



MINISTRY OF
FINANCE & ECONOMIC
DEVELOPMENT
CAYMAN ISLANDS GOVERNMENT

Entire Public Sector (EPS) Accounts Annual Report

For the Financial Year ended
31 December 2019



INTRODUCTION

These financial statements contain the results and position for the period ended 31 December 2019. Accordingly, the comparative figures in the financial statements are for the period ended 31 December 2018.

Also, included in the information presented are:

- The original budget for the year as published in the 2019 Annual Plan & Estimates,
- The audited actuals for the prior year, 2018.

This commentary should be read in conjunction with the financial statements and disclosure notes. Amounts herein are stated in Cayman Islands Dollars.

GOVERNMENT STRUCTURE

The Cayman Islands is an Overseas Territory of the United Kingdom, a foreign sovereign territory. His Majesty the King of England (“His Majesty”), as the British king regnant, is the head of state of the Cayman Islands. His Majesty appoints a representative (the “Governor”) to administer the Government of the Cayman Islands on her behalf. As the Cayman Islands is not part of the United Kingdom, the Cayman Islands has its own Constitution and is governed by a local parliamentary democracy comprised of executive, legislative and judicial branches. The Governor administers the Cayman Islands on behalf of His Majesty and is constitutionally bound to promote the good governance and act in the best interest of the Cayman Islands, so long as it is consistent with the United Kingdom’s interests. The United Kingdom provides defence of the Cayman Islands, and the Royal Cayman Islands Police Service provides police services in the Cayman Islands.

While all of the Cayman Islands’ financing decisions are made by the Parliament and Cabinet, and the United Kingdom does not provide direct financial support to the Cayman Islands, the United Kingdom closely monitors borrowings incurred by the Cayman Islands.

The Cabinet is responsible for creating Government policy and currently consists of twelve Cabinet members, headed by the Governor. The twelve members consist of the Governor, the Premier, seven ministers (the “Ministers”) who are appointed by and from within the elected members of the Parliament, and two members (the “Members”) consisting of the Deputy Governor and the Attorney General.

The Governments’ organisational structure is broken into Core Government (CO) and Statutory Authorities and Government Companies (SAGC), and is collectively referred to as the Entire Public Sector (EPS). Core Government is made up of the Parliament, the Governor in Cabinet, Ministries, Portfolios, and Offices (M/P/O’s) and includes the equity investment in Statutory Authorities and Government Companies.

Various statutory boards and authorities have been established for specific purposes, including, but not limited to, Cayman Airways Limited, the Cayman Islands Airport Authority, Cayman Islands Development Bank, Cayman Islands National Insurance Company, Cayman Islands Health Services Authority, The Water Authority of the Cayman Islands, Cayman Turtle Conservation and Education Centre Limited, The Cayman Islands Stock Exchange, Utility Regulation and Competition Office, and The Port Authority of the Cayman Islands.

KEY FINANCIAL HIGHLIGHTS

The Government of the Cayman Islands once again has posted a Surplus. A Surplus of \$117.7 million was achieved by the Entire Public Sector (EPS) for the year ending 31 December 2019. For the prior 12-month period ending 31 December 2018, the EPS achieved a Surplus of \$225.1 million.

Actual EPS Surplus results out-performed the EPS original budget by \$58.4 million for the financial year 2019 (2018: \$144.1 million).

The Government's financial position remains strong as:

Net Assets (total Assets less all recognised Liabilities) were \$1.6 billion as at 31 December 2019. EPS debt declined by 31% based on the net of \$151.4 million in new borrowings during the financial year and debt repayments of \$287.0 million.

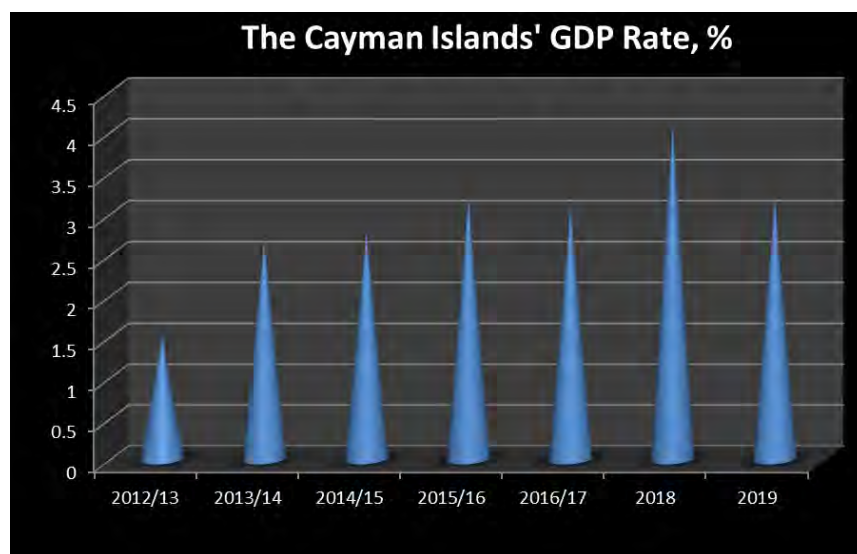
The Government did not achieve full compliance with the Framework for Fiscal Responsibility (FFR) as required by the Foreign and Commonwealth Development Office and the Public Management and Finance Act (PMFA) (2020 Revision), for prudent fiscal management. The principle on Borrowing which requires that Debt servicing costs should for the year should not be more than 10% of Core Government revenue was not complied with as the Government achieved a Debt servicing of 38.2%. This was due to the repayment of 2019 Bond.

ECONOMIC OVERVIEW BASED ON ANNUAL ECONOMIC REPORT 2019

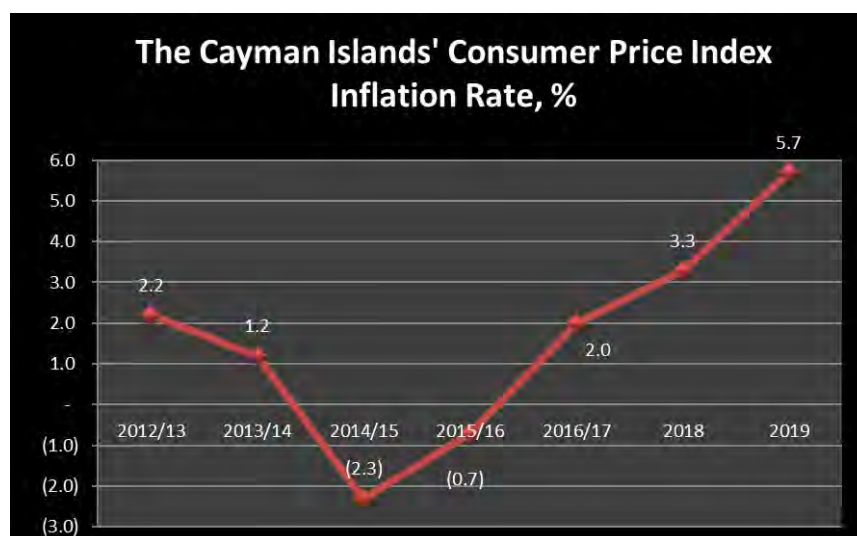
- In 2019, the world economy recorded weaker growth due mainly to heightened trade tensions between the US and China. Inflation was unchanged as crude oil, and agriculture commodity prices declined.
- The Cayman Islands' gross domestic product (GDP) expanded anew in 2019 at an estimated rate of 3.2 percent, lower than the 4.1 percent growth recorded in 2018.
- Growth was indicated in all sectors led by hotels and restaurants, construction, wholesale and retail trade, and renting and business activities (mainly legal and accounting services).
- Nominal GDP per capita income was estimated at \$73,694, higher relative to the \$71,369 recorded for 2018.
- The average inflation rate in 2019 was 5.7 percent, compared to 3.3 percent a year ago. Inflationary pressures emanated mainly from increased domestic demand, particularly for housing.
- Total employment increased by 5.6 percent to 47,394 in 2019. The growth in employment was outweighed by an increase in the labour force, which resulted in the unemployment rate rising to 3.5 percent. The unemployment rate among Caymanians was estimated at 5.6 percent.
- In 2019, merchandise imports grew by 13.5 percent to reach \$1,183.3 million, supported by increases of 5.8 percent and 14.6 percent in oil-related and non-oil imports, respectively.
- Money supply (M2) expanded by 2.6 percent to register at \$7.6 billion in 2019. This monetary expansion was due to a 12.5 percent increase in local currency deposits, while foreign currency-denominated deposits declined by 0.4 percent.
- Domestic credit from commercial banks expanded by 7.6 percent to settle at \$3,300.9 million. Credit to the private sector rose by 5.8 percent while that to the public sector increased by 33.2 percent.
- The Financial Services indicators generally declined in 2019. Bank and trust licences, insurance licences, mutual funds (including master funds), the number of new company and new partnership registrations contracted while stock exchange listings and stock market capitalization increased.

- Total stay-over visitors increased by 8.6 percent. However, total arrivals declined by 2.1 percent as a 4.7 percent reduction in cruise arrivals outweighed the increase in stay-over visitors.
- Indicators of construction increased in 2019. The value of building permits in Grand Cayman rose by 97.8 percent to \$490.3 million, mainly due to several apartment projects. Similarly, the value of planning approvals in Grand Cayman increased by 18.4 percent to \$890.4 million.
- Real estate activity declined during the year as the total value of property transfers fell by 24.6 percent to \$862.2 million, as both freehold and leasehold transfers decreased.
- The central government's overall surplus in 2019 moderated to \$102.1 million from \$132.4 million in 2018. The total outstanding debt of the government contracted by \$134.3 million to \$284.4 million (5.7 percent of GDP) at the end of 2019.
- GDP is projected to contract in 2020 by 7.6 percent, primarily due to the expected impact of lower tourism and restrictions on economic activity. The inflation rate is expected at 0.4 percent arising principally from external pressures. The overall unemployment rate is projected at 7.1 percent.

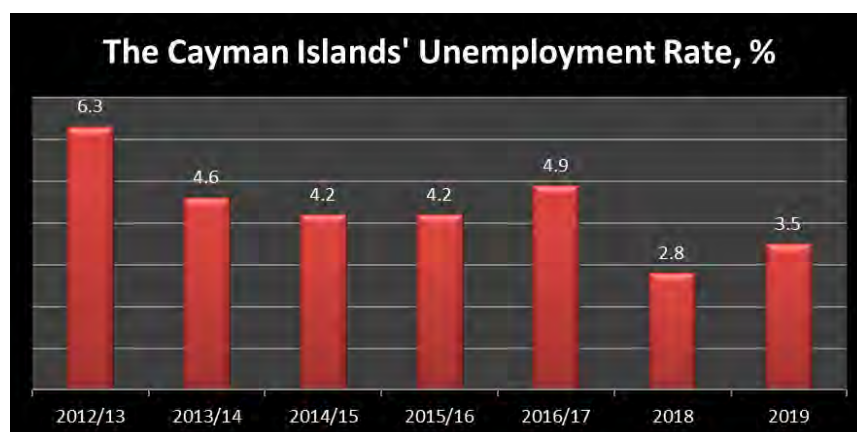
Source: Economics and Statistics Office



Source: Economics and Statistics Office



Source: Economics and Statistics Office



Source: Economics and Statistics Office

PERFORMANCE OVERVIEW and ANALYSIS

Government Revenue and Expenditure

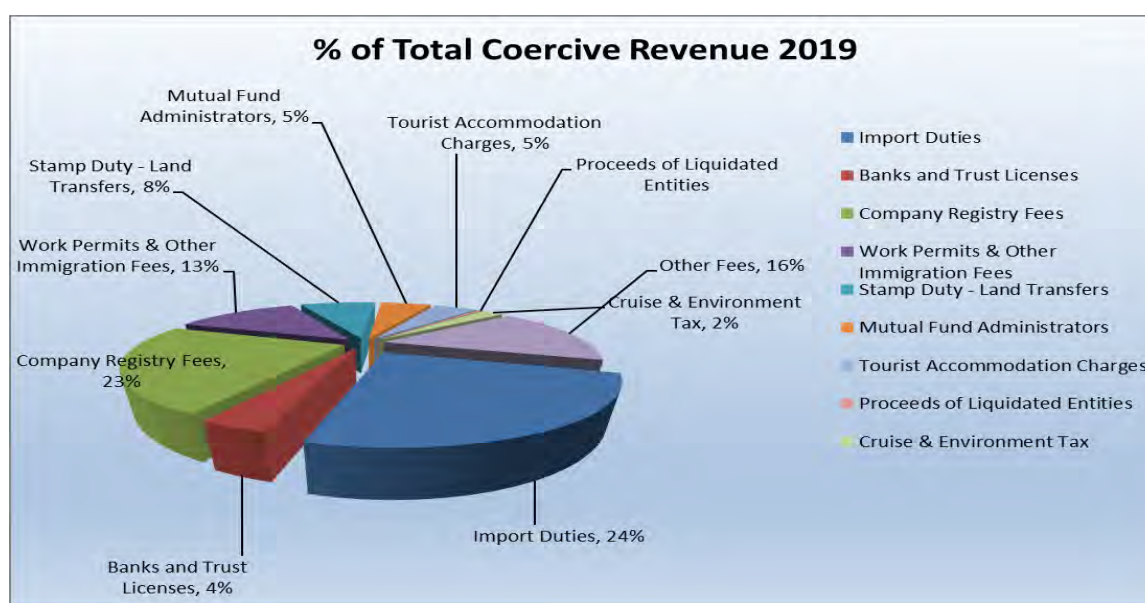
Revenue

DESCRIPTION	EPS Actual CI\$000	
	2019	2018
Coercive Revenue	795,070	781,061
Sales of Goods & Services	311,499	290,918
Investment Revenue	26,306	17,230
Donations	1,742	2,517
Other Revenue	1,187	606
Total Revenue	1,135,804	1,092,332

The Total Revenue for the 2019 is \$1.14 billion, which when compared to 2018 indicates that the year ended 31 December 2019 produced \$43.5 million (4%) higher revenues. The Total Revenue earned were also \$150.4 million more than the 2019 Original Budget

What is the Government's primary source of revenue?

The primary source of revenue is coercive revenue, which was 70% of total public sector revenue in 2019 (2018: 72%), while sale of goods and services represented 27%, respectively. Coercive revenues are those revenues collected by Government under its coercive powers authorised under various acts passed by the Parliament (e.g. import duties, work permit fees, bank license fees, etc.) and for which there is no direct exchange of any goods or services. The primary type of coercive revenue is import duties, which represents 24% of total coercive revenue in financial year 2019 (2018: 23%). See table on page 9 showing details of total coercive revenue.



The preceding chart also shows that fees collected from the financial services industry (Bank and Trust Licenses, Company Registry fees, and Mutual Fund Administrator Fees) is a significant portion of Government revenue; these fees represented 32% of total coercive revenue and 22% of total public sector revenue as at 31 December 2019 (2018: 31% and 22%).

See seven-year trend table on coercive revenue below:

DESCRIPTION	EPS Actual						
	C\$000						
	2012/13	2013/14	2014/15	2015/16	2016/17	2018	2019
Import Duties	169,113	161,670	156,393	159,834	243,239	181,132	193,076
Banks and Trust Licenses	33,511	34,225	32,795	31,592	30,074	29,382	28,184
Company Registry Fees	62,145	134,355	140,739	146,863	182,135	165,973	182,110
Work Permits & Other Immigration Fees	107,557	71,278	79,914	79,364	135,145	88,244	100,402
Mutual Fund Administrators	41,893	45,140	43,139	44,544	49,213	44,044	43,137
Stamp Duty - Land Transfers	35,422	30,502	38,967	52,987	76,340	80,655	64,544
Cruise & Environment Tax	13,946	13,695	15,409	16,494	23,061	17,961	17,810
Tourist Accommodation Charges	14,105	18,725	20,643	21,134	33,559	32,671	36,535
Proceeds of Liquidated Entities	-	-	-	16,652	3,550	19,054	3,299
Other Fees	82,485	102,027	95,505	103,797	176,518	121,945	125,973
Total Coercive Revenue	560,177	611,617	623,503	673,261	952,834	781,061	795,070

The 2016/17 reporting period covers an 18-month period and is not comparable to other periods which reflect the results of a 12-month reporting period

See Note 21 of the EPS Accounts.

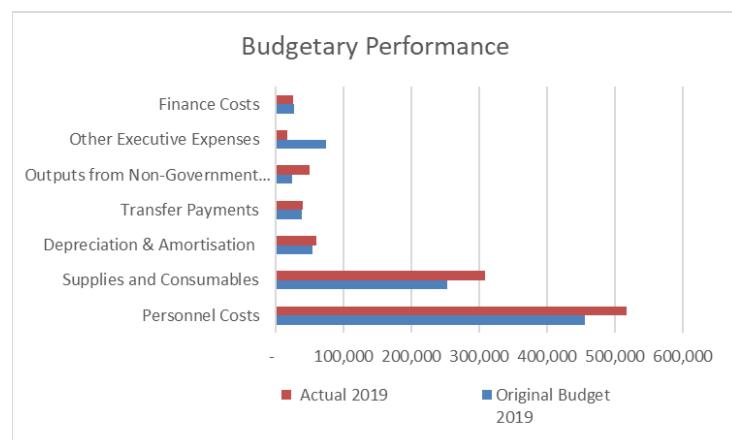
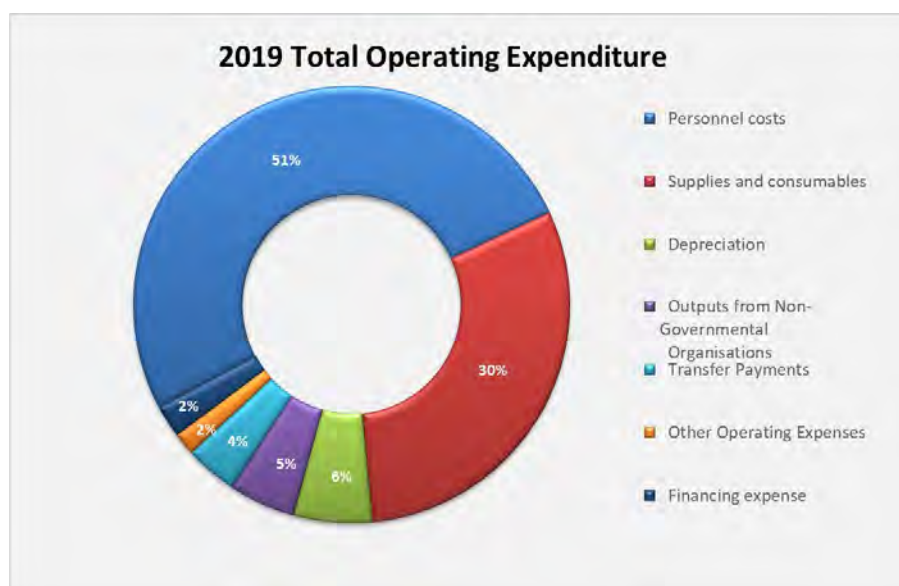
Proceeds of Liquidated Entities – the 2015 amendment to the Public Management and Finance Act allowed the Government to recognise in revenue any trust asset that remained unclaimed for a period of four years after having become transferable to any person entitled to the asset.

EXPENDITURE

What does Government Spend on Providing Services and Operating costs?

DESCRIPTION	EPS Actual C\$'000		% of Total Public Sector Expenses	
	2019	2018	2019	2018
Personnel costs	517,833	421,173	51%	49%
Supplies and consumables	309,341	265,702	30%	31%
Depreciation	59,368	56,022	6%	6%
Outputs from Non-Governmental Organisations	50,028	48,159	5%	6%
Transfer Payments	39,458	36,476	4%	4%
Other Operating Expenses, Gains and Losses	17,125	12,813	2%	1%
Financing expense	24,947	26,852	2%	3%
Total Operating Expenses	1,018,100	867,197	100%	100%

The most significant elements of expenditure were the cost of employing staff and the purchase of supplies and consumables for normal day-to-day operations. Personnel costs represented approximately 51% of total expenditure as at 31 December 2019 (2018: 49%), which is typical for service-based organisations and consistent with prior years.



Total Operating Expenses of the EPS were \$1.0 billion; this amount was \$92.0 million (10%) more than the original budget of \$926.1 million. Mainly related to Personnel Costs and Supplies and Consumables surpassing original allocations.

Personnel Costs

Salaries and wages for 2019 are up 8% when compared to the prior year. In September 2018, Cabinet approved a 5% Cost of Living Adjustment (CoLA), for Core Government, retroactive to July 2018. Additionally, several SAGCs also submitted request to Cabinet to award a CoLA in 2018. 2019 reflects 12 months of the adjusted salaries when compared to 2018.

Description	EPS Actual C\$000	
	2019	2018
Salaries, Wages and Allowances	404,395	373,698
Health Care	8,314	8,604
Pension	16,574	22,165
Leave	775	568
Defined Benefit Pension Liability	15,486	25,938
Post Retirement Health Care Liability	64,769	(16,059)
Other Personnel Costs	7,520	6,259
Total Personnel Costs	517,833	421,173

See Note 25 of the EPS Accounts.

Supplies and Consumables

Supplies and consumables for the 2019 period is \$296.8 million. For 2019 there was a 16% increase in cost for supplies and consumables. See detailed table below.

Description	EPS Actual C\$000	
	2019	2018
Supplies and Materials	71,520	60,392
Purchase of services	128,386	106,217
Utilities	26,012	19,478
General Insurance	6,735	3,063
Travel and Subsistence	5,173	4,803
Recruitment & Training	3,969	2,867
Other	54,979	59,857
Total Supplies & Consumables	296,774	256,677

See Note 26 of the EPS Accounts.

Financing Expenses

What does Government Pay to Finance its Liabilities?

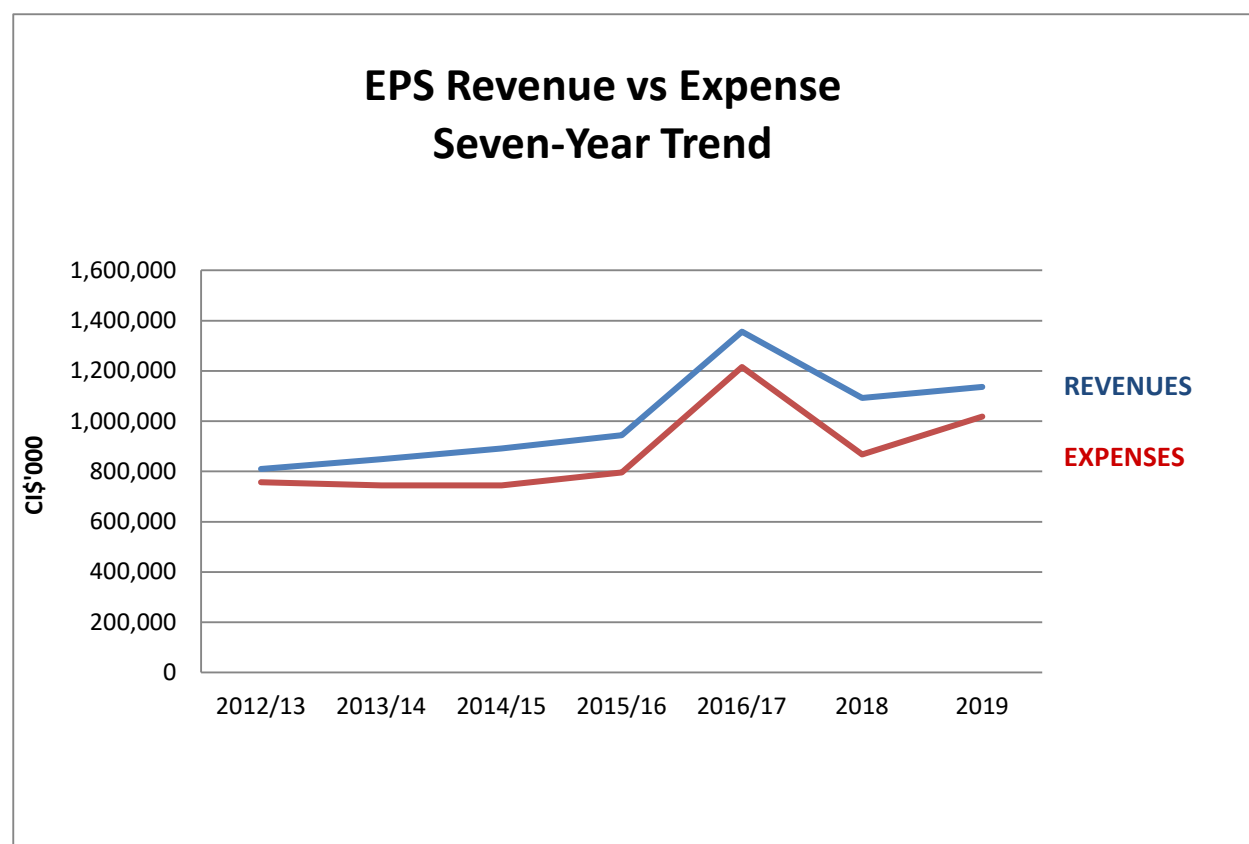
The most significant element of financing costs for the year ended 31 December 2019 was debt financing expense of \$24.9 million (2018: \$26.9 million). This consists of interest paid on bank borrowings and to bond holders.

