



MINISTRY OF
FINANCE & ECONOMIC
DEVELOPMENT
CAYMAN ISLANDS GOVERNMENT

Entire Public Sector (EPS) Accounts Annual Report

For the Financial Year ended
31 December 2021



INTRODUCTION

These financial statements contain the results and position for the financial year ended 31 December 2021. Accordingly, the comparative figures in the financial statements are for the 12-month period ended 31 December 2020.

Also, included in the information presented are:

- The original budget for the year as published in the 2020-2021 Plan & Estimates;
- The audited actuals for the prior year, 2020.

This commentary should be read in conjunction with the financial statements and disclosure notes for the year ended 31 December 2021. 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 the United Kingdom (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 his 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, along with the now formed Cayman Islands Regiment, which provides disaster relief and security within 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, two members (the Members) consisting of the Deputy Governor and the Attorney General and, the Cabinet Secretary.

The Government's organisational structure is broken into Core Government and Statutory Authorities and Government Companies (SAGCs), 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 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.

BROAD OUTCOMES FOR 2021

As outlined in the 2020 and 2021 Plan and Estimates, the Government has established the following eight broad outcomes to guide its policy actions:

1. A strong economy to help families and business;
2. Achieve full employment – jobs for all Caymanians;
3. The best education opportunities for all our children;
4. Reducing crime and the fear of crime;
5. Access to quality, affordable healthcare;
6. Stronger communities and support for the most vulnerable;
7. Ensuring Caymanians benefit from a healthy environment; and
8. Stable, effective and accountable Government.

KEY FINANCIAL HIGHLIGHTS

The financial results for the Entire Public Sector (EPS) for the year ending 31 December 2021 show a deficit of \$40.4 million. For the prior 12-month period ending 31 December 2020 the EPS achieved a deficit of **\$123.9 million**.

Actual EPS Deficit results were \$98.1 million less than the EPS original budget surplus of \$57.8 million; but \$83.6 million (favourable variance) less than the EPS Deficit of 2020. The significant underperformance for 2021 is primarily due to the continued impact of the novel coronavirus (COVID-19) pandemic on the economy and the costs to recover following the measures taken by the Government to mitigate against the impact. These measures required the Government to continue to restrict travel to the jurisdiction thereby reducing activity in the local economic market and revenues derived from the tourism sector. The Government also sought to increase support to individuals and business negatively impacted by these measures. Since the onset of the COVID-19 pandemic to the 31 December 2021 the Government incurred approximately \$130.0 million in expenditure related to the mitigation measures to combat the COVID-19 pandemic. 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.

The Government's financial position, however, remains strong. Net Assets (total Assets less all recognised Liabilities) were \$1.9 billion as at 31 December 2021. Cash and Cash Equivalents (including fixed deposits with maturity durations not exceeding 90 days) were \$439.1 million. EPS debt declined by 11.5% to stand at \$252.1 million as at 31 December 2021.

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 Core Government Operating Surplus which requires that Core Government Operating Surplus should be positive was not complied with as the Core Government achieved as Operating Deficit of \$40.3 million. This was due to the continued expenditure for costs related to COVID-19 pandemic and the significant slowdown in the economy due to the extended partial closure of the borders.

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.

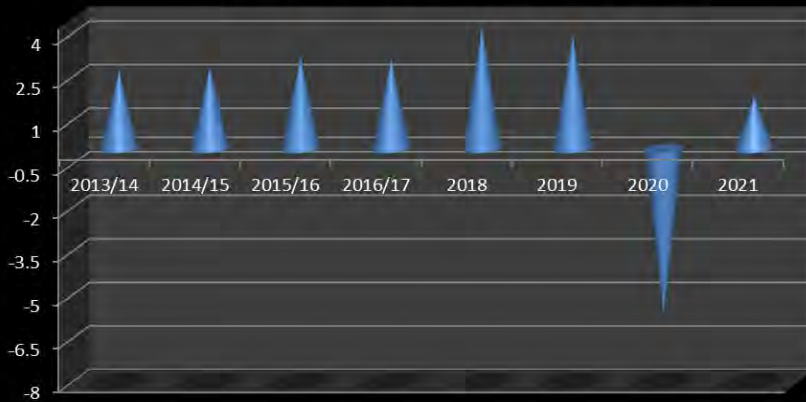
ECONOMIC OVERVIEW BASED ON ANNUAL ECONOMIC REPORT 2021

- The world economy expanded in 2021 due to increased economic activities and pent-up demand subsequent to lockdown measures. Inflation accelerated demand which outpaced supply.
- The Cayman Islands' real gross domestic product (GDP) expanded by an estimated rate of 1.8 percent in 2021, relative to a contraction of 5.7 percent in 2020
- Growth is estimated for most sectors, led by construction and real estate activities. However, the continued closure of Cayman's borders led to further contraction of hotels and restaurants and some supporting sectors.
- Nominal GDP per capita income was estimated at \$72,580, higher than the \$71,048 recorded for 2020.
- The average inflation rate in 2021 was 3.3 percent, compared to 1.0 percent a year ago. Inflationary pressures emanated mainly from rising energy and food prices.
- Total employment increased by 10.3 percent to 45,919 in 2021. The rise in employment lagged the expansion in the labour force, which resulted in the unemployment rate rising to 5.7 percent. The unemployment rate among Caymanians was estimated at 8.5 percent
- Merchandise imports rose by 15.0 percent to reach \$1,281.9 million, reflecting increases of 44.4 percent and 12.4 percent in oil-related and non-oil imports, respectively.
- Money supply (M2) expanded by 5.7 percent to reach \$8.7 billion in 2021. This monetary expansion was due to 8.7 percent and 4.7 percent increases in local currency deposits and foreign currency-denominated deposits, respectively.
- Domestic credit from commercial banks expanded by 7.2 percent to settle at \$3,679.7 million. Credit to the private sector rose by 8.7 percent, while loans to the public sector declined by 13.5 percent.
- Indicators of financial services generally improved in 2021. Insurance licenses, mutual funds registration, stock exchange listings, new company registrations and new partnership registration increased while bank and trust licenses fell.

- Total stay-over visitors contracted by 94.7 percent. Total stay-over arrivals declined by 85.8 percent, while there were no cruise arrivals
- Indicators of construction intentions were improved in 2021. The value of building permits in Grand Cayman rose by 29.1 percent to \$717.0 million, while the value of planning approvals in Grand Cayman increased by 10.6 percent to \$976.9 million.
- Real estate activity surged as the total value of property transfers rose by 75.0 percent to \$1,413.2 million. Both freehold and leasehold transfers decreased.
- The central government recorded an overall deficit in 2020 of \$117.2 million relative to a deficit of \$96.9 million in 2020. The government's total outstanding debt declined to \$222.7 million (4.5 percent of GDP) at the end of 2021.
- GDP is projected to expand in 2022 by 3.4 percent, primarily due to expected recovery in the tourism and transport sector. The inflation rate is expected at 7.9 percent arising principally from external pressures. The overall unemployment rate is projected at 4.5 percent.

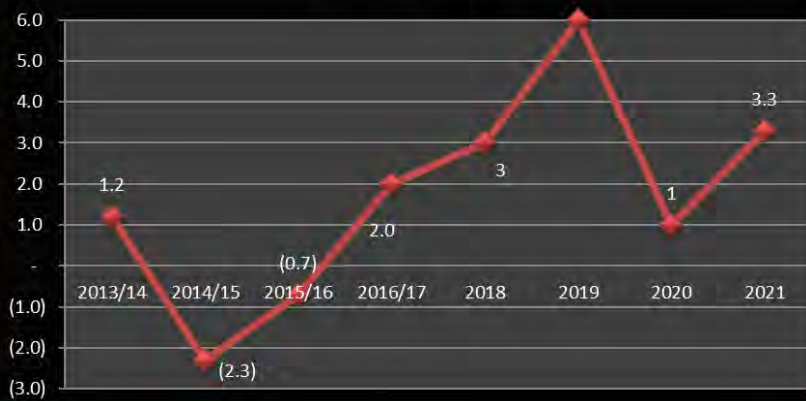
Source: Economics and Statistics Office

The Cayman Islands' GDP Rate, %



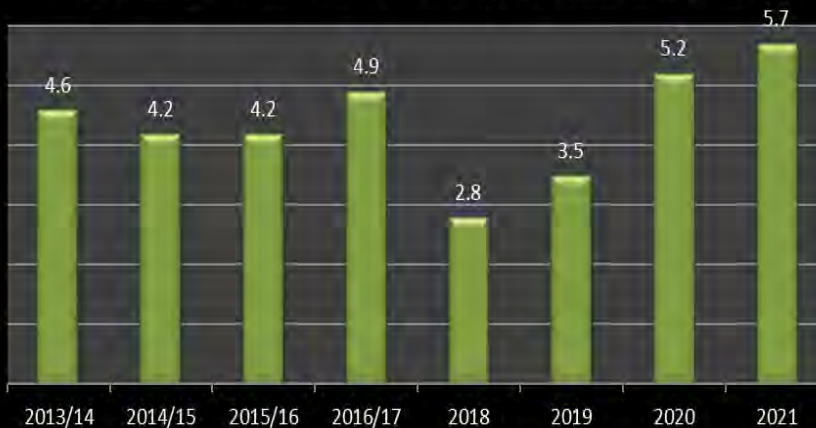
The world economy grew 6.1% in 2020 compared with a contraction of 3.18% in 2020. Advanced economies grew by 5.2% for the year compared with a decline of 4.5% in 2020. Similarly, emerging markets and developing economies expanded by 6.8% compared with a contraction of 2.0% in the preceding year. The Caribbean recorded an economic growth of 3.5% compared with a contraction of 4.3% in 2020.

The Cayman Islands' Consumer Price Index Inflation Rate, %



Global inflation accelerated in 2021 rising to 4.7% from 3.2% in 2020. Inflation in the US and UK rose to 4.7% and 2.6% from 1.2% and 0.9% respectively in 2020. Inflation increased to 5.9% in emerging markets and developing economies from 5.2% in 2020. The Caribbean recorded inflation of 8.6% in 2020 relative to 7.7% in 2020

The Cayman Islands' Unemployment Rate, %



The continued closure of the labour-intensive tourism sector led to a rise in unemployment.

Source: Economics and Statistics Office

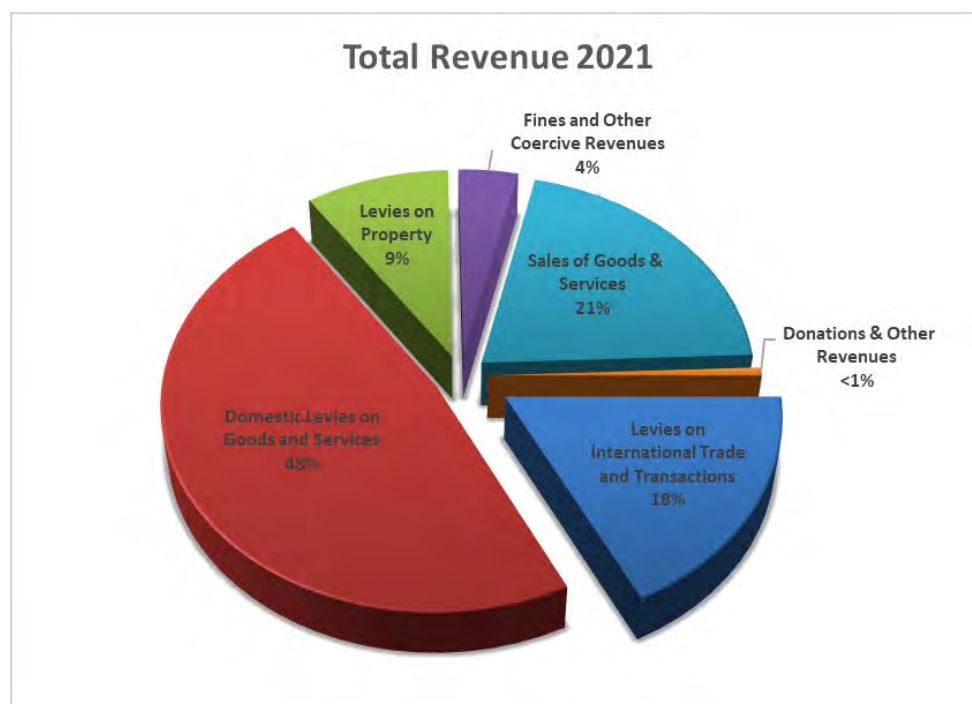
PERFORMANCE OVERVIEW and ANALYSIS

Government Revenue and Expenditure

Revenue

DESCRIPTION	EPS Actual CI\$000	
	2021	2020
Coercive Revenue	918,557	741,906
Sales of Goods & Services	243,809	218,884
Investment Revenue	5,319	14,087
Donations	1,411	4,008
Other Revenue	633	4,827
Total Revenue	1,169,729	983,712

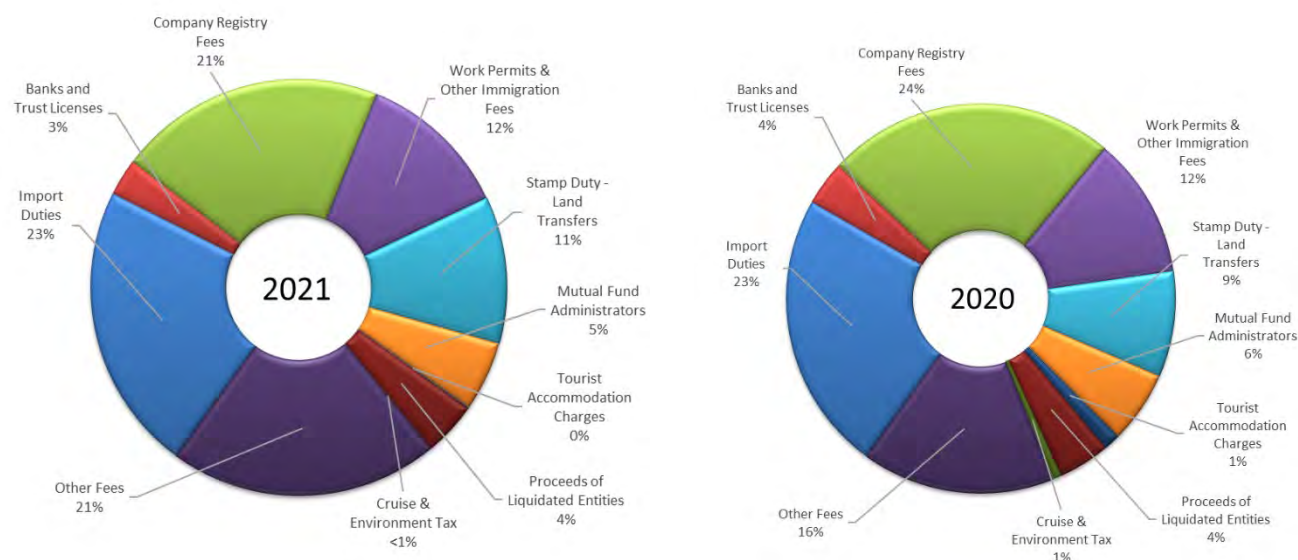
The Total Revenue for the 2021 is \$1.17 billion, which when compared to 2020 indicates that the year ended 31 December 2021 produced \$186.0 million (19%) higher revenues. The Total Revenue earned were also \$26.8 million more than the 2021 Original Budget.



