") with RBC at that time, the terms of which supersede all previous borrowing agreements. The Company is required to pay an amount of \$83,000 monthly relating to both principal and interest. The loan bears a floating rate of interest priced at one month Libor plus 1.25% per annum. The loan is secured by way of guarantee from the Government.			
First Caribbean International Bank	Cayman Airways Ltd	US 4,200	2,764
First Caribbean International Bank During the year ended 30 June 2007, the Company entered into a loan agreement with FCIB to obtain funds to a total value of \$4,200,000, which will be repaid over a ten year period. This funding was obtained in order to provide funds for capital expenditure. The Company is required to pay an amount of \$40,000 monthly relating to both principle and interest. The loan bears a floating rate of interest priced at one month Libor plus 0.75% per annum. The loan is secured by way of guarantee from the Government.			
First Caribbean International Bank	Cayman Airways Ltd	US 15,000	10,023
First Caribbean International Bank During the year ended 30 June 2009, the Company entered into a loan agreement with FCIB to obtain funds to a total value of \$15,000,000, which will be repaid over a fifteen year period. This funding was obtained in order to provide funds for operational needs. The Company is required to pay an amount of \$116,000 monthly relating to both principle and interest. The loan bears a floating rate of interest priced at one month Libor plus 3.5% per annum. The loan is secured by way of guarantee from the Government.			

Government of the Cayman Islands
Details of Borrowings
as at 30th June 2009

	Managed By	Original Borrowing	Balance as at 30th June 2009
Caribbean Development Bank			US\$'000
Agricultural and Industrial Loan Commenced 1991; maturity year 2012. Interest 3.84%	Cayman Islands Development Bank	US 1,074	240
In May 2002, CDB granted a new line of credit (9/0R-CAY) of US\$5 million (CIS\$4.154 million) for mortgage financing to the Cayman Islands Government with the CIDB acting as Executing Agent. This was in addition to 7/0R-CI line of credit of \$996,960 (US\$1,200,000).			
Caribbean Development Bank			
Mortgage Commenced 2002; maturity year 2020; Interest rate 3.84	Cayman Islands Development Bank	US 4,875	3,817
In May 2002, CDB granted a new line of credit (9/0R-CAY) of US\$5 million (CIS\$4.154 million) for mortgage financing to the Cayman Islands Government with the CIDB acting as Executing Agent. This was in addition to 7/0R-CI line of credit of \$996,960 (US\$1,200,000).			
Bond			
10 year Bond			
10-year Variable Rate Development Bond due June 30, 2015	Cayman Islands Development Bank	US 6,000	4,985
5 year Bond			
5 year Bond US\$ 5.8 million due June 2015, Variable Rate at 6 month US\$ LIBOR plus 2.75%	Cayman Islands Development Bank	US 5,800	4,985
Bond			
Bond issued in July 2007 for \$16,616,000 (US\$ 20,000,000) at 6.85% fixed rate due July 2017. Interest on this bond is paid half-yearly in July and January. During April 2010, CIDB refinanced the US\$20 Million Bond, due July 2017. CIDB secured a credit facility with a local financial institution to refinance the bond at a lower rate of interest of U.S. 180-Day LIBOR, plus 235 basis points. The new credit facility is for a period of 5 years	Cayman Islands Development Bank	US 20,000	16,616