Net Revenue or Surplus (Revenue less Expenses)

The surplus for the year ended 31 December 2019 was \$117.7 million (2018: \$225.1 million). See table and chart of revenue and expenditure summary for seven years below:

DESCRIPTION	EPS Actual						
	Ct\$'000						
	2012/13	2013/14	2014/15	2015/16	2016/17	2018	2019
Coercive Revenue	560,177	611,617	623,503	673,261	952,834	781,061	795,070
Sales of Goods & Services	245,935	234,165	261,478	261,344	384,809	290,918	311,499
Investment Revenue	2,636	2,336	4,700	5,669	15,631	17,230	26,306
Donations	1,401	1,203	1,081	931	2,405	2,517	1,742
Other Revenue	144	101	300	2,817	71	606	1,187
Total Revenue	810,293	849,422	891,062	944,022	1,355,750	1,092,332	1,135,804
Personnel costs	345,049	352,316	352,795	400,116	610,718	421,173	517,833
Supplies and consumables	246,785	236,842	231,567	223,896	346,418	265,702	309,341
Depreciation	45,182	43,734	50,846	53,851	88,098	56,022	59,368
Outputs from Non-Governmental Organisations	25,985	26,464	29,445	32,538	51,585	48,159	50,028
Transfer Payments	32,277	31,130	27,274	30,251	48,556	36,476	39,458
Other Operating Expenses, Gains and Losses	22,145	18,306	19,165	23,831	26,457	12,813	17,125
Financing expense	39,221	35,816	33,280	31,007	43,540	26,852	24,947
Total Expenses	756,644	744,608	744,372	795,490	1,215,372	867,197	1,018,100
Net Surplus	53,649	104,814	146,690	148,532	140,378	225,135	117,704

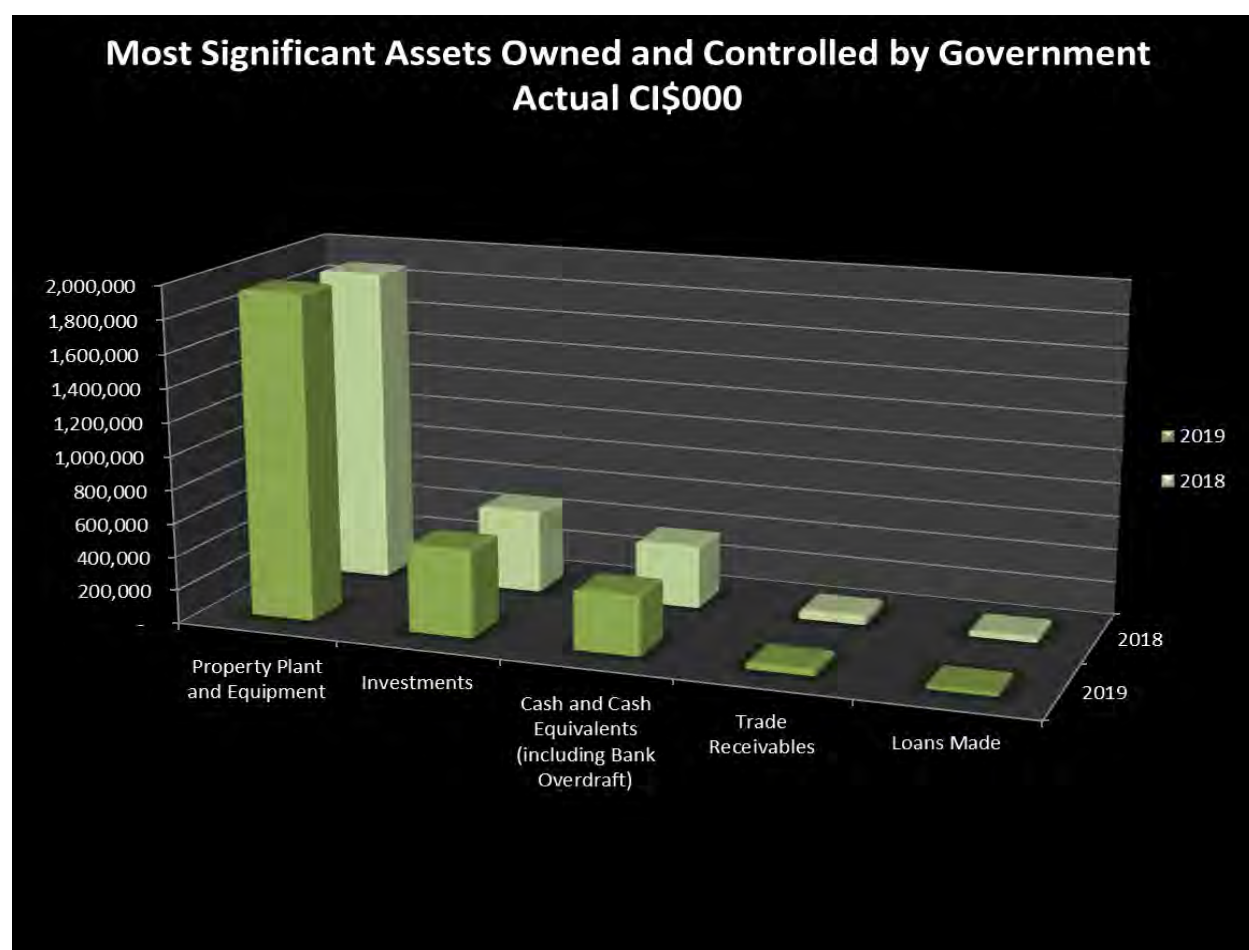
The 2016/17 reporting period covers an 18-month period and is not comparable to other periods which reflect the results of a 12-month reporting period



Government Assets and Liabilities

What are the Most Significant Assets Owned and Controlled by Government?

Assets	EPS Actual CI\$000	
	2019	2018
Cash and Cash Equivalents (including Bank Overdraft)	356,476	377,156
Trade Receivables	38,314	54,008
Investments	523,383	500,056
Loans Made	19,342	33,907
Property Plant and Equipment	1,942,426	1,893,541



Property, Plant and Equipment

The most significant assets owned and controlled by Government are property, plant and equipment (which include land and buildings, infrastructure, vehicles and equipment). See Note 10 of the EPS accounts.

Investments

Over 90% of investments consist of fixed deposits (over 90 days but less than 365 days). Core Government investments of \$417.7 million as at 31 December 2019 represents approximately 80% of total investments, with the SAGCs holding the remaining 20%. The majority of the \$105.6 million investments held by SAGCs form part of the Currency Reserve Assets of the Cayman Islands Monetary Authority. These assets are to be used to fund the Authority's currency redemption obligations. See Note 7 of the EPS accounts.

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, cash in transit, deposits held on call with banks and other short term highly liquid investments. See Note 2 of the EPS accounts.

Trade Receivables

The majority of the trade receivables are held by SAGCs. SAGCs held 80% of trade receivables as at 31 December 2019. See Note 3 of the EPS accounts.

The table below shows gross trade receivables of \$63.5 million (2018: \$84.5 million) as at 31 December 2019 less provision for doubtful debts \$25.2 million (2018: \$30.5 million) resulting in net trade receivables of \$38.3 million (2018: \$54.0 million).

Description	EPS Actual CI\$000	
	2019	2018
Coercive revenue Receivable	11,405	11,311
non-Coercive Receivable	52,072	73,167
Total Trade Receivables	63,477	84,478
Provisions	(25,163)	(30,470)
Net Trade Receivables	38,314	54,008

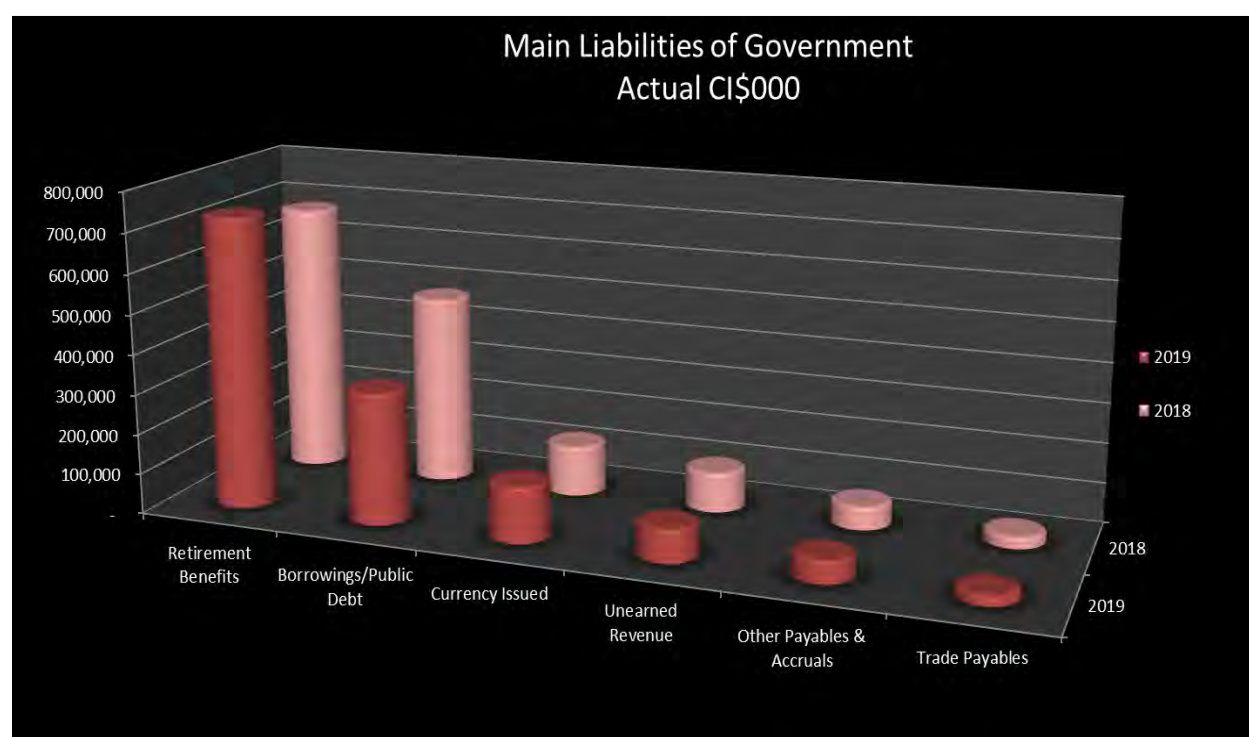
Loans Made

Loans Made consist mainly of commercial loans made by the Cayman Islands Development Bank and loans made to cover overseas medical care to persons not/insufficiently covered by health insurance. See Note 6 of the EPS accounts.

What are the Main Liabilities of Government?

The table below shows the main liabilities of the Entire Public Sector:

Liabilities	EPS Actual C\$000	
	2019	2018
Retirement Benefits	729,719	678,491
Borrowings/Public Debt	330,138	475,101
Currency Issued	140,369	126,609
Unearned Revenue	83,682	100,412
Other Payables & Accruals	56,839	58,341
Trade Payables	24,646	29,447

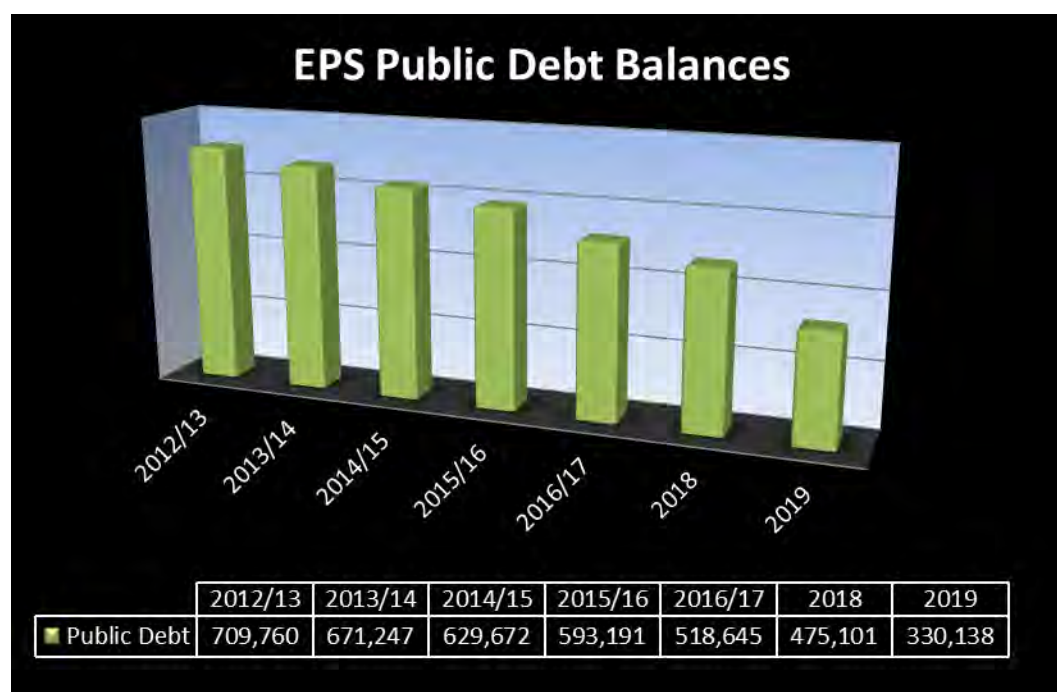


Public Sector Debt

To finance its activities and obligations, the Government borrows from the market to ensure sufficient funding is available to meet its daily cash requirements and financial commitments. Government borrowing comprises long-term borrowing in the form of commercial bank loans. The bond issued in 2009 was fully repaid during the year. During the financial year Core Government drew down under a new borrowing facility in the amount of \$151.4 million (\$182.6 million US Dollar equivalent). Cayman Airways Limited restructured its' existing debt which resulted in \$2.9 million in proceeds. See tables of public sector debt below.

Description	Opening Balance 1 January 2019 CI\$000	Drawdowns/ Additions CI\$000	Repayments CI\$000	Revaluation CI\$000	Balance 31 December 2019 CI\$000
Core	419,964	151,392	286,975	-	284,381
Water Authority of the Cayman Islands	613	-	613	-	-
Cayman Islands Development Bank	19,851	-	4,077	-	15,774
National Housing Development Trust	12,459	-	1,317	-	11,142
Cayman Airways Limited	17,711	2,940	1,810	-	18,841
Cayman Islands Turtle Farm (1983) Limited	4,503	-	4,503	-	-
Total	475,101	154,332	299,295	-	330,138

See Note 17 of the EPS Accounts.



Public debt continued to decline, from 475.1 million to \$330.1 million, as principal repayments of \$299.3 million were applied net of new borrowings of \$154.3 million.

Retirement Benefits

The Government, under the provisions of the Public Service Management Act, is obligated to provide post-retirement benefits to qualified employees in the form of health care and pension. The Government recognises and provides for actuarially determined present value of retirement obligation on an accrual basis, using the Projected Unit Credit method. See Note 16 of the EPS accounts.

The following tables present the pension liability at fair value as at 31 December 2019:

	2019 CI\$000	2018 CI\$000
Core Government	392,015	408,723
Parliamentarian Pensions	18,428	17,441
Judicial Pensions	(860)	(76)
Central Government Pension Liability Fair Value	409,583	426,088
Statutory Authorities and Government Companies	25,433	20,719
Entire Public Sector Pension Liability Fair Value	435,016	446,807

	Public Service Pensions Plan 2019 CI\$000	Parliamentary Pensions Plan 2019 CI\$000	Judiciary Pensions 2019 CI\$000	Total Central Government 2019 CI\$000	Statutory Authorities 2019 CI\$000	Entire Public Sector 2019 CI\$000
Defined benefit obligation	784,352	30,080	6,216	820,648	69,202	889,850
Fair Value of plan assets	392,337	11,652	7,076	411,065	43,769	454,834
Deficit/Surplus for funded plans	392,015	18,428	(860)	409,583	25,433	435,016
Net liability/(asset)	392,015	18,428	(860)	409,583	25,433	435,016

The Government is also obligated to provide for the future healthcare 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 healthcare benefit upon retirement. However, the Public Service Management Act 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 results of healthcare liability actuarial valuation, completed in April 2020, estimated the post-retirement healthcare obligation as at 31 December 2019 to be \$2.3 billion. The post-retirement healthcare obligation and any related expenditure has not been recognised on the Statements of Financial Position and Performance for Central Government.

There are some SAGCs who have accrued a post-retirement healthcare liability as at 31 December 2019 of \$294.7 million.

Net Assets and Liabilities

Net Assets increased from \$1.4 billion in 2018 to \$1.6 billion (see page 10 of the EPS accounts), an increase of 8%. The seven-year trend in key assets and liabilities is presented in the tables below. The 2016/17 period was an 18-month period commencing 1 July 2016 to 31 December 2017 and is not comparable to the 2015/16 or 2018 results as these periods represent results for 12 months:

DESCRIPTION	EPS Actual CI\$000						
Assets	2012/13	2013/14	2014/15	2015/16	2016/17	2018	2019
Cash and Cash Equivalents (including Bank Overdraft)	196,013	281,182	406,435	231,415	220,281	377,156	356,476
Trade Receivables	48,864	36,421	31,707	32,165	31,044	54,008	38,314
Investments	97,264	99,582	102,077	438,511	554,591	500,056	523,383
Loans Made	34,542	32,774	30,470	30,285	26,243	33,907	19,342
Property Plant and Equipment	2,105,054	2,078,619	2,068,405	1,732,843	1,752,736	1,893,541	1,942,426
Liabilities							
Borrowings/Public Debt	709,760	671,247	629,672	593,191	518,645	475,101	330,138
Retirement Benefits	211,731	225,519	227,048	481,283	709,833	678,491	729,719
Currency Issued	87,229	91,720	94,887	106,876	119,544	126,609	140,369
Unearned Revenue	33,054	37,313	40,238	65,282	86,929	100,412	83,682
Other Payables & Accruals	52,748	63,942	49,717	62,830	121,635	58,341	56,839
Trade Payables	25,454	27,369	30,163	20,213	27,779	29,447	24,646

Guarantees

Guarantees of the Government include: Guarantees of the borrowings of Statutory Authorities and Government Companies, and guarantees, either collective or specific, of the loans of certain individuals and companies obtained from the private sector. See table of guarantees below:

Description	Weighting Applied	Guaranteed Balance as at 31 December 2019 CI\$000	Loan Balance as at 31 December 2019 CI\$000
Cayman Airways Limited	80%	15,073	18,841
Cayman Islands Development Bank	50%	7,887	15,774
National Housing Development Trust	80%	8,914	11,142
		31,873	45,757

The weighting in the table above is applied under the PMFA based on entities that:

- Require an unpredictable level of budgetary support from the Governor in Cabinet are given an 80% weighting;
- Are financially stable and require predictable levels of support are given a 50% weighting; and
- Have not required budgetary support during the last three (3) years are given 20% weighting.

Commitments

Commitments are future expenses, liabilities and capital outlay to be incurred on contracts that have been entered into as at 31 December 2019. See tables of commitments below.

Entire Public Sector (includes Core Government)

Type	One Year or Less CI\$000	One to Five Years CI\$000	Over Five Years CI\$000	31 December 2019 CI\$000	31 December 2018 CI\$000
Capital Commitments					
Airport Runway development	40,406	-	-	40,406	-
Landfill	22,400	-	-	22,400	-
Other property, plant and equipment	19,802	8,369	-	28,171	17,874
Total Capital Commitments	82,608	8,369	-	90,977	17,874
Operating Commitments					
Non-Cancellable Accommodation Leases					
Accommodation leases	7,099	7,529	1,394	16,022	14,265
Other Non-Cancellable Leases					
Land Lease	12	49	62	123	295
Premises Lease	819	756	-	1,575	1,135
Aircraft Leases	5,214	35,380	9,422	50,016	16,909
Licensing Agreement	-	-	-	-	705
Other Operating Lease	-	-	-	-	21
Other Operating Commitments					
Other Operating Commitments	944	1,363	-	2,307	4,967
Total Operating Commitments	14,088	45,077	10,878	70,043	38,297
Total Commitments	96,696	53,446	10,878	161,020	56,171

See Note 34 of the EPS Accounts

Core Government

Type	One Year or Less CI\$000	One to Five Years CI\$000	Over Five Years CI\$000	31 December 2019 CI\$000	31 December 2018 CI\$000
Capital Commitments					
Landfill	22,400	4,727	-	27,127	-
Long Term Residential Mental Health Facility	9,465	700	-	10,165	-
Other property, plant and equipment	8,487	2,942	-	11,429	12,195
Total Capital Commitments	40,352	8,369	-	48,721	12,195
Operating Commitments					
Non-Cancellable Accommodation Leases					
Accommodation leases	1,861	5,077	1,106	8,043	5,646
Other Non-Cancellable Leases					
Land Lease	-	-	-	-	-
Premises Lease	537	631	-	1,168	1,015
Aircraft Leases	-	-	-	-	-
Licensing Agreement	-	-	-	-	-
Other Operating Lease	-	-	-	-	-
Other Operating Commitments					
Other Operating Commitments	416	416	-	832	4,369
Total Operating Commitments	2,814	6,124	1,106	10,043	11,030
Total Commitments	43,166	14,493	1,106	58,764	23,225

BUDGET ANALYSIS

Actual EPS total surplus outperformed the original budget by \$58.4 million or 99%; as coercive revenue exceeded expectations by 16%. Total expenses were more than the budget by \$90.5 million or 10%. Further details can be seen in the table of financial performance with actual results compared to the original and final budget below.

GOVERNMENT OF THE CAYMAN ISLANDS STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2019 ENTIRE PUBLIC SECTOR				
	Original Budget 2019	Actual 2019	Performance Difference Original Budget	% Change Actual vs. Budget
	CI\$000			
Revenue				
Coercive Revenue	683,448	795,070	111,622	16%
Sales of Goods & Services	284,150	311,499	27,349	10%
Other Revenue	17,808	29,235	11,427	64%
Total Revenue	985,406	1,135,804	150,398	15%
Expenses				
Personnel Costs	455,631	517,833	62,202	-14%
Supplies and Consumables	253,464	309,341	55,877	-22%
Depreciation & Amortisation	53,894	59,368	5,474	-10%
Transfer Payments	38,910	39,458	548	-1%
Outputs from Non-Government Organizations	23,804	50,028	26,224	-110%
Other Operating Expenses	74,889	16,906	(57,983)	77%
Finance Costs	26,751	24,947	(1,804)	7%
Total Expenses	927,343	1,017,881	90,538	-10%
Total Other (Gains)/Losses	(1,222)	219	1,441	-118%
Surplus/(Deficit) for the period	59,285	117,704	58,419	99%

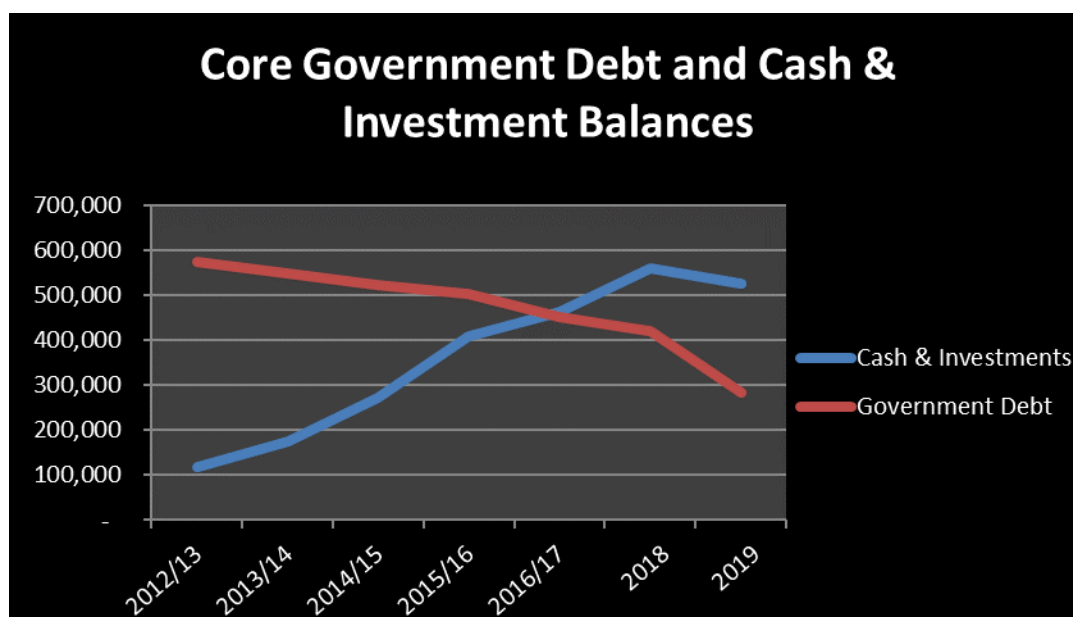
KEY FINANCIAL ACCOMPLISHMENT

The Government of the Cayman Islands manages its day-to-day operation without direct intervention by the Foreign and Commonwealth Development Office (FCDO) provided that the policies implemented are in keeping with the agreed direction/guidelines of the FCDO. These guidelines are referred to under the Public Management and Finance Act as Principles of Responsible Financial Management. Per section 34 of the PMFA, failure to comply with the borrowing, net debt and cash reserve principles as outlined below requires that any additional borrowing must first receive the approval of the Foreign and Commonwealth Development Office.

See below table showing trends for year-end cash (includes cash equivalents and investments) and debt balances for Core Government.

Core Government CI\$'000							
Indicator	2012/13	2013/14	2014/15	2015/16	2016/17	2018	2019
Cash & Investments	117,052	173,951	271,468	408,619	462,110	559,434	524,426
Government Debt	573,850	548,499	523,322	503,318	451,081	419,964	284,380

The chart below shows the steady improvement cash and debt balances for Core Government, and highlights that cash exceeded debt as at 31 December 2019.



Investments in fixed deposits with maturity dates greater than 90 days at the time of placement were no longer reflected under Cash and Cash Equivalents on the Statement of Financial Position, but as Investments.

The Table below outlines the requirements of the Principles of Responsible Financial Management.

Principle	Degree of Compliance	
	Unaudited 2019 Actual	Approved 2019 Budget
Core Government Operating Surplus : should be positive (Operating surplus = Core Government operating revenue – Core Government operating expenses)	Complies Surplus = \$143.8 million	Complies Surplus = \$65.1 million
Net Worth: should be positive (Net worth = Core Government assets – Core Government liabilities)	Complies Net Worth = \$1.6 billion	Complies Net Worth = \$1.4 billion
Borrowing: Debt servicing cost for the year should be no more than 10% of Core Government revenue* (Debt servicing = interest + other debt servicing expenses + principal repayments for Core Government debt, Public Authorities debt and self-financing loans)	Does Not Comply* Debt servicing = 38.2%	Does Not Comply* Debt servicing = 46.7%
Net Debt: should be no more than 80% of Core Government revenue (Net debt = outstanding balance of Core Government debt + outstanding balance of self-financing loan balance + weighted outstanding balance of Public Authorities guaranteed debt - Core Government liquid assets)	Complies Net debt < 0%	Complies Net debt = 17.4%
Cash Reserves should be no less than estimated executive expenses for 90 Days: (Cash reserves = Core Government cash and other liquid assets at lowest point)	Complies Cash Reserves = 147.7 days	Complies Cash Reserves = 91.9 days
Financial risks should be managed prudently so as to minimise risk	Complies Insurance cover exists for all government buildings, vehicles and major potential liabilities. Hurricane Preparedness Strategy in place.	Complies Insurance cover exists for all government buildings, vehicles and major potential liabilities. Hurricane Preparedness Strategy in place.