What is the Government's primary source of revenue?

The primary source of revenue is coercive revenue, which was 79% of total public sector revenue in 2021 (2020: 76%), while sale of goods and services represented 21%, 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 23% of total coercive revenue in financial year 2021 (2020: 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 29% of total coercive revenue and 23% of total public sector revenue as at 31 December 2021 (2020: 34% and 25%, respectively).

See eight-year trend table on coercive revenue below:

DESCRIPTION	EPS Actual C\$'000							
	2013/14	2014/15	2015/16	2016/17	2018	2019	2020	2021
Import Duties	163,432	156,393	159,834	243,239	181,132	193,076	173,361	206,042
Banks and Trust Licenses	34,225	32,795	31,592	30,074	29,382	28,184	27,479	26,606
Company Registry Fees	134,355	140,739	146,863	182,135	165,973	182,110	178,735	191,186
Work Permits & Other Immigration Fees	71,278	79,914	79,364	135,145	88,244	100,402	87,209	108,342
Mutual Fund Administrators	45,140	43,139	44,544	49,213	44,044	43,137	44,601	49,580
Stamp Duty - Land Transfers	30,502	38,967	52,987	76,340	80,655	64,544	65,591	104,874
Cruise & Environment Tax	13,695	15,409	16,494	23,061	17,961	17,810	5,363	319
Tourist Accommodation Charges	18,725	20,643	21,134	33,559	32,671	36,535	10,282	1,009
Proceeds of Liquidated Entities	-	-	16,652	3,550	19,054	3,299	31,963	38,398
Other Fees	100,265	95,505	103,797	176,518	121,945	125,973	119,702	192,201
Total Coercive Revenue	611,617	623,503	673,261	952,834	781,061	795,070	744,287	918,557

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

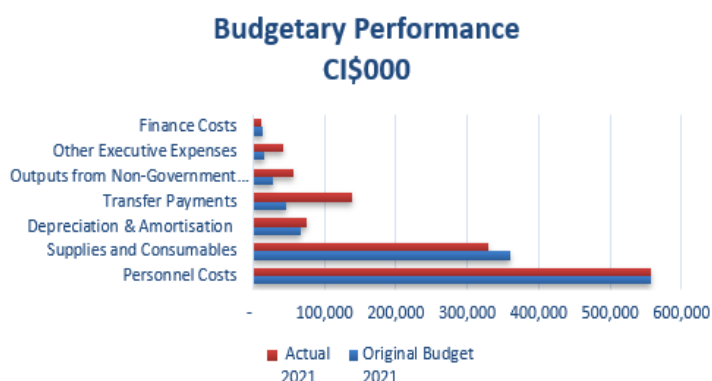
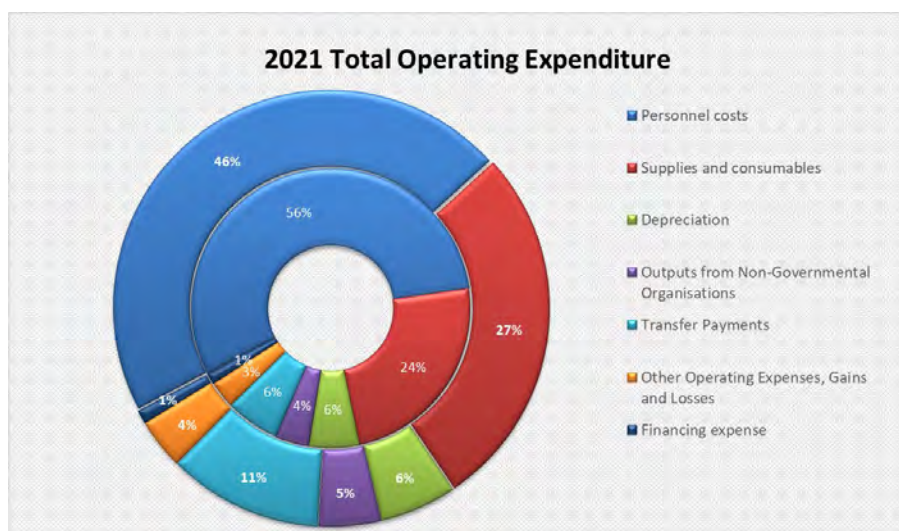
See Note 21 of the EPS Financial Statements

EXPENDITURE

What does Government Spend on Providing Services and Operating costs?

DESCRIPTION	EPS Actual C\$000	
	2021	2020
Personnel costs	557,033	614,823
Supplies and consumables	329,842	265,653
Depreciation	69,706	64,769
Outputs from Non-Governmental Organisations	56,394	43,360
Transfer Payments	139,401	69,706
Other Operating Expenses, Gains and Losses	45,149	35,030
Financing expense	12,556	14,297
Total Expenses	1,210,081	1,107,638

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 46% of total expenditure as at 31 December 2021 (2020: 56%), which is typical for service-based organisations and consistent with prior years.



Total Operating Expenses of the EPS were \$1.20 billion; this amount was \$128.8 million (12%) more than the original budget of \$1.09 billion. Transfer Payments, Outputs from Non-Government Suppliers and Other Executive Expenses surpassed original budgets due to increased costs related to COVID-19. These increases were partially offset by underspends in Supplies and Consumables as a result of delayed projects and reduced Government activities.

Personnel Costs

Salaries and wages for 2021 are up 6% when compared to the prior year. In the latter part of 2020 the Government increased certain pay scales, as well as Government revised certain pay scales at the beginning of 2021. Personnel costs for 2021 reflects 12-months of the adjusted salaries when compared to 2020.

Description	EPS Actual C\$'000	
	2021	2020
Salaries, Wages and Allowances	467,244	440,588
Health Care	9,537	33,472
Pension	24,989	24,038
Leave	1,297	1,257
Defined Benefit Pension Liability	20,011	34,267
Post Retirement Health Care Liability	25,544	75,418
Other Personnel Costs	8,411	5,783
Total Personnel Costs	557,033	614,823

See Note 25 of the EPS Financial Statements

Supplies and Consumables

Supplies and consumables for the 2021 period is \$329.8 million. There was a 24% increase in cost for supplies and consumables from 2020 to 2021. See detailed table below.

Description	EPS Actual C\$'000	
	2021	2020
Supplies and Materials	91,889	73,922
Purchase of services	117,471	94,652
Utilities	25,980	21,330
General Insurance	12,674	8,931
Travel and Subsistence	1,903	1,995
Recruitment & Training	2,519	2,058
Leases	18,349	13,615
Other	59,057	49,150
Total Supplies & Consumables	329,842	265,653

See Notes 26 and 27 of the EPS Financial Statements

Financing Expenses

What does Government Pay to Finance its Liabilities?

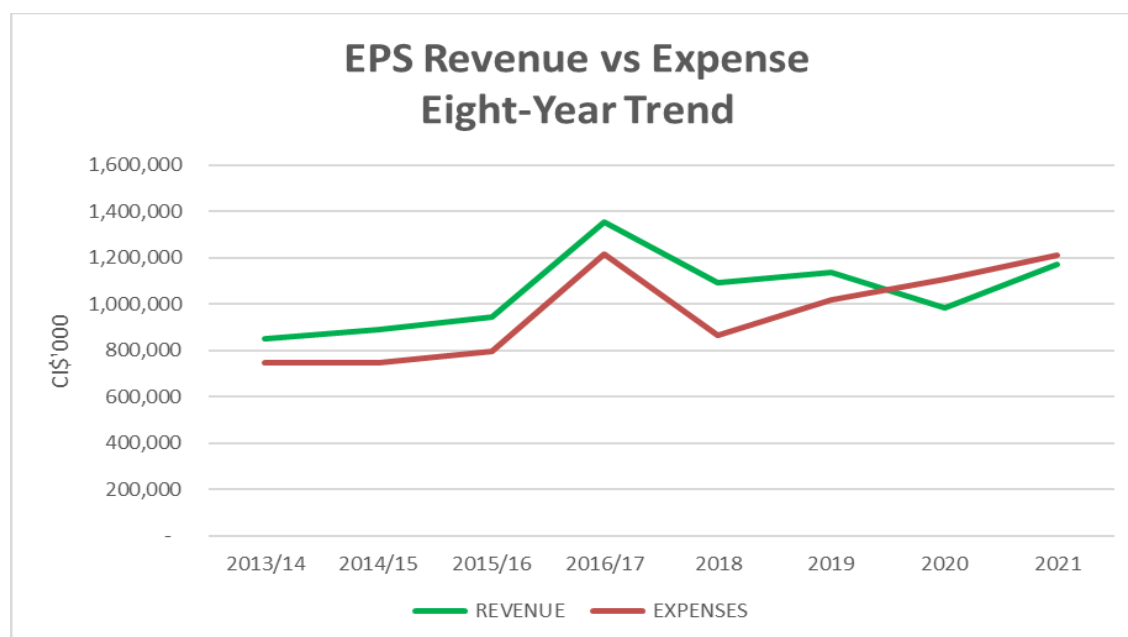
The most significant element of financing costs for the year ended 31 December 2021 was debt financing expense of \$9.9 million (2020: \$11.7 million). This consists of interest paid on bank borrowings.

Net Surplus or Net Deficit

The net deficit for the year ended 31 December 2021 was \$30.4 million (2020: \$123.9 million, net deficit). See table and chart of revenue and expenditure summary for eight years below.

DESCRIPTION	EPS Actual C\$'000							
	2013/14	2014/15	2015/16	2016/17	2018	2019	2020	2021
Coercive Revenue	611,617	623,503	673,261	952,834	781,061	795,070	744,287	918,557
Sales of Goods & Services	234,165	261,478	261,344	384,809	290,918	311,499	216,503	243,809
Investment Revenue	2,336	4,700	5,669	15,631	17,230	26,306	14,087	5,319
Donations	1,203	1,081	931	2,405	2,517	1,742	4,008	1,411
Other Revenue	101	300	2,817	71	606	1,187	4,827	633
Total Revenue	849,422	891,062	944,022	1,355,750	1,092,332	1,135,804	983,712	1,169,729
Personnel costs	352,316	352,795	400,116	610,718	421,173	517,833	614,823	557,033
Supplies and consumables	236,842	231,567	223,896	346,418	265,702	309,341	265,653	329,842
Depreciation	43,734	50,846	53,851	88,098	56,022	59,368	64,769	69,706
Outputs from Non-Governmental Organisations	26,464	29,445	32,538	51,585	48,159	50,028	43,360	56,394
Transfer Payments	31,130	27,274	30,251	48,556	36,476	39,458	69,706	139,401
Other Operating Expenses, Gains and Losses	18,306	19,165	23,831	26,457	12,813	17,125	35,030	45,149
Financing expense	35,816	33,280	31,007	43,540	26,852	24,947	14,297	12,556
Total Expenses	744,608	744,372	795,490	1,215,372	867,197	1,018,100	1,107,638	1,210,081
Net Revenues/Surplus	104,814	146,690	148,532	140,378	225,135	117,704	(123,926)	(40,352)

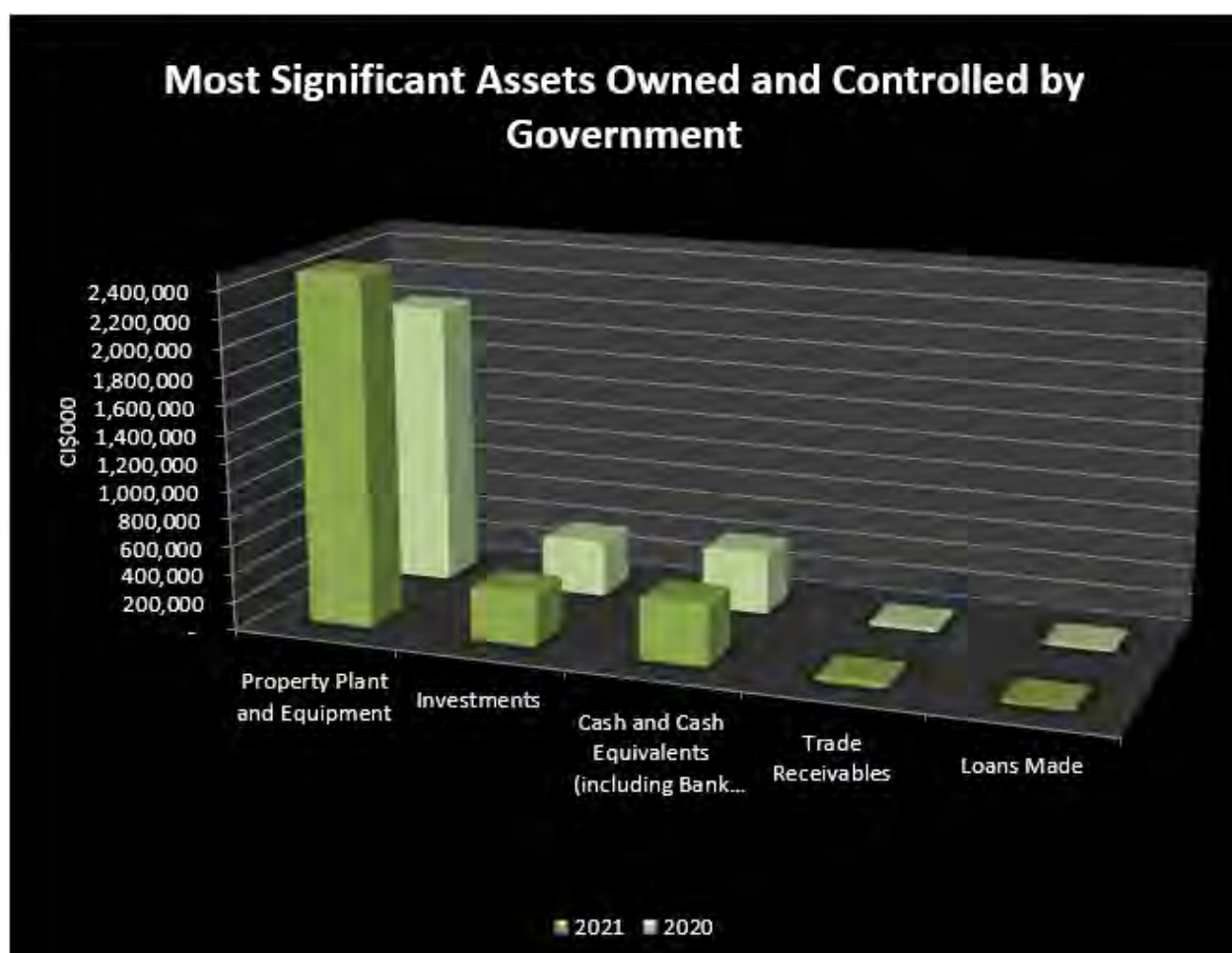
The 2016/17 reporting period covers an 18-month period and is not comparable to other periods which reflect the results of a 12-month reporting period