Government of the Cayman Islands
Details of Borrowings
as at 30th June 2009

	Managed By	Original Borrowing	Balance as at 30th June 2009
			C\$'000
Bond	National Housing Development Trust	US 12,227	10,478
Issued at 5.238% 28th October 2004 for 20 years to 28th October 2024 with semi-annual payments			
RBC & BNS	Port Authority	US 4,200	574
\$3,444,000 (US\$4,200,000) loan for the purchase of the Fort building secured by a charge over the property acquired bearing interest of LIBOR (1.68580% as at 30 June 2009) plus 1%, and repayable in monthly instalments until May 2013			
RBC & BNS	Port Authority	US 5,500	2,287
\$4,510,000 (US\$5,500,000) loan for the George Town Dock Rehabilitation bearing interest of LIBOR (1.68580% as at 30 June 2009) Plus 1.5%, and repayable in monthly instalments until March 2014			
RBC & BNS	Port Authority	US 17,500	11,264
Royal Water Terminal \$14,350,000 (US\$17,500,000) for the Royal Water Terminal and bearing interest of LIBOR (1.68580% as at 30 June 2009) plus 1.5% and repayable in monthly instalments starting from May 1, 2005 until May 1, 2014.			
Caribbean Development Bank	Tourism Attraction Board	US 5,790	1,898
A loan of US\$5,790,000 from the Caribbean Development Bank (CDB) to finance the Pedro St. James restoration project is in the name of the Cayman Islands Government. A total of US\$5,369,720 was withdrawn from the loan leaving a balance of US\$420,280, which was duly cancelled by the CDB.			
			C\$'000
Cayman National Bank & First Caribbean	Cayman Islands Turtle Farm (1983) Ltd	US 14,784	11,890
The Cayman Islands Government by way of letter of undertaking guarantees the loan facilities for US\$14,800,000 (CIS12,432,000). Facilities 1 to 3 bear interest between 0.5% and 1.0% above US Dollar prime rate, reset monthly. Facility 4 bears interest at 3.75% above the 90-day London Interbank offer rate (LIBOR). The effective rate at June 30, 2012 is between 4.0% and 4.1%			
Guaranteed Senior Notes	Cayman Islands Turtle Farm (1983) Ltd	US 44,600	30,700
Pursuant to a confidential placement memorandum, the Company issued Notes in the amount of US\$44,600,000 (equivalent to C\$37,464,000) primarily for the purpose of funding the Park. The Notes were issued at par and were placed by William Blair & Company, L.L.C. (the "Placement Agent") with third party institutional investors. The Notes are guaranteed by the Cayman Islands Government up to an amount of C\$36,600,000. The Notes mature on March 1, 2019 and bear interest at a fixed rate of 4.85% per annum, payable quarterly in arrears. Quarterly payments commenced on June 2, 2004. The first 9 quarterly payments were interest only, and quarterly payments of principal and interest commenced on September 1, 2006. The principal amount of the Notes will amortise quarterly to an approximate final principal payment of US\$5,400,000 (C\$4,536,000) due on March 1, 2019.			
European Investment Bank	University College of the Cayman Islands	EU 1500	1,225
European Investment Bank The Loan from the European Development Fund of C\$1,286,504. (EUR 1,134,783) commenced in October 1999 and is repayable in 60 semi-annual instalments until the year 2029. The loan attracts an interest rate of 1% per annum on the principal amount outstanding and has been guaranteed by the Cayman Islands Government. No collateral security has been provided by the University College			

Government of the Cayman Islands
Details of Borrowings
as at 30th June 2009

	Managed By	Original Borrowing	Balance as at 30th June 2009
			cs'000
FirstCaribbean International Bank Administration Building loans: 15 years loan of US\$1,600,000. Commenced August 1998. Interest LIBOR +1%	Water Authority - Cayman	US 1,600	471
FirstCaribbean International Bank Waste Water Treatment Works Loan#10138458 year loan of US\$501,000. Commenced December 2000. Interest LIBOR +1%	Water Authority - Cayman	US 501	501
FirstCaribbean International Bank Waste Water Treatment Works Loan#10138458 years loan of US\$12,677,508. Commenced December 2002. Interest LIBOR +1%	Water Authority - Cayman	US 12,678	6,381
FirstCaribbean International Bank New Administration Building Loan: 15 years loan of US\$2,421,500. Commenced June 2007. Interest LIBOR+0.9%	Water Authority - Cayman	US 2,422	2,092
FirstCaribbean International Bank Northside Supply Extension and pumping facility: 15 years loan of US\$2,505,000. Commencing December 2008. Interest LIBOR+0.9%	Water Authority - Cayman	US 2,505	2,505
FirstCaribbean International Bank Credit Facility. 15 Year loan Term. Commenced June 2009. Interest LIBOR +0.9%	Water Authority - Cayman	US 4,676	4,676
Ocean Conversion (Cayman) Ltd North Sound - Original 7 Year Loan of US\$2,610,545. Commenced Nov 2002. Interest 0.00%	Water Authority - Cayman	US 2,611	124
Ocean Conversion (Cayman) Ltd Lower Valley - Second Expansion: 7 Year Loan of US\$748,631. Commenced February 2006. Interest 0.42%	Water Authority - Cayman	US 749	416
Ocean Conversion (Cayman) Ltd North Sound - Second Expansion: 7 Year Loan of US\$1,450,505. Commenced April 2007. Interest 0.42%	Water Authority - Cayman	US 1,451	1,038
Caribbean Development Bank #6 OR - C1 - Third Airport Project: repayable quarterly over 15 years, commencing in 1991. Interest accrues on the loan at a variable interest rate of 4.09%	Water Authority - Cayman	US 8,570	984
Cayman National Bank Loan of US\$ 5,400,000 repayable quarterly over 10 years, commencing April 2001 with interest accruing at 2.07% as of June 30, 2004 and adjusted every 3 months to 0.75% above the LIBOR rates. All external loans (except Cayman National Bank Loan) are in the name of the Cayman Islands Government. The Cayman National Bank Loan was taken out in the name of the Civil Aviation Authority, and guaranteed by the 2004. In January of 2007, the Cabinet of the Cayman Islands Government officially passed a resolution to transfer the loan into the name of the Authority.	Cayman Islands Airports Authority	US 5,400	892
European Investment Bank 1981 Loan - Cayman Brac Airport: repayable over 30 years, commencing 1990 at interest rate of 1% on outstanding balance.	Cayman Islands Airports Authority	EUR 330	150
European Investment Bank 1987 Loan - Cayman Brac Airport: EUR 658,000 repayable over 30 years, commencing 1997 at interest rate of 1% on outstanding balance.	Cayman Islands Airports Authority	EUR 658	490
Total debts managed by Statutory Authorities & Government Companies			160,299
Total Borrowings			576,780