* Technical non-compliance due to scheduled debt repayment.

Responsible financial management as defined by section 14(3) of the PMFA is as below:

- Total core government revenue less total core government expenses (measured using generally accepted accounting practice) should be positive;
- Total core government assets less total core government liabilities (measured using generally accepted accounting practice) should be positive;
- borrowing should not exceed an amount for which the sum of interest, other debt servicing expenses, and principal repayments for a financial year are more than ten percent of core government revenue (calculated using generally accepted accounting practice) for that financial year, where, for the purposes of this principle, borrowing is defined as all borrowing that is in the name of the Government regardless of whether it is serviced directly by the core government, a statutory authority or government company;
- Net debt should be no more than eighty percent of core government revenue, where, for the purposes of this principle, net debt is defined as:
 - Central government borrowing less core government liquid assets
 - Borrowing that is serviced directly by a statutory authority or government company but is in the name of the Government; and
 - The percentage of statutory authority and government company debt guaranteed by the Government that regulations made under this Act specify is to be included in the net debt calculation;
- Cash reserves should be maintained at a level no less than the estimated executive expenses (measured using generally accepted accounting practice) for the following ninety days where, for the purpose of this principle, cash reserves are defined as core government cash and cash equivalents, marketable securities and deposits, and other liquid assets, including any amounts held for restricted funds and reserves purposes; and
- The financial risks, including contingent liabilities, facing the core government should be managed prudently so as to minimize the likelihood of any such risk resulting in an expense or liability.

Section 14(d) of the PMFA states that the Governor in Cabinet decisions may depart from the principles of responsible financial management for a limited period if the Governor in Cabinet specifies in a paper laid before the Parliament for its information.

- The reasons for the departure;
- The approach that the Governor in Cabinet intends to take in order to return to those principles; and
- The period of time that the Governor in Cabinet expects to take to return to those principles.

GOVERNANCE

Preparation of EPS accounts is managed within the Ministry of Finance's overall risk management framework. The Accountant General is responsible on a day-to-day basis for managing risk and for ensuring that the activities necessary for the production of these accounts are properly planned, resourced and performed.

In producing EPS accounts, the Accountant General must rely on the Chief Officer through their Chief Financial Officer of each entity to manage their own risks. In some instances, the risks from underlying accounts may have a significant impact on the EPS consolidation and preparation process.

The key risks in the preparation of the EPS include:

- no formal consolidation software, over reliance on excel spreadsheets;
- inaccuracies in entities' EPS submissions, which may result in materially misstated balances;
- failure to provide data or delays in the submission of EPS submissions; and
- non-elimination of intra-group transaction streams and balances in Core Government and SAGCs, resulting in materially misstated figures in the accounts.

To manage the key risks to the EPS consolidation and preparation process, the Accountant General maintains a control and validation framework to define the controls over the preparation of the accounts and to monitor the effectiveness and completeness of the controls in place.

Procedures that assist in mitigating key EPS consolidation risks are: validation of agencies' trial balances; monthly analysis of variances between actual results and the budget and actual results with prior year balances; monthly reconciliation of inter/intra-agency balances for confirmation by agencies; and confirmation that notes to agency accounts reflect balances in the main financial statements of each agency.

The EPS Governance Framework

The Ministry receives support and assurance on the management of risks in a number of ways:

- support in the responsibilities by the Internal Audit function;
- internal framework of governance and risk management; and
- EPS accounts are subject to external audit provided by the Auditor General. The Auditor General is independent; she and her staff have access to all Ministry papers and report their findings on the accounts to Parliament.

Ministry of Finance's role in Managing Financial Risk

In addition to the EPS accounts governance framework, the Ministry of Finance and Economic Development (Ministry of Finance) also has a role in managing the Central Government's financial risk more widely. Financial risk is managed in a number of ways, including:

The Public Management and Finance Act (PMFA) and its Regulations and the Public Finance Manual (PFM) - provides Chief Officers with guidance and sets out requirements on how to handle public funds

properly. The Ministry of Finance takes the lead in ensuring compliance with the PMFA and bringing about changes to the PMFA and PFM to enhance prudent financial management.

Spending Reviews – the process through which spending is allocated to areas of Government activity according to the Government's priorities. Spending Reviews set firm and fixed spending budgets over several years for each department. This is achieved through the preparation of a Strategic Policy Statement which outlines the Government's medium-term plan and sets spending limits for a period of three years. Multi-year budgets are then prepared based on these goals and objectives and within the expenditure limits.

The budget and estimates process for Core Government and SAGCs - the Government uses the biennial budgeting system to plan and control public expenditure. The Ministry presents estimates of budgetary plans to Parliament to obtain the statutory authority to consume resources and spend cash. The budgetary system has two main objectives:

- to support the achievement of macro-economic stability by ensuring that public expenditure is controlled in support of the Government's fiscal framework; and
- to provide good incentives for departments to manage spending well so as to provide high quality public services that offer value for money for citizens.

The Ministry of Finance works with the other agencies across the public service and help that the legislated financial reporting framework is adhered to and is practiced uniformly.

The Ministry of Finance monitors agencies' spending on an ongoing basis. The Ministry of Finance also advises Cabinet on the financial impact of requests for supplementary expenditure from Core Government agencies to ensure that the additional spending will not negatively impact the objective to comply with the FFR. During the year, 24 Cabinet papers were prepared for supplementary funding and reallocation of funding.

FINANCIAL RISK MANAGEMENT

The Ministry of Finance manages Core Government's financial risks such as credit, liquidity, insurance, interest rate risk, commodity price risk, and currency risk. See further details in Note 36 of the EPS annual accounts.

ENTITIES NOT CONSOLIDATED IN THE EPS ACCOUNTS

The public entities below have not been consolidated in the EPS.

Public Service Pensions Board

Under the accounting standard for determining what entities should be consolidated, IPSAS 35, the Public Service Pensions Board's (PSPB) accounts would be eligible for consolidation in the EPS, however the Accountant General took the view that the assets of the PSPB were trust assets and therefore not subject to consolidation.

The accounts of the PSPB have not been consolidated in the EPS accounts as the PSPB is considered to be a "Trust" under the definition prescribed in the PMFA, and not a SAGC. Under section 70 of the PMFA, trust assets must be accounted for separately from Core Government and SAGC accounts and must be transferred to the chief officer responsible for public finance for management.

A legal opinion was obtained and it was recommended that although there are indications that the PSPB have characteristics of a trust, it would be best for the PSPB Act to be amended to clearly state that its accounts should not be included in the consolidation of the EPS.

The audited accounts of the PSPB and its annual report can be found at www.pspb.ky.

Segregated Insurance Fund of the Cayman Islands

The Segregated Insurance Fund (the Fund) was established under the Health Insurance Commission Act (2013). The Fund is maintained and administered by the Health Insurance Commission (HIC). The Fund's primary function is to assist the Government in providing healthcare to indigents, uninsurable, and partially uninsured individuals. Contributions to the Fund are received from approved health insurance providers regulated under the Health Insurance Regulations (2013 Revision) and under their legislation the Fund is required to remit all funds collected to the Ministry of Health, Environment, Culture and Housing (the Ministry).

Separate financial statements are prepared and audited for the Fund which is not included in the table of trust holdings below. It is the Accountant General's view that the assets of the Fund are considered as trust assets under the definition of the PMFA and therefore do not have to be consolidated in the EPS accounts.

Trust Holdings

Under the PMFA, "trust assets" are defined as assets (including money, not belonging to the Government) transferred or paid to the Government in trust for any purpose or to hold for or on behalf of any person, and include any such assets-

- a. To be held pending the completion of a transaction or dispute; or
- b. That belongs or is due to any person and is collected under any agreement with that person.



FINANCIAL STATEMENTS

FOR

THE GOVERNMENT

OF

THE CAYMAN ISLANDS

FOR THE YEAR ENDED

31 DECEMBER 2019

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**MINISTRY OF
FINANCE & ECONOMIC DEVELOPMENT**
CAYMAN ISLANDS GOVERNMENT

Statement of Responsibility

These financial statements have been prepared in accordance with the provisions of Sections 29 of the Public Management and Finance Act (2020 Revision), as amended. They report the financial results and position for Central Government and the Entire Public Sector for the financial year ended 31 December 2019.

The financial statements were prepared by the Ministry of Finance & Economic Development on behalf of the Government. On the basis of the financial information available, the Ministry has used its best professional judgment in preparing these statements.

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the Public Management and Finance Act (2020 Revision), as amended.

To the best of our knowledge, the financial statements comply with generally accepted accounting practices as defined by International Public Sector Accounting Standards (IPSAS), except for IPSAS 39, Employee Benefits, as it relates to the accounting for post-retirement benefits and IPSAS 35, Consolidated and Separate Financial Statements, as it relates to the non-consolidation of the Public Service Pensions Board.

Hon. Chris Saunders, MP
Deputy Premier and Minister for Finance
& Economic Development
Government of the Cayman Islands

Dated: 5 July 2022

Hon. G. Wayne Panton, JP, MP
Premier
Government of the Cayman Islands

Dated: 5 July 2022

AUDITOR GENERAL'S REPORT

To the Members of Parliament

Adverse Opinion

I have audited the consolidated financial statements of the Cayman Islands Government, (the "Government"), which comprise the consolidated statement of financial position as at 31 December 2019 and the consolidated statement of financial performance, statement of changes in net worth and statement of cash flows for the year ended 31 December 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies as set out on pages 18 to 108.

In my opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of my report, the accompanying consolidated financial statements do not present fairly the financial position of the Cayman Islands Government as at 31 December 2019 and its financial performance and its cash flows for the year ended 31 December 2019 in accordance with International Public Sector Accounting Standards.

Basis for Adverse Opinion

Exclusion of the Public Service Pensions Board from consolidation

The consolidated financial statements exclude material administrative transactions and balances relating to the Public Service Pensions Board ("Pensions Board") as management conclude that the related assets are being held in trust by the Pension Board. In my opinion, the Government has control over the Pensions Board and therefore all of its administrative transactions and balances should be consolidated in these financial statements in accordance with IPSAS 35 – Consolidated Financial Statements. As a result of these omissions, the consolidated financial statements are understated as at 31 December 2019.

Pervasive inaccuracies arising from subsequent adjustments in subsidiaries, elimination on consolidation and opening balances

As at the date of this report, five subsidiary audits were in progress for audits that related to 2019 and prior; additionally, there were material adjustments which have not been posted to completed subsidiary audits or eliminated from the consolidation. It is likely that the net impact of these amounts could materially affect figures and disclosures in the consolidated financial statements. The impact of these net adjustments could be both pervasive and material.

Incompleteness of revaluation, inconsistent accounting policies and poor controls over property, plant and equipment

Management has not been able to provide a complete valuation report to support the carrying value of the road network amount of \$372.0 million related to infrastructure, roads and sidewalks as disclosed in Note 10 to the consolidated financial statements and has omitted significant requirements to support the valuation of its road network from the accounts. In addition, there is material difference of \$80.2 million in the infrastructure, roads and sidewalks as compared to the valuation report.

Furthermore, the accounting policies used to measure the Statutory Authorities and Government Companies assets that recognizes land and buildings accounts, are inconsistent to the central government entities. IPSAS 35 – Consolidated Financial Statements requires consistent accounting policies to be used within the consolidation. Therefore, the consolidated figure for property, plant & equipment is materially misstated due to the lack of revalued carrying amounts for certain classes of property, plant & equipment owned by the statutory authorities and government companies ("SAGC"). The total carrying amount of these SAGC assets is \$36.8 million.

AUDITOR GENERAL'S REPORT (continued)

Basis for Adverse Opinion (continued)

As a result of the matters identified, the property, plant and equipment appearing in the consolidated financial statements is materially misstated as at 31 December 2019.

Inaccuracy of depreciation and amortization expenses

The depreciation and amortization expenses amounting to \$59.4 million recorded in the statement of financial performance are materially misstated as a result of the valuation and completeness issues affecting property, plant and equipment as discussed above.

Understatement of retirement benefits liabilities

Government did not record its liabilities relating to its post-retirement healthcare program. The results of the health care liability actuarial valuation for Core government estimated the post-retirement health care net liability to be \$2.3 billion, post-retirement medical expense totaling \$101.8 million and other comprehensive income of \$574.3 million as at 31 December 2019.

Based on the above, the total of current and non-current retirement benefits of \$729.7 million are materially misstated as at 31 December 2019.

Understatement of personnel cost

The personnel costs amounting to \$517.8 million appearing in the statement of financial performance are materially misstated due to the understatement of post-retirement health care and post-retirement pension liabilities.

Incompleteness of provisions

Management has represented that there is no process in place to properly assess and account for its environmental liabilities. Furthermore, I identified a material omission of provisions for environmental remediation cost of \$24.4 million. As a result, the provisions of \$10.4 million as reported in the statement of financial position is materially misstated as at 31 December 2019.

Incompleteness of revenue, receivables and unearned revenue

Due to poor controls, management was unable to provide sufficient appropriate audit evidence and were not able to assert to the completeness of its coercive revenue. I have not been able to conclude on the fairness of the amount reported as coercive revenues of \$795.1 million on the statement of financial performance for the year ended 31 December 2019. Additionally, sales of goods and services amounting to \$311.5 million as reported in the statement of financial performance is materially misstated due to unadjusted differences of \$40.6 million.

As a result of the revenue incompleteness, I have not been able to conclude on the related current and non-current trade receivables balances of \$38.3 million, other receivables of \$18.3 million and unearned revenues of \$83.7 million appearing on the statement of financial position as at 31 December 2019.

Inaccuracy of net worth

The revaluation reserve totaling to \$636.5 million presented in the statement of financial position is materially misstated due to the valuation and completeness issues affecting property, plant & equipment. Likewise, the current and accumulated surpluses amounting to \$117.7 million and \$624.4 million respectively, are materially misstated due to qualifications noted above.

Statement of cash flows not fairly presented

I was not able to conclude on the fairness of the amounts reported in the Statement of Cash Flows due to the matters discussed affecting the pervasive inaccuracies in the opening balances of these consolidated financial statements and identify the effects of any adjustments that might be necessary on the current year's results of operations.

AUDITOR GENERAL'S REPORT (continued)

Basis for Adverse Opinion

Omissions in financial statement disclosures

The consolidated financial statements have omitted several required disclosures by the accounting standards. These include but are not limited to:

- The Government has not established a system for reporting key management personnel transactions as required by IPSAS 20, Related Party Disclosures, as a result, I do not opine on the accuracy of related party balances.
- The consolidated financial statement does not include all of the required disclosures of IPSAS 39 Employee Benefits.
- The consolidated financial statement does not include all material disclosures as required by IPSAS 24 Presentation of Budget Information in Financial Statements.

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated Financial Statements* section of my report. I am independent of the Cayman Islands in accordance with the International Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, together with the ethical requirements that are relevant to my audit of the consolidated financial statements in the Cayman Islands, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Other Matters

Compliance with acts, regulations and other considerations

I draw to the attention of the reader, that due to the adverse opinion, no further consideration was given to any other balances, transactions, disclosures or compliance with acts or regulations matters as it relates to these consolidated financial statements.

The Public Authorities Act (2020 Revision), Section 47 - Terms and conditions and remuneration of staff came into effect on 1 June 2019 and required all SAGCs to comply with its requirements to standardize salaries and benefits. At the date of this report, most SAGCs were able to complete the process, however, the impact was not recognized in the 31 December 2019 consolidation. My opinion is not modified in respect of this matter.

Other information

Other financial information in the annual report has not been audited by us, and therefore, I do not express an opinion thereon.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Government's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Government or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Government's financial reporting process.

AUDITOR GENERAL'S REPORT (continued)

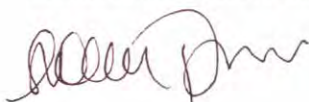
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Government's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Government's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Government to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I have undertaken the audit in accordance with the provisions of Section 60(1)(a) of the *Public Management and Finance Act (2020 Revision)*. I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Sue Winspear
Auditor General

5 July 2022
Cayman Islands

Financial Statements

Statement of Financial Position

GOVERNMENT OF THE CAYMAN ISLANDS					
STATEMENT OF FINANCIAL POSITION					
AS AT 31 DECEMBER 2019					
Core Actual 2018	EPS Actual 2018			Core Actual 2019	EPS Actual 2019
CIS000	CIS000	Note		CIS000	CIS000
Current Assets					
129,632	378,652	2	Cash and Cash Equivalents	107,508	358,431
18,508	53,581	3	Trade Receivables	10,316	37,887
20,154	14,335	4	Other Receivables	19,855	18,299
2,738	-	4	Dividend Receivable	1,736	-
2,781	18,385	5	Inventories	3,353	19,003
588	591	6	Loans Made	384	2,619
429,802	443,236	7	Investments	416,918	439,537
7,089	14,025	8	Prepayments	6,400	14,138
-	1,136	9	Biological Assets	-	896
611,292	923,941		Total Current Assets	566,470	890,810
Non-Current Assets					
427	427	3	Trade Receivables	427	427
-	33,316	6	Loans Made	100	16,723
1,442,987	1,893,541	10	Property, Plant and Equipment	1,477,967	1,942,426
2,860	5,188	11	Intangible Assets	2,222	5,262
-	7,818	12	Investment Property	-	9,150
831	56,820	7	Investments	831	83,846
407,367	-	42	Net Worth - Public Entities	389,513	-
91	400		Other Non-Current Assets	-	7
1,854,563	1,997,510		Total non-current assets	1,871,060	2,057,841
2,465,855	2,921,451		Total Assets	2,437,530	2,948,651
Current Liabilities					
18,679	29,447	13	Trade Payables	12,537	24,646
68,009	57,715	13	Other Payables & Accruals	90,680	55,383
-	1,496	2	Bank Overdraft	-	1,955
81,931	86,647	14	Unearned Revenue	57,822	70,061
8,053	9,840	15	Employee Entitlements	8,607	10,680
25,759	28,644	16	Retirement Benefits	19,125	21,473
286,976	302,081	17	Borrowings/Public Debts	35,825	52,136
-	12,348	18	Provisions	30	10,353
489,407	528,218		Total Current Liabilities	224,626	246,687
Non-Current Liabilities					
-	324	13	Other Payables & Accruals	-	1,456
13,765	13,765	14	Unearned Revenue	13,621	13,621
400,329	649,847	16	Retirement Benefits	390,458	708,246
132,988	173,020	17	Borrowings/Public Debts	248,555	278,002
-	126,609	19	Currency Issued	-	140,369
547,082	963,565		Total Non-Current Liabilities	652,634	1,141,694
1,036,489	1,491,783		Total Liabilities	877,260	1,388,381
1,429,366	1,429,668		Net Assets	1,560,270	1,560,270
Net Assets/Equity					
164,893	203,764	20	Reserves	175,140	181,636
485,798	619,202	20	Revaluation Reserve	490,700	636,490
225,135	225,135		Current Period Surplus (Deficit)	117,704	117,704
553,540	381,265		Accumulated Surplus (Deficit)	776,726	624,440
1,429,366	1,429,366		Total Net Assets/Equity	1,560,270	1,560,270

Statement of Financial Performance

GOVERNMENT OF THE CAYMAN ISLANDS					
STATEMENT OF FINANCIAL PERFORMANCE					
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019					
Core Actual 2018 CIS\$000	EPS Actual 2018 CIS\$000			Core Actual 2019 CIS\$000	EPS Actual 2019 CIS\$000
		Revenue	Note		
781,077	781,061	Coercive Revenue	21	795,509	795,070
42,769	290,918	Sales of Goods & Services	22	46,766	311,499
12,150	17,230	Investment Revenue	23	18,431	26,306
2,056	2,517	Donations	24	1,237	1,742
55	606	Other Revenue		18	1,187
838,107	1,092,332	Total Revenue		861,961	1,135,804
		Expenses			
302,145	421,173	Personnel Costs	25	307,791	517,833
93,496	256,677	Supplies and Consumables	26	112,822	296,774
5,286	9,025	Leases		6,019	12,567
32,474	56,022	Depreciation/Amortisation	27	35,982	59,368
119,307	-	Outputs from Statutory Authorities and Government Companies	41	130,310	-
48,159	48,159	Outputs from Non-government Organisations	28	50,028	50,028
36,476	36,476	Transfer Payments	29	39,458	39,458
264	776	Litigation Costs		367	862
12,611	13,662	Other Executive Expenses	30	10,620	16,044
24,037	26,852	Finance Costs	31	22,067	24,947
674,255	868,822	Total Expenses		715,464	1,017,881
		Other (Gains)/Losses			
434	434	(Gains)/Losses on Derecognition of Assets/Liabilities		(18)	(18)
-	-	Impairment of Property, Plant and Equipment		8,511	8,511
-	(256)	Impairment of Inventory		-	(175)
(3,083)	(2,828)	(Gains)/Losses on Financial Instruments		(4,007)	(5,210)
787	1,025	(Gains)/Losses on Non-financial Instruments		(1,788)	(2,889)
(59,421)	-	(Surplus)/Deficit on Statutory Authorities & Government Companies		26,095	-
(61,283)	(1,625)	Total Other (Gains)/Losses		28,793	219
225,135	225,135	Surplus/(Deficit) for the Period		117,704	117,704

Statement of Cash Flows

GOVERNMENT OF THE CAYMAN ISLANDS STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019			
EPS Actual 2018 CI\$000			EPS Actual 2019 CI\$000
		Note	
	Operating Activities		
	Cash received		
764,698	Coercive Receipts		768,341
216,072	Sales of Goods & Services		310,000
12,995	Interest received		29,908
474	Donations / Grants received		507
23,770	Other receipts		33,630
1,018,009	Total cash received		1,142,387
	Cash used		
(426,336)	Personnel costs		(485,974)
(164,455)	Supplies and consumables		(306,535)
(52,204)	Outputs from non-governmental organisations		(46,018)
(37,101)	Transfer payments		(40,142)
(28,230)	Financing/interest payments		(29,750)
(65,646)	Other payments		(50,306)
(773,972)	Total cash used		(958,725)
244,038	Net cash flows from (used by) operating activities	32	183,662
	Investing activities		
	Cash received		
1,526	Proceeds from sale of property, plant and equipment		2,428
627,301	Proceeds from Sale of Investments: Maturity of Fixed Deposits and Repayment of Loans made by Government		986,887
628,827	Total cash received		989,315
	Cash used		
(94,063)	Purchase of property, plant and equipment		(111,393)
(574,553)	Purchase of Investments: Placement of Fixed Deposits and Loans made by Government		(937,298)
(668,616)	Total cash used		(1,048,691)
(39,789)	Net cash flows from (used by) investing activities		(59,376)
	Financing activities		
-	Proceeds from Borrowing		154,332
-	Total cash received		154,332
(47,373)	Repayment of Borrowings		(299,297)
(47,373)	Total cash used		(299,297)
(47,373)	Net cash flows from (used by) financing activities		(144,965)
156,875	Net increase/(decrease) in cash and cash equivalents held		(20,680)
220,281	Cash and cash equivalents at beginning of period		377,156
377,156	Cash and cash equivalents at end of period	2	356,476
378,652	Cash and cash equivalents (excluding bank overdrafts)		358,431
(1,496)	Less Overdraft		(1,955)
377,156	Cash and cash equivalents		356,476

Statement of Changes in Net Worth

GOVERNMENT OF THE CAYMAN ISLANDS				
SCHEDULE OF CHANGES IN NET WORTH				
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019				
	Attributable to Cayman Islands Government			
	Reserves	Revaluation	Accumulated	Total Net Worth
	CIS000	CIS000	Surplus/(Deficits)	CIS000
Balance at 31 December 2017	201,746	534,146	311,706	1,047,598
Changes in net worth for 2018				
Movement in Post Retirement Benefit	-	-	20,009	20,009
Prior Period Adjustments	-	85,056	51,568	136,624
Movement in Reserves	2,018	-	(2,018)	-
Net revenue / expenses recognised directly in net worth	2,018	85,056	69,559	156,633
Surplus/(deficit) for the year 2018			225,135	225,135
Total recognised revenues and expenses for the period	2,018	85,056	294,694	381,768
Balance at 31 December 2018	203,764	619,202	606,400	1,429,366
Balance at 31 December 2018	203,764	619,202	606,400	1,429,366
Changes in net worth for 2019				
Prior Period Adjustments	-	17,288	(4,088)	13,200
Movement in Reserves	(22,128)	-	22,128	-
Net revenue / expenses recognised directly in net worth	(22,128)	17,288	18,040	13,200
Surplus/(deficit) for the period 2019			117,704	117,704
Total recognised revenues and expenses for the period	(22,128)	17,288	135,744	130,904
Balance at 31 December 2019	181,636	636,490	742,144	1,560,270

Statement of Comparison of Budget and Actual Amounts

GOVERNMENT OF THE CAYMAN ISLANDS STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 ENTIRE PUBLIC SECTOR				
	Note	Original Budget 2019 CIS\$000	Actual 2019 CIS\$000	Performance Difference CIS\$000
Current Assets				
Cash and Cash Equivalents	2	339,667	358,431	18,764
Trade Receivables	3	22,820	37,887	15,067
Other Receivables	4	10,839	18,299	7,460
Inventories	5	22,131	19,003	(3,128)
Loans Made	6	3,168	2,619	(549)
Investments	7	128,850	439,537	310,687
Prepayments	8	12,227	14,138	1,911
Biological Assets	9	-	896	896
Total Current Assets		539,702	890,810	351,108
Non-Current Assets				
Trade Receivables	3	3,315	427	(2,888)
Other Receivables	4	110	-	(110)
Loans Made	6	32,529	16,723	(15,806)
Property, Plant and Equipment	10	1,945,549	1,942,426	(3,123)
Intangible Assets	11	13,445	5,262	(8,183)
Investment Property	12	-	9,150	9,150
Investments	7	831	83,846	83,015
Other Non-Financial Assets		-	7	7
Total Non-Current Assets		1,995,779	2,057,841	62,062
Total Assets		2,535,481	2,948,651	413,170
Current Liabilities				
Trade Payables	13	31,183	24,646	(6,537)
Other Payables & Accruals	13	49,456	55,383	5,927
Bank Overdraft	2	674	1,955	1,281
Unearned Revenue	14	73,391	70,061	(3,330)
Employee Entitlements	15	8,532	10,680	2,148
Retirement Benefits	16	13,820	21,473	7,653
Borrowings	17	45,816	52,136	6,320
Provisions	18	-	10,353	10,353
Total Current Liabilities		222,872	246,687	23,815
Non-Current Liabilities				
Trade Payables	13	36	-	(36)
Other Payables & Accruals	13	255	1,456	1,201
Unearned Revenue	14	-	13,621	13,621
Retirement Benefits	16	521,337	708,246	186,909
Borrowings	17	272,707	278,002	5,295
Currency Issued	19	122,323	140,369	18,046
Total Non-Current Liabilities		916,658	1,141,694	225,036
Total Liabilities		1,139,530	1,388,381	248,851
Net Assets		1,395,951	1,560,270	164,319
Net Assets/Equity				
Reserves	20	165,090	181,636	16,546
Revaluation Reserve	20	522,158	636,490	114,332
Current Period Surplus		59,285	117,704	58,419
Accumulated Surplus/(Deficit)		649,418	624,440	(24,978)
Total Net Assets/Equity		1,395,951	1,560,270	164,319