Government Assets and Liabilities

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

	EPS Actual CIS\$000	
Assets	2021	2020
Property Plant and Equipment	2,522,149	2,028,000
Cash and Cash Equivalents (including Bank Overdraft)	439,137	441,216
Investments	380,327	402,101
Trade Receivables	39,542	28,291
Loans Made	18,084	19,518



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 Financial Statements.

Investments

Over 70% of investments consist of fixed deposits (over 90 days but less than 365 days). Core Government investments of \$273.7 million as at 31 December 2021 represents approximately 72% of total investments, with the SAGCs holding the remaining 28%. The majority of the \$106.6 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 Financial Statements.

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 Financial Statements.

Trade Receivables

The majority of the trade receivables (74%) are held by SAGCs as at 31 December 2021. See Note 3 of the EPS Financial Statements.

The table below shows gross trade receivables of \$87.2 million (2020: \$66.2 million) as at 31 December 2021 less provision for doubtful debts \$47.6 million (2020: \$37.9 million) resulting in net trade receivables of \$39.5 million (2020: \$54.0 million).

Description	EPS Actual CI\$000	
	2021	2020
Coercive revenue Receivable	14,249	15,036
non-Coercive Receivable	72,942	51,198
Total Trade Recievables	87,191	66,234
Provisions	(47,649)	(37,943)
Net Trade Receivables	39,542	28,291

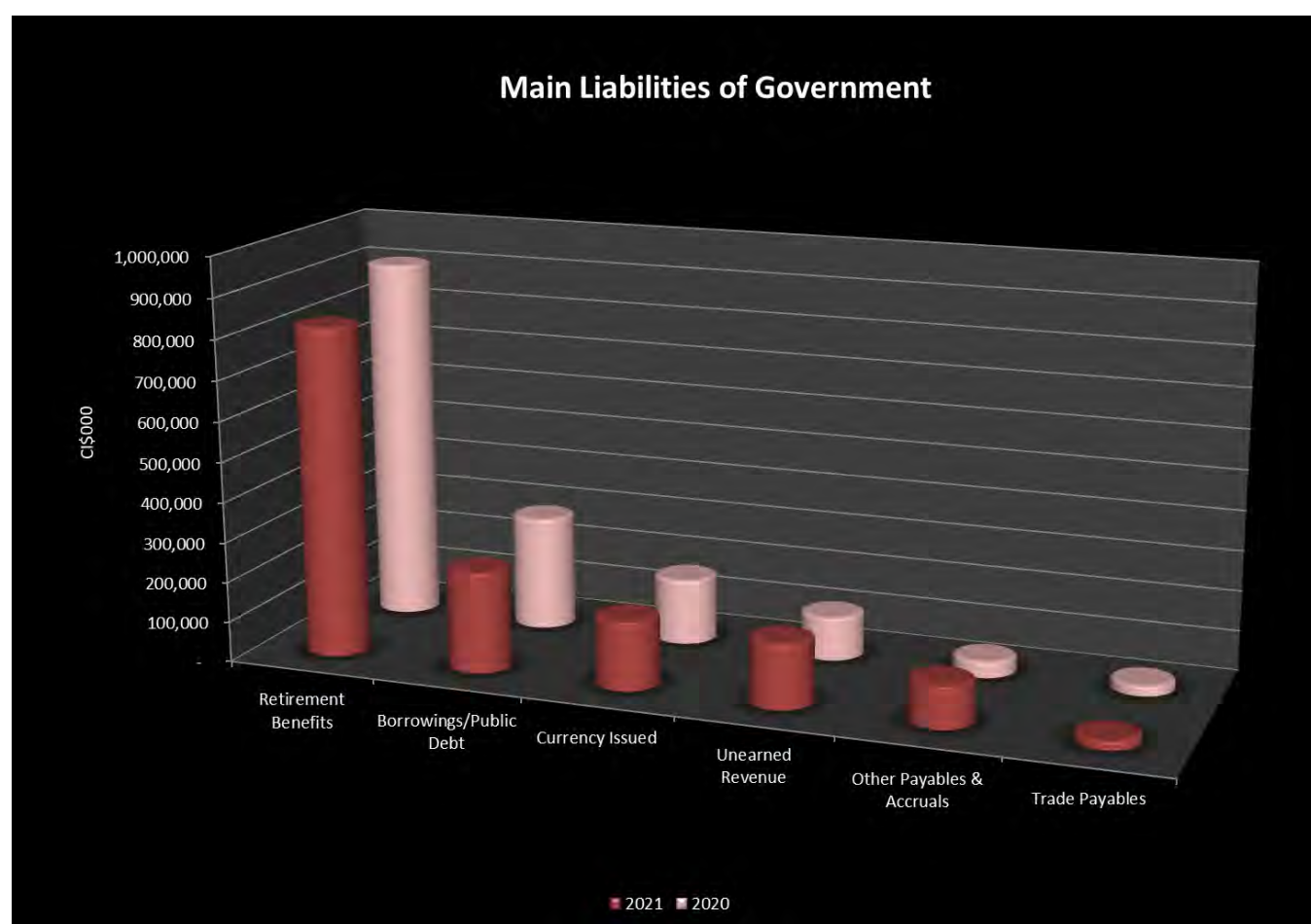
Loans Made

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 Financial Statements.

What are the Main Liabilities of Government?

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

Liabilities	EPS Actual CIS\$000	
	2021	2020
Retirement Benefits	821,808	906,840
Borrowings/Public Debt	252,117	284,960
Currency Issued	173,504	164,426
Unearned Revenue	162,323	108,907
Other Payables & Accruals	106,484	40,882
Trade Payables	22,242	25,473



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.

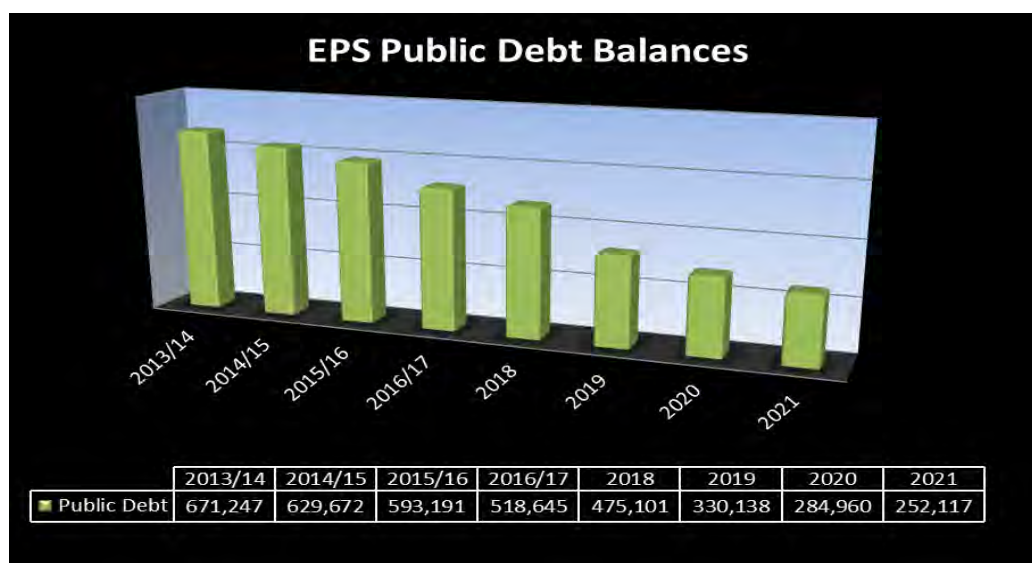
Line of Credit and 2021 Convertible Loan

On 10 June 2020, the Government awarded the provision of a stand-by Line of Credit (LoC) to a consortium of local banks for CI\$330.5 million (US\$403.3 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. The amount of US\$10.0 million (CI\$8.4 million) was drawn down on 31 July 2021, in accordance with the loan agreement dated 18 December 2020, between the Government of the Cayman Islands (CIG) and the consortium of banks. This amount represents the minimum amount which CIG may drawdown under Facility A, the short-term revolving line of credit of US\$403.3 million (see note 37).

See tables of public sector debt below:

Description	Opening Balance 1 January 2021	Drawdowns/ Additions	Repayments	Closing Balance 31 December 2021
	CI\$000	CI\$000	CI\$000	CI\$000
Core	248,555	8,375	34,226	222,704
Cayman Islands Development Bank	11,698	-	4,077	7,621
National Housing Development Trust	3,551	-	779	2,772
Cayman Airways Limited	21,156	-	2,136	19,020
Total	284,960	8,375	41,217	252,117

See Note 17 of the EPS Financial Statements.



Public debt continued to decline, from \$285.0 million to \$252.1 million, as principal repayments of \$41.2 million were applied net of new borrowings of \$8.4 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 Financial Statements.

The following tables present the pension liability at fair value as at 31 December 2021:

Description	2021	2020
	CI\$000	
Core Government	404,394	473,333
Parliamentarian Pensions	19,678	22,936
Judicial Pensions	(848)	(172)
Central Government Pension Liability Fair Value	423,224	496,097
Statutory Authorities and Government Companies	28,285	40,865
Entire Public Sector Pension Liability Fair Value	451,509	536,962

	Public Service Pensions Plan	Parliamentary Pensions Plan	Judiciary Pensions Plan	Total Central Government Pension Plans	Statutory Authorities Pension Plan	Entire Public Sector Pension Plans
	2021	2021	2021	2021	2021	2021
	CI\$000	CI\$000	CI\$000	CI\$000	CI\$000	CI\$000
Present value benefit obligation	938,910	33,355	6,237	978,502	86,823	1,065,325
Fair Value of plan assets	534,516	13,677	7,085	555,278	58,538	613,816
Deficit/Surplus for funded plans	404,394	19,678	(848)	423,224	28,285	451,509
Net liability/(asset)	404,394	19,678	(848)	423,224	28,285	451,509

See Note 16 of the EPS Financial Statements.

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 2022, estimated the post-retirement healthcare obligation as at 31 December 2021 to be \$2.2 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 2021 of \$370.2 million.

Currency Issued

Currency Issued (or Demand Liabilities) represents the value of currency notes and coins in circulation. These liabilities are fully funded by the Currency Reserve Assets of the Cayman Islands Monetary Authority. See Note 19 of the EPS accounts.

Unearned Revenue

Unearned revenue consists of revenues collected but not yet earned. See table of unearned revenue below:

	EPS Actual CI\$000	
Description	2021	2020
Customs Deposits	352	237
Immigration Deposits	35,316	36,802
Cayman Airways Deposits	7,457	4,085
General Registry Deposits	91,743	40,880
Lease of Crown Lands	13,340	13,484
Revenue and Other Deposits Held	14,115	13,419
Total Unearned Revenue	162,323	108,907

See Note 14 of the EPS Accounts.

Trade Payables, and Other Payable and Accruals

Trade payables, and other payable and accruals are expenses incurred (service and or goods and supplies were received) but not paid before 31 December 2021; they are non-interest bearing and are normally settled on 30-day term. Accounts payable includes invoices received from suppliers not yet settled. See Note 13 of the EPS accounts.

Net Assets and Liabilities

Net Assets increased from \$1.4 billion in 2020 to \$1.9 billion (see page 10 of the EPS Financial Statements), an increase of 34%. The eight-year trend in key assets and liabilities is presented in the table below. The 2016/17 period was an 18-month period commencing 1 July 2016 to 31 December 2017 and is not directly comparable to the all other periods which represent results for 12 months:

DESCRIPTION	EPS Actual							
	CI\$000							
Assets	2013/14	2014/15	2015/16	2016/17	2018	2019	2020	2021
Cash and Cash Equivalents (including Bank Overdraft)	281,182	406,435	231,415	220,281	377,156	356,476	441,216	439,137
Trade Receivables	36,421	31,707	32,165	31,044	54,008	38,314	28,291	39,542
Investments	99,582	102,077	438,511	554,591	500,056	523,383	402,101	380,327
Loans Made	32,774	30,470	30,285	26,243	33,907	19,342	19,518	18,084
Property Plant and Equipment	2,078,619	2,068,405	1,732,843	1,752,736	1,893,541	1,942,426	2,028,000	2,522,149
Liabilities								
Borrowings/Public Debt	671,247	629,672	593,191	518,645	475,101	330,138	284,960	252,117
Retirement Benefits	225,519	227,048	481,283	709,833	678,491	729,719	906,840	821,808
Currency Issued	91,720	94,887	106,876	119,544	126,609	140,369	164,426	173,504
Unearned Revenue	37,313	40,238	65,282	86,929	100,412	83,682	108,907	162,323
Other Payables & Accruals	63,942	49,717	62,830	121,635	58,341	56,839	40,882	106,484
Provisions	10,159	11,657	12,877	12,696	12,348	10,353	41,174	45,029
Trade Payables	27,369	30,163	20,213	27,779	29,447	24,646	25,473	22,242

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 2020	Loan Balance as at 31 December 2020
		CI\$000	CI\$000
Cayman Airways Limited	80%	15,216	19,020
Cayman Islands Development Bank	50%	3,810	7,621
National Housing Development Trust	80%	2,218	2,772
		21,244	29,413

See Note 37 of the EPS Financial Statements

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 2021. See tables of commitments below.