Structure of Government

Cayman Islands Audit Office	Core	(345) 244-3211	www.auditorgeneral.gov.ky
Judicial Administration	Core	(345) 949-4296	www.judicial.ky
Portfolio of Internal and External Affairs	Core	(345) 244-2432	www.pie.gov.ky
Portfolio of Legal Affairs	Core	(345) 244-2405	www.judicial.ky
Portfolio of Finance and Economics	Core	(345) 244-2250	www.pfe.gov.ky
Ministry of Tourism, Environment, Investment and Commerce	Core	(345) 244-2458	www.mtd.gov.ky
Ministry of District Administration, Planning, Agriculture and Housing	Core	(345) 244-2412	www.dawla.gov.ky
Ministry of Education, Training, Employment, Youth, Sports and Culture	Core	(345) 244-2417	www.education.gov.ky
Ministry of Health and Human Services	Core	(345) 244-2458	www.ministryofhealth.gov.ky
Cabinet Office	Core	(345) 244-2208	www.cabinetoffice.gov.ky
Complaints Commissioner	Core	(345) 244-3685	www.constitution.gov.ky
Portfolio of the Civil Service	Core	(345) 949-7900	www.pocs.gov.ky
Ministry of Communications, Works and Infrastructure	Core	(345) 244-2424	www.mcagh.gov.ky
Information Commissioner's Office	Core	(345) 747-5402	www.infocomm.ky
Cayman Islands Airports Authority	SAGC	(345) 943-7070	www.caymanairports.com
Children & Youth Services Foundation	SAGC	(345) 946-2446	www.cays.org.ky
Cayman Islands National Insurance Company	SAGC	(345) 949-8101	www.cinico.ky
Cayman Airways Ltd.	SAGC	(345) 949-8200	www.caymanairways.com
Cayman Islands Development Bank	SAGC	(345) 949-7511	www.cidb.ky
Cayman Islands Monetary Authority	SAGC	(345) 949-7089	www.cimoney.com.ky
Cayman National Cultural Foundation	SAGC	(345) 949-5477	www.arts.cayman.org
Cayman Islands Turtle Farm (1983) Ltd	SAGC	(345) 949-3893	www.turtle.ky
Civil Aviation Authority	SAGC	(345) 949-7811	www.caacayman.com
Electricity Regulatory Authority	SAGC	(345) 949-8372	www.caymanera.ky
Health Services Authority	SAGC	(345) 949-8600	www.hsa.ky
Information and Communications Technology Authority	SAGC	(345) 946-4282	www.icta.ky
Maritime Authority of the Cayman Islands	SAGC	(345) 949-8831	www.cishipping.com
National Drug Council	SAGC	(345) 949-9000	www.ndc.ky
National Gallery	SAGC	(345) 945-8111	www.nationalgallery.org.ky
National Housing Development Trust	SAGC	(345) 945-7649	www.gov.ky
National Museum	SAGC	(345) 949-8368	www.museum.ky
National Roads Authority	SAGC	(345) 946-7780	www.caymanroads.com
Public Service Pension Board	SAGC	(345) 945-8175	www.pspb.gov.ky
Port Authority	SAGC	(345) 949-2228	www.caymanport.com
Sister Islands Affordable Housing Development Corporation Board	SAGC		www.gov.ky
Stock Exchange Authority	SAGC	(345) 945-6060	www.csx.com.ky
Tourism Attraction Board	SAGC	(345) 949-6999	www.tab.ky
University College of the Cayman Islands	SAGC	(345) 949-9580	www.ucci.edu.ky/
Water Authority-Cayman	SAGC	(345) 949-6352	www.waterauthority.ky