Statement of Comparison of Budget and Actual Amounts (continued)

GOVERNMENT OF THE CAYMAN ISLANDS				
STATEMENT OF FINANCIAL POSITION				
AS AT 31 DECEMBER 2019				
CORE GOVERNMENT				
	Note	Original Budget 2019 CIS\$000	Actual 2019 CIS\$000	Performance Difference CIS\$000
Current Assets				
Cash and Cash Equivalents	2	234,856	107,508	(127,348)
Trade Receivables	3	15,028	10,316	(4,712)
Other Receivables	4	11,066	19,855	8,789
Dividends Receivable	4	-	1,736	1,736
Inventories	5	3,423	3,353	(70)
Loans Made	6	725	384	(341)
Investments	7	-	416,918	416,918
Prepayments	8	2,768	6,400	3,632
Total Current Assets		267,866	566,470	298,604
Non-Current Assets				
Trade Receivables	3	2,398	427	(1,971)
Other Receivables	4	110	-	(110)
Loans Made	6	76	100	24
Property, Plant and Equipment	10	1,528,974	1,477,967	(51,007)
Intangible Assets	11	5,981	2,222	(3,759)
Investments	7	831	831	-
Net Worth - Public Entities	42	388,760	389,513	753
Total Non-Current Assets		1,927,130	1,871,060	(56,070)
Total Assets		2,194,996	2,437,530	242,534
Current Liabilities				
Trade Payables	13	17,936	12,537	(5,399)
Other Payables & Accruals	13	37,332	90,680	53,348
Unearned Revenue	14	65,012	57,822	(7,190)
Employee Entitlements	15	6,243	8,607	2,364
Retirement Benefits	16	11,400	19,125	7,725
Borrowings	17	35,950	35,825	(125)
Provisions	18	-	30	30
Total Current Liabilities		173,873	224,626	50,753
Non-Current Liabilities				
Unearned Revenue	14	-	13,621	13,621
Retirement Benefits	16	374,440	390,458	16,018
Borrowings	17	250,732	248,555	(2,177)
Total Non-Current Liabilities		625,172	652,634	27,462
Total Liabilities		799,045	877,260	78,215
Net Assets		1,395,951	1,560,270	164,319
Net Assets/Equity				
Reserves	20	165,090	175,140	10,050
Revaluation Reserve	20	489,490	490,700	1,210
Current Period Surplus		59,285	117,704	58,419
Accumulated Surplus/(Deficit)		682,086	776,726	94,640
Total Net Assets/Equity		1,395,951	1,560,270	164,319

Statement of Comparison of Budget and Actual Amounts (continued)

GOVERNMENT OF THE CAYMAN ISLANDS STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2019 ENTIRE PUBLIC SECTOR				
	Note	Original Budget 2019 CIS\$000	Actual 2019 CIS\$000	Performance Difference CIS\$000
Revenue				
Coercive Revenue	21	683,448	795,070	111,622
Sales of Goods & Services	22	284,150	311,499	27,349
Investment Revenue	23	11,777	26,306	14,529
Donations	24	730	1,742	1,012
Other Revenue		5,301	1,187	(4,114)
Total Revenue		985,406	1,135,804	150,398
Expenses				
Personnel Costs	25	455,631	517,833	62,202
Supplies and Consumables	26	237,636	296,774	59,138
Leases		15,828	12,567	(3,261)
Depreciation & Amortisation	27	53,894	59,368	5,474
Outputs from Non-Government Organizations	28	23,804	50,028	26,224
Transfer Payments	29	38,910	39,458	548
Litigation Costs		1,425	862	(563)
Other Executive Expenses	30	73,464	16,044	(57,420)
Finance Costs	31	26,751	24,947	(1,804)
Total Expenses		927,343	1,017,881	90,538
Other (Gains)/Losses				
(Gains)/Losses on Derecognition of Assets/Liabilities		-	(18)	(18)
Impairment of Property, Plant and Equipment		500	8,511	8,011
Impairment of Inventory		-	(175)	(175)
(Gains)/Losses on Financial Instruments		(1,875)	(5,210)	(3,335)
(Gains)/Losses on Non-financial Instruments		153	(2,889)	(3,042)
Total Other (Gains)/Losses		(1,222)	219	1,441
Surplus/ (Deficit) for the period		59,285	117,704	58,419

Statement of Comparison of Budget and Actual Amounts (continued)

GOVERNMENT OF THE CAYMAN ISLANDS STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2019 CORE GOVERNMENT				
	Note	Original Budget 2019 CI\$000	Actual 2019 CI\$000	Performance Difference CI\$000
Revenue				
Coercive Revenue	21	683,448	795,509	112,061
Sales of Goods & Services	22	35,352	46,766	11,414
Investment Revenue	23	3,958	18,431	14,473
Donations	24	30	1,237	1,207
Other Revenue		50	18	(32)
Total Revenue		722,838	861,961	139,123
Expenses				
Personnel Costs	25	310,900	307,791	(3,109)
Supplies and Consumables	26	101,760	112,822	11,062
Leases		5,902	6,019	117
Depreciation & Amortisation	27	30,169	35,982	5,813
Outputs to Statutory Authorities and Government Companies	41	111,222	130,310	19,088
Outputs from Non-Government Organizations	28	23,804	50,028	26,224
Transfer Payments	29	38,910	39,458	548
Litigation Costs		542	367	(175)
Other Executive Expenses	30	11,704	10,620	(1,084)
Finance Costs	31	24,845	22,067	(2,778)
Total Expenses		659,758	715,464	55,706
Other (Gains)/Losses				
(Gains)/Losses on Derecognition of Assets/Liabilities		-	(18)	(18)
Impairment of Property, Plant and Equipment		-	8,511	8,511
(Gains)/Losses on Financial Instruments		(1,986)	(4,007)	(2,021)
(Gains)/Losses on Non-financial Instruments		-	(1,788)	(1,788)
(Surplus)/Deficit on Statutory Authorities & Government Companies		5,781	26,095	20,314
Total Other (Gains)/Losses		3,795	28,793	24,998
Surplus/(Deficit) for the Period		59,285	117,704	58,419

Notes to the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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.

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

Principal Activities

The principal activities and operations of the Government of the Cayman Islands (the "Government") are to provide:

- General public services
- Public order and safety
- Economic opportunity
- Environmental protection
- Health
- Social Protection
- Housing and community amenities
- Recreational, cultural and religious diversity
- 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.

These financial statements should be read in conjunction with the financial statements of the individual Ministries, Portfolios, Offices, Statutory Authorities and Government Companies.

Note 1: Summary of Accounting Policies

Statement of Compliance

These consolidated Entire Public Sector (herein after 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 Period

The reporting period for these financial statements of the Government of the Cayman Islands is for the period from 1 January 2019 to 31 December 2019.

Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting, unless otherwise stated. The cash flows statement has been prepared using the direct method.

The measurement base applied to these financial statements is fair market value.

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 areas where estimates, assumptions or judgement are significant include, but are not limited to: post-employment benefit obligations, provisions, fair value estimations, contingent assets and liabilities and impairment of non-financial assets. 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 are dealt with by using expected outcomes.

Actual results may differ from these estimates. Where these judgements significantly affect the amounts recognised in the financial statements they are described below and in the following notes.

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.

Basis of Combination

These financial statements utilise the equity method of combination at Central Government level for its investment in Statutory Authorities and Government Companies and a full consolidation approach is taken at the Entire Public Sector level.

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 Entire Public Sector. Reporting entities include:

Central Government

- Legislative Assembly
- Governor in Cabinet
- Ministries
- Portfolios
- Judicial Administration
- Office of the Premier
- Office of the Complaints Commissioner
- Office of the Auditor General
- Office of the Information Commissioner
- Office of the Director of Prosecutions
- Office of the Ombudsman
- 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 (see note 44).

Corresponding assets, liabilities, income and expenses, are added together line by line. Transactions, balances and unrealised gains and losses on transactions between entities are eliminated on combination. Where necessary, adjustments are made to the financial statements of Statutory Authorities and Government Companies to bring the accounting policies in line with those used by Central Government. Statutory Authorities and Government Companies are not required to report their results using IPSAS, however, for

consolidation purposes all entities included in the Entire Public Sector reporting must provide restated results using IPSAS.

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 Statement of Changes in Net Worth reflects changes in accounting policies and corrections of errors and omissions.

New, Revised and Amended International Public Sector Accounting Standards issued not early adopted

New IPSAS issued and applicable:

- IPSAS 40, Public Sector Combinations (effective for period beginning on or after January 1, 2019). The standard seeks to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about a public sector combination and its effects.

New IPSAS issued but not yet applicable:

- IPSAS 41, Financial Instruments (effective for period beginning on or after January 1, 2022)
- IPSAS 42, Social Benefit (effective for period beginning on or after January 1, 2022)

Budget Amounts

The original budget amounts for the financial year are as presented in the 2018-2019 Plan and Estimates as approved by the Legislative Assembly on 27 November 2017. The Final Budget does not include amounts authorised in advance of appropriation issued under section 11 (5) or section 12 of the Public Management and Finance Act (2020 Revision).

The budget is prepared on the accrual basis. As a result of the adoption of the accrual basis for budgeting purpose there is no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the Statement of Comparison to Budget and Actual Amounts. Explanatory comments are provided in the notes to the financial statements for major variances (including adjustments, overspend or underspending) against budget (see Note 33).

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.

The Government derives its revenue through the coercive power of the state for which no direct exchange of service occurs and from the sale of goods and services to third parties.

Coercive revenue

Coercive revenue is recognised on the following basis:-

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

Sale of Goods and Services

Revenue from the supply of goods and services to third parties is measured at the fair value of consideration received. Revenue from the supply of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from the supply of services is recognised on a straight-line basis over the specified period

of the services unless an alternative method better represents the stage of completion of the transaction.

Rental Income

Rental income is recognised in the Statement of Financial Performance on a straight-line basis over the term of the lease. Lease incentives granted are recognised evenly over the term of the lease as a reduction in total rental income.

Investment Revenue

Income from investment is recognised when the right to receive payment has been established and/or it is probable that the economic benefits will flow to the Government and the amount can be measured reliably. Interest income is accrued using the effective interest rate method. The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest income each period.

Donations

Donations received are recognised immediately as income in the fiscal year received if:

- a) All conditions necessary for use of these resources have been met and/or,
- b) In situations where specific use has been determined by the donor, the Government has purview on the timing of the use of resourced donated once the provisions of (a) above have already been met as necessary.

Expenses

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

Interest expense

All interest and other costs incurred in connection with borrowings are expensed as incurred as part of loan interest, except where interest incurred on a qualifying asset is capitalised. The interest expense of loan payments is recognised in the statement of financial performance using the effective interest rate and or straight-line method as appropriate.

Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as 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.

Finance Leases

Leases in which the contract transfers substantially all risks and rewards related to an asset incidental to the ownership thereof, is classified as finance lease. Such leases are treated in the Statement of Financial Position of the lessor as a receivable at an amount equal to the net investment in the lease.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in-transit, cash at bank, deposits on call and short-term highly liquid investments with a maturity of no more than three months from the date of acquisition, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term investments as defined above, net of bank overdrafts.

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 and 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 a first-in first-out (FIFO) basis or weighted average cost basis 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.

Stock of Notes and Coins for/in Circulation

Unissued currency notes stock is stated at cost. Only the cost of issued notes into circulation is expensed, on a FIFO basis.

Stocks of Numismatic Items

Stocks of numismatic items consist of gold and silver bullion arising from the meltdown of numismatic coins (the gold and silver bullion content of the following categories of numismatic coins: coins for resale, museum items and coins awaiting melt-down). Bullion stocks are stated at year end market values for gold and silver bullion and unrealised gains/losses are recorded in the statement of financial performance.

Water inventory

Inventory of the Water Authority consists of consumable spares and water. Consumable spares are accounted for on the first-in, first-out basis. Water inventory is calculated at the cost of water plus chemicals multiplied by the volume of water.

Affordable Housing Initiative (AHI) Houses

Houses to be sold consist of completed houses that specific parcels have been allocated, Certificates of Occupancy have been issued, and are specifically held for re-sale. Homes are valued at lower of cost to construct and net realisable value. Houses which are held as rental property or lease-to-own are held in property, plant and equipment – Affordable Housing Initiative (AHI) Houses.

Inventory also consists of land lots held for transfer on sale of the completed houses held in inventory. In accordance with IPSAS 12, where inventory is acquired as a non-exchange transaction, the costs are measured at the fair value on acquisition. The fair value of the land is based on the first valuation carried out on acquisition.

Prepayments

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

Biological Assets

Biological assets are living animals or plants. For the purpose of these financial statements biological assets refer to turtles that are either reared for slaughter or breeding at the Cayman Islands Turtle Centre.

Biological assets – Secondary Herd

The secondary herd, which are reared for slaughter, is valued at fair value, calculated using market prices and expected yields of each type of product based on historical data. Changes in the carrying amount attributable to physical change in such biological assets and changes attributable to price change are recognised as income or expense in the Statement of Financial Performance.

Biological Assets – Breeder Herd

It is management's policy to differentiate between turtles which were acquired from the wild and will be released at the end of their breeding lives, and farm bred turtles which may be slaughtered at the end of their breeding lives. Mature turtles (those that have reached breeding age) acquired from the wild have a zero carrying value. The breeder herd is valued at fair value, calculated using market prices and expected yields of each type of product based on historical data, less cost to maintain.

Fair value hierarchy

The fair value measurements for the breeder herd and secondary herd have been categorised as Level 3 fair values based on the inputs to the valuation techniques used.

Valuation techniques and significant unobservable inputs

The following valuation techniques and significant unobservable inputs have been used in determining the Level 3 fair values of the breeder herd and secondary herd:

Valuation technique: The valuation model considers the percentage of steak, stew, fin bone and menavelin that can be yielded as well as the current selling prices for these items. This is considered to be the “Cash Inflows” and is estimated for the applicable herd and for that remaining herd to be processed and sold.

The “Cash Outflows” are the cost to process the remaining live weight of the applicable herd based on the costing for the 2018 production.

Unobservable inputs: Percentage yields, estimated weight gain as well as the directly attributable processing costs are considered to be unobservable inputs.

Property, Plant and Equipment

Property, plant and equipment, is stated at revalued cost less accumulated depreciation and impairment losses. Items of property, plant and equipment are initially recorded at cost. Where an asset is acquired for nil or nominal consideration, the asset is recognised 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.

Where revaluation of property, plant and equipment is carried out, all items of a given class of assets are revalued for a respective entity. Revaluation increases shall be credited directly to revaluation surplus. The increase shall be recognised as revenue in surplus or deficit to the extent that it reverses a revaluation decrease of the same class of assets previously recognised as an expense in the surplus or deficit. Revaluation decreases are debited first against the revaluation surplus related to the same class of assets previously recorded, and any excess against surplus or deficit.

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.

Asset Type

- Buildings and structures
- Building fit-out (when accounted for separately)
- Roads, sidewalks, signs and traffic lights
- Heritage buildings & Memorials and Monuments
- Leasehold Improvement
- Computer Equipment
- Office equipment and furniture
- Motor vehicles

Estimated Useful life

10 - 60 years
5 - 25 years
6 - 50 years
100 years
Over the unexpired period of lease or the useful life of improvement
3 - 10 years
3 - 25 years
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
• Firefighting 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
• Heritage Assets	Nil
• Public Open Spaces	Nil

Heritage Assets

Heritage assets (including monuments) are assets that have cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations. Heritage assets which have a market value or determinable value and meet the definition and recognition criteria are to be accounted for in accordance with IPSAS 17 Property, Plant and Equipment; otherwise they are not recognised on the Statement of Financial Position but disclosed in the notes to the financial statements. Heritage assets included in the Statement of Financial Position are carried at a nominal value of \$1.

Public Open Spaces

Public open space zones comprise predominantly undeveloped areas of land vested, or intended to be vested, in the Government or over which the public have rights and which is available to members of the public generally (whether subject to fulfilling any lawful condition or not) for purposes of sport, recreation, or the enjoyment of study of nature. Such areas include, but are not limited to, parks, reserves, beaches, playgrounds, sports grounds and playing fields, plazas, public access ways and land set aside for public purposes development and subdivisions under the Development and Planning Regulations (2015 Revision). These assets are carried at a nominal value of \$1 in the Statement of Financial Position.

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.

Intangible Assets

Intangible assets are stated at historical cost less accumulated amortisation and any impairment losses. Amortisation is provided over the estimated useful life using the straight-line method. The estimated useful life for intangible asset classes is as follows:

- Developed software
- Other Intangible assets

4 - 10 years
1 - 4 years

Gains and losses on disposals of intangible assets 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.

Investment Property

Investment Property is reported using the fair value basis. This is fair valued at the end of each reporting period and changes in the fair value is charged to other gains/losses in the Statement of Financial Performance.

Investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal.

Gains or losses on disposal of investment property are determined by comparing the sale proceeds and the carrying amount of the asset. Gains or losses on disposal are included in the Statement of Financial Performance in the period which the property was disposed.

Transfers are made to or from investment property only when, there is a change in use.

Construction in Progress

This relates to the development of quality concrete construction freehold homes developed by the Sister Island Affordable Housing Development Corporation ("SIAHDC"). This account consists of costs incurred or attributable to bringing the asset to the condition necessary for it to be capable of operating in the manner intended. It is categorized as non-current assets for the actual cost related to each project. When the SIAHDC houses are completed, the infrastructure costs are allocated by parcel.

Employee Benefits

Employee entitlements to salaries and wages, annual leave, long service leave, retiring 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 in to the Public Service Pension Fund (the "Fund") and administered by the Public Service Pension Board (the "Board"). Contributions of 12.4% - employer 6.4% 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 contributions 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 Statement of Financial Position and in the Statement of Financial Performance for any contributions made during the period.

With the introduction of the National Pension Act 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 IPSAS 25 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 31 December 2019;
- 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 31 December 2019 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, loans made, trade and accounts receivables, investments and trade and accounts payable, loans and borrowings, 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, loans made, investments, and accounts receivable.

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 liabilities comprise of accounts payable, accrued expenses and borrowings.

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.

The financial assets classified as cash and cash equivalents, accounts receivable, investments – not including those held by Cayman Islands Monetary Authority – are subsequently 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 amortised cost. Long term investments are valued at quoted market value. Unrealised gains or losses are recorded in the Statement of Financial Performance.

Loans made are measured at amortised cost, being the initial amount of the loan less principal payments, less any impairment losses.

Financial liabilities are subsequently measured at amortised cost, being the amount at which the liability was initially recognised less any payment plus any accrued interest of the difference between that initial amount and the maturity amount.

De-recognition

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

Off-setting

Financial Assets and financial liabilities are off-set and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise assets and settle the liabilities simultaneously.

Impairment of Financial Assets

The Government assesses at each reporting date whether there is objective evidence that a financial asset is, or a group of financial assets are, impaired. Impairment is deemed to have transpired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in Statement of Financial Performance. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or transferred to the Government. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to revenue in the Statement of Financial Performance.

Fair Value

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

Borrowing Costs

Borrowing costs are capitalised against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalisation ceases when construction of the asset is complete. Further borrowing costs are charged to the Statement of Financial Performance.

Provisions

Provisions are recognised when the Government has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Government expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the Statement of Financial Performance net of any reimbursement.

The Public Management and Finance Act (2020 Revision), as amended ("the Act" or "PMFA"), requires that the Government maintains a minimum of 90 days cash balance. These cash balances include the General Reserves Funds.

These funds are held in fixed deposits by the Treasury Department.

Reward Points

The Government-owned airline's frequent flyer programme allows frequent travellers to accumulate 'Sir Turtle Rewards' points each time they travel with the airline. These points entitle them to a choice of various awards, including free travel and upgrades. Additionally, the airline sells Reward points to non-airline business partners.

The reward points are recognised as a separately identifiable component of the initial sale transaction by allocating the fair value of the consideration received between the award points and the other components of the sale such that the reward points are initially recognised as deferred income at their fair value and subsequently recognised as revenue on redemption of the miles by the participants to whom the miles are issued.

The frequent flyer provision in respect of the redemption under this programme is determined using various assumptions concerning the future behaviour of the participants. Those include the following assumptions:

- i) The fair value attributable to the awarded mileage credit has been calculated based on the weighted average fare price across all routes over the last five years; and
- ii) The rate of redemption for the program since its inception.

Revenue received against the issuance of Sir Turtle Rewards points is deferred as a liability and shown as provision on the Statement of Financial Position until the points are redeemed or the passenger is uplifted in the case of flight redemptions. The frequent flyer provision is measured based on managements' estimates of the fair value of the expected awards for which the points will be redeemed. The fair value of the awards is reduced to take into account the proportion of points which are expected to expire.

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.

Commitments

Commitments are future expenses and liabilities to be incurred on contracts that have been entered into as at 31 December.

Cancellable commitments that have penalty or exit costs explicit in the agreement on exercising the option to cancel are reported at the value of that penalty or exit cost (that is the minimum future payments).

Commitments are classified as:

- Capital commitments: aggregate amount of capital expenditure contracted for but not recognised as paid or provided for at the end of the reporting period,
- Non-cancellable operating leases with lease term of more than one year, and
- Other non-cancellable commitments (these may include consulting contracts and cleaning contracts).

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

During a regular financial year the financial statements include a prior year comparison of actual amounts with amounts in the current year. Where there is a change in accounting policies or errors and omissions, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

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, the Office of the Premier, the Office of Auditor General, the Office of Director of Public

Prosecutions and the office of the Ombudsman, 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 authorised 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.

Statutory Authorities and Government Companies are treated as one segment for the purposes of these financial statements.

Related Parties

Related party relationships are relationships where control exists, regardless of whether there have been transactions between the related parties.

Transactions between related parties disclosed include 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. Currently, related party relationships and transactions are not disclosed in accordance with IPSAS 20- Related Party Disclosures.

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, cash in transit, deposits held on call with banks and other short-term highly liquid investments net of overdraft.

Core Actual 2018	EPS Actual 2018	Description	Core Actual 2019	EPS Actual 2019
CI\$'000	CI\$000		CI\$000	CI\$000
487	487	Cash on Hand	-	2,967
29,223	103,236	Operational Accounts - KYD	30,716	110,735
13,468	48,441	Operational Accounts - USD	7,461	34,281
7	7	Operational Accounts - GBP	7	7
8,309	14,006	Other Bank Accounts	8,169	16,363
78,138	212,475	Fixed Deposits (Less than 90 days)	61,155	194,078
129,632	378,652	Cash and Cash Equivalents (excluding bank overdrafts)	107,508	358,431
-	(1,496)	Less Overdrafts	-	(1,955)
129,632	377,156	Cash and Cash Equivalents	107,508	356,476

As part of the Governments' cash management strategy funds are classified as restricted and unrestricted and are represented as below:

Core Actual 2018	EPS Actual 2018	Description	Core Actual 2019	EPS Actual 2019
CI\$'000	CI\$000		CI\$000	CI\$000
121,682	368,906	Unrestricted Cash	99,658	348,326
7,950	8,250	Restricted Funds	7,850	8,150
129,632	377,156	Cash and Cash Equivalents	107,508	356,476

The use of Central Government restricted funds requires the approval of Cabinet and the Legislative Assembly and/or Finance Committee.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Fixed deposits and short-term investments are made for varying periods, depending on the immediate cash requirements and earn interest at the respective short-term deposit rates. Deposits held for over 90 days at the time of placement are classified as investments and are reported in Note 7.

The Federal Reserve call account balance (included in Fixed Deposits) is non-interest bearing; however, the excess balances are invested daily in a repurchase agreement. Interest is calculated on the average daily balance of the foreign investment call account. Overnight repurchase agreements for terms of one business day are acquired through buyback transactions with the US Federal Reserve to earn an overnight interest rate.