Entire Public Sector (includes Core Government)

	One Year or Less	One to Five Years	Over Five Years	31 December 2021	31 December 2020
Type	CI\$000	CI\$000	CI\$000	CI\$000	CI\$000
Capital Commitments					
John Gray High School	44,883	18,118	-	63,001	62,875
Landfill	16,895	1,400	-	18,295	26,871
Long term residential mental health facility	5,000	-	-	5,000	16,290
Other property, plant and equipment	9,165	79	-	9,244	17,933
Total Capital Commitments	75,943	19,597	-	95,540	123,969
Operating Commitments					
Non-Cancellable Accommodation Leases					
Accommodation leases	5,808	10,953	1,468	18,229	26,427
Other Non-Cancellable Leases					
Land Lease	12,375	49,340	37,005	98,720	111,015
Premises Lease	82	219	-	300	19
Aircraft Leases	7,155	22,907	2,545	32,607	36,529
Other Operating Lease	2,545	2,135	-	4,680	2,690
Other Operating Commitments					
Other Operating Commitments	11,029	6,331	560	17,920	7,052
Total Operating Commitments	38,993	91,885	41,578	172,457	183,732
Total Commitments	114,936	111,483	41,578	267,997	307,701

See Note 36 of the EPS Financial Statements

Core Government

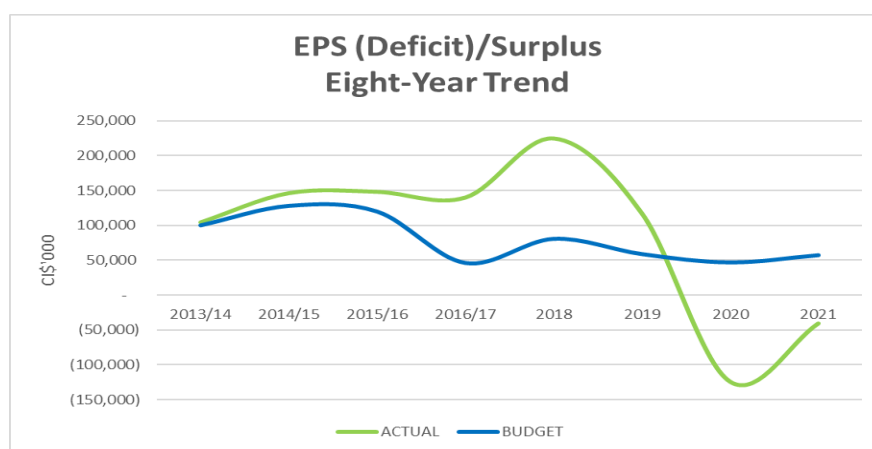
	One Year or Less	One to Five Years	Over Five Years	31 December 2021	31 December 2020
Type	CI\$000	CI\$000	CI\$000	CI\$000	CI\$000
Capital Commitments					
John Gray High School	44,883	18,118	-	63,001	62,875
Landfill	16,895	1,400	-	18,295	26,871
Long term residential mental health facility	5,000	-	-	5,000	16,290
Other property, plant and equipment	6,625	79	-	6,705	13,203
Total Capital Commitments	73,403	19,597	-	93,001	119,239
Operating Commitments					
Non-Cancellable Accommodation Leases					
Accommodation leases	5,503	9,867	1,468	16,838	16,615
Other Non-Cancellable Leases					
Premises Lease	82	219	-	300	-
Other Operating Lease	1,419	1,009	-	2,428	2,690
Other Operating Commitments					
Other Operating Commitments	8,674	5,848	560	15,082	-
Total Operating Commitments	15,677	16,943	2,028	34,648	19,305
Total Commitments	89,080	36,541	2,028	127,649	138,544

BUDGET ANALYSIS

Actual EPS total deficit of \$43.2 million was less than the original budget by \$101.0 million. Total expenses were \$124.2 million (or 11%) more than budget offset by revenues surpassing budget expectations by \$26.8 million. Further details can be seen in the table of financial performance with actual results compared to the original budget below.

GOVERNMENT OF THE CAYMAN ISLANDS STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 31 DECEMBER 2021 ENTIRE PUBLIC SECTOR				
	Original Budget 2021	Actual 2021	Performance Difference Original Budget	% Change Actual vs. Budget
CI\$'000				
Revenue				
Coercive Revenue	806,565	918,557	111,992	14%
Sales of Goods & Services	316,228	243,809	(72,419)	-23%
Other Revenue	20,096	7,363	(12,733)	-63%
Total Revenue	1,142,889	1,169,729	26,840	2%
Expenses				
Personnel Costs	556,931	557,033	102	0%
Supplies and Consumables	359,323	329,842	(29,481)	8%
Depreciation & Amortisation	67,565	69,706	2,141	-3%
Transfer Payments	46,245	139,401	93,156	-201%
Outputs from Non-Government Organizatio	28,771	56,394	27,623	-96%
Other Executive Expenses	15,576	51,581	36,005	-231%
Finance Costs	13,326	12,556	(770)	6%
Total Expenses	1,087,737	1,216,513	128,776	-12%
Total Other (Gains)/Losses	(2,625)	(6,432)	(3,807)	-145%
Surplus/(Deficit) for the period	57,777	(40,352)	(98,129)	-170%

The chart below shows the net (deficit)/surplus over the past eight years compared to budget.



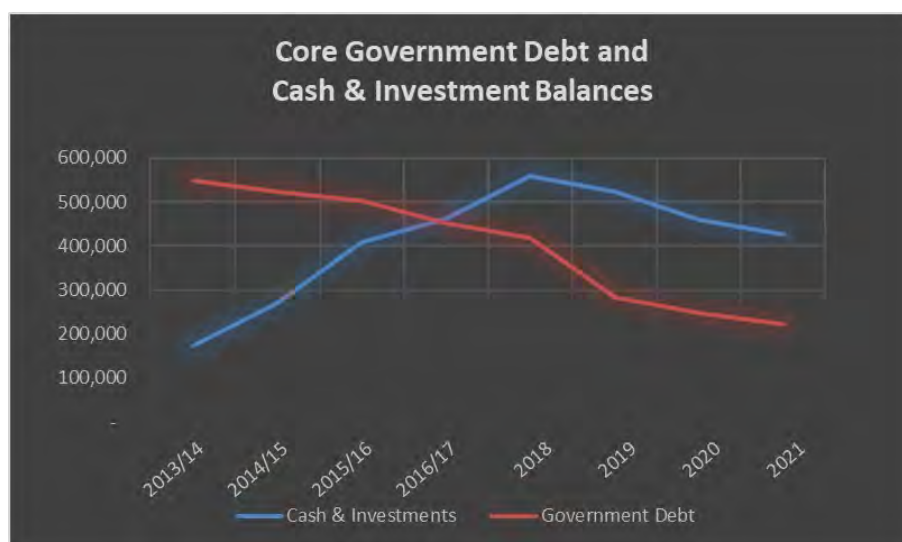
KEY FINANCIAL ACCOMPLISHMENT

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 (PMFA) 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	2013/14	2014/15	2015/16	2016/17	2018	2019	2020	2021
Cash & Investments	173,951	271,468	408,619	462,110	559,434	524,426	460,378	427,408
Government Debt	548,499	523,322	503,318	451,081	419,964	284,380	248,555	222,704

The chart below shows the steady improvement cash and debt balances for Core Government, and highlights that cash exceeded debt as at 31 December 2021.



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.

Cayman Islands currently holds long-term foreign currency credit ratings of Aa3 (stable outlook) from Moody's Investors Services, Inc. Ratings used to determine the creditworthiness of Cayman Islands and the likelihood of timely payment of Cayman Islands' long-term debt securities.

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

Principle	Degree of Compliance	
	2021 Unaudited Actuals	Approved 2021 Budget
Core Government Operating Surplus : Should be positive (Operating surplus = Core Government operating revenue – Core Government operating expenses for the 12-month period 1 January to 31 December 2021)	Does Not Comply Deficit = \$16.6 million	Complies Surplus = \$74.7 million
Net Worth: Should be positive (Net worth = Core Government assets – Core Government liabilities)	Complies Net Worth = \$1.9 billion	Complies Net Worth = \$1.6 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)	Complies Debt servicing = 5.9%	Complies Debt servicing = 6.4%
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 = 8.5%	Complies Net debt < 0%
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 = 159.8 days	Complies Cash Reserves = 117.5 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.

The 2021 fiscal year shows a deficit of \$19.5 million for Core Government due to the impact of the COVID-19 pandemic on the economy, including loss of key tourism-sector related revenue streams and the measures taken by the Government to mitigate against impact of the pandemic.

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.

GOVERNANCE

Preparation of the EPS Financial Statements is managed within the Ministry of Finance and Economic Development'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 the EPS Financial Statements, 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 financial statements 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 of Finance and Economic Development (Ministry of Finance) 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 Financial Statements 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 Financial Statements governance framework, the 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 as outlined below.

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 of Finance 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.

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 38 of the EPS Financial Statements.

ENTITIES NOT CONSOLIDATED IN THE EPS FINANCIAL STATEMENTS

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

Segregated Insurance Fund of the Cayman Islands

The Segregated Insurance Fund (the Fund) was established under the Health Insurance Commission Act (2013 Revision). 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 (2016 Revision) and under their legislation the Fund is required to remit all funds collected to the Ministry of Health and Wellness.

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 Financial Statements.

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.

See Statement of Trust Holdings below:

GOVERNMENT OF THE CAYMAN ISLANDS Statement of Trust Assets As at 31 December 2021				
	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	266	10	(5)	271
Asset Forfeiture	422	-	-	422
Defunct Companies	49,179	3,679	(35,875)	16,983
Court Fund Trusts	70,075	28,820	(22,415)	76,480
Dormant Trusts Account	9,549	7,131	(3,898)	12,783
Immigration Bail Bonds	19	-	-	19
Other Trusts	50	-	-	50
Total Trust Assets	135,059	39,640	(62,193)	112,506

(see Note 48 of the EPS Financial Statements)

APPENDIX 1

AUDITED FINANCIAL STATEMENTS FOR THE GOVERNMENT OF THE CAYMAN ISLANDS FOR THE YEAR ENDED 31 DECEMBER 2021



FINANCIAL STATEMENTS

FOR

THE GOVERNMENT

OF

THE CAYMAN ISLANDS

FOR THE YEAR ENDED

31 DECEMBER 2021

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

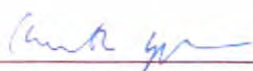
Statement of Responsibility

These financial statements have been prepared in accordance with the provisions of section 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 2021.

The financial statements were prepared by the Ministry of Finance and 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.


Kenneth Jefferson, JP, FCA
Financial Secretary and Chief Officer
Ministry of Finance and Economic
Development
Government of the Cayman Islands

Dated: 2 December 2025

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 2021 and the consolidated statement of financial performance, consolidated statement of changes in net worth and consolidated statement of cash flows for the year ended 31 December 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies as set out on pages 18 to 122.

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 2021 and its financial performance and its cash flows for the year ended 31 December 2021 in accordance with International Public Sector Accounting Standards (IPSAS).

Basis for Adverse Opinion

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

As at the date of this report, two subsidiary audits were either not started or in progress for audits that related to 2021 and prior years; additionally, there were material adjustments that have not been posted to completed subsidiary audits or eliminated from the consolidation. The impact of the adjustments made in audits completed after the consolidation cutoff is an increase in the net income and retained earnings of \$3.9 million and \$8.9 million, respectively, while decreasing Other Comprehensive Income and net equity by \$8.5 million and \$3.1 million respectively. The impact of these adjustments materially affects figures and disclosures in the consolidated financial statements.

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

The consolidated reported value of property, plant and equipment is \$2.5 billion as at 31 December 2021. Of this amount, \$994 million is attributed to the roads infrastructure. Management was unable to sufficiently demonstrate that the reported amounts are reflected accurately and completely, or that the components comprising the reported balances exist.

IPSAS 35 – Consolidated Financial Statements requires the use of consistent accounting policies within the consolidation. The Entire Public Sector policy requires Property, Plant and Equipment to be stated at revalued amount less accumulated cost and impairment losses. The consolidated balance for property, plant & equipment is materially misstated due to the lack of revalued carrying amounts for property, plant & equipment reported by some Statutory Authorities and Government Companies ("SAGC"). The total carrying amount of the SAGC assets carried at cost is \$32 million.

As a result of the matters identified, the property, plant and equipment reported in the consolidated financial statements as at 31 December 2021 is materially misstated.

Inaccuracy of depreciation and amortisation expenses

The depreciation and amortisation expenses amounting to \$69.7 million recorded in the consolidated statement of financial performance are materially misstated as a result of the valuation and completeness issues affecting property, plant and equipment as discussed above.

AUDITOR GENERAL'S REPORT (continued)

Basis for Adverse Opinion (continued)

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 \$2.2 billion, post-retirement medical expenses to be \$137.0 million, and other comprehensive income to be \$306.6 million as at 31 December 2021.

Based on the above, the total of current and non-current retirement benefits of \$821.8 million presented in the financial statements is materially understated.

Understatement of personnel cost

The personnel costs of \$557.0 million reported in the consolidated statement of financial performance are materially misstated due to an understatement of post-retirement health care.