Note 3: Trade Receivables

Core Actual 2018	EPS Actual 2018	Description	Core Actual 2019	EPS Actual 2019
CI\$'000	CI\$'000		CI\$000	CI\$'000
11,470	11,311	Coercive Revenue Receivable	11,976	11,405
24,241	73,167	Non-Coercive Receivable	16,104	52,072
35,711	84,478	Total Trade Receivables	28,080	63,477
(16,776)	(30,470)	Less: Provision for Doubtful Debts	(17,337)	(25,163)
18,935	54,008	Net Trade Receivables	10,743	38,314

Movement in Provision for Doubtful Debts

Core Actual 2018	EPS Actual 2018	Description	Core Actual 2019	EPS Actual 2019
CI\$000	CI\$000		CI\$000	CI\$000
(16,313)	(98,869)	Balance at 1 January	(16,776)	(30,470)
(463)	(12,300)	Additional provisions made during the year	(561)	5,307
-	80,699	Receivables written off during the year	-	-
(16,776)	(30,470)	Provision for Doubtful Debts	(17,337)	(25,163)

Maturity Profile

Core Actual 2018	EPS Actual 2018	Description	Core Actual 2019	EPS Actual 2019
CI\$000	CI\$000		CI\$000	CI\$000
18,508	53,581	Trade Receivables due in one year	10,316	37,887
427	427	Trade Receivables due after one year	427	427
18,935	54,008	Total Trade Receivables	10,743	38,314

Note 4: Other Receivables

Core Actual 2018 CIS000	EPS Actual 2018 CIS000	Description	Core Actual 2019 CIS000	EPS Actual 2019 CIS000
161	262	Advances and Expenditure Reimbursable	3,077	3,209
848	848	Dishonoured Cheques	1,221	1,221
-	363	Interest Receivable	-	339
2,738	-	Dividends Receivable	1,736	-
-	-	Long Term Other Receivables	-	-
19,196	13,282	Other Receivable	15,563	13,731
22,943	14,755	Total Other Receivables	21,597	18,500
(51)	(420)	Less: Provision for Doubtful Debts	(6)	(201)
22,892	14,335	Net Other Receivables	21,591	18,299

Movement in Provision for Doubtful Debts

Core Actual 2018 CIS000	EPS Actual 2018 CIS000	Description	Core Actual 2019 CIS000	EPS Actual 2019 CIS000
(31)	(31)	Balance at 1 January	(51)	(420)
(20)	(389)	Additional provisions made during the year	-	-
-	-	Receivables written off during the period	45	219
(51)	(420)	Provision for Doubtful Debts	(6)	(201)

Maturity profile

Core Actual CIS001	EPS Actual CIS000	Description	Core Actual CIS001	EPS Actual CIS000
22,892	14,335	Other Receivables due in one year	21,592	18,299
22,892	14,335	Total Other Receivables	21,592	18,299

Note 5: Inventories

EPS Actual 2018	Description	EPS Actual 2019
CI\$000		CI\$000
319	Raw Materials (including consumable stores)	390
2,854	Inventory held for use in the provision of goods and services	3,350
1,861	Other Inventories for use within one year	1,902
1,335	Water Inventory	1,233
7,345	Pharmaceutical and Medical Supplies	7,723
2,734	Inventory of Unissued Currency Notes and Coins	2,894
737	Coins awaiting melt-down, Coins for resale and Bullions	846
1,044	Affordable Houses	665
18,385	Total Inventories	19,003
Managed by:		
CI\$000		CI\$000
2,781	Central Government	3,353
15,604	Statutory Authorities & Government Companies	15,650
18,385	Total Inventories	19,003

Maturity profile

EPS Actual 2018	Description	EPS Actual 2019
CI\$000		CI\$000
18,385	Inventories for use in one year	19,003
18,385	Total Inventories	19,003

No inventory items were pledged as security during the current or prior financial year.

Note 6: Loans Made

EPS Actual 2018 CI\$000	Description	EPS Actual 2019 CI\$000
11,878	Medical Loans	11,781
195	Mortgage Loans	124
74	Home School Association	74
588	Loans (due within 12 months)	2,606
37,482	Commercial Loans	19,063
50,217	Total Loans Made	33,648
(16,310)	Less: Provision for Impairment Losses	(14,306)
33,907	Total Net Loans Made	19,342

Movement in Provision for Impairment Losses

EPS Actual 2018 CI\$000	Description	EPS Actual 2019 CI\$000
(15,823)	Balance at 1 January	(16,310)
(487)	Additional provisions made/Write-back of provisions during the year	2,004
(16,310)	Provision for Impairment Losses	(14,306)

Maturity Profile

EPS Actual 2018 CI\$000	Description	EPS Actual 2019 CI\$000
591	Amounts due within 12 months	2,619
33,316	Amounts due after 1 year	16,723
33,907	Total Net Loans Made	19,342

Loans Held by:

EPS Actual 2018 CI\$000	Description	EPS Actual 2019 CI\$000
588	Central Government	484
33,319	Statutory Authorities & Government Companies	18,858
33,907	Total Net Loans Made	19,342

Fair Value

The carrying values of loans made are not materially different from their fair values.

Loans made include commercial loans made by the Cayman Islands Development Bank; however the repayments and disbursement of loans are included in the operating section of the Statement of Cash Flows.

Note 7: Investments

During the year ended 31 December 2019, the Government had investments amounting to \$523.4 million (2018: \$500.1 million).

Short -Term Investments		
EPS Actual 2018	Description	EPS Actual 2019
CI\$000		CI\$000
436,848	Marketable Securities and Deposits	436,744
6,388	Interest Receivable	2,793
443,236	Short-Term Investments	439,537
Long-Term Investments		
EPS Actual 2018	Description	EPS Actual 2019
CI\$000		CI\$000
55,989	Marketable Securities	83,015
591	Caribbean Development Bank	591
240	Cayman First Insurance Limited	240
56,820	Long-Term Investments	83,846
500,056	Total Investments	523,383
Investment Held by:		
430,633	Central Government	417,749
69,423	Statutory Authorities & Government Companies	105,634
500,056	Total Investments	523,383

Short-Term Investments

Short-Term investments are held in the form of US Treasury Bills, AAA Corporate Bonds and US Treasury Notes with maturity dates ranging between 2 January 2020 – 14 May 2020 and Fixed Deposits with maturity dates over 90 days but within 365 days.

Domestic fixed deposits earned interest at rates averaging between 1.45% to 2.68% during the year ended 31 December 2019.

The US Treasury Bills are measured at amortised cost. All other investments are measured at fair value designated upon initial recognition.

EPS 2018	Description	EPS 2019
CI\$000		CI\$000
9,482	US Treasury Notes	-
1,281	AAA Corporate bonds	1,794
-	US Treasury Bills	11,420
426,085	Fixed Deposits (over 90 days but within 365 days)	423,530
6,388	Interest receivable	2,793
443,236	Short-Term Investments	439,537

Long-Term Investments

US Treasury Notes and U.S. Government Sponsored Enterprise ("GSE") are stated at market value, with interest rates ranging from 1.75% to 4.75% and maturity dates between 4 February 2021 and 20 May 2049.

Included in long-term investments are three securities totalling \$6.9 million (31 December 2018 - four totalling \$8.6 million) with maturity dates over ten years. These securities are of the class for which the average life shall be used in place of maturity, under the investment guidelines.

EPS 2018	Description	EPS 2019
CI\$000		CI\$000
47,380	1-5 years	74,048
38	6-10 years	2,040
8,571	Over 10 years	6,927
55,989	Long-Term Investments	83,015

Reserve Fixed Deposits

As part of the Core Governments' cash management strategy those funds classified as marketable securities are classified as restricted and unrestricted. As at 31 December 2019 Core Government held restricted funds of \$175.1 million of which \$167.2 million is included in marketable securities.

Currency Reserve Assets

Marketable Securities and Deposits form part of the Currency Reserve Assets of the Cayman Islands Monetary Authority. These assets are to be used to fund the Authority's currency redemption obligations.

Section 32(8) of the Cayman Islands Monetary Authority Act (2018 Revision) mandates the preservation of Currency Reserve Assets, separately from all other assets of the Cayman Islands Monetary Authority. These assets are to be used to fund the Authority's currency redemption obligations and are not to be used to satisfy liabilities arising from any other

business of the Authority. After all demand liabilities are extinguished, any surplus Currency Reserve Assets would form, in part, the assets of the General Reserve.

In accordance with sections 32(2) and 32(6) of the Monetary Authority Act, the Currency Reserve Assets consist of external assets (not less in value than an amount equivalent to ninety percent of demand liabilities) and local assets (not to exceed ten percent of Demand Liabilities).

As at 31 December 2019, the value of Currency Reserve Assets was \$161.2 million (31 December 2018: \$142.4 million) representing 114.82% (31 December 2018: 112.45%) of total Demand Liabilities. The value of external assets equated to 109.54% (31 December 2018: 107.27%) while the value of local assets as at 31 December 2019 equated to 5.30% (31 December 2018: 5.18%) of Demand Liabilities.

Caribbean Development Bank

The Government holds 533 Authorised Capital Stock and Member Subscription shares in the Caribbean Development Bank; of which 117 shares are paid up shares and the remaining 416 shares are callable shares. The paid – up shares are at a cost of US\$6,321.74 each.

Cayman First Insurance Limited

The Government holds 12% of the shareholdings of the company. These shares were issued in lieu of insurance settlement in August 2005 at a cost of \$240,000.

Note 8: Prepayments

Core Actual 2018	EPS Actual 2018	Description	Core Actual 2019	EPS Actual 2019
CI\$000	CI\$000		CI\$000	CI\$000
349	475	Prepaid Insurance	1,618	1,775
6,740	13,550	Other Prepayments	4,782	12,363
7,089	14,025	Total Prepayments	6,400	14,138

Maturity Profile

Core Actual 2018	EPS Actual 2018	Description	Core Actual 2019	EPS Actual 2019
CI\$000	CI\$000		CI\$000	CI\$000
7,089	14,025	Prepayments due in one year	6,400	14,138
7,089	14,025	Total Prepayments	6,400	14,138

Note 9: Biological Assets

EPS Net 2018 CI\$000	Description	EPS Net 2019 CI\$000
	Livestock, at fair values:	
	842 Secondary herd	556
	294 Breeder herd	340
1,136	Biological Assets	896
	Held by:	
CI\$000		CI\$000
	1,136 Statutory Authorities & Government Companies	896
1,136	Total Biological Assets	896

The movements in the carrying value of the secondary herd are outlined as follows:

EPS Net 2018 CI\$000	Description	EPS Net 2019 CI\$000
	1,195 Carrying value at beginning of year	842
	133 Change attributable to differences in prior years fair values	(182)
	781 Change attributable to differences in fair values	21
	640 Biological transformation	262
	(1,907) Sales, at year end fair values	(387)
	(486) Net change in biological assets included in income	(104)
	842 Carrying value at end of year	556

Biological transformation comprises the net effect of births, deaths and other losses, and growth within the secondary herd, measured at period-end fair values. Due to the continuing limitations surrounding the market for the products of the secondary herd, shells are valued at CI\$Nil, (2018: CI\$Nil).

The movements in the net book value of the breeder herd are outlined as follows:

EPS Net 2018 CI\$000	Description	EPS Net 2019 CI\$000
	338 Carrying value at beginning of year	294
	- Change attributable to differences in prior years fair values	74
	(44) Net (decrease)/increase during the year	(28)
	294 Carrying value at end of year	340

Net additions during the year are attributable to new breeders added, weight gained during the year, less mortalities. During the year ended 31 December 2019, zero new breeder (2018: Nil) was added to the herd and eight turtles (2018: nine) were transferred to the secondary herd or died. As of 31 December 2019, there was CI\$500,000 insurance coverage associated with the livestock (2018: CI\$500,000).

Note 10: Property, Plant and Equipment

Entire Public Sector
C1'000

Cost of Property, plant & equipment

	Land	Plant and equipment	Buildings	Furniture and Office Equipment	Computer Hardware	Office Equipment	Leasehold Improvements	Other assets	Infrastructure, Roads & Sidewalks	Water reticulation	Motor Vehicles	Marine Vessels	Aircraft	Assets under construction or development	Total Property Plant and Equipment
Balance as at 01 January 2018	646,589	71,780	555,438	19,243	32,851	8,223	8,832	32,415	383,581	116,094	44,990	5,849	31,153	161,180	2,118,218
Additions	34,181	17,960	9,196	478	8,928	302	899	1,705	141	4,573	10,058	46	(4,238)	42,360	126,589
Revaluations	54,292	3,520	(11,784)	(953)	318	(711)	212	-	14,792	-	(770)	(14)	3,254	(6,671)	55,485
Disposal/ Derecognition	(2,649)	(5,148)	(8,298)	(1,211)	(475)	(293)	(2,425)	(1,583)	(2)	-	(2,293)	-	(17,461)	(1,682)	(43,520)
Adjustments & Transfers	(2,266)	(17,277)	368	(226)	962	155	151	(8,993)	8,764	-	1,253	5	19,574	2,975	5,445
Balance as at 31 December 2018	730,147	70,835	544,920	17,331	42,584	7,676	7,669	23,544	407,276	120,667	53,238	5,886	32,282	198,162	2,262,217

	Land	Plant and equipment	Buildings	Furniture and Office Equipment	Computer Hardware	Office Equipment	Leasehold Improvements	Other assets	Infrastructure	Water reticulation	Motor Vehicles	Marine Vessels	Aircraft	Assets under construction or development	Total
Balance as at 01 January 2019	730,147	70,835	544,920	17,331	42,584	7,676	7,669	23,544	407,276	120,667	53,238	5,886	32,282	198,162	2,262,217
Additions	9,143	7,492	17,893	1,027	2,734	748	4,832	22,225	571	450	2,932	1,059	2,855	50,900	124,860
Revaluations	-	38	(9)	228	(91)	(1)	(1)	(23,677)	22,072	-	60	-	1,260	747	627
Disposal/ Derecognition	(203)	(1,783)	(6,221)	(379)	(355)	(121)	(27)	(435)	(89)	(728)	(3,365)	(1,120)	(3,875)	(4,304)	(23,003)
Adjustments & Transfers	-	(4,865)	17,616	4,408	(8,884)	238	(4,362)	3,715	(18,345)	(4,291)	6,456	20	9,573	(17,399)	(16,124)
Balance as at 31 December 2019	739,087	71,716	574,200	22,614	35,988	8,540	8,110	25,372	411,485	116,098	59,320	5,845	42,095	228,107	2,348,578

Accumulated Depreciation and impairment losses

	Land	Plant and equipment	Buildings	Furniture and Office Equipment	Computer Hardware	Office Equipment	Leasehold Improvements	Other assets	Infrastructure, Roads & Sidewalks	Water reticulation	Motor Vehicles	Marine Vessels	Aircraft	Assets under construction or development	Total
Balance as at 01 January 2018	-	51,228	111,879	14,883	27,254	6,578	6,374	21,982	23,686	55,427	33,024	3,116	10,051	-	365,482
Eliminate on Disposal/ Derecognition	-	(6,886)	(40,265)	(1,419)	(425)	(899)	(401)	(2,693)	(71)	(15)	(63)	(84)	(3,335)	-	(56,556)
Adjustments & Transfers	-	840	(3,271)	(321)	713	(875)	209	(5,265)	10,436	(32)	1,311	(5)	2,119	-	5,859
Depreciation Expense	-	2,847	28,058	1,175	3,274	1,466	312	1,653	536	4,418	6,592	323	3,635	-	54,289
Impairment	-	-	(7)	-	(21)	-	-	-	-	-	(370)	-	-	-	(398)
Balance as at 31 December 2018	-	48,029	96,394	14,318	30,795	6,270	6,494	15,677	34,587	59,798	40,494	3,350	12,470	-	368,676

	Land	Plant and equipment	Buildings	Furniture and Office Equipment	Computer Hardware	Office Equipment	Leasehold Improvements	Other assets	Infrastructure	Water reticulation	Motor Vehicles	Marine Vessels	Aircraft	Assets under construction or development	Total
Balance as at 01 January 2019	-	48,029	96,394	14,318	30,795	6,270	6,494	15,677	34,587	59,798	40,494	3,350	12,470	-	368,676
Eliminate on Disposal/ Derecognition	-	220	(4,982)	(887)	(450)	(170)	(1,006)	(1,672)	3	(322)	(4,950)	(307)	1,234	-	(13,289)
Adjustments & Transfers	-	366	6,007	453	(12)	233	(463)	5,836	(2,137)	(3,102)	(326)	2	(1,849)	-	5,007
Depreciation Expense	-	3,085	26,673	957	4,190	436	455	3,080	7,020	4,283	4,165	309	3,108	-	57,760
Impairment	-	(149)	(59)	(10)	(5,582)	-	-	(6,202)	-	-	-	-	-	-	(12,002)
Balance as at 31 December 2019	-	51,551	124,034	14,831	28,941	6,769	5,479	16,719	39,473	60,658	39,383	3,353	14,962	-	406,152

Net Book value 31 December 2017	646,589	20,552	443,559	4,360	5,597	1,645	2,458	10,433	359,895	60,667	11,966	2,733	21,107	161,180	1,752,736
Net Book value 31 December 2018	730,147	22,806	448,526	3,013	11,789	1,406	1,175	7,867	372,689	60,869	12,744	2,536	19,812	198,162	1,893,541
Net Book value 31 December 2019	739,087	20,166	450,166	7,783	7,047	1,770	2,631	8,653	372,012	55,440	19,938	2,492	27,133	228,107	1,942,426

Assets under Construction or Development

Below is a summary of major projects under construction or development as at 31 December 2019:

Agency	Description	2019 CI\$000	2018 CI\$000
Ministry of Education, Youth, Sports, Agriculture & Land	NJGHS Construction	30,860	45,400
Cayman Islands Airports Authority	ORIA Expansion Project	85,044	53,697
Ministry of Health, Environment, Culture & Housing	ISWMS & Landfill Improvements	10,285	9,135
Ministry of Education, Youth, Sports, Agriculture & Land	Carifta Facilities Upgrades	800	800
Water Authority of the Cayman Islands	Grand Cayman – WBSS – Pipeline Install	810	810
Water Authority of the Cayman Islands	Cayman Brac – Site Preparation	546	546
	Grand Cayman – North Side Water		
Water Authority of the Cayman Islands	Works Site Preparation	207	-
Water Authority of the Cayman Islands	Cayman Brac – Distribution Extension	190	140

Revaluation

Property was revalued as at 30 June 2016 by in-house professionals with the exception of specialized buildings which were contracted to independent evaluators and are stated at revalued amounts less accumulated depreciation. Plant and equipment, are 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 recognised 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.

In accordance with IPSAS 17, when an item of property, plant, and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- (a) Restated proportionately with the change in the gross carrying amount of the asset, so that the carrying amount of the asset after revaluation equals its revalued amount or
- (b) Eliminated against the gross carrying amount of the asset.

Valuation methods

The valuations contained within this report have been prepared in accordance with the [aforementioned Standards](#) and the guidance notes provided by the Royal Institution of Chartered Surveyors. Particular regard should be paid to the following definitions and methodology having been adopted in the assessment of value:

Fair Value (Market Value) defined in accordance with IFRS 13 Fair Value Measurement as follows: "The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

Fair Value (Existing Use Value) extends the definition of Fair Value (Market Value) in "assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its market value to differ from that needed to replace the remaining service potential at least cost."

Specialised Assets: specialised assets are those for which no market exists for the current use. Specialised assets are valued using the Depreciated Replacement Cost method (DRC valuation) The definition of 'Depreciated Replacement Cost', as contained in The Standards, is as follows:- "The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation."

Valuation assumptions

Plant and machinery have only been included in the valuation of building assets where these form an integral part of the fabric of the building (e.g. lifts or air conditioning equipment) or where it performs a task crucial to the continuation of the existing use (e.g. swimming pools). Unless specifically stated otherwise, it is assumed that such items are reflected in the unit building cost.

It is assumed that all properties have the required planning consents and certificates for use and construction. Where Fair Value (or land value in a DRC valuation) relies on obtaining an alternative planning consent the alternative use has been derived from consideration of prevailing land uses in the immediate area and Local Planning Policies and practice.

Where an asset has been valued by Depreciated Replacement Cost (DRC) it is subject to the prospect and viability of the asset continuing to be used for the existing use.

These valuations do not take into account any form of selling or purchase costs, tax (including Stamp Duty), inflation or finance costs. In the Cayman Islands there is no tax on property except for Stamp Duty which is ordinarily required to be paid by a purchaser.

Valuations of each 'specialised building' state their total asset value and the (depreciated) value of the respective building. Those with a depreciated building value greater than \$0.5m also state figures for their 'component' parts. Buildings valued by the investment or comparison methods of valuation also state figures for their respective land values. These do not compute to reflect actual building values but indicate the inherent value attributing to the land only.

Where applicable the remaining economic life of the building / building components has been indicated. This is the period during which the building element is anticipated to have a future useful economic life for its existing purpose.

In preparing the valuations information has been obtained from the following sources:

- Cayman Islands Government 2001 Asset Register
- Cayman Islands Government Land Registry Database
- Caymanlandinfo System (Mapping, aerial photography, evidence of comparable sales and lettings)
- Copies of and extracts from leases
- Architect scaled floor plans
- Ministries and users / occupiers of operational property assets

Land areas (where stated) are provided for guidance only and are quoted from the Land Registers or otherwise from Caymanlandinfo database. Any building floor areas supplied have been obtained from one of the following sources:

- Measurements taken on site
- Measurements extracted from Cayman Islands Government property records

Note 11: Intangible Assets

Entire Public Sector
C1'000

Cost of Intangible Asset

	Computer Software	Other Intangible Assets	Intangible Assets under construction or development	Total
Balance as at 01 January 2018	21,664	56	-	21,720
Additions	6	-	-	6
Revaluations	(450)	-	-	(450)
Disposal/ Derecognition	(249)	-	-	(249)
Adjustments & Transfers	(4,178)	(6)	290	(3,894)
Balance as at 31 December 2018	16,793	50	290	17,133

	Computer Software	Other Intangible Assets	Intangible Assets under construction or development	Total
Balance as at 01 January 2019	16,793	50	290	17,133
Additions	2,974	-	565	3,539
Revaluations	5,310	-	-	5,310
Disposal/ Derecognition	(629)	-	-	(629)
Adjustments & Transfers	3,379	-	(842)	2,537
Balance as at 31 December 2019	27,827	50	13	27,890

Amortisation and impairment losses

	Computer Software	Other Intangible Assets	Intangible Assets under construction or development	Total
Balance as at 01 January 2018	15,997	51	-	16,048
Eliminate on Disposal/Derecognition	(1,508)	-	-	(1,508)
Adjustments & Transfers	(3,800)	(1)	-	(3,801)
Amortisation	1,512	-	-	1,512
Impairment	(306)	-	-	(306)
Balance as at 31 December 2018	11,895	50	-	11,945

	Computer Software	Other Intangible Assets	Intangible Assets under construction or development	Total
Balance as at 01 January 2019	11,895	50	-	11,945
Eliminate on Disposal/Derecognition	(97)	-	-	(97)
Adjustments & Transfers	9,172	-	-	9,172
Amortisation	1,608	-	-	1,608
Impairment	-	-	-	-
Balance as at 31 December 2019	22,578	50	-	22,628

Net Book value 31 December 2017	5,667	5	-	5,672
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Net Book value 31 December 2018	4,898	-	290	5,188
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Net Book value 31 December 2019	5,249	-	13	5,262
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Note 12: Investment Property

EPS Actual 2018 CI\$000	Description	EPS Actual 2019 CI\$000
Cost		
19,995	Balance as at 1 January	7,818
9	Additions	16
(11,639)	Changes in fair value	1,316
8,365	Total Cost	9,150
Accumulated Depreciation		
5,231	Balance as at 1 January 2019	547
(4,905)	Change in fair value	(547)
221	Charge for Year	-
547		-
7,818		9,150
Managed by:		
CI\$000		CI\$000
-	Central Government	-
7,818	Statutory Authorities & Government Companies	9,150
7,818	Total Investment Property	9,150

Investment Property consist of retail shops which are leased.

Investment Property is reported under IPSAS 16, using the fair value basis. This is fair valued at the end of each reporting period and changes in the fair value is charged to other gains/losses in the Statement of Financial Performance.

EPS Actual 2018 CI\$000	Description	EPS Actual 2019 CI\$000
1,050	Rental income from investment properties	1,061
	Direct operating expenses arising from investment property - that generated rental revenue during the period	819

Note 13: Trade Payables, Other Payables & Accruals

Core Actual 2018 CIS000	EPS Actual 2018 CIS000	Description	Core Actual 2019 CIS000	EPS Actual 2019 CIS000
18,679	29,448	Trade Payables	12,537	24,646
1,989	4,966	Payroll Deductions	2,470	3,030
26,591	25,625	Accruals	29,388	31,168
1	20	Trust liabilities	1	22
692	885	Transfers payable	101	100
3,077	3,110	Interest	1,261	1,261
-	31	Operating Leases	-	388
11,982	-	Core government trade with other public entities	22,812	-
16,332	-	Amounts due to public entities	26,772	-
3,705	3,705	Owing to trusts	3,729	3,731
476	-	Accruals- Equity Injection	246	-
3,164	19,998	Other Payables	3,900	17,139
86,688	87,788	Total Trade Payables, Accruals and Other Payables	103,217	81,485

Maturity Profile

Core Actual 2018 CIS000	EPS Actual 2018 CIS000	Description	Core Actual 2019 CIS000	EPS Actual 2019 CIS000
86,688	87,464	Current	103,217	80,029
-	324	Non-current	-	1,456
86,688	87,788	Total Trade Payables, Accruals and Other Payables	103,217	81,485

Trade and other payable are non – interest bearing and are normally settled on 30 days term. Accounts payable includes invoices received from suppliers not yet settled.

Note 14: Unearned Revenue

EPS Actual 2018 CI\$000	Description	EPS Actual 2019 CI\$000
715	Customs Deposits	134
26,334	Immigration Deposits	29,533
7,899	Cayman Airways Deposits	6,543
26,227	General Registry Deposits	23,968
35,727	Lease of Crown Lands	13,629
3,510	Revenue and Other Deposits Held	9,875
100,412	Total Unearned Revenue	83,682

Held by CI\$000		CI\$000
95,696	Central Government	71,443
4,716	Statutory Authorities & Government Companies	12,239
100,412	Total Unearned Revenue	83,682

Maturity Profile

EPS Actual 2018 CI\$000	Description	EPS Actual 2019 CI\$000
86,647	Current	70,061
13,765	Non-current	13,621
100,412	Total Unearned Revenue	83,682

Note 15: Employee Entitlements

Core Actual 2018	EPS Actual 2018	Description	Core Actual 2019	EPS Actual 2019
CI\$000	CI\$000		CI\$000	CI\$000
4,944	5,660	Annual Leave	5,306	6,310
1,371	1,992	Salary & Wages	1,066	1,413
1,738	2,188	Other	2,235	2,957
8,053	9,840	Total Employment Entitlement	8,607	10,680

Maturity Profile

Core Actual 2018	EPS Actual 2018	Description	Core Actual 2019	EPS Actual 2019
CI\$000	CI\$000		CI\$000	CI\$000
8,053	9,840	Current	8,607	10,680
8,053	9,840	Total Employment Entitlement	8,607	10,680

Annual Leave

Annual leave accrues to employees on a monthly basis, subject to certain conditions and constraints. The provision is an estimate of the amount due to staff as at the financial year-end, based on the value of statutory and non-statutory leave. The provision was calculated based on the leave entitlement due to staff at year end adjusted for the salary scales applicable at the time of leave encashment and realisation of leave by employees.

Note 16: Retirement Benefits

Core Actual 2018	EPS Actual 2018	Description	Core Actual 2019	EPS Actual 2019
CI\$000	CI\$000		CI\$000	CI\$000
426,088	446,807	Pension Liability	409,583	435,016
-	231,684	Post Retirement Health Care Liability	-	294,703
426,088	678,491	Total Retirement Benefits	409,583	729,719

Maturity Profile				
Core Actual 2018	EPS Actual 2018	Description	Core Actual 2019	EPS Actual 2019
CI\$000	CI\$000		CI\$000	CI\$000
25,759	28,644	Current	19,125	21,473
400,329	649,847	Non-current	390,458	708,246
426,088	678,491	Total Retirement Benefits	409,583	729,719

The Government, under the provisions of the Public Service Management Act, is obligated to provide post-retirement benefits to qualified employees in the form of health care and pension. The Government recognises and provides for actuarially determined present value of retirement obligation on an accrual basis, using the Projected Unit Credit method.

Pensions

The Government participates in various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Government has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The Government has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Two separate actuarial valuations are carried out on the Government's defined benefit pension plans to allocate the estimated costs to time periods: i) pension accounting valuation for liability fair value presentations, and ii) pension funding valuation.

The funding valuation primarily determines the cash contribution requirements to fund the liability. The accounting valuation, which is required annually, determines amounts to report in the Government's financial statements and has no cash impact.

Pension Liability Fair Value Presentations

The International Public Sector Accounting Standards - IPSAS 25 related to the accounting for Employee Benefits was replaced by IPSAS 39 with effect from 1 January 2018.

The old IPSAS 25 was developed to be aligned with International Accounting Standards - IAS19, but had not been updated to reflect all the changes made to IAS19 since 2008. As a result, it no longer converges with IAS19 as revised June 2011 (IAS19R). Due to the substantive changes required to be made to IPSAS25 to make it align with IAS19R, the IPSASB withdrew IPSAS25 and replaced it with a new standard, IPSAS39, which aligns with IAS19R.

IPSAS 39 – requires that the pension liabilities be revalued annually in order to present the fair value of the fund balances. The Government and Statutory Authorities and Government Companies have employed consultants to do this annual fair value assessment. The result of the 2019 actuarial valuation is a net liability of \$435.0 million (Central Government net liability - \$409.6 million).

A summary of the results recognised in the Statement of Financial Position are shown below:

	2019 C\$000	2018 C\$000
Core Government	392,015	408,723
Parliamentarian Pensions	18,428	17,441
Judicial Pensions	(860)	(76)
Central Government Pension Liability Fair Value	409,583	426,088
Statutory Authorities and Government Companies	25,433	20,719
Entire Public Sector Pension Liability Fair Value	435,016	446,807

Principal Assumptions

The principal assumptions used in the computation of the actuarial estimate of the pension obligation for the Pension Plans, as at 31 December 2019 are as follows:

	2019	2018
<i>Weighted average assumptions to determine defined benefit obligation</i>		
Discount rate	3.50%	4.50%
Rate of salary increase	2.50%	2.50%
Rate of price inflation	2.00%	2.00%
Rate of pension increases	2.00%	2.00%
<i>Mortality assumption</i>	RP-2014 scaled back to 2006 using Scale MP-2014 then generationally projected from 2006 using Scale MP-2019	RP-2014 scaled back to 2006 using Scale MP-2014 then generationally projected from 2006 using Scale MP-2018
Cost Method	Projected Unit Credit	Projected Unit Credit
Asset Valuation Method	Market Value	Market Value
<i>Weighted average assumptions to determine defined benefit cost</i>		
Effective rate for net interest cost	4.20%	3.50%
Effective discount rate for service cost	4.55%	3.85%
Effective rate for interest on service cost	4.40%	3.70%
Rate of salary increase	2.50%	2.50%
Rate of price inflation	2.00%	2.00%
Rate of pension increases	2.00%	2.00%
<i>Mortality assumption</i>	RP-2014 scaled back to 2006 using Scale MP-2014 then generationally projected from 2006 using Scale MP-2018	RP-2014 scaled back to 2006 using Scale MP-2014 then generationally projected from 2006 using Scale MP-2016

Plan Assets

Percentage of plan assets by asset allocation:

	2019	2018
Global Equity Securities	79%	79%
Debt Securities	20%	20%
Cash	1%	1%
Total invested assets	100%	100%

Post-Retirement Healthcare Benefit

In addition to the Past Service Pension Liability, the Government is also obligated to provide for the future healthcare 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 healthcare benefit upon retirement. However, the Public Service Management Act 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 results of healthcare liability actuarial valuation, completed in April 2020, estimated the post-retirement healthcare obligation as at 31 December 2019 to be \$2.3 billion. The post-retirement healthcare obligation and any related expenditure has not been recognised on the Statements of Financial Position and Performance, for Central Government.

Therefore for all intents and purpose, the Government is on a “pay-as-you-go” plan in respect of post-retirement health care liabilities. Currently, no long-term assets are set aside off-balance sheet in respect of the Government’s post-retirement healthcare liability.

There are some Statutory Authorities and Government Companies who have accrued a post-retirement liability as at 31 December 2019 of \$294.7 million. The amounts recognised in the Statement of Financial Position represent the present value of unfunded obligations, actuarially determined for 31 December 2019.

Note 17: Borrowing /Public Debt

Description	Opening Balance 1 January 2019	Drawdowns/ Additions	Repayments	Revaluation	Closing Balance 31 December 2019
	CI\$000	CI\$000	CI\$000	CI\$000	CI\$000
Core	419,964	151,392	286,975	-	284,381
Water Authority of the Cayman Islands	613	-	613	-	-
Cayman Islands Development Bank	19,851	-	4,077	-	15,774
National Housing Development Trust	12,459	-	1,317	-	11,142
Cayman Airways Limited	17,711	2,940	1,810	-	18,841
Cayman Turtle Conservation and Education Centre	4,503	-	4,503	-	-
Total	475,101	154,332	299,295	-	330,138

Maturity Profile

Core 2018 \$'000	EPS 2018 \$'000		Core Net 2019 \$'000	EPS 2019 \$'000
Local Currency Debt				
-	1,270	Not later than one year	-	7,592
-	7,592	Between one and two years	-	2,683
-	2,731	Between two and five years	-	866
-	866	Later than five Years	-	-
-	12,459	Total Local Currency Debt	-	11,141
Foreign Currency Debt (stated in \$CI)				
286,976	300,811	Not later than one year	35,825	44,544
25,676	34,573	Between one and two years	34,224	43,122
68,755	88,701	Between two and five years	88,386	105,386
38,557	38,557	Later than five years	125,945	125,945
419,964	462,642	Total Foreign Currency Debt	284,380	318,997
419,964	475,101	Total Outstanding Debt	284,380	330,138
Local Currency Marketable Securities and Deposits				
139,966	185,413	Not later than one year	147,394	208,441
-	-	Between one and two years	-	-
-	-	Between two and five years	-	-
-	-	Later than five years	-	-
139,966	185,413	Total Local Currency Marketable Securities and Deposits	147,394	208,441
Foreign Currency Marketable Securities and Deposits (stated in CI\$)				
362,197	463,910	Not later than one year	328,573	436,496
-	47,380	Between one and two years	-	59,932
-	-	Between two and five years	-	-
-	8,609	Later than five years	-	8,967
362,197	519,899	Total Foreign Currency Marketable Securities and Deposits	328,573	505,396
502,164	705,312	Less :Total Marketable Securities and Deposits	475,967	713,837
(82,200)	(230,211)	Net Public Debt	(191,587)	(383,699)
Core				
2018	EPS		Core Net	EPS
\$'000	\$'000		2019	2019
\$'000	\$'000		\$'000	\$'000
286,976	302,081	Current Portion	35,825	52,136
132,988	173,020	Non-current Portion	248,555	278,002
419,964	475,101	Total Debt	284,380	330,138

Note 18: Provisions

EPS Actual 2018	Description	EPS Actual 2019
CI\$000		CI\$000
9,169	Provision for health claims incurred but not yet reported	7,462
2,806	Frequent Flyer Programme	2,470
301	Casualty Investigation Fund	372
72	Other Provisions	49
12,348	Total Provisions	10,353

Movement in Provisions

EPS Actual 2018	Description	EPS Actual 2019
CI\$000		CI\$000
12,696	Balance at 1 January	12,348
-	- Additional provisions made during the year	-
(348)	Provisions utilised during the year	(1,995)
12,348	Provision for Impairment Losses	10,353

Maturity Profile

EPS Actual 2018	Description	EPS Actual 2019
CI\$000		CI\$000
12,348	Current	10,353
12,348	Total Provisions	10,353

Provision for Claims Incurred

Management has estimated a provision for claims which have been incurred but not yet reported (IBNR). While management has estimated IBNR based on all information it has available to it at the time, the ultimate liability may be in excess of, or less than, the amounts provided. Management uses acceptable reserving 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 inforce. 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 Act to submit any claims within 180 days of date of service. Thus, any reserve estimates are normally settled within a year.

Frequent Flyer Programme

Other provisions include a provision in respect of the Cayman Airways Ltd frequent flyer programme. This provision is released when points are used or when they become non-redeemable. Points are redeemable for a maximum of three years in the event of non-activity in dormant accounts. The company uses an estimated value of redeemed travel, based on historical average fares, to determine the value attributed on each mile. The provision is included as a liability of \$2,469,600 (2018: \$2,805,600) on the Statement of Financial Position.

Casualty Investigation Fund

The Cayman Islands Government/Maritime Authority of the Cayman Islands (MACI) is party to the International Convention for Safety of Life at Sea (SOLAS) and is obliged to investigate certain marine casualties and publish the report of the findings. The investigations are required by International Maritime Organisation's mandatory "Casualty Investigation Code" (MSC.255 (84)). During the 2015/16 financial year MACI created a sinking fund with the funds from this fund to be designated for carrying out casualty investigation on board Cayman registered vessels.

Provision for Landfills

Currently the Cayman Islands Government does not have a provision for the rehabilitation of Lands at the various landfills across the islands. At the time of the preparation of these financial statements no formal valuation of the cost for rehabilitation was done, as the Government is in the process of identifying a company to value and manage the landfills. However, the Government has estimated it to be approximately \$10 million.

Note 19: Currency Issued

Currency Issued (or Demand Liabilities) represents the face value of currency notes and coins in circulation. These liabilities are fully funded by the Currency Reserve Assets of the Cayman Islands Monetary Authority.

EPS Actual 2018 CI\$000	Description	EPS Actual 2019 CI\$000
114,372	Currency notes in circulation	127,501
12,237	Currency coins in circulation	12,868
126,609	Total Demand Liabilities	140,369

The Monetary Authority Act (2018 Revision) mandates that a reserve shall represent at least 15% of Demand Liabilities.

Note 20: Reserves

EPS Actual 2018	Description	EPS Actual 2019
CI\$000		CI\$000
762	Housing Guarantee Reserve Fund	482
54,343	Environmental Protection Fund	57,197
2,228	Infrastructure Development Fund	5,193
2,310	Student Loan Reserve Fund	2,459
6,027	National Hurricane Disaster Reserve Fund	7,136
123,719	General Reserve	98,194
375	Currency Issue Reserve	375
14,000	Capital Expenditure Reserve	10,600
619,202	Asset Revaluation Reserve	636,490
822,966	Total Reserves	818,126

Housing Guarantee Reserve Fund

The Housing Guarantee Reserve Fund was created in 1994 to make good any default, which may arise from the government guarantees provided under the Government Guarantee Home Mortgage Scheme (formerly the Low Income Housing Scheme). The guarantee covers between 10 and 35% of the upper layer of loans, in lieu of prospective clients' own down payment, to help low income Caymanians to obtain mortgage financing. The guarantee will be extinguished once this layer is paid. The annual reserve provisions are adjusted at the end of each year to equate to 15% of the aggregate liability outstanding against the actual guarantee.

The Environmental Protection Fund

The Environment Protection Fund was established in 1997 pursuant to section 30 of the Public Finance and Audit Act (1997 Revision). The purpose of the Fund is to ensure that environmental fees collected are segregated from other Government revenue. Disbursements from the Fund will only be made for the purpose of defraying expenditure incurred in protecting and preserving the environment of the Islands.

Infrastructure Development Fund

The Infrastructure Development Fund was created by the Development and Planning (Amendment) Act 1997 with a supplement of Motion (15/97), for the purpose of providing funds for the development of roads and other infrastructure in the Islands.

Student Loan Reserve Fund

The Student Loan Reserve Fund was established in 1999 in accordance with Section 30 of the Public Finance and Audit Act (1997 Revision). Its purpose is to support the Government's guarantee of 100% on student loans administered by the Cayman Islands Development Bank.

National Disaster Reserve Fund

The National Disaster Fund was established in 1999 in accordance with section 30 of the Public Finance and Audit Act (1997 Revision). Its purpose is to assist in dealing with and recovering from the events of a national disaster.

General Reserves

General Reserves include the General Funds Reserve for Central Government and General Reserve for the Cayman Islands Monetary Authority and the Utility Regulation and Competition Office.

General Funds Reserve is an accumulation of Government surpluses which are set aside for the benefit of the Islands. Disbursements from the reserve are approved by the Legislative Assembly. The General Reserve Fund as at 31 December 2019 was \$102.7 million (2018: \$99.2 million).

Cayman Islands Monetary Authority maintains a General Reserve in accordance with section 8 of the Monetary Authority Act (2018 Revision) ("MAA"), to provide additional funding if necessary for Demand Liabilities and obligations arising from other business of the Authority. In accordance with section 8 of the MAL, the General Reserve shall represent at least 15% of Demand Liabilities. As at 31 December 2019, The General Reserve was \$21.8 million (2018: \$28.6 million) equating to 15.6% (2018: 17.3%) of Demand Liabilities.

The Utility Regulation and Competition Act ("URCA") section 38 requires the Utility Regulation and Competition Office ("the Office") to maintain a reserve fund; the management of such fund being at the discretion of the Office. The URCL requires the fund to be applied only for the purposes of the Office.

Currency Issue Reserve

The Currency Issue Reserve was adjusted as the stock of notes printed prior to 2003 was all issued into circulation. The Currency Issue Reserve will then remain at \$375,000.

Capital and Operational Expenditures Reserves

Capital and Operation Expenditures Reserves include the Capital Funds for the University College of the Cayman Islands and Capital and Operational Expenditures Reserves for the Cayman Islands Monetary Authority.

Capital Funds represents the balance of funds restricted by the Board of Governors to be used for future capital projects of the College.

Under section 9 of the Monetary Authority Act (2018 Revision) the net profits of the Authority for any financial year shall include, but shall not be limited to, the income from the investments of the Authority, and the profit from the sales of investments belonging to the Authority, and shall be determined by the Authority after meeting or providing for all expenditure for that year and making such provisions for contingencies and the establishment of such additional reserves as it may consider desirable. The Capital Expenditures Reserve has been established for the implementation and acquisition of key capital projects. The Operational Expenditures Reserve will fund the operating costs associated with these key projects.

Statutory Reserve Fund

Under Section 20 of the Cayman Islands Development Bank Act, (2018 Revision), the Cayman Islands Development Bank ("the Bank") is required to establish a reserve. The Bank transfers 20% of its annual net income until the balance reaches the paid-up portion of the authorised capital of the Bank (currently \$23.8 million). There was no transfer to the Reserve Fund for year ended 31 December 2019 as the Bank made a loss (2018: Nil). As of 31 December 2019, the Statutory Reserve Fund has a balance of \$62,973 (2018: \$62,973).

Restricted Funds and Contingency Reserve

The Cayman Islands National Museum restricts funds that are derived from gifts, grants, and contracts received by the Museum for operating purposes but restricted by donors, grantors, and outside agencies as to the specific purpose for which the funds may be expended. As these funds have traditionally not been reimbursable, and the Museum does not consider there to be a legal or constructive obligation to do so, they form a part of the Museum's equity position as reflected on the Statement of Financial Position. Contributions that are restricted for specific purposes by the donor must be used as intended and cannot fund other activities or general operations without the proper consent of the original donor.

At 31 December 2019, the Museum's equity includes a contingency reserve of \$200,000 (2018: \$200,000). The contingency reserve was established by the Board of Control as a precautionary measure to meet the costs of overcoming any future disaster that might befall the Museum. Management intends to increase the contingency reserve to \$250,000 in the 2020 fiscal year. This amount better reflects the potential cash flow that would be required to keep the Museum operational in the event of an unforeseen disaster. The contingency reserve is in the form of fixed deposits included in cash and cash equivalents.

Assets Revaluation Reserves

A revaluation is conducted periodically to reflect the major changes in fair market value of fixed assets. Revaluation increases are credited directly to an equity account, to which any decrease in revaluation will be debited for the same classes of assets.

Note 21: Coercive Revenue

EPS Actual 2018 CIS000	Description	EPS Actual 2019 CIS000
199,093	Levies on International Trade and Transactions	210,886
474,668	Domestic Levies on Goods and Services	510,638
83,033	Levies on Property	66,964
2,705	Fines	2,892
21,562	Other Executive Revenue	3,690
781,061	Total Coercive Revenue	795,070

Coercive revenue types and percentages (%) of earnings during the 12-month period is shown below:

EPS Actual 2018 CIS000	Description	EPS Actual 2019 CIS000	% of Total Coercive %
181,132	Import Duties	193,076	24%
165,973	Company Registry Fees	182,110	23%
88,244	Work Permits & Other Immigration Fees	100,402	13%
80,655	Stamp Duty - Land Transfers	64,544	8%
44,044	Mutual Fund Administrators	43,137	5%
32,671	Tourist Accommodation Charges	36,535	5%
29,382	Banks and Trust Licenses	28,184	4%
17,961	Cruise & Environment Tax	17,810	2%
19,054	Proceeds of Liquidated Entities	3,299	0%
121,945	Other Fees	125,973	16%
781,061	Total Coercive Revenue	795,070	100%

Note 22: Sales of Goods and Services

Core Actual 2018	EPS Actual 2018	Description	Core Actual 2019	EPS Actual 2019
CI\$'000	CI\$000		CI\$000	CI\$000
29,414	98,689	Fees and Charges	32,511	100,869
5,665	142,274	General Sales	5,912	158,198
1,541	3,405	Rentals	1,513	2,949
2,796	-	Outputs to Other Government Agencies	2,936	-
3,353	46,550	Other Sales of Goods and Services	3,894	49,483
42,769	290,918	Total Sales of Goods and Services	46,766	311,499

A summary of the entity revenues earned during the period ended 31 December 2019 is provided below:

EPS Actual 2018	Description	EPS Actual 2019	% of Total Sales of Goods and Services
CI\$000		CI\$000	%
47,795	Airline Revenues	50,385	16%
36,169	Health Care Services	40,355	13%
34,260	Aeronautical Revenues	36,138	12%
31,372	Water Sales	33,632	11%
18,219	Port Revenues	20,361	7%
10,984	Director Registration and Licensing Fees	10,204	3%
5,700	Marine Survey Fees	5,784	2%
4,726	Passenger Charges and Taxes	4,517	1%
2,627	Garbage Fees	3,267	1%
99,066	Other Miscellaneous fees	106,856	34%
290,918	Total Sales of Goods and Services	311,499	100%

Note 23: Investment Revenue

Investment revenue is primarily derived from royalties for the use of the Water Authority sewerage system by entities outside of the Government and interest earned on cash deposits held at the bank and short-term deposits.

Core Actual	EPS Actual	Description	Core Actual	EPS Actual
2018	2018		2019	2019
Ci\$000	Ci\$000		Ci\$000	Ci\$000
12,134	15,805	Interest on Cash and Deposits	18,414	23,504
3	1,412	Royalties	3	1,421
13	13	Other	14	1,381
12,150	17,230	Total Investment Revenue	18,431	26,306

Note 24: Donations

During the year ended 31 December 2019, the Government received donations totalling \$1.7 million (2018: \$2.5 million); for which all obligations relating to these donations have been satisfied and are therefore recognised as revenue.

Core Actual	EPS Actual	Description	Core Actual	EPS Actual
2018	2018		2019	2019
CI\$000	CI\$000		CI\$000	CI\$000
2,056	2,517	Donation Received	1,237	1,742
<u>2,056</u>	<u>2,517</u>	Total Donation Received	<u>1,237</u>	<u>1,742</u>

Note 25: Personnel Costs

Core Actual 2018 CI\$000	EPS Actual 2018 CI\$000	Description	Core Actual 2019 CI\$000	EPS Actual 2019 CI\$000
219,217	373,698	Salaries, Wages and Allowances	240,298	404,395
39,146	8,604	Health Care	47,370	8,314
12,733	22,165	Pension	8,339	16,574
492	568	Leave	758	775
28,180	25,938	Defined Benefit Pension Liability	9,137	15,486
-	(16,059)	Post Retirement Health Care Liability	-	64,769
2,377	6,259	Other Personnel Costs	1,889	7,520
302,145	421,173	Total Personnel Costs	307,791	517,833

As at 31 December 2019 Government total staff complement was 6,668 employees (2018: 6,429 employees):

	2019	2018
Core Government	4,084	3,918
Statutory Authorities & Government Companies	2,584	2,511
Total number of employees	6,668	6,429

Health Care

All Central Government employees participate in the public sector run health care scheme operated by the CINICO and administered via the Health Services Authority. Each employee participates in the family, spouse and child or single person plan. The premium is paid directly to CINICO on behalf of each employee by the Government. Statutory Authorities are allowed to choose other health providers and insurers.

Pension

All pensionable employees (persons below the age of 65) participate in the Public Service pension scheme. The scheme has three plans; the Public Service Pension Plan, the Parliamentary Pension Plan and the Judiciary Pension Plan. The Parliamentary and Judicial Pension Plans are based on defined benefit i.e. the Government bears the risk should the plans fail. The Public Service Pensions Plan has both a defined benefit element as described above and a defined contribution where the participants bear the risk should the plan fail.

Annual Leave Provision

Employees are allowed 7 working days compassionate leave, 10 working days bereavement, and 18-28 working days annual leave based on years of service. Study and other special leave are based on the discretion of the head of the department and the exigencies of the department in question.

All staff leave are guided by the Public Service Management Act.

Note 26: Supplies and Consumables

Core Actual 2018	EPS Actual 2018	Description	Core Actual 2019	EPS Actual 2019
Ci\$000	Ci\$000		Ci\$000	Ci\$000
16,183	60,392	Supplies and Materials	17,793	71,520
55,896	106,217	Purchase of services	66,017	128,386
11,913	19,478	Utilities	12,636	26,012
806	3,063	General Insurance	1,187	6,735
2,925	4,803	Travel and Subsistence	2,857	5,173
1,913	2,867	Recruitment & Training	2,437	3,969
3,860	59,857	Other	9,895	54,979
93,496	256,677	Total Supplies & Consumables	112,822	296,774

Note 27: Depreciation and Amortisation Expense

Core Actual 2018	EPS Actual 2018	Description	Core Actual 2019	EPS Actual 2019
CI\$000's	CI\$000's			CI\$000's
31,422	54,289	Property, Plant, and Equipment	34,997	57,760
1,052	1,512	Intangible Assets	985	1,608
-	221	Investment Property	-	-
32,474	56,022	Total Depreciation and Amortization	35,982	59,368

Note 28: Outputs from Non-Government Organisations

Non-government organisations (NGOs) involved in civic activities are allowed to access funding from the Government. These groups have to submit yearly applications for continued funding as well as account for past disbursements.

Total purchase of outputs from NGOs during the year ended 31 December 2019 was \$50.0 million (2018: \$48.2 million). The largest category of these payments was for the provision of tertiary care to overseas organisations, which totalled \$35.8 million or 71% (2018: \$34.0 million or 71%) of Outputs from Non-Government Organisations.

EPS Actual 2018 C\$000	Description	EPS Actual 2019 C\$000
30	Organize, Administer and Execute the Cayman Islands Fishing Tournament	30
2,599	Legal Aid Services	2,500
30	Organization of Batabano Festival	30
22	HIV/AIDS and First Aid Public Education Programmes	22
230	Management of Small Business Development	230
148	Employee Assistance Programme	151
34	Spaying and Neutering of Dogs and Cats	42
250	Teaching of Tertiary Education Courses	250
50	Miss Cayman Committee	125
1,000	Primary and Secondary Education by Private Schools	1,000
1,635	Services for Irregular Migrants	1,792
9	Mentoring Cayman Programme	9
80	Palliative Care Nursing	80
50	Social Marketing for Prevention of HIV/AIDS	50
34,048	Tertiary Care at Various Overseas Institutions	35,762
4	Gardening Projects and Landscaping	4
40	Elite Athletes Programme	40
66	Youth Development Programmes	199
639	Sports Programmes	716
252	School Lunch and Uniform Programmes	122
1,650	Care of the Indigent, Elderly and Disabled Persons	1,769
118	General Programmes and Children Services	118
225	Foster Care for Children	225
151	Community Programmes	151
3,099	Rental Accommodation for Persons in Need	2,993
136	Burial Assistance for Indigents	142
325	Support for Battered Women and Children	325
8	Therapeutic Services for Young Persons	11
570	Preservation of Natural Environments and Places of Historic Significance	570
36	K9 Security Services	43
92	Other Sports Programmes	78
30	Other Health and Cultural Programmes	30
30	Cayman Islands Agricultural Society	79
473	Cayman Finance Services	340
48,159	Total Outputs from Non-Government Organisations	50,028

Note 29: Transfer Payments

Transfer payments are the transfer of money from Government to an individual, organisation or another government for which the Government does not:

- (a) Receive any goods or services directly in return as would occur in a purchase/sales transaction;
- (b) Expect to be repaid in the future, as would be expected in a loan; or
- (c) Expect a financial return, as would be expected in an investment.

During the year ended 31 December 2019, the Government of the Cayman Islands made transfer payments of \$39.5 million (2018: \$36.5 million). Included in the amount was \$11.5 million (2018: \$11.2 million) in local and overseas education scholarships, \$10.4 million (2018: \$9.6 million) in Poor Relief, \$8.6 million (2018: \$7.5 million) in benefit payments to seamen and ex-servicemen.