Incompleteness of revenue, receivables and unearned revenue

Management could not provide assurance on the completeness of its coercive revenue due to significant control weaknesses, as per the representation letter. Therefore, I am unable to conclude on the fairness of the amount reported as coercive revenues of \$918.6 million on the statement of financial performance for the year ended 31 December 2021. I was also not able to conclude on the fairness of the amount for sales of goods and services amounting to \$243.8 million. Additionally, the audits of the 2021 financial statements of two subsidiaries have not yet been completed. These entities reported total sales of goods and services of \$10.2 million in their respective financial statements.

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 \$39.5 million, other receivables of \$8.6 million and unearned revenues of \$162.3 million reported on the consolidated statement of financial position as at 31 December 2021.

Public Service Pensions Board balances and transactions excluded from consolidation

The pension assets of the subsidiary Public Service Pensions Board ("Pensions Board") are being held in trust and are not subject to the Government's control as defined by IPSAS35 – Consolidated Financial Statements. However, the consolidated financial statements exclude certain administrative transactions and balances, including receivables, liabilities, and cash over which the Government does have control.

As a result of these omissions, the consolidated financial statements as at 31 December 2021 are materially understated.

Inaccuracy of net worth

The revaluation reserve of \$667.2 million presented in the consolidated statement of financial position is materially misstated due to the valuation and completeness issues affecting property, plant & equipment. Likewise, the current deficit and accumulated surplus amounting to \$40.3 thousand and \$1.0 million, respectively, are materially misstated due to qualifications noted above.

AUDITOR GENERAL'S REPORT (continued)

Basis for Adverse Opinion (Continued)

Statement of cash flows not fairly presented

I was not able to conclude on the fairness of the amounts reported in the consolidated 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.

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 Government 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.

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.

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

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'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

AUDITOR GENERAL'S REPORT (continued)

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.



Patrick O. Smith CPA, CFE
Auditor General

2 December 2025
Cayman Islands

Financial Statements

Statement of Financial Position

GOVERNMENT OF THE CAYMAN ISLANDS					
STATEMENT OF FINANCIAL POSITION					
AS AT 31 DECEMBER 2021					
Core Actual 2020 C\$000	EPS Actual 2020 C\$000		Note	Core Actual 2021 C\$000	EPS Actual 2021 C\$000
Current Assets					
160,032	445,968	Cash and Cash Equivalents	2	164,515	442,417
13,264	27,864	Trade Receivables	3	10,032	39,115
15,578	9,747	Other Receivables	4	13,947	8,564
1,471	-	Dividend Receivable	4	4,043	-
4,657	25,177	Inventories	5	6,218	31,150
13,138	1,733	Loans Made	6	21,438	1,596
300,346	332,800	Investments	7	262,893	287,583
9,393	20,623	Prepayments	8	12,394	20,671
-	847	Biological Assets	9	-	529
517,879	864,759	Total Current Assets		495,480	831,625
Non-Current Assets					
427	427	Trade Receivables	3	427	427
-	17,785	Loans Made	6	475	16,488
1,519,986	2,028,000	Property, Plant and Equipment	10	1,975,299	2,522,149
2,814	4,899	Intangible Assets	11	4,751	7,811
-	7,300	Investment Property	12	-	7,300
831	69,301	Investments	7	10,831	92,744
-	-	Prepayments	8	-	4,494
348,036	-	Net Worth - Public Entities	46	433,622	-
225	227	Other Non-Current Assets		112	114
1,872,319	2,127,939	Total non-current assets		2,425,517	2,651,527
2,390,198	2,992,698	Total Assets		2,920,997	3,483,152
Current Liabilities					
12,741	25,473	Trade Payables	13	21,753	22,242
96,023	39,161	Other Payables & Accruals	13	187,988	104,323
-	4,752	Bank Overdraft	2	-	3,280
84,265	95,431	Unearned Revenue	14	134,934	148,991
9,134	10,980	Employee Entitlements	15	10,937	12,766
23,595	25,139	Retirement Benefits	16	22,953	26,113
34,225	41,298	Borrowings/Public Debts	17	42,600	49,384
44	15,662	Provisions	18	1,067	23,570
260,027	257,896	Total Current Liabilities		422,232	390,669
Non-Current Liabilities					
48	1,721	Other Payables & Accruals	13	-	2,161
13,476	13,476	Unearned Revenue	14	13,332	13,332
472,501	881,701	Retirement Benefits	16	400,271	795,695
214,330	243,662	Borrowings/Public Debts	17	180,104	202,733
-	164,426	Currency Issued	19	-	173,504
25,512	25,512	Provisions	18	21,459	21,459
725,867	1,330,498	Total Non-Current Liabilities		615,166	1,208,884
985,894	1,588,394	Total Liabilities		1,037,398	1,599,553
1,404,304	1,404,304	Net Assets		1,883,599	1,883,599
Net Assets/Equity					
171,536	210,216	Reserves	20	163,880	254,179
490,968	640,801	Revaluation Reserve	20	470,202	667,207
(123,926)	(123,926)	Current Period Surplus (Deficit)		(40,352)	(40,352)
865,726	677,213	Accumulated Surplus (Deficit)		1,289,869	1,002,565
1,404,304	1,404,304	Total Net Assets/Equity		1,883,599	1,883,599

Statement of Financial Performance

GOVERNMENT OF THE CAYMAN ISLANDS					
STATEMENT OF FINANCIAL PERFORMANCE					
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021					
Core Actual 2020 CIS\$000	EPS Actual 2020 CIS\$000		Note	Core Actual 2021 CIS\$000	EPS Actual 2021 CIS\$000
Revenue					
742,310	741,906	Coercive Revenue	21	916,610	918,557
39,166	218,884	Sales of Goods & Services	22	39,929	243,809
8,496	14,087	Investment Revenue	23	2,440	5,319
3,125	4,008	Donations	24	609	1,411
4,220	4,827	Other Revenue		111	633
797,317	983,712	Total Revenue		959,699	1,169,729
Expenses					
352,991	614,823	Personnel Costs	25	375,482	557,033
126,674	252,038	Supplies and Consumables	26	121,479	311,493
6,757	13,615	Leases	27	7,751	18,349
38,695	64,769	Depreciation/Amortisation	28	44,671	69,706
165,459	-	Outputs from Statutory Authorities and Government Companies	44	159,133	-
43,361	43,360	Outputs from Non-government Organisations	29	56,394	56,394
69,706	69,706	Transfer Payments	30	139,401	139,401
393	1,215	Litigation Costs		687	823
41,022	34,856	Other Executive Expenses	31	67,466	50,758
13,267	14,297	Finance Costs	32	11,637	12,556
858,325	1,108,679	Total Expenses		984,101	1,216,513
Other (Gains)/Losses					
-	-	(Gains)/Losses on Derecognition of Assets/Liabilities		334	334
-	(210)	Impairment of Inventory		28	261
(3,389)	(3,604)	(Gains)/Losses on Financial Instruments		(3,464)	(2,562)
456	2,773	(Gains)/Losses on Non-financial Instruments		(4,696)	(4,465)
65,851	-	(Surplus)/Deficit on Statutory Authorities & Government Companies		23,748	-
62,918	(1,041)	Total Other (Gains)/Losses		15,950	(6,432)
(123,926)	(123,926)	Surplus/(Deficit) for the Period		(40,352)	(40,352)

Statement of Cash Flows

GOVERNMENT OF THE CAYMAN ISLANDS					
STATEMENT OF CASH FLOWS					
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021					
Core Actual 2020 CI\$000	EPS Actual 2020 CI\$000		Core Actual 2021 CI\$000	EPS Actual 2021 CI\$000	
		Note			
		<i>Operating Activities</i>			
		<i>Cash received</i>			
763,711	763,711	Coercive Receipts	969,180	971,249	
34,879	247,418	Sales of Goods & Services	39,319	274,129	
1,718	-	Outputs to other government agencies	2,258	-	
10,214	15,850	Interest received	2,351	5,313	
-	20,583	Donations / Grants received	-	696	
15,220	18,998	Other receipts	13,695	14,869	
825,742	1,066,560	Total cash received	1,026,803	1,266,256	
		<i>Cash used</i>			
(353,598)	(571,350)	Personnel costs	(382,634)	(573,838)	
(91,586)	(107,852)	Supplies and consumables	(118,944)	(272,476)	
(153,234)	-	Outputs from public authorities	(126,025)	-	
(43,772)	(43,772)	Outputs from non-governmental organisations	(45,544)	(45,544)	
(67,650)	(67,650)	Transfer payments	(140,702)	(140,702)	
(13,395)	(16,057)	Financing/interest payments	(12,271)	(15,149)	
(49,232)	(72,493)	Other payments	(60,899)	(72,580)	
(772,467)	(879,174)	Total cash used	(887,019)	(1,120,288)	
53,275	187,386	Net cash flows from operating activities	33 139,783	145,967	
		<i>Investing activities</i>			
		<i>Cash received</i>			
-	1,222	Proceeds from sale of property, plant and equipment	-	-	
807,866	835,935	Proceeds from the sale of Investments	750,539	761,102	
543	543	Repayment of Loans made by Government	641	1,178	
3,078	-	Dividends and Capital withdrawal from Public Entities	5,502	-	
811,487	837,700	Total cash received	756,682	762,280	
		<i>Cash used</i>			
(53,754)	(121,090)	Purchase of property, plant and equipment	(115,428)	(153,704)	
(693,019)	(693,019)	Purchase of Investments: Placement of Fixed Deposits	(723,000)	(723,449)	
(13,148)	(148)	Loans made by Government	(8,231)	(331)	
(21,780)	-	Equity injection in public authorities	(29,667)	-	
(781,701)	(814,256)	Total cash used	(876,326)	(877,484)	
29,786	23,444	Net cash flows from (used by) investing activities	(119,644)	(115,204)	
		<i>Financing activities</i>			
		<i>Cash received</i>			
-	-	Proceeds from Borrowing	8,375	8,375	
5,288	-	Deposits from Public Authorities	10,194	-	
5,288	-	Total cash received	18,569	8,375	
		<i>Cash used</i>			
(35,825)	(45,506)	Repayment of Borrowings	(34,226)	(41,218)	
(35,825)	(45,506)	Total cash used	(34,226)	(41,218)	
(30,537)	(45,506)	Net cash flows used by financing activities	(15,657)	(32,843)	
52,524	165,323	Net increase/(decrease) in cash and cash equivalents held	4,483	(2,079)	
107,508	275,893	Cash and cash equivalents at beginning of period	160,032	441,216	
160,032	441,216	Cash and cash equivalents at end of period	2 164,515	439,137	
160,032	445,968	Cash and cash equivalents (excluding bank overdrafts)	164,515	442,417	
-	(4,752)	Less Overdraft	-	(3,280)	
160,032	441,216	Cash and cash equivalents	164,515	439,137	

Statement of Changes in Net Worth

GOVERNMENT OF THE CAYMAN ISLANDS				
STATEMENT OF CHANGES IN NET WORTH				
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021				
Attributable to Cayman Islands Government				
	Reserves CIS000	Revaluation CIS000	Accumulated Surplus/(Deficits) CIS000	Total Net Worth CIS000
Balance at 31 December 2019	181,636	636,490	742,144	1,560,270
Changes in net worth for 2020				
Prior Period Adjustments	-	4,311	(36,351)	(32,040)
Movement in Reserves	28,580	-	(28,580)	-
Net revenue / expenses recognised directly in net worth	28,580	4,311	(64,931)	(32,040)
Surplus/(deficit) for the period 2020	-	-	(123,926)	(123,926)
Total recognised revenues and expenses for the period	28,580	4,311	(188,857)	(155,966)
Balance at 31 December 2020	210,216	640,801	553,287	1,404,304
Balance at 31 December 2020	210,216	640,801	553,287	1,404,304
Changes in net worth for 2021				
Property revaluation adjustments	-	27,462	-	27,462
Remeasurment of defined pension benefit	-	-	15,140	15,140
Remeasurment of defined healthcare benefit	-	-	54,254	54,254
Prior Period Adjustments	-	(1,056)	423,846	422,790
Movement in Reserves	43,963	-	(43,963)	-
Net revenue / expenses recognised directly in net worth	43,963	26,406	449,277	519,646
Surplus/(deficit) for the period 2021	-	-	(40,352)	(40,352)
Total recognised revenues and expenses for the period	43,963	26,406	408,925	479,294
Balance at 31 December 2021	254,179	667,207	962,212	1,883,598

Statement of Comparison of Budget and Actual Amounts

GOVERNMENT OF THE CAYMAN ISLANDS STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 ENTIRE PUBLIC SECTOR				
	Note	Original Budget 2021 CIS\$000	Actual 2021 CIS\$000	Performance Difference CIS\$000
Current Assets				
Cash and Cash Equivalents	2	337,867	442,417	104,550
Trade Receivables	3	43,013	39,115	(3,898)
Other Receivables	4	13,830	8,564	(5,266)
Inventories	5	15,349	31,150	15,801
Loans Made	6	2,427	1,596	(831)
Investments	7	227,172	287,583	60,411
Prepayments	8	16,441	20,671	4,230
Biological Assets	9	-	529	529
Total Current Assets		656,099	831,625	175,526
Non-Current Assets				
Trade Receivables	3	3,157	427	(2,730)
Other Receivables	4	1,599	-	(1,599)
Loans Made	6	23,408	16,488	(6,920)
Property, Plant and Equipment	10	2,261,229	2,522,149	260,920
Intangible Assets	11	20,691	7,811	(12,880)
Investment Property	12	-	7,300	7,300
Investments	7	831	92,744	91,913
Prepayments	8	-	4,494	4,494
Other Non-Financial Assets		-	114	114
Total Non-Current Assets		2,310,915	2,651,527	340,612
Total Assets		2,967,014	3,483,152	516,138
Current Liabilities				
Trade Payables	13	39,056	22,242	(16,814)
Other Payables & Accruals	13	74,796	104,323	29,527
Bank Overdraft	2	2,830	3,280	450
Unearned Revenue	14	64,482	148,991	84,509
Employee Entitlements	15	10,272	12,766	2,494
Retirement Benefits	16	29,922	26,113	(3,809)
Borrowings	17	36,600	49,384	12,784
Provisions	18	12,676	23,570	10,894
Total Current Liabilities		270,634	390,669	120,035
Non-Current Liabilities				
Trade Payables	13	499	-	(499)
Other Payables & Accruals	13	10,143	2,161	(7,982)
Unearned Revenue	14	13,425	13,332	(93)
Retirement Benefits	16	738,684	795,695	57,011
Borrowings	17	215,226	202,733	(12,493)
Currency Issued	19	138,349	173,504	35,155
Provisions	18	-	21,459	21,459
Total Non-Current Liabilities		1,116,326	1,208,884	92,558
Total Liabilities		1,386,960	1,599,553	212,593
Net Assets		1,580,054	1,883,599	303,545
Net Assets/Equity				
Reserves	20	169,011	254,179	85,168
Revaluation Reserve	20	637,098	667,207	30,109
Current Period Surplus		58,389	(40,352)	(98,741)
Accumulated Surplus/(Deficit)		715,556	1,002,565	287,009
Total Net Assets/Equity		1,580,054	1,883,599	303,545