EPS Actual 2018 CIS000	Description	EPS Actual 2019 CIS000
759	Tourism Scholarships	734
22	Miss Cayman Scholarships	39
747	Pre-School Educational Assistance	748
11,216	Local and Overseas Scholarships and Bursaries	11,497
7,303	Poor Relief Payments	8,630
2,327	Poor Relief Vouchers	1,817
15	Temporary Poor Relief for Young Parents Programme (YPP) Students	6
74	Emergency Relief Payments	32
6,642	Ex-Gratia Benefit Payments to Seamen	7,669
856	Benefit Payments to Ex-Servicemen	904
72	Youth Programmes and Other Non-Governmental Organisations	140
121	Pre-School Assistance	52
73	Other Educational and Training Assistance	150
482	Children and Family Services Support	542
370	Support for Services at the Red Cross	70
434	Housing Assistance	1,912
563	Student Enrichment and Support Services	580
7	Support to Local Business Associations	75
198	Sister Islands Home Repairs Assistance	456
973	Sports and Cultural Tourism Programmes Assistance	964
105	Support for the Bridge Foundation	100
1,220	Other Youth and Sports Programmes	346
221	Other Health & Cultural Programme Assistance	496
673	Needs Assessment Support	516
42	Assistance for Infrastructure Development	116
8	Support for Business Initiatives	51
618	SEN Scholarships	691
-	Medical Scholarships	78
270	Grants to farmers	2
65	Support to Local Financial Services Associations	45
36,476	Total Transfer Payments	39,458

Note 30: Other Executive Expenses

Other Executive Expenses are any government expenditures that do not relate to Outputs, Transfer Payments or Financing Expenses. These expenses do not relate to the activity of a particular Ministry, Portfolio or Office but instead relate to the activities of Ministers, Official Members, Members of the Legislative Assembly, and the Judiciary.

Also included in executive expenses is the allowance for doubtful debts which have not been budgeted in the financial year.

EPS Actual 2018 CIS\$000	Description	EPS Actual 2019 CIS\$000
56	Universal Postal Union	60
407	Conference Contributions	199
647	Doubtful Debt Expenses	5,199
133	Settlement of Case - Entity	183
10	Postal Supplies-Exec Org	-
60	Executive bank Charges	88
-	Debt Write off-Executive Transactions	-
1,856	Judiciary Expenses	1,352
1,135	Constituency Allowance	1,046
47	Contribution to Caribbean Financial Action Task Force	48
154	Caribbean Economic Community (CARICOM) Fees	160
84	Caribbean Regional Technical Assistance Centre (CARTAC) Contribution	84
11	Subscription to Caribbean Examinations Council	10
2,624	University of the West Indies	197
5	Pan American Health Organisation Subscription	5
838	Caribbean Catastrophe Risk Insurance Facility - Annual Premium	821
784	Court of Appeal Expenses	1,089
6	United Nations Caribbean Environmental Programme	6
275	Commonwealth Parliamentary Association	125
3	World Anti-Doping Agency	3
113	Caribbean Agriculture Research and Development Institute (CARDI)	94
-	Organisation for Economic Co-operation Development (OECD) Global Forum	22
82	New Court House	387
18	Caribbean Public Health Agency (CARPHA)	18
3	Caribbean Energy Information System Membership	3
-	Settlement of Claims - Executive	185
155	Project Future	170
3,966	General Insurance	4,155
-	Disability Policy	56
-	Older Persons Policy	21
60	Regional Security Initiatives (OE 115)	58
115	CIG Core Christmas Stipend	127
-	Second Chances	63
15	Repairs to Governor's Residence	10
13,662	Total Other Operational Expenses	16,044

Note 31: Financing Costs

During the 12-month period ending 31 December 2019, the Government incurred financing charges of \$24.9 million (2018: \$26.9 million) in relation to its public debt.

EPS Actual 2018	Description	EPS Actual 2019
CI\$000		CI\$000
25,092	Interest on borrowings	23,956
1,760	Other borrowing costs	991
26,852	Total Finance Costs	24,947

Costs attributed to

EPS Actual 2018	Description	EPS Actual 2019
CI\$000		CI\$000
23,928	Central Government	22,067
2,924	Statutory Authorities & Government Companies	2,880
26,852	Total Finance Costs	24,947

Note 32: Reconciliation of Surplus to Net Operating Cash Flow**GOVERNMENT OF THE CAYMAN ISLANDS**
RECONCILIATION OF SURPLUS TO OPERATING CASH FLOW

AS AT 31 DECEMBER 2019

	Actual 2019 CIS\$000
Surplus/(deficit) from ordinary activities	117,704
Non-cash movements	
Depreciation expense	59,368
Losses on non-financial instruments	(2,889)
Impairment of assets	8,318
Gain on foreign exchange transactions	(5,210)
Increase in provision for bad debt	(5,307)
Changes in assets and liabilities:	
(Increase)/decrease in receivables	11,730
(Increase)/decrease in inventories	(618)
(Increase)/decrease in other current assets	(1,052)
(Increase)/decrease in biological assets	240
Increase/(decrease) in payables and other accruals	(6,303)
Increase/(decrease) in other current liabilities	(44,387)
Increase/(decrease) in provisions relating to employee costs	52,068
Net cash flows from operating activities	183,662

Note 33: Explanation of Major Variances to Budget

Statement of Financial Performance

The results show a \$117.7 million Operating Surplus for the Entire Public Sector; this amount is \$58.4 million better than the budgeted year-to-date Surplus of \$59.3 million.

Revenues

Total Revenues of the EPS were \$1.1 billion, which was \$150.4 million more than the year-to-date budget. This positive variance was mainly due to the favourable variance (\$111.6 million) in Coercive Revenue.

Coercive Revenue of \$795.1 million (which represents 70% of Total Revenue earned), was \$111.6 million higher than the year-to-date budget due mainly to:

- *Import Duties (\$36.4 million)* – due to higher volume of sales to service increase in demand for alcoholic beverages, increased volumes of vehicles imported and electricity consumption,
- *Banks and Trusts Licences (\$5.2 million)* – due to the number of active Banks being higher than budgeted or paying higher band fees due to higher asset values;
- *Other Company Fees (\$9.0 million)* – due to an increase in the number of registrations above anticipation;
- *Partnership Fees (\$5.0 million)* – due to under-estimation in budgeted growth factor in registration and actual registration out-performing the budgeted increase;
- *Tourist Accommodation Charges (\$12.4 million)* – due to continued growth in air arrivals. The number of visitors arriving by air has grown by approximately 10% year-on-year, this increase coupled with higher rates being charged for accommodations have produced a favourable variance;
- *Work Permit Fees (\$6.0 million)* – due to the increased demand for workers to facilitate a service based economy; and
- *Stamp Duty - Land Transfers (\$24.5 million)* - due to continued high volumes of property transactions coupled with high property values. Two of the largest transactions relate to Dart Enterprises - totalling \$1.8 million in duty collected. Additionally, results include receipts of stamp duty on the sale of Comfort Suites (\$1.2 million), the former CIBC building on Edward Street (\$0.6 million) and \$0.9 million from the sale of West Bay beach land.

Sale of Goods and Services earned \$311.5 million, which was \$27.3 million or 10% above the budget of \$284.2 million.

Investment Revenue has produced \$26.3 million and has surpassed the full year budgeted revenue of \$11.8 million, by \$14.5 million. Higher cash balances have afforded higher values to be placed on deposit and when coupled with increases in interest rates have driven higher yields on investments (all held in the form of fixed deposits).

Expenses

Total Operating Expenses of the EPS were \$1.0 billion; this amount was \$90.5 million more than the year-to-date budget of \$927.3 million.

Personnel Costs of \$517.8 million were \$62.2 million more than the budget; mainly attributable to the recognition post-retirement benefit costs in the SAGCs.

Supplies and Consumables, excluding Operating Leases, were \$296.8 million and were \$59.1 million more than the budget; mainly due to increased spend mostly by SAGCs in some areas such as supplies for health services, professional fees, fuel prices and increased rental rates.

Outputs from Non-Governmental Output Suppliers of \$50.0 million were \$26.2 million above the budget. This overage is due to expenditure on NGS 55 - Tertiary Care at Local and Overseas Institutions (NGS 55), which exceeded the 2019 initial full year's budgeted amount of \$9.9 million, by \$25.8 million.

Other executive expenses of \$16.0 million were \$57.4 million less than budget due mainly to protracted spending in other operational costs of SAGCs during the period.

Statement of Financial Position

As at 31 December 2019 net assets of \$1.6 billion were \$164.3 million more than the expected net assets of \$1.4 billion.

Assets

Total EPS assets as at 31 December 2019 were \$2.9 billion, 16% higher than the anticipated balance of \$2.5 million; and were mainly attributable to investments as marketable securities.

Cash and cash equivalents were \$17.5 million less than the budgeted cash balance of \$339.7 million. This is due to there being significantly higher cash balances than anticipated which allowed for higher values being placed on longer-term fixed deposits. These longer-term deposits are not included in the definition "Cash and Cash Equivalents", which only represent deposits that are less than 90 days to maturity.

Investments were \$393.7 million more than the budgeted balance of \$129.7 million owing to higher values being placed on longer-term fixed deposits driven by higher interest rates.

Liabilities

Total EPS liabilities as at 31 December 2019 of \$1.4 billion were 22% higher than the anticipated balance of \$1.1 billion; which was mainly due to the increase in the post-retirement benefit being more than projected value.

Retirement benefits liability were \$194.6 million more than budgeted \$535.2 million due to the recognition of the 2019 pension actuarial valuation and the SAGCs post-retirement health care liability based on the 2019 actuarial valuation.

Debt Balance which stood at \$330.1 million as at 31 December were \$11.6 million more than budgeted due to new loan facility drawn down by Core Government of \$153.0 million. The debt balance continues to decline as scheduled principal repayments are made.

Currency issued were \$18.0 million more than the budget of \$122.3 million due to there being increased amounts of notes and coins in circulation.

Note 34: Commitments

Type	One Year or Less CI\$000	One to Five Years CI\$000	Over Five Years CI\$000	31 December 2019 CI\$000	31 December 2018 CI\$000
Capital Commitments					
Airport Runway development	40,406			40,406	
Landfill	22,400			22,400	
Other property, plant and equipment	19,802	8,369	-	28,171	17,874
Total Capital Commitments	82,608	8,369	-	90,977	17,874
Operating Commitments					
Non-Cancellable Accommodation Leases					
Accommodation leases	7,099	7,529	1,394	16,022	14,265
Other Non-Cancellable Leases					
Land Lease	12	49	62	123	295
Premises Lease	819	756	-	1,575	1,135
Aircraft Leases	5,214	35,380	9,422	50,016	16,909
Licensing Agreement	-	-	-	-	705
Other Operating Lease	-	-	-	-	21
Other Operating Commitments					
Other Operating Commitments	944	1,363	-	2,307	4,967
Total Operating Commitments	14,088	45,077	10,878	70,043	38,297
Total Commitments	96,696	53,446	10,878	161,020	56,171

Capital Commitments

The largest capital commitments are held by the Cayman Islands Airport Authority, the Ministry of Health, Environment, Culture & Housing and the Ministry of Education, Youth, Sports, Agriculture and Lands.

Operating Commitments

Operating commitments relate to leases held by several SAGCs. The Aircraft leases are held by Cayman Airways Limited, which has entered into lease agreements in connection with the leasing of aircrafts. Pursuant to the lease agreements, the Cayman Airways Limited advanced a number of refundable security deposits to a total value of \$5.1 million (2018: \$3.6 million) for the term of the lease. These deposits are refundable at the end of the lease term. Lease payments are due monthly in advance, and all balances overdue are subject to an interest charges. There are no balances overdue as at 31 December 2019 (2018: \$Nil). Effective 30 June 2016 the Company entered into various new lease arrangements in relation to multiple Boeing 737-8Max aircrafts. The aircrafts are expected to be delivered and become operational between November 2018 and September 2020, respectively. Certain leases have options for extension. Under the terms of the lease agreements, the Government has issued guarantees of \$Nil (2017: \$Nil) to the lessor in respect of lease obligations relating to aircraft. Other operating commitments are mainly held by the Health Services Authority, the Ministry of District Administration, Tourism and Transportation and the Ministry of Community Affairs.

Note 35: Contingent Liabilities

Environmental Remediation

An environmental remediation liability results from the normal operation of a long-lived asset and is associated with the retirement of that asset. The Government currently operates waste landfill sites in all three of the Cayman Islands. The capping of these landfills is currently out for bidding.

Legal Proceedings and Disputes

In relation to legal matters, estimates are developed by the Office of the Attorney General who is charged under the Constitution with the handling of the defence in these matters, 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 does not believe that any such litigation will individually or in aggregate, have a material adverse financial effect on the Government. 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. At the 31 December 2019 the Government has estimated contingent liabilities of \$4.4 million (2018: \$6.7 million) with respect to Civil/Quasi Civil Matters.

In addition to the above there were proceedings involving a number of Statutory Authorities and Government Companies as detailed below.

Health Services Authority

Contingent Legal Claims

The Health Services Authority believes that the outflow of funds for the malpractice and employee related legal claims amounting to \$860,000 and nil (2018: \$860,000 and nil), respectively are less than probable to be successful and are covered by insurance in excess of deductible; accordingly, no provisions were recognised for possible losses.

There are a number of claims outstanding that relate to services provided prior to the establishment of the Health Services 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, Environment, Culture & Housing.

Port Authority of the Cayman Islands

On 13 July 2012, a claim was made due to perceived negligence by the Port Authority, which resulted in the total loss of a third party's vessel while in Cayman Islands Waters. The amount of the claim is \$280,178. Management is reviewing the claim with its legal representatives with the aim of vigorously defending its position. At the end of the financial year, the plaintiff has brought about no further action. The legal representatives do not believe there is a high probability that this action, if brought against the Port Authority, will be successful.

On 4 September 2012, a statement of claim was served upon the Port Authority, as the second defendant, with regard to certain declaratory rights to a Marina under development on the Port Authority's Land. The Action is ongoing. The Authority has involved its lawyers who are vigorously defending its position. No provision has been made in the accounts for this and there was no indication as to the amount being pursued. However, the Port Authority's legal representatives advised that the probability of this action being successful is unlikely.

On 19 March 2009, legal proceedings were commenced against the Port Authority regarding injury sustained by a third party after an accident involving the Port Authority's vehicle. Our attorneys advised that they received a claim from the Plaintiff for medical costs and damages totalling \$846,873. The Port Authority's insurer settled the claims. The Port Authority has an annual coverage for third party risks of \$1M therefore management does not expect the Port Authority to be impacted financially by the eventual settlement of this claim. At the close of the financial year, no further communication was received from any connected party by the Port Authority on the matter.

In May 2012, an employee of the Port Authority was dismissed but later demanded reinstatement. There is no update on this matter as it has not progressed.

In January 2016, counsel for a former employee served notice contending that the non-renewal of a contract was not done properly, and the further entitlement of the former employee to medical benefits. Although the legal action has not progressed, the board of directors approved the reinstatement of the former employee's medical benefits.

On April 4 2016, a letter was served on the Authority by counsel for a customer whose shipment was damaged at the dock. It claimed PACI was negligent resulting in unspecified losses. There is no update on this matter, as it has not progressed.

In November 2017, notice was served via a letter from counsel of a customer whose property was damaged at the Port Authority's premises while being moved. The Attorney General is handling the matter and PACI expects a minimal payment to resolve this matter.

The PACI was put on notice of a potential claim from a cruise ship passenger who sustained injuries while disembarking a tender on PACI property. No correspondence has been received from counsel with respect to this matter. Such a claim however, may be statute barred.

In February 2017, Proceedings were commenced against the Authority for damages purportedly suffered by PACIs alleged neglect resulting in the grounding of a vessel. A proposed stay was agreed by the PACI, which was approved by the Court by way of a Consent Order. The stay has since expired and no further communication has been received on this matter.

As at the date of these accounts, there was no further development on the aforementioned legal matters and management expects no loss arising from any potential action.

National Housing Development Trust

There was a legal action against the Trust by the Security Centre Limited in the amount \$12,000 for breach of contract for work performed in August, 2005. The case is currently inactive.

National Drug Council

Labour Dispute

An employee resigned from her position, by letter dated 6 March 2007, as National Drug Coordinator and on 28 May 2007 lodged a complaint with the Labour Board alleging that she had been constructively dismissed and claiming CI\$48,559, being statutory compensation for alleged unfair dismissal, statutory severance pay, accrued holiday pay, unpaid salary and one month's pay in lieu of notice. The employee's allegation that she was constructively dismissed is not accepted by the National Drug Council, who accordingly lodged a reply with the Director of Labour dated 21 June 2007 maintaining that she resigned her position and is owed nothing. A letter dated March 4th 2008 indicated that the hearing that was scheduled for March 17th 2008 was postponed.

Utilities Regulation and Competition Office

The application to the Grand Court for judicial review between the Office and an ICT Licensee, DataLink Ltd. has been heard by the Court and on July 24, 2019, a final judgement was delivered stating that the Office had failed in its duty to further consult on its draft determination and ordered that the Office properly complete the consultation process. The application concerned a determination made by the Office concerning the level of pole attachment reservation fees levied by the ICT Licensee in the broadband internet provision sector against the named telecommunications providers. The negotiations between the Office and Datalink regarding a settlement payment to cover a percentage of DataLink Ltd. legal fees has continued through the end of the year.

Guarantees

Statutory Authorities and Government Companies

In accordance with section 50 of the Financial Regulations, Government is expected to calculate the portion of the guaranteed debt of Statutory Authorities and Government Companies. This represents at minimum, the Government's immediate level of exposure and as such is disclosed as a contingent liability.

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

Under the Public Management and Finance Act (2020 Revision), entities that;

- (a) Require an unpredictable level of budgetary support from the Governor in Cabinet are given an 80% weighting;
- (b) Are financially stable and require predictable levels of support are given a 50% weighting; and
- (c) Have not required budgetary support during the last three (3) years are given 20% weighting.

Description	Weighting Applied	Guaranteed Balance as at 31 December 2019	Loan Balance as at 31 December 2019
		CI\$'000	CI\$'000
Cayman Airways Limited	80%	15,073	18,841
Cayman Islands Development Bank	50%	7,887	15,774
National Housing Development Trust	80%	8,914	11,142
		31,873	45,757

Government Guaranteed Home Assistance Mortgage (GGHAM) Program

The Government Guaranteed Home Assisted Mortgage Program (GGHAM) that is administered by the National Housing Development Trust was introduced November 2007 and to date has helped 325 households achieve home ownership.

The initial 5-year GGHAM agreement provided approval for \$5.0 million to each of the six participating banks. Due to the high demand for this program, some participating banks reached the maximum lending amounts, which required additional funding. Central Government approved additional funding for this program, through a supplementary agreement to the participating banks.

The current GGHAM approved amount is \$65.0 million; however this agreement expired on November 2012. The GGHAM drawn balance is currently \$21.5 million. The total approved mortgages are \$21.5 million for which on face value indicates that Central Government is committed to a contingent liability of 35% which equates to \$7.5 million. A Housing Guarantee Reserve is established at 15% of the exposure outstanding, which is adjusted at the end of each financial year. As at 31 December 2019 the reserve balance was adjusted to \$380,235 (2018: \$580,364).

As at 31 December 2019, for the life of the program, 4 local banks have called in the guarantees of 23 GGHAM loans totalling \$877,151 (2018: \$867,304) of which one loan has a balance of \$4,014 (2018: \$16,320) which remains outstanding. The claims are at various stages of the claims process ranging from discussions with the banks to awaiting approval for payment. These amounts include interest and other related costs and have been included as an amount payable as at 31 December 2019. Based on the delinquency as at 31 December 2019 a provision of \$1,367,983 (2018: \$1,077,035) has been made for potential claims.

Other Contingent Liabilities

Pursuant to the agreement with a local bank, Cayman Airways Limited must comply with certain covenants, namely ensuring that all scheduled repayments are current and the provision of audited financial statements and other financial data of both the Company and the Government (as guarantor). In the event of default, the local bank may, by written notice to the Company, declare all borrowings under the agreements to be immediately due and payable. At 31 December 2018 the local banks provided waivers of such covenants to the Company.

Letters of Credit

A local bank has issued a number of letters of credit on behalf of Cayman Airways Limited in the amount of \$1,085,221 (2018: \$986,561). These are used as collateral for United States Customs bonds and credit account support. The letters of credit bear interest at a rate of 1% per annum.

Note 36: Financial Risk Management

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.

Core Government

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.

Core Government entities are only allowed to conduct business with reputable financial institutions as part of the centralised banking system.

The Core Government primary banker continues to be RBC Royal Bank (Cayman) Limited which is considered to be stable and one of the top tier banking institutions.

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 Government from which such credit is being requested. Sales to retail customers are settled in cash or credit cards.

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.

Cayman Islands Development Bank

The Bank manages credit risks on loans advanced to individuals and companies, which satisfies the Bank's lending requirements, by requiring borrowers to provide adequate security, limiting the total value of loans to a single borrower to 10% of its total capital and spreading its risk over several developmental sectors.

Health Services Authority

To reduce exposure to credit risk, the Health Authority performs ongoing credit evaluations of the financial condition of its customers but generally does not require collateral. Parties who default on their obligations despite repetitive collection efforts are referred to a collection agency or to legal counsel. The Health Authority is exposed to credit-related losses in the event of non-performance by counter parties to these financial instruments.

Accounts receivable consist of a large number of customers who would either have health insurance coverage with CINICO or with various commercial insurance companies, or no insurance coverage at all. Concentration of credit risk belongs to the group of customers known as “self-pay”. These amounts are owed by customers who have neither insurance coverage nor sufficient coverage. These are estimated to be 40% - 100% (31 December 2018: 40%-100%) uncollectible.

Accounts receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include: Age, balance outstanding, inability to contact debtor, means of debtor to make repayment, existence of a repayment plan or promissory note.

Utility Regulation and Competition Office

The Utility Regulation and Competition Office is exposed to credit risk primarily from its receivables from licensees, and from its various deposits in its bank. The Office does not have the flexibility in refusing to transact with licensees in accordance with the laws. At year-end, the Office evaluates the financial capability of its licensees to determine any issues with collectability that can result in a financial loss. The Office also continues to monitor the financial soundness of its banking institution, and currently believes that there are no issues impacting the bank’s ability to repay amounts in accordance with the respective terms of various deposits. The Office’s accounts receivable balance does not have any significant credit risk exposure to any single licensee, but is inherently exposed in its entirety to the telecommunications industry in the Cayman Islands. The Office’s licensees include well-established local telecommunication and media companies and, at 31 December 2019, there have been no indications of any insolvency in those entities that impacts their ability to pay the Office. On the other hand, the Office’s deposits are concentrated in a single accredited banking institution based locally.

Civil Aviation Authority

Financial assets that potentially subject the Authority to credit risk consist principally of bank current accounts, fixed deposits, trade and other receivables. The Authority’s fixed deposits are placed with accredited financial institutions and due diligence conducted on clients before they are accepted on the register. Local credit clients are sufficiently regulated. The Authority is responsible for managing and analysing the credit risk for each of their new customers before standard payment terms and conditions are offered. The Authority’s clients with the largest outstanding balances as at 31 December 2019 are National Air Services (NAS) with approximately 27% (2018: 27%) of total outstanding balances, Cayman Airways 6% (2018: 6%) and Cayman Islands Airports Authority (CIAA) 14% (2018: 14%) and are considered significant concentrations of credit risk. The Cayman

Islands Government accounts are considered medium exposure risks due to possible CIG policy changes when new governments are elected.

Liquidity Risk

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.

Government currently monitors rolling cash forecasts, other current assets and the liabilities of government departments on the basis of expected cash requirements and matching the maturity profiles of financial assets and liabilities.

Insurance Risk

The risk under insurance contracts is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. The very nature of an insurance contract involves randomness and therefore unpredictability.

Cayman Islands National Insurance Company

The principal risk that the Cayman Islands National Insurance Company (CINICO or the Company) 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.

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\$700,000, up to US\$5,000,000 in respect of any one covered person during the policy year, with an aggregate cap of US\$10,500,000 per year. The Company's Standard Health Insurance Contracts ("SHIC" plans) use a combination of pre-existing condition exclusions, and annual limits to mitigate risk. The Company uses United Healthcare for the provision of overseas network access. These entities have pre-negotiated contracts with many overseas providers which would allow the Company to realise significant savings. During the current fiscal year on a monthly basis, the Risk and Appeals Committee met to discuss large claims and any disputed claims.

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

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest will affect future cash flows or the fair values of financial instruments.

Core Government

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 market information enables the determination of fair values.

Cayman Islands Development Bank

Cayman Islands Development Bank (CIDB or the Bank) provides loans and technical assistance in the areas of human resource development, housing and small business, in particular in the agricultural, tourism, and industrial sectors. The Bank minimises interest rate risk principally by on-lending at variable rates of interest from funding provided by long-term loans with variable interest rates.

The Bank manages the interest rate risk by securing funds from international financial institutions which review their lending rates to CIDB quarterly.

Cayman Airways Ltd

The Company has an overdraft facility and long-term debt which are priced at a floating rate of interest, which is reset monthly as market rate changes. The Company is exposed to cash flow interest rate risk should market rates change. Management does not consider the Company is exposed to interest rate risk on cash at bank, since this cash is held on call.

Health Services Authority

The Health Services Authority is exposed to interest rate risk for the \$4 million credit facility with CIBC First Caribbean International Bank (Cayman) Ltd ("CIBC") 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 the Health Authority 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 Authority has a minimal exposure on interest rate risk as no other financial instruments are exposed to this type of risk.

Port Authority

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest 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.

Commodity Price Risk

The Government's fuel requirements expose it to the market volatility of fuel prices for jet fuel, gas and diesel. Cayman Airways Limited (CAL) 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 CAL's operations. Similarly, the Department of Vehicle and Equipment Services 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.

Currency Risk

As substantially all transactions are denominated in Cayman Islands dollars, the Government is not significantly exposed to currency risk due to the Cayman Islands dollar being fixed to the United States dollar. The nature of the Government's exposure to currency risk has not changed significantly from the prior year.

Note 37: Fair Value Estimation

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.

Borrowings

Financial instruments are measured initially at cost which is the fair value of the consideration given or received. Financial liabilities are subsequently measured at amortised cost.

Majority of long-term debt are at a fixed rate of interest, however, the fair value of long-term debt which is at a floating rate of interest approximates the carrying value as in the opinion of management 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.

Cayman Turtle Conservation and Education Centre 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 realisation or discounts on settlement.

Fair value hierarchy

The Government uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as price) or indirectly (i.e., derived from prices)

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

Note 38: Related Parties

The Government is comprised of 16 Ministries, Portfolios and Offices and 24 Statutory Authorities and Government Agencies. While inter-agency charges between central governments agencies have been suspended generally these entities and their key management personnel, transact business amongst them and with the Government reporting entity on a regular basis. Transactions between Ministries, Portfolios, Offices and Statutory Authorities and Government Agencies include health care, purchasing airline tickets, audit services, water, sewage and registration of vehicles. The Public Management and Finance Act (2020 Revision), as amended, requires that each Ministry, Portfolio, Office and Statutory Authority and Government Company report their financial activities separately and submit them for auditing both at the entity and executive level including the disclosure of all transactions with the Central Government and other related parties as appropriate in these individual financial statements.