Statement of Comparison of Budget and Actual Amounts (continued)

GOVERNMENT OF THE CAYMAN ISLANDS STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 CORE GOVERNMENT				
	Note	Original Budget 2021 C\$000	Actual 2021 C\$000	Performance Difference C\$000
Current Assets				
Cash and Cash Equivalents	2	128,986	164,515	35,529
Trade Receivables	3	13,390	10,032	(3,358)
Other Receivables	4	15,123	13,947	(1,176)
Dividends Receivable	4	-	4,043	4,043
Inventories	5	2,857	6,218	3,361
Loans Made	6	759	21,438	20,679
Investments	7	155,722	262,893	107,171
Prepayments	8	6,147	12,394	6,247
Total Current Assets		322,984	495,480	172,496
Non-Current Assets				
Trade Receivables	3	2,731	427	(2,304)
Other Receivables	4	1,599	-	(1,599)
Loans Made	6	-	475	475
Property, Plant and Equipment	10	1,659,046	1,975,299	316,253
Intangible Assets	11	16,350	4,751	(11,599)
Investments	7	831	10,831	10,000
Net Worth - Public Entities	46	431,270	433,622	2,352
Other Non-Financial Assets		-	112	112
Total Non-Current Assets		2,111,827	2,425,517	313,690
Total Assets		2,434,811	2,920,997	486,186
Current Liabilities				
Trade Payables	13	37,532	21,753	(15,779)
Other Payables & Accruals	13	98,033	187,988	89,955
Unearned Revenue	14	56,244	134,934	78,690
Employee Entitlements	15	8,843	10,937	2,094
Retirement Benefits	16	27,502	22,953	(4,549)
Borrowings	17	28,898	42,600	13,702
Provisions	18	-	1,067	1,067
Total Current Liabilities		257,052	422,232	165,180
Non-Current Liabilities				
Unearned Revenue	14	13,425	13,332	(93)
Retirement Benefits	16	398,587	400,271	1,684
Borrowings	17	186,938	180,104	(6,834)
Provisions	18	-	21,459	21,459
Total Non-Current Liabilities		598,950	615,166	16,216
Total Liabilities		856,002	1,037,398	181,396
Net Assets		1,578,809	1,883,599	304,790
Net Assets/Equity				
Reserves	20	141,566	163,880	22,314
Revaluation Reserve	20	467,976	470,202	2,226
Current Period Surplus		57,777	(40,352)	(98,129)
Accumulated Surplus/(Deficit)		911,490	1,289,869	378,379
Total Net Assets/Equity		1,578,809	1,883,599	304,790

Statement of Comparison of Budget and Actual Amounts (continued)

GOVERNMENT OF THE CAYMAN ISLANDS STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2021 ENTIRE PUBLIC SECTOR				
	Note	Original Budget 2021 CIS\$000	Actual 2021 CIS\$000	Performance Difference CIS\$000
Revenue				
Coercive Revenue	21	806,565	918,557	111,992
Sales of Goods & Services	22	316,228	243,809	(72,419)
Investment Revenue	23	12,967	5,319	(7,648)
Donations	24	1,188	1,411	223
Other Revenue		5,941	633	(5,308)
Total Revenue		1,142,889	1,169,729	26,840
Expenses				
Personnel Costs	25	556,931	557,033	102
Supplies and Consumables	26	335,508	311,493	(24,015)
Leases	27	23,815	18,349	(5,466)
Depreciation & Amortisation	28	67,565	69,706	2,141
Outputs from Non-Government Organizations	29	28,771	56,394	27,623
Transfer Payments	30	46,245	139,401	93,156
Litigation Costs		1,327	823	(504)
Other Executive Expenses	31	14,249	50,758	36,509
Finance Costs	32	13,326	12,556	(770)
Total Expenses		1,087,737	1,216,513	128,776
Other (Gains)/Losses				
(Gains)/Losses on Derecognition of Assets/Liabilities		-	334	334
Impairment of Inventory		-	261	261
(Gains)/Losses on Financial Instruments		-	(2,562)	(2,562)
(Gains)/Losses on Non-financial Instruments		(2,625)	(4,465)	(1,840)
Total Other (Gains)/Losses		(2,625)	(6,432)	(3,807)
Surplus/ (Deficit) for the period		57,777	(40,352)	(98,129)

Statement of Comparison of Budget and Actual Amounts (continued)

GOVERNMENT OF THE CAYMAN ISLANDS STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2021 CORE GOVERNMENT				
		Original Budget 2021	Actual 2021	Performance Difference
	Note	CI\$000	CI\$000	CI\$000
Revenue				
Coercive Revenue	21	806,565	916,610	110,045
Sales of Goods & Services	22	35,110	39,929	4,819
Investment Revenue	23	7,760	2,440	(5,320)
Donations	24	236	609	373
Other Revenue		53	111	58
Total Revenue		849,724	959,699	109,975
Expenses				
Personnel Costs	25	375,100	375,482	382
Supplies and Consumables	26	124,257	121,479	(2,778)
Leases	27	7,797	7,751	(46)
Depreciation & Amortisation	28	39,678	44,671	4,993
Outputs to Statutory Authorities and Government Companies	44	135,228	159,133	23,905
Outputs from Non-Government Organizations	29	29,233	56,394	27,161
Transfer Payments	30	46,395	139,401	93,006
Litigation Costs		1,045	687	(358)
Other Executive Expenses	31	7,288	67,466	60,178
Finance Costs	32	10,949	11,637	688
Total Expenses		776,970	984,101	207,131
Other (Gains)/Losses				
(Gains)/Losses on Derecognition of Assets/Liabilities		-	334	334
Impairment of Inventory		-	28	28
(Gains)/Losses on Financial Instruments		(1,976)	(3,464)	(1,488)
(Gains)/Losses on Non-financial Instruments		-	(4,696)	(4,696)
(Surplus)/Deficit on Statutory Authorities & Government Companies		16,953	23,748	6,795
Total Other (Gains)/Losses		14,977	15,950	973
Surplus/(Deficit) for the Period		57,777	(40,352)	(98,129)

Notes to the Financial Statements

GOVERNMENT OF THE CAYMAN ISLANDS NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The Cayman Islands are an Overseas Territory of the United Kingdom, a foreign sovereign territory. His Majesty the King of the United Kingdom, as the British King 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 Parliament and Cabinet, and although 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.

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.

Note 1: Summary of Accounting Policies

Statement of Compliance

These consolidated Entire Public Sector (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 2021 to 31 December 2021.

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.

Going Concern

These consolidated financial statements have been prepared on a going concern basis and do not include any adjustments to the carrying amounts and classification of assets, liabilities and reported expenses that may otherwise be required if the going concern basis was not appropriate.

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

Note 1: Summary of Accounting Policies (continued)

Judgments and Estimates (continued)

believed to be reasonable under the circumstances. Any uncertainties regarding possible outcomes are dealt with by using expected outcomes.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Going Concern; and
- Contingent Liabilities.

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

- Parliament
- Governor in Cabinet
- Ministries
- Portfolios
- Judicial Administration
- Office of the Premier
- Office of the Auditor General
- Office of the Commissioner of Police
- Office of the Director of Prosecutions
- Office of the Ombudsman
- Government Departments, Sections and Units

Note 1: Summary of Accounting Policies (continued)

Basis of Combination (continued)

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 48).

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. Also included are the administrative expenditures of the Public Service Pension Board.

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 IPSAS issued but not yet effective

- *IPSAS 41, Financial Instruments* (effective for period beginning on or after January 1, 2023) establishes new requirements for classifying, recognising and measuring financial instruments to replace those in IPSAS 29, Financial Instruments: Recognition and Measurement. It is anticipated that IPSAS 41 will not have a significant impact on the financial statements. This will be assessed more fully closer to the effective date of adoption.
- *IPSAS 42, Social Benefit* (effective for period beginning on or after January 1, 2023) defines social benefits and determines when expenses and liabilities for social benefits are recognised and how they are measured. The impact will be assessed more fully closer to the effective date of adoption.

Note 1: Summary of Accounting Policies (continued)

New IPSAS issued but not yet effective (continued)

- *IPSAS 43, Leases* (effective for period beginning on or after January 1, 2025) introduces a right-of-use model that will replace the risks and rewards incidental to ownership model in IPSAS 13 Leases. For lessors, IPSAS 43 substantially carries forward the risks and rewards incidental to ownership model in IPSAS 13. The impact will be assessed more fully closer to the effective date of adoption.
- *IPSAS 44, Non-current Assets Held for Sale and Discontinued Operations* (effective for period beginning on or after January 1, 2025) specifies the accounting for assets held for sale and the presentation and disclosure of discontinued operations. The impact will be assessed more fully closer to the effective date of adoption.

Amendments to IPSAS issued but not yet effective

- *IPSAS 5, Borrowing Costs – “Non-Authoritative Guidance”*
- *IPSAS 19, Amendments to Collective and individual services and Provisions, Contingent Liabilities, and Contingent Assets* (effective for period beginning on or after January 1, 2023)
- *IPSAS 29, Financial Instruments: Recognition and Measurement* (effective for periods beginning on or after January 1, 2022)
- *IPSAS 36, Investments in Associates and Joint Ventures* (effective for period beginning on or after January 1, 2023)
- *Improvements to IPSAS 2019* (effective for period beginning on or after January 1, 2023); related to
 - *IPSAS 5, Borrowing Costs*
 - *IPSAS 13, Leases*
 - *IPSAS 17, Property, Plant, and Equipment*
 - *IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets*
 - *IPSAS 30, Financial Instruments: Disclosures*
 - *IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards*
 - *IPSAS 40, Public Sector Combinations*

Note 1: Summary of Accounting Policies (continued)

Amendments to IPSAS issued but not yet effective (continued)

- *Improvement to IPSAS 2021* (effective for period beginning on or after January 1, 2023, except for the interest rate benchmark reform amendments to IPSAS 29 which is January 1, 2022); related to
 - *IPSAS 22, Disclosure of Financial Information about the General Government Sector*
 - *IPSAS 39, Employee Benefits*
 - *RPG 1, Reporting on the Long-Term Sustainability of an Entity's Finances*
 - *IPSAS 29, Financial Instruments: Recognition and Measurement (as applicable to the prior adoption of IPSAS 41, Financial Instruments).*

Budget Amounts

The original budget amounts for the financial year are as presented in the 2020-2021 Plan and Estimates as approved by the Parliament on 8 November 2019. The 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 35).

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: -

Note 1: Summary of Accounting Policies (continued)

Coercive revenue (continued)

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

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.

Note 1: Summary of Accounting Policies (continued)

Investment Revenue

Income from investment is recognised when the right to receive payment has been established and 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.

Note 1: Summary of Accounting Policies (continued)

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 of production. Only the cost of issued notes into circulation is expensed, on a FIFO basis. All associated cost such as shipping, handling and insurance are expensed immediately.

When currency is issued, the face value of the currency is also recognised as a liability within the "Demand Liabilities (Currency Issued), Currency in Circulation".

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.

Note 1: Summary of Accounting Policies (continued)

Water Inventory

Inventory of the Water Authority consists of consumables and water. Consumables are accounted for on the FIFO 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 – AHI Houses.

Inventory also consists of land lots held for transfer on sale of the completed AHI 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.

Farm Inventories – Marketable Products and Inventories of Feed and Other Supplies

Farm produced marketable products are valued at net realisable value. Feed and other supplies are valued using the weighted average cost basis.

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.

Note 1: Summary of Accounting Policies (continued)

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 manavelins 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.

Note 1: Summary of Accounting Policies (continued)

Property, Plant and Equipment (continued)

<u>Asset Type</u>	<u>Estimated Useful life</u>
• Buildings and structures	10 - 60 years
• Building fit-out (when accounted for separately)	5 - 25 years
• Roads, sidewalks, signs and traffic lights	6 - 50 years
• Heritage buildings & memorials and monuments	100 years
• Leasehold Improvement	Over the unexpired period of lease or the useful life of improvement
• Computer Equipment	3 - 10 years
• Office equipment and furniture	3 - 25 years
• Motor vehicles	3 - 20 years
• Boats and marine equipment	3 - 25 years
• Cleaning, refuse and recycling equipment	3 - 15 years
• Construction and other equipment	3 - 25 years
• Telecommunications	5 - 50 years
• Books, Music, manuscripts and works of art	2 - 10 years
• Clothing	0 - 4 years
• Aeroplanes and airport/aviation equipment	8 - 33 years
• 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

Leased Assets

Leased assets consist of land, buildings and premises, aircrafts and equipment.

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.

Note 1: Summary of Accounting Policies (continued)

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 | 4 - 10 years |
| • Other Intangible assets | 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.

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 categorised 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.

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.

Note 1: Summary of Accounting Policies (continued)

Investment Property (continued)

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.

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 6.0% for Defined Contribution Participants and 21.3% - employer 15.3% and employee 6.0% for Defined Benefit Participants 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 39 - Employee Benefits.

Note 1: Summary of Accounting Policies (continued)

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 2021;
- Plus, any actuarial gains (less any actuarial losses) not recognised as income or expense;
- Minus any past service costs not yet recognised as an expense; and
- Minus the fair value at 31 December 2021 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.

Note 1: Summary of Accounting Policies (continued)

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 are subsequently recorded at historical cost; which is considered to approximate fair value due to the short-term or immediate nature of these instruments – not including those held by Cayman Islands Monetary Authority, Cayman Islands Development Bank, Water Authority, Port Authority, Health Services Authority, Cayman Islands Stock Exchange and the Cayman Islands Airports Authority.

For those entities listed above financial assets are initially measured at fair value, with subsequent measurement determined in line with their classification, amortised cost, fair value through the Statement of Financial Performance, or fair value through the Statement of Financial Position.

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.

Note 1: Summary of Accounting Policies (continued)

Impairment of Financial Assets (continued)

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 capitalised 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.

Note 1: Summary of Accounting Policies (continued)

Provisions (continued)

The Public Management and Finance Act (2020 Revision), as amended (the Act or the 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 programme 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 consider 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.

The Government introduced the Government Guaranteed Loan Scheme for Medium and Large-Sized businesses (the Scheme) in late 2020 to assist businesses impacted by the

Note 1: Summary of Accounting Policies (continued)

Contingent Liabilities and Assets (including guarantees) (continued)

measures taken to management and mitigate the spread of COVID-19. The Scheme facilitates loans, through five (5) participating local financial institutions, to qualifying medium and large-sized businesses for the purpose of re-financing debt and meeting operating and capital expenditure obligations.

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.

Note 1: Summary of Accounting Policies (continued)

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, 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 and transactions are disclosed in accordance with IPSAS 20 - Related Party Disclosures.

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.

Note 1: Summary of Accounting Policies (continued)

Related Parties (continued)

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 Parliament, Board Members, Board Directors and Chief Officers or any other person acting in a capacity of influence in the Government.

Note 2: Cash and Cash Equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from date of placement, 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 2020	EPS Actual 2020	Description	Core Actual 2021	EPS Actual 2021
CI\$'000	CI\$000		CI\$000	CI\$000
850	2,410	Cash on Hand	656	4,932
29,485	141,412	Operational Accounts - KYD	18,733	98,951
5,989	138,903	Operational Accounts - USD	5,118	154,325
7	7	Operational Accounts - GBP	7	7
8,581	17,157	Other Bank Accounts	8,645	18,216
115,120	146,079	Fixed Deposits (Less than 90 days)	131,356	165,986
160,032	445,968	Cash and Cash Equivalents (excluding bank overdrafts)	164,515	442,417
-	(4,752)	Less Overdrafts	-	(3,280)
160,032	441,216	Cash and Cash Equivalents	164,515	439,137

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

Core Actual 2020	EPS Actual 2020	Description	Core Actual 2021	EPS Actual 2021
CI\$'000	CI\$000		CI\$000	CI\$000
151,760	432,944	Unrestricted Cash	137,705	412,327
8,272	8,272	Restricted Funds	26,810	26,810
160,032	441,216	Cash and Cash Equivalents	164,515	439,137

The use of Central Government restricted funds requires the approval of Cabinet and the Parliament 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.

Note 3: Trade Receivables

Core Actual 2020	EPS Actual 2020	Description	Core Actual 2021	EPS Actual 2021
CI\$'000	CI\$'000		CI\$000	CI\$'000
15,356	15,037	Coercive Revenue Receivable	14,508	14,249
17,659	51,197	Non-Coercive Receivable	17,439	72,942
33,015	66,234	Total Trade Receivables	31,947	87,191
(19,324)	(37,943)	Less: Provision for Doubtful Debts	(21,488)	(47,649)
13,691	28,291	Net Trade Receivables	10,459	39,542

Movement in Provision for Doubtful Debts

Core Actual 2020	EPS Actual 2020	Description	Core Actual 2021	EPS Actual 2021
CI\$000	CI\$000		CI\$000	CI\$000
(17,337)	(25,163)	Balance at 1 January	(19,324)	(37,943)
(1,987)	(12,780)	Additional provisions made during the year	(2,164)	(9,706)
(19,324)	(37,943)	Provision for Doubtful Debts	(21,488)	(47,649)

Maturity Profile

Core Actual 2020	EPS Actual 2020	Description	Core Actual 2021	EPS Actual 2021
CI\$000	CI\$000		CI\$000	CI\$000
13,264	27,864	Trade Receivables due in one year	10,032	39,115
427	427	Trade Receivables due after one year	427	427
13,691	28,291	Total Trade Receivables	10,459	39,542

Note 4: Other Receivables

Core Actual 2020	EPS Actual 2020	Description	Core Actual 2021	EPS Actual 2021
CI\$000	CI\$000		CI\$000	CI\$000
4,555	265	Advances and Expenditure Reimbursable	5,446	515
1,021	1,021	Dishonoured Cheques	1,276	1,276
-	219	Interest Receivable	-	140
1,471	-	Dividends Receivable	4,043	-
225	227	Long Term Other Receivables	112	114
10,008	8,514	Other Receivable	7,553	7,008
17,280	10,246	Total Other Receivables	18,430	9,053
(6)	(272)	Less: provision for Doubtful Debts	(328)	(375)
17,274	9,974	Net Other Receivables	18,102	8,678

Movement in Provision for Doubtful Debts

Core Actual 2020	EPS Actual 2020	Description	Core Actual 2021	EPS Actual 2021
CI\$000	CI\$000		CI\$000	CI\$000
(6)	(201)	Balance at 1 January	(6)	(272)
(45)	(290)	Additional provisions made during the year	(322)	(410)
45	219	Receivables written off during the period	-	307
(6)	(272)	Provision for Doubtful Debts	(328)	(375)

Maturity profile

Core Actual 2020	EPS Actual 2020	Description	Core Actual 2021	EPS Actual 2021
CI\$001	CI\$000		CI\$001	CI\$000
17,049	9,747	Other Receivables due in one year	17,990	8,564
225	227	Other Receivables due after one year	112	114
17,274	9,974	Total Other Receivables	18,102	8,678

Note 5: Inventories

EPS Actual 2020	Description	EPS Actual 2021
CI\$000		CI\$000
370	Raw Materials (including consumable stores)	466
4,228	Inventory held for use in the provision of goods and services	5,847
224	Water Inventory	165
14,600	Pharmaceutical and Medical Supplies	17,341
2,329	Inventory of Unissued Currency Notes and Coins	1,878
846	Coins awaiting melt-down, Coins for resale and Bullions	1,070
463	Affordable Houses	2,011
2,117	Other Inventories	2,372
25,177	Total Inventories	31,150

Maturity Profile

EPS Actual 2020	Description	EPS Actual 2021
CI\$000		CI\$000
25,177	Inventories for use in one year	31,150
25,177	Total Inventories	31,150

Managed by:

CI\$000		CI\$000
4,658	Central Government	6,218
20,519	Statutory Authorities & Government Companies	24,932
25,177	Total Inventories	31,150

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

Note 6: Loans Made

EPS Actual 2020 CI\$000	Description	EPS Actual 2021 CI\$000
11,810	Medical Loans	301
81	Mortgage Loans	86
74	Home School Association	-
1,733	Loans (due within 12 months)	1,596
19,266	Commercial Loans	16,723
32,964	Total Loans Made	18,706
(13,446)	Less: Provision for Impairment Losses	(622)
19,518	Net Loans Made	18,084
CI\$000		CI\$000
13,138	Central Government	1,013
6,380	Statutory Authorities & Government Companies	17,071
19,518	Total Net Loans Made	18,084

Movement in Provision for Impairment Losses

EPS Actual 2020 CI\$000	Description	EPS Actual 2021 CI\$000
(14,306)	Balance at 1 January	(13,446)
860	Additional provisions made/Write-back of provisions during the year	12,824
(13,446)	Provision for Impairment Losses	(622)

Maturity Profile

EPS Actual 2020 CI\$000	Description	EPS Actual 2021 CI\$000
1,733	Amounts due within 12 months	1,596
17,785	Amounts due after 1 year	16,488
19,518	Total Net Loans Made	18,084

During 2020, the Government made available to the Cayman Islands Airports Authority (the Authority), an interest free loan for an amount of CI\$20.9 million. The purpose of the loan is to provide financing to the Authority to enable the conclusion of its capital works and to provide ongoing operational funding.

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 2021, the Government had investments amounting to \$380.3 million (2020: \$402.1 million).

Short -Term Investments		
EPS Actual 2020	Description	EPS Actual 2021
CI\$000		CI\$000
332,420	Marketable Securities and Deposits	287,117
380	Interest Receivable	466
332,800	Short-Term Investments	287,583
Long-Term Investments		
EPS Actual 2020	Description	EPS Actual 2021
CI\$000		CI\$000
68,470	Marketable Securities	91,913
591	Caribbean Development Bank	591
240	Cayman First Insurance Limited	240
69,301	Long-Term Investments	92,744
402,101	Total Investments	380,327
Investment Held by:		
2020		2021
CI\$000		CI\$000
301,177	Central Government	273,724
100,924	Statutory Authorities & Government Companies	106,603
402,101	Total Investment	380,327

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 7 January 2022 and 30 June 2022 and Fixed Deposits with maturity dates over 90 days but within 365 days.

Domestic fixed deposits earned interest at rates averaging between 0.20% to 0.72% during the year ended 31 December 2021.

All investments are measured at fair value designated upon initial recognition.

Note 7: Investments (continued)

Short-Term Investments (continued)

EPS 2020	Description	EPS 2021
13,344	US Treasury Notes	9,206
3,642	AAA Corporate bonds	-
8,717	US Treasury Bills	8,721
306,717	Fixed Deposits (over 90 days but within 365 days)	269,190
380	Interest receivable	466
332,800	Short-Term Investments	287,583

Long-Term Investments

Long term investments in marketable securities are held in US Treasury Notes and Bonds and Corporate Bonds stated at market value, with interest rates ranging from 0.125% to 4.25% and maturity dates between 20 January 2023 and 14 September 2027.

EPS 2020	Description	EPS 2021
CI\$000		CI\$000
68,469	1-5 years	91,913
68,469	Marketable Securities	91,913

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 2021 Core Government held restricted funds of \$174.6 million of which there \$174.6 million 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 (2020 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

Note 7: Investments (continued)

Currency Reserve Assets (continued)

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). In accordance with section 32(4) of the Act, local assets shall be in value not less than the difference, if any, between the amount of its total demand liabilities and the value of external assets.

As at 31 December 2021, the value of Currency Reserve Assets was \$198.1 million (31 December 2020: \$188.8 million) representing 114.19% (31 December 2020: 114.82%) of total Demand Liabilities. The value of external assets equated to 110.29% (31 December 2020: 110.58%) while the value of local assets as at 31 December 2021 equated to 3.90% (31 December 2020: 4.24%) of Demand Liabilities.

Caribbean Development Bank

EPS 2020	Description	EPS 2021
CI\$000		CI\$000
591	Caribbean Development Bank	591

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

EPS 2020	Description	EPS 2021
CI\$000		CI\$000
240	Cayman First Insurance Limited	240

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 2020	EPS Actual 2020	Description	Core Actual 2021	EPS Actual 2021
CI\$000	CI\$000		CI\$000	CI\$000
1,820	2,029	Prepaid Insurance	1,936	2,171
-	3,572	Deposits for Aircraft & Engines	-	4,494
7,573	15,022	Other Prepayments	10,458	18,500
9,393	20,623	Total Prepayments	12,394	25,165

Maturity Profile

Core Actual 2020	EPS Actual 2020	Description	Core Actual 2021	EPS Actual 2021
CI\$000	CI\$000		CI\$000	CI\$000
9,393	20,623	Prepayments due in one year	12,394	20,671
-	-	Prepayments due in more than one year	-	4,494
9,393	20,623	Total Prepayments	12,394	25,165

Note 9: Biological Assets

EPS Actual 2020 CI\$000	Description	EPS Actual 2021 CI\$000
	Livestock, at fair values:	
447	Secondary herd	129
400	Breeder herd	400
847	Biological Assets	529

Held by:

EPS Actual 2020 CI\$000		EPS Actual 2021 CI\$000
847	Statutory Authorities & Government Companies	529
847	Total Biological Assets	529

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

EPS Net 2020 CI\$000	Description	EPS Actual 2021 CI\$000
556	Carrying value at beginning of year	447
-	Change attributable to differences in prior years fair value:	(291)
-	Change attributable to differences in fair values	(27)
40	Biological transformation	-
(149)	Sales, at year end fair values	-
(109)	Net change in biological assets included in income	(27)
447	Carrying value at end of year	129

Biological transformation comprises the net effect of births, deaths and other losses, and growth within the secondary herd, measured at year-end fair values. Due to the continuing limitations surrounding the market for the products of the secondary herd, shells are valued at CI\$Nil, (2020: CI\$Nil).