With the exception of key senior management personnel no other parties control the Government. Key management personnel include Cabinet Ministers, Chief Executive Officers, Chief Officers, Chief Financial Officers, and deputies, and for the purposes of these financial statements are considered related parties.

Compensation of Key Management Personnel

Total remuneration includes regular salary, pension contribution, health insurance contribution, allowances, bonuses and termination benefits.

Loans given to key management personnel includes mortgage, debt consolidation at average interest rate of 4.75%.

Note 39: Segment Reporting

GOVERNMENT OF THE CAYMAN ISLANDS					
STATEMENT OF FINANCIAL POSITION					
AS AT 31 DECEMBER 2019					
	Note	Central Government CI\$000	Statutory Authorities & Government Companies CI\$000	Inter- government trade CI\$000	EPS Actual 2019 CI\$000
Current Assets					
Cash and Cash Equivalents	2	107,508	250,923	-	358,431
Trade Receivables	3	10,316	47,716	20,145	37,887
Other Receivables	4	19,855	10,487	12,043	18,299
Dividends Receivable	4	1,736	-	1,736	-
Inventories	5	3,353	15,656	6	19,003
Loans Made	6	384	2,235	-	2,619
Investments	7	416,918	49,294	26,675	439,537
Prepayments	8	6,400	7,795	57	14,138
Biological Assets	9	-	896	-	896
Total Current Assets		566,470	385,002	60,662	890,810
Non-Current Assets					
Trade Receivables	3	427	-	-	427
Loans Made	6	100	16,623	-	16,723
Property, Plant and Equipment	10	1,477,967	464,459	-	1,942,426
Intangible Assets	11	2,222	3,040	-	5,262
Investment Property	12	-	9,150	-	9,150
Investments	7	831	83,015	-	83,846
Net Worth - Public Entities	42	389,513	-	389,513	-
Other Non-Current Assets		-	7	-	7
Total Non-Current Assets		1,871,060	576,294	389,513	2,057,841
Total Assets		2,437,530	961,296	450,175	2,948,651
Current Liabilities					
Trade Payables	13	12,537	15,467	3,358	24,646
Other Payables & Accruals	13	90,680	21,677	56,974	55,383
Bank Overdraft	2	-	1,955	-	1,955
Unearned Revenue	14	57,822	12,569	330	70,061
Employee Entitlements	15	8,607	2,073	-	10,680
Retirement Benefits	16	19,125	2,348	-	21,473
Borrowings/Public Debts	17	35,825	16,311	-	52,136
Provisions	18	30	10,323	-	10,353
Total Current Liabilities		224,626	82,723	60,662	246,687
Non-Current Liabilities					
Other Payables & Accruals	13	-	1,456	-	1,456
Unearned Revenue	14	13,621	-	-	13,621
Retirement Benefits	16	390,458	317,788	-	708,246
Borrowings/Public Debts	17	248,555	29,447	-	278,002
Currency Issued	19	-	140,369	-	140,369
Total Non-Current Liabilities		652,634	489,060	-	1,141,694
Total Liabilities		877,260	571,783	60,662	1,388,381
Net Assets		1,560,270	389,513	389,513	1,560,270
Net Assets/Equity					
Reserves	20	175,140	6,496	-	181,636
Revaluation Reserve	20	490,700	145,790	-	636,490
Current Period Surplus		117,704	(26,095)	(26,095)	117,704
Accumulated Surplus/(Deficit)		776,726	263,322	415,608	624,440
Total Net Assets/Equity		1,560,270	389,513	389,513	1,560,270

Segment Reporting (continued)

GOVERNMENT OF THE CAYMAN ISLANDS					
STATEMENT OF FINANCIAL PERFORMANCE					
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019					
	Note	Central Government CI\$000	Statutory Authorities & Government Companies CI\$000	Inter- government Trade CI\$000	EPS Actual 2019 CI\$000
Revenue					
Coercive Revenue	21	795,509	-	439	795,070
Sales of Goods & Services	22	46,766	350,277	85,544	311,499
Cabinet Revenue		-	108,498	108,498	-
Investment Revenue	23	18,431	7,875	-	26,306
Donations	24	1,237	505	-	1,742
Other Revenue		18	1,169	-	1,187
Total Revenue		861,961	468,324	194,481	1,135,804
Expenses					
Personnel Costs	25	307,791	258,901	48,859	517,833
Supplies and Consumables	26	112,822	198,490	14,538	296,774
Leases		6,019	6,877	329	12,567
Depreciation/Amortisation	27	35,982	23,386	-	59,368
Outputs from Statutory Authorities and Government Companies	41	130,310	-	130,310	-
Outputs from Non-government Organisations	28	50,028	-	-	50,028
Transfer Payments	29	39,458	-	-	39,458
Litigation Costs		367	495	-	862
Other Executive Expenses	30	10,620	5,429	5	16,044
Finance Costs	31	22,067	3,320	440	24,947
Total Expenses		715,464	496,898	194,481	1,017,881
Other (Gains)/Losses					
(Gains)/Losses on Derecognition of Assets/Liabilities		(18)	-	-	(18)
Impairment of Property, Plant and Equipment		8,511	-	-	8,511
Impairment of Inventory		-	(175)	-	(175)
(Gains)/Losses on Financial Instruments		(4,007)	(1,203)	-	(5,210)
(Gains)/Losses on Non-financial Instruments		(1,788)	(1,101)	-	(2,889)
(Surplus)/Deficit on Statutory Authorities & Government Companies		26,095	-	26,095	-
Total Other (Gains)/Losses		28,793	(2,479)	26,095	219
Surplus/(Deficit) for the Period		117,704	(26,095)	(26,095)	117,704

Segment Reporting (continued)

GOVERNMENT OF THE CAYMAN ISLANDS				
STATEMENT OF CASH FLOWS				
FOR THE YEAR FINANCIAL YEAR ENDED 31 DECEMBER 2019				
	Central Government CIS000	Statutory Authorities & Government Companies CIS000	Inter-government trade & Adjustments CIS000	Actual 2019 CIS000
Note				
Operating Activities				
Cash received				
Coercive Receipts	768,341	-	-	768,341
Sales of Goods & Services	36,016	280,326	(6,342)	310,000
Outputs to Cabinet	-	123,002	(123,002)	-
Outputs to other government agencies	2,709	51,450	(54,159)	-
Interest received	22,087	7,821	-	29,908
Donations / Grants received	-	507	-	507
Other receipts	15,448	18,182	-	33,630
Total cash received	844,601	481,288	(183,502)	1,142,387
Cash used				
Personnel costs	(326,180)	(210,934)	51,140	(485,974)
Supplies and consumables	(92,047)	(236,073)	21,585	(306,535)
Outputs from public authorities	(123,002)	-	123,002	-
Outputs from non-governmental organisations	(46,018)	-	-	(46,018)
Transfer payments	(40,142)	-	-	(40,142)
Financing/interest payments	(23,953)	(5,797)	-	(29,750)
Other payments	(25,157)	(25,149)	-	(50,306)
Total cash used	(676,499)	(477,953)	195,727	(958,725)
Net cash flows from (used by) operating activities	32 168,102	3,335	12,225	183,662
Investing activities				
Cash received				
Proceeds from sale of property, plant and equipment	1,596	832	-	2,428
Proceeds from Sale of Investments: Maturity of Fixed Deposits and Repayment of Loans made by Government	946,897	39,990	-	986,887
Dividends and Capital withdrawal from Public Entities	1,788	-	(1,788)	-
Total cash received	950,281	40,822	(1,788)	989,315
Cash used				
Purchase of property, plant and equipment	(53,835)	(57,558)	-	(111,393)
Purchase of Investments: Placement of Fixed Deposits and Loans made by Government	(937,257)	(41)	-	(937,298)
Equity injection in public authorities	(24,267)	-	24,267	-
Total cash used	(1,015,359)	(57,599)	24,267	(1,048,691)
Net cash flows from (used by) investing activities	(65,078)	(16,777)	22,479	(59,376)
Financing activities				
Cash received				
Proceeds from Borrowing	151,392	2,940	-	154,332
Deposits from Public Authorities	10,437	-	(10,437)	-
Equity injections from Cabinet	-	24,267	(24,267)	-
Total cash received	161,829	27,206	(34,704)	154,332
Cash used				
Repayment of Dividends	-	-	-	-
Equity injection in Ministry/Portfolio	-	-	-	-
Equity injection in SAGC	-	-	-	-
Repayment of Borrowings	(286,977)	(12,320)	-	(299,297)
Repayment of Entity surplus to Org 40	-	-	-	-
Total cash used	(286,977)	(12,320)	-	(299,297)
Net cash flows from (used by) financing activities	(125,148)	14,886	(34,704)	(144,965)
Net increase/(decrease) in cash and cash equivalents held	(22,124)	1,444	-	(20,680)
Cash and cash equivalents at beginning of period	129,632	247,524	-	377,156
Cash and cash equivalents at end of period	2 107,508	248,968	-	356,476

Note 40: Subsequent Event

Management has evaluated the possibility of subsequent events existing in the Government's Financial Statements through to 31 May 2021. During March 2020, the Government implemented mitigation measures to combat the COVID-19 global health pandemic. Management believes that the COVID-19 crisis will cause significant changes to assets or liabilities and will have a significant effect on the Government's future operations. At the date of the issuance of these Financial Statements, the Government has incurred approximately \$150 million in expenses related to Covid-19 mitigation. These costs include supplies purchased to combat COVID-19 and other social benefits paid out to people directly affected by effects of the mitigation measures implemented.

National Disaster Reserve Fund

During 2020 \$7.1 million was taken from the National Disaster Reserve Fund to provide funding for expenses related to COVID-19 mitigation.

Line of Credit and Long-Term Loan Facility

On 10 June 2020, the Government awarded the provision of an 18-month stand-by Line of Credit ("LoC") to a consortium of local banks for CI\$330.5 million (US\$403.0 million) - in order to provide additional financial resources in the event that such resources are needed and to mitigate the effects of Government's loss of revenue and increased expenditure related to COVID-19. At the end of its 18-month tenor, any amount advanced and unpaid under the LoC will be converted to a 15-year fixed interest rate amortising long-term loan. Both the LoC and the long-term loan attract an annual interest rate of 3.25% – which is the current Prime Rate offered by local banks. The cost to place the LoC and long-term loan is approximately US\$2.4 million.

The Government continues to monitor and revise the policies and protocols in place to manage the effects of the COVID-19 pandemic on the economy. Additional costs are expected to continue to be incurred by the Government as a result of this as well as an expected loss of surplus for the year ended 31 December 2021.

Government Guaranteed Loan Programme (GLP) for medium (MSBs) and Large Size Businesses (LSBs)

Due to the COVID-19 mitigation efforts mandated by the Government in March 2020 which resulted in an immediate and severe reduction in economic activity within the Cayman Islands, on 7 December 2020 the Government entered into an agreement with five (5) participating local banks to guarantee a loan program to offer and provide new credit facilities (NCFs) to qualifying MSBs and LSBs that are under financial duress for the purpose of providing critical working capital, critical capital expenditures and loan restructuring

necessary for the economic viability of the eligible borrowers. The amounts guaranteed by the Government equal 50% of the aggregate of the outstanding principal, unpaid interest and other NCF costs of the eligible borrowers, provided that at no time shall the guaranteed amount exceed \$375,000 for a MSB and \$1,500,000 for a LSB. At the date of the issuance of these financial statements six (6) borrowers have been approved for NCF's under the GLP amounting to \$4.2 million.

ReGen, (formerly Integrated Solid Waste Management System)

On 26 March 2021 the Government signed a Project Agreement to enter into a 25-year contract with Dart Consortium ("Dart") to design, build, finance, maintain and operate a new integrated solid waste management system including remediation of the George Town Landfill. In April 2022, the Government announced that it had approved the continuation of negotiation discussions with the preferred Public Private Partner by way of an extension to the financial close deadline and long-stop date for the project agreement negotiations between the Government and Dart for the development of the ReGen project. The deadline to obtain financial close is now no later than 31 October 2022. The long-stop date will be no later than 31 January 2023. If the necessary conditions have not been completed by the long-stop date the agreement will either automatically terminate or allow for one or both parties the right to withdraw.

Once completed, the ReGen facilities are expected to reduce greenhouse gas emissions, contribute to renewable energy, improve recycling performance and divert up to 95% of waste from being landfilled.

The project and the details of the contract are currently still under negotiation and a number of aspects are deemed to be commercially sensitive. The Government continues to support the ReGen project and, its commitments/ obligations under Agreements signed by prior Governments and commitments/obligations arising from any final contract/agreement to construct the plant or, those arising from an abandonment of the project.

At the date of issuance of these financial statements approximately \$26 million has been spent on the remediation of the existing landfill. However, as negotiations are still ongoing the future financial impact could not be reasonably estimated.

General Election

On 14 April 2021, the Cayman Islands held a General Election which resulted in the appointment of a new Government administration as well as the creation of new and reshuffled Cabinet portfolios as of 1 July 2021.

Management has determined that there are no further material events that would require disclosure in the Government's financial statements. A further review will be carried out when the Financial Statements become ready to be issued.

Supplementary Statements

Note 41: Outputs from Statutory Authorities & Government Companies

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. These bodies are overseen by Boards appointed by the sitting Government and are guided by a law specific to that particular entity, with ultimate governance provided by the Public Authorities Act (2017). In an effort to reduce cost to the general public, the Government subsidises the cost of operation with the public being asked to make minimal contributions for these services. For the year ended 31 December 2019, the Government provided subsidies amounting to \$130.3 million (2018: \$119.3 million).

EPS Actual 2018 C\$000	Description	EPS Actual 2019 C\$000
315	Auditors Oversight Authority	315
19,713	Cayman Airways Ltd	19,273
1,067	Cayman Islands Development Bank	567
16,333	Cayman Islands Monetary Authority	17,006
32,925	Cayman Islands National Insurance Company	39,536
660	Cayman National Cultural Foundation	760
2,683	Children & Youth Services Foundation	3,100
34,553	Health Services Authority	37,780
1,625	Information and Communications Technology Authority	1,240
401	Maritime Authority Cayman Islands	450
645	National Drug Council	669
586	National Gallery of the Cayman Islands	586
580	National Housing Development Trust	580
821	National Museum	855
75	Sister Islands Affordable Housing Corporation	56
2,009	Tourism Attractions Board	2,009
4,316	University College of the Cayman Islands	5,528
119,307	Total Outputs from Public Entities	130,310

Note 42: Investment in Statutory Authorities & Government Companies

Actual 2018 CI\$000	Description	Equity Injection CI\$000	Prior Period Adjustments CI\$000	Withdrawals CI\$000	Surplus/ (Deficit) CI\$000	Actual 2019 CI\$000
379	Auditors Oversight Authority	-	(0)	-	(17)	362
1,297	Sister Islands Affordable Housing Corporation	-	(12)	-	(25)	1,260
39,516	Cayman Islands Monetary Authority	-	(4,129)	-	4,683	40,070
73,375	Water Authority-Cayman	-	(161)	(250)	1,845	74,809
43,185	Port Authority	-	1,358	-	(3,327)	41,216
17,644	Cayman Islands Development Bank	4,500	(139)	-	(361)	21,644
2,792	National Gallery of the Cayman Islands	-	(4)	-	(90)	2,698
1,674	National Museum	115	(21)	-	6	1,774
9,093	University College of the Cayman Islands	-	488	-	(563)	9,018
8,561	Civil Aviation Authority	-	1,180	(2,738)	2,537	9,540
383	National Drug Council	-	19	-	24	426
8,229	Cayman National Cultural Foundation	-	73	-	(263)	8,039
1,050	Health Services Authority	-	(6,569)	-	(19,869)	(25,388)
6,650	Tourism Attractions Board	-	(3,785)	-	278	3,143
3,113	Utility Regulation and Competition Office	-	(880)	-	(167)	2,066
335	Maritime Authority of the Cayman Islands	-	(3)	-	1,542	1,874
1,359	Children & Youth Services Foundation	-	(17)	-	139	1,481
5,654	National Housing Development Trust	2,052	890	-	(1,166)	7,431
(18,904)	Cayman Airways Ltd	5,100	(5,114)	-	(6,674)	(25,592)
3,807	Cayman Islands Stock Exchange	-	(802)	(138)	1,235	4,102
18,211	Cayman Turtle Conservation and Education Centre Ltd	9,500	(1,051)	-	(6,889)	19,771
(8,983)	National Roads Authority	-	273	-	(6,505)	(15,215)
180,476	Cayman Islands Airports Authority	-	2,976	-	7,786	191,238
8,471	Cayman Islands National Insurance Company	3,000	2,528	-	(252)	13,747
407,367	Total	24,267	(12,902)	(3,126)	(26,095)	389,513

Note 43: Details of Borrowings

Central Government

CAYMAN ISLANDS GOVERNMENT DETAILS OF BORROWINGS as at 31 DECEMBER 2019					
	Type of Debt	Managed By	Original Borrowing \$'000	Balance as at 31 December 2019 CIS'000	Balance as at 31 December 2018 CIS'000
2009 Notes Issue	Foreign Currency - USD	Central Government	US 312,000		261,300
A Bond was issued on 19 November 2009 in the amount of US\$312 million. Interest only is payable semi-annually at a rate of 5.95% per annum with a bullet payment due on 24 November 2019.					
CIBC FirstCaribbean International Bank (Cayman) Limited Loan # 10123355	Foreign Currency - USD	Central Government	US 28,800	1,600	3,200
Loan Agreement of US\$28.8 million amortised over 15 years at a fixed interest rate of 5.58% per annum, with quarterly payments of interest plus Principal of US\$0.5 million commencing with final repayment due 30th November 2020.					
CIBC FirstCaribbean International Bank (Cayman) Limited Loan # 10331239	Foreign Currency - USD	Central Government	US 63,000	13,126	16,625
Loan in the amount of US\$62,999,949.60 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 @ 2.71% effective with final repayment due 24 June 2023.					
CIBC FirstCaribbean International Bank (Cayman) Limited Loan # 10330158	Foreign Currency - USD	Central Government	US 45,600	9,500	12,033
Loan in the amount of US\$45,599,963.52 was drawn on 24 June 2008 amortised over 15 yrs with 1/4ly Principal payments of US\$760,000 plus interest @ 2.71% effective 24 January 2014 with a final repayment due 24 June 2023.					
CIBC FirstCaribbean International Bank (Cayman) Limited Loan # 10276203	Foreign Currency - USD	Central Government	US 47,160	8,515	11,135
Facility in the amount of US\$47.16 Million amortised over 15 yrs with 1/4ly Principal payments of US\$786,000 plus interest at 2.67% effective 11 February 2014 with a final repayment due 11 February 2023.					
CIBC FirstCaribbean International Bank (Cayman) Limited Loan # 10444245	Foreign Currency - USD	Central Government	US 185,074	100,248	115,671
15 Year fixed rate loan of US\$185.0 million advanced on 19th April 2011 at an interest rate of 5.44% per annum. Semi-annual payments of interest only commencing 19 October 2011 with Principal payments of US\$9.2 million plus interest to commence 19th October 2016.					
2019 Borrowings Butterfield Bank Loan	Foreign Currency - USD	Central Government	US182,686	151,393	—
Facility in the amount of US\$182.6 million, (first advance on 4 Dec 2019 for US\$91,343,283.58 and final advance of US\$91,343,284.42 on 23rd December 2019), amortised over 15 years with principal payments of US\$1,014,925.38 plus interest payable monthly commenced 31st December 2019 and final repayment due on 31 December 2034. The interest rate was fixed at 3.25% on 25 November 2019 for the remaining life of the loan.					
TOTAL DEBTS MANAGED BY CENTRAL GOVERNMENT				284,382	419,964

Statutory Authorities and Government Companies

STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES DETAILS OF BORROWINGS as at 31 DECEMBER 2019					
	Type of Debt	Managed By	Original Borrowing \$'000	Balance as at 31 December 2019 CIS'000	Balance as at 31 December 2018 CIS'000
RBC Royal Bank of Canada During the 18 month period ended 31 December 2017, the Company consolidated all existing loan arrangements with a single local bank. The loan bears a fixed rate of interest based on Libor. The loan is secured by way of a guarantee from the Government and is repayable by 2022. The loans bear a floating rate of interest priced at one-month Libor plus a percentage spread per annum.	Foreign Currency - USD	Cayman Airways Ltd	US 23,800	18,841	17,711
CIBC FirstCaribbean International Bank - Debt Consolidation During June 2015, CIOB used funds from its fixed deposit to repay US\$5 Million credit facility which was originally due for repayment in January 2016 and received US\$35.8 Million proceeds under a new credit facility with CIB to consolidate and repay the remaining credit facilities listed above. The new credit facility will be for a term of 10 years (maturing June 30, 2025) at an interest rate of U.S. 3-Month LIBOR plus 1.125% and is secured by a Government Guarantee. Under the terms of the agreement, interest only will be paid in the first 3 years after which amortized payments of principal and interest will be made.	Foreign Currency - USD	Cayman Islands Development Bank	US 36,800	15,774	19,851
Bond Issued at 5.238% 28th October 2004 for 20 years to 28th October 2024 with semi-annual payments	Foreign Currency - USD	National Housing Development Trust	US 14,500	4,329	5,026
Bond Issued in August 2009 at 11 yrs at 3.250% for 19 years (first 2 yrs Monthly interest only, 9 yrs of semi-annually principal payments) Balloon note at end in 11 yrs 30 Dec 2019 or refinancing required.	Local Currency KYD	National Housing Development Trust	\$12,083	6,813	7,433
Guaranteed Senior Notes Pursuant to a confidential placement memorandum, the Company issued Notes in the amount of US\$44,600,000 (equivalent to CIS\$7,464,000) 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 CIS\$6,600,000. 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 (CIS\$4,536,000) due on March 1, 2019.	Foreign Currency - USD	Cayman Islands Turtle Farm (1983) Ltd	US 44,600		4,503
Ocean Conversion (Cayman) Ltd North Side Original 10 Year Loan of US\$9,176,442 commenced July 2009. Interest is 6.48%.	Foreign Currency - USD	Water Authority Cayman	US 9,176		613
TOTAL DEBTS MANAGED BY STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES				45,757	55,137
TOTAL BORROWINGS				330,139	475,101

Summary of Borrowings

SUMMARY OF BORROWINGS as at 31 DECEMBER 2019				
		Original Borrowing US\$/CIS\$ '000	Balance as at 31 December 2019 CIS\$ '000	Balance as at 31 December 2018 CIS\$ '000
Summary by Type				
Total USD Debt	Number of Debts 9	US\$ 861,913	323,326	467,668
Total KYD Debt	1	\$12,083	6,813	7,433
Total Public Debt	10		330,139	475,101
Summary by assignment				
Central Government - USD Debt	6	US\$ 681,634	284,382	419,964
Statutory Authorities & Government Companies - USD Debt	3	US\$ 92,076	38,944	47,704
Statutory Authorities & Government Companies - KYD Debt	1	\$12,083	6,813	7,433
Total Public Debt	10		330,139	475,101

Note 44: Statement of Trust Holdings

Under the Public Management and Finance Act (2020 Revision) ("the PMFA"), "trust assets" are defined as assets (including money, but not money belonging to the Government) transferred or paid to the Government in trust for any purpose or to hold for or on behalf of any person, and include any such assets-

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

Trust assets are held separately and are not reported as part of these financials statements but are being disclosed in accordance with the provisions of the PMFA.

These trusts are classified into nine (9) broad groups and are shown in the Statement of Trust Holdings.

As at 31 December 2019, the Government held \$187.5 million (2018: \$192.8 million) in trust assets as shown below.

GOVERNMENT OF THE CAYMAN ISLANDS				
Statement of Trust Assets				
As at 31 December 2019				
	Opening Balance	Additions	Disbursements	Closing Balance
	CI\$000	CI\$000	CI\$000	CI\$000
Prisoners' Monies	92	-	-	92
Immigration Repatriation Deposits	5,406	-	-	5,406
Police Bail Bonds	316	136	(157)	295
Asset Forfeiture	1,218	29	-	1,247
Defunct Companies	68,367	4,786	(2,881)	70,272
Court Fund Trusts	107,918	21,967	(30,475)	99,410
Dormant Trusts Account	9,368	2,941	(1,622)	10,687
Immigration Bail Bonds	19	-	-	19
Other Trusts	50	-	-	50
Total Trust Assets	192,754	29,859	(35,135)	187,478

Note 45: Government Reporting Entities as at 31 December 2019

Entity	Segment
Office of the Auditor General	CORE
Cabinet Office	CORE
Director of Public Prosecutions	CORE
Judicial Administration	CORE
Ministry of Commerce, Planning and Infrastructure	CORE
Ministry of Community Affairs	CORE
Ministry of District Administration, Tourism and Transport	CORE
Ministry of Education, Youth, Sports, Agriculture and Lands	CORE
Ministry of Finance and Economic Development	CORE
Ministry of Financial Services and Home Affairs	CORE
Ministry of Health, Environment, Culture and Housing	CORE
Ministry of Employment and Border Control	CORE
Ministry of International Trade, Investment, Aviation and Maritime Affairs	CORE
Office of the Ombudsman	CORE
Portfolio of Legal Affairs	CORE
Portfolio of the Civil Service	CORE
Auditors Oversight Authority	SAGC
Cayman Airways Ltd	SAGC
Cayman Islands Airports Authority	SAGC
Cayman Islands Development Bank	SAGC
Cayman Islands Monetary Authority	SAGC
Cayman Islands National Insurance Company	SAGC
Cayman Islands Stock Exchange	SAGC
Cayman National Cultural Foundation	SAGC
Cayman Turtle Conservation and Education Centre Ltd	SAGC
Children and Youth Services Foundation	SAGC
Civil Aviation Authority	SAGC
Health Services Authority	SAGC
Maritime Authority of the Cayman Islands	SAGC
National Drug Council	SAGC
National Gallery of the Cayman Islands	SAGC
National Housing Development Trust	SAGC
National Museum	SAGC
National Roads Authority	SAGC
Port Authority of the Cayman Islands	SAGC
Sister Islands Affordable Housing Corporation	SAGC
Tourism Attractions Board	SAGC
University College of the Cayman Islands	SAGC
Utility Regulation and Competition Office	SAGC
Water Authority of the Cayman Islands	SAGC