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

EPS Actual 2020 CI\$000	Description	EPS Actual 2021 CI\$000
340	Carrying value at beginning of year	400
60	Net (decrease)/increase during the year	-
400	Carrying value at end of year	400

Note 9: Biological Assets (continued)

Net additions during the year are attributable to new breeders added, weight gained during the year, less mortalities. During the year ended 31 December 2021, ten new breeders (2020: Ten) were added to the herd and seven turtles (2020: Eight) were transferred to the secondary herd or died. As of 31 December 2021, there was CI\$500,000 insurance coverage associated with the livestock (2020: 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 and Sidewalks	Water reticulation	Motor Vehicles	Marine Vessels	Aircraft	Assets under construction or development	Total
Balance as at 01 January 2020	739,087	71,716	574,200	22,614	35,988	8,540	8,110	25,372	38,558	372,927	116,098	59,320	5,845	42,095	228,107	2,348,578
Additions	2,609	10,473	5,870	1,598	4,078	442	1,181	2,293	1,878	-	65	4,946	31	4,240	81,387	121,091
Revaluations	-	-	45	-	-	-	-	(77)	-	-	-	(187)	-	-	-	(219)
Disposal/ Derecognition	(119)	(1,038)	(1,702)	(835)	(800)	(146)	(133)	(3,668)	(1,171)	-	(399)	(786)	(17)	(94)	(3,237)	(14,145)
Adjustments & Transfers	29,101	(6,473)	(4,640)	(5,091)	4,666	(295)	4,035	1,111	1,239	-	7,572	(884)	-	5,542	(2,058)	33,825
Balance as at 31 December 2020	770,678	74,678	573,773	18,286	43,932	8,541	13,193	25,031	40,504	372,927	123,336	62,409	5,859	51,783	304,199	2,489,130

	Land	Plant and equipment	Buildings	Furniture and Office Equipment	Computer Hardware	Office Equipment	Leasehold Improvements	Other assets	Infrastructure	Roads and Sidewalks	Water reticulation	Motor Vehicles	Marine Vessels	Aircraft	Assets under construction or development	Total
Balance as at 01 January 2021	770,678	74,678	573,773	18,286	43,932	8,541	13,193	25,031	40,504	372,927	123,336	62,409	5,859	51,783	304,199	2,489,130
Additions	13,273	6,170	11,929	1,863	3,350	1,240	1,625	1,278	164	26,114	-	5,194	1,048	12,706	54,775	140,727
Revaluations	29,552	-	52,002	-	-	-	-	-	-	75,634	-	-	-	-	-	157,188
Disposal/ Derecognition	(50)	(236)	(995)	15	(877)	(143)	(242)	(814)	(1)	-	(80)	(1,380)	(835)	(7,247)	(214)	(13,099)
Adjustments & Transfers	226,793	(10,307)	138,800	(852)	(3,370)	(733)	(988)	6,429	5,014	(21,749)	(8,930)	(1,202)	1,209	(24,451)	(184,945)	120,768
Balance as at 31 December 2021	1,040,246	70,306	775,508	19,311	43,085	8,905	13,588	31,924	45,681	452,926	114,326	65,021	7,281	32,792	173,815	2,894,714

Accumulated Depreciation and impairment losses

	Land	Plant and equipment	Buildings	Furniture and Office Equipment	Computer Hardware	Office Equipment	Leasehold Improvements	Other assets	Infrastructure	Roads and Sidewalks	Water reticulation	Motor Vehicles	Marine Vessels	Aircraft	Assets under construction or development	Total
Balance as at 01 January 2020	-	51,551	124,034	14,831	28,941	6,769	5,479	16,719	11,502	27,971	60,658	39,383	3,353	14,962	-	406,152
Eliminate on Disposal/ Derecognition	-	(852)	(1,737)	(468)	(671)	(130)	(244)	(3,449)	(777)	-	(59)	(727)	(46)	(2)	-	(9,162)
Adjustments & Transfers	-	(4,232)	(3,773)	(1,241)	2,558	(104)	(87)	641	943	-	2,804	(1,153)	48	5,429	-	1,833
Depreciation Expense	-	4,000	26,884	1,002	5,023	531	1,054	3,608	2,353	4,986	4,344	4,167	329	4,843	-	63,124
Impairment	-	(2)	(60)	(22)	(90)	(26)	(5)	-	(2)	-	(26)	(566)	(17)	-	-	(816)
Balance as at 31 December 2020	-	50,464	145,347	14,102	35,761	7,040	6,198	17,518	14,018	32,957	67,721	41,104	3,667	25,232	-	461,130

	Land	Plant and equipment	Buildings	Furniture and Office Equipment	Computer Hardware	Office Equipment	Leasehold Improvements	Other assets	Infrastructure	Roads and Sidewalks	Water reticulation	Motor Vehicles	Marine Vessels	Aircraft	Assets under construction or development	Total
Balance as at 01 January 2021	-	50,464	145,347	14,102	35,761	7,040	6,198	17,518	14,018	32,957	67,721	41,104	3,667	25,232	-	461,130
Eliminate on Disposal/ Derecognition	-	(231)	(9,215)	(15)	(1,640)	(143)	(242)	(814)	-	-	(80)	(1,380)	(835)	(7,247)	-	(21,844)
Adjustments & Transfers	-	(7,684)	(76,865)	(19)	(635)	(97)	(895)	4,450	264	(32,256)	(3,961)	1,303	286	(10,577)	-	(126,685)
Depreciation Expense	-	4,636	33,995	1,044	4,696	548	1,281	2,697	2,129	6,719	3,816	3,970	231	1,960	-	67,720
Impairment	-	(910)	(1,378)	(164)	(2,356)	(184)	(143)	(584)	(47)	-	(69)	(1,897)	(24)	-	-	(7,756)
Balance as at 31 December 2021	-	46,275	91,883	14,948	35,825	7,164	6,199	23,267	16,365	7,420	67,427	43,099	3,325	9,365	-	372,565

Net Book value 31 December 2019	739,087	20,166	450,166	7,783	7,047	1,770	2,631	8,653	27,056	344,956	55,440	19,938	2,492	27,133	228,107	1,942,426
Net Book value 31 December 2020	770,678	24,214	428,425	4,184	8,171	1,500	6,996	7,513	26,486	339,970	55,615	21,306	2,192	26,551	304,199	2,028,000
Net Book value 31 December 2021	1,040,246	24,031	683,625	4,363	7,260	1,741	7,389	8,657	29,316	445,505	46,900	21,922	3,957	23,423	173,815	2,522,149

Note 10: Property, Plant and Equipment (continued)

Assets under Construction or Development

Below is a summary of major projects under construction or development as at 31 December 2021:

Agency	Description	2021 CI\$000	2020 CI\$000
Ministry of Education	New John Gray High School Project	85,350	40,060
Cayman Islands Airports Authority	ORIA Expansion Project	51,603	45,929
Ministry of Health & Wellness	Long Term Mental Health Facility	15,000	6,033
Ministry of Health & Wellness	Re-Gen (Early Works Agreement - George Town Landfill Remediation Works)	8,956	13,447
Ministry of Planning, Agriculture, Housing & Infrastructure	DVES ReDevelopment Project	6,270	-
Health Services Authority	Smith Road Centre Levels 1 & 2 Fit Out	2,393	-
National Housing Development Trust	Affordable Housing Initiative Houses	1,742	196
Ministry of Education	ICT Equipment	1,555	1,100

Revaluation

Property was revalued as at 1 January 2021 by in-house professionals with the exception of specialised buildings which were contracted to independent evaluators and are stated at revalued amounts less accumulated depreciation.

Valuation methods

The valuations contained within this report have been prepared in accordance with IPSAS and the Royal Institution of Chartered Surveyors (RICS) Professional Standards 2020 and the guidance notes provided by the RICS. 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."

Note 10: Property, Plant and Equipment (continued)

Valuation assumptions

Plant and machinery have only been included in the valuation of building assets where these forms 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.

The valuations exclude any taxes or duties on transfer (Note: In Cayman there is no tax on property save as to Stamp Duty which is ordinarily paid by a purchaser) and regarding costs of selling, as may be applicable, it is custom and practice for the disposal of any asset to be undertaken—in house, with any costs being nominal. The valuations do not take into account inflation or finance costs.

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 \$0.5 million 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

Note 10: Property, Plant and Equipment (continued)

Valuation assumptions (continued)

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

Buildings are revalued as an entire class of asset.

Landfills

The Cayman Islands Government operates waste landfill sites in all three of the Cayman Islands. In June 2021 the George Town landfill site was closed and remediation works commenced (see Note 18). The cost of \$26.0 million which was included in the cost of lands was written off.

In June 2021 a new site was made operational for the George Town Landfill. Currently the Cayman Islands Government does not have a provision for the rehabilitation of Lands at the various active landfills across the islands. At the time of the preparation of these financial statements no formal valuation of the cost for rehabilitation was done.

Note 11: Intangible Assets

Entire Public Sector
C'000

Cost of Intangible Asset

	Computer Software	Other Intangible Assets	Intangible Assets under construction or development	Total
Balance as at 01 January 2020	27,827	50	13	27,890
Additions	1,538	-	1,190	2,728
Revaluations	-	-	-	-
Disposal/ Derecognition	(5)	-	-	(5)
Adjustments & Transfers	(6,379)	-	(1,189)	(7,568)
Balance as at 31 December 2020	22,981	50	14	23,045

	Computer Software	Other Intangible Assets	Intangible Assets under construction or development	Total
Balance as at 01 January 2021	22,981	50	14	23,045
Additions	6,722	1	8	6,731
Revaluations	-	-	-	-
Disposal/ Derecognition	(87)	-	-	(87)
Adjustments & Transfers	2,588	-	-	2,588
Balance as at 31 December 2021	32,204	51	22	32,277

Accumulated Depreciation and impairment losses

	Computer Software	Other Intangible Assets	Intangible Assets under construction or development	Total
Balance as at 01 January 2020	22,596	50	-	22,646
Eliminate on Disposal/Derecognition	(166)	-	-	(166)
Adjustments & Transfers	(5,979)	-	-	(5,979)
Depreciation Expense	1,645	-	-	1,645
Impairment	-	-	-	-
Balance as at 31 December 2020	18,096	50	-	18,146

	Computer Software	Other Intangible Assets	Intangible Assets under construction or development	Total
Balance as at 01 January 2021	18,096	50	-	18,146
Eliminate on Disposal/Derecognition	(1,338)	-	-	(1,338)
Adjustments & Transfers	5,673	-	-	5,673
Depreciation Expense	1,985	1	-	1,986
Impairment	-	-	-	-
Balance as at 31 December 2021	24,416	51	-	24,466

Net Book value 31 December 2019	4,759	75	548	5,381
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Net Book value 31 December 2020	4,885	-	14	4,899
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Net Book value 31 December 2021	7,788	1	22	7,811
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Note 12: Investment Property

EPS Actual 2020 CI\$000	Description	EPS Actual 2021 CI\$000
	Cost	
9,150	Balance as at 1 January	7,300
(1,850)	Revaluations	-
<u>7,300</u>	Total Cost	<u>7,300</u>
	Accumulated Depreciation	
-	Balance as at 1 January	-
-	Prior period revaluation adjustment to opening balance	-
-	Charge for Year	-
<u>-</u>	Total Accumulated Depreciation	<u>-</u>
<u>7,300</u>	Net Book Value	<u>7,300</u>
	Managed by:	
CI\$000		CI\$000
-	Central Government	-
7,300	Statutory Authorities & Government Companies	7,300
<u>7,300</u>	Total Investment Property	<u>7,300</u>

Investment Property consist of retail shops which are leased.

Investment Property is reported under IPSAS 16, using the fair value basis 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. There was no change to the fair value of Investment Property upon revaluation by Lands and Survey Department for value date 31 December 2021.

EPS Actual 2020 CI\$000	Description	EPS Actual 2021 CI\$000
<u>350</u>	Rental income from investment properties	<u>194</u>
<u>478</u>	Direct operating expenses arising from investment property that generated rental revenue during the period	<u>450</u>

Note 13: Trade Payables, Other Payables & Accruals

Core Actual 2020 CI\$000	EPS Actual 2020 CI\$000	Description	Core Actual 2021 CI\$000	EPS Actual 2021 CI\$000
12,741	25,473	Trade Payables	21,753	22,242
1,905	2,938	Payroll Deductions	1,818	2,014
15,229	14,438	Accruals	112,621	74,894
1	1	Trust liabilities	1	1
1,910	1,917	Transfers payable	389	396
1,128	1,128	Interest	576	576
29,703	-	Core government trade with other public entities	17,575	-
32,139	-	Amounts due to public entities	42,301	-
3,758	3,763	Owing to trusts	3,546	3,546
1,135	-	Accruals- Equity Injection	735	-
9,163	16,711	Other Payables	8,426	25,056
108,812	66,369	Total Trade Payables, Accruals and Other Payables	209,741	128,725

Maturity Profile

Core Actual 2020 CI\$000	EPS Actual 2020 CI\$000	Description	Core Actual 2021 CI\$000	EPS Actual 2021 CI\$000
108,764	64,648	Current	209,741	126,564
48	1,721	Non-current	-	2,161
108,812	66,369	Total Trade Payables, Accruals and Other Payables	209,741	128,725

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 2020 CI\$000	Description	EPS Actual 2021 CI\$000
237	Customs Deposits	352
36,802	Immigration Deposits	35,316
4,085	Cayman Airways Deposits	7,457
40,880	General Registry Deposits	91,743
13,484	Lease of Crown Lands	13,340
13,419	Revenue and Other Deposits Held	14,115
108,907	Total Unearned Revenue	162,323

Held by CI\$000		CI\$000
97,741	Central Government	148,266
11,166	Statutory Authorities & Government Companies	14,057
108,907	Total Unearned Revenue	162,323

Maturity Profile		
EPS Actual 2020 CI\$000	Description	EPS Actual 2021 CI\$000
95,431	Current	148,991
13,476	Non-current	13,332
108,907	Total Unearned Revenue	162,323

Note 15: Employee Entitlements

Core Actual 2020 CI\$000	EPS Actual 2020 CI\$000	Description	Core Actual 2021 CI\$000	EPS Actual 2021 CI\$000
6,287	7,404	Annual Leave	6,137	6,858
864	1,231	Salary & Wages	3,135	3,471
1,983	2,345	Other	1,665	2,437
9,134	10,980	Total Employment Entitlement	10,937	12,766

Maturity Profile

Core Actual 2020 CI\$000	EPS Actual 2020 CI\$000	Description	Core Actual 2021 CI\$000	EPS Actual 2021 CI\$000
9,134	10,980	Current	10,937	12,766
9,134	10,980	Total Employment Entitlement	10,937	12,766

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 2020 C\$000	EPS Actual 2020 C\$000	Description	Core Actual 2021 C\$000	EPS Actual 2021 C\$000
496,096	536,961	Pension Liability	423,224	451,509
-	369,736	Post Retirement Health Care Liability	-	370,156
-	143	Other Post Retirement Liability	-	143
496,096	906,840	Total Retirement Benefits	423,224	821,808

Maturity Profile		Description	Core Actual 2021 C\$000	EPS Actual 2021 C\$000
Core Actual 2020 C\$000	EPS Actual 2020 C\$000		Core Actual 2021 C\$000	EPS Actual 2021 C\$000
23,595	25,139	Current	22,953	26,113
472,501	881,701	Non-current	400,271	795,695
496,096	906,840	Total Retirement Benefits	423,224	821,808

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 Government 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.

Note 16: Retirement Benefits (continued)

Pension Liability Fair Value Presentations

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 perform this annual fair value assessment. The result of the 2021 actuarial valuation is a net liability of \$451.5 million (Central Government net liability - \$423.2 million).

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

	2021 CI\$000	2020 CI\$000
Core Government	404,394	473,333
Parliamentarian Pensions	19,678	22,936
Judicial Pensions	(848)	(173)
Central Government Pension Liability Fair Value	423,224	496,096
Statutory Authorities and Government Companies	28,285	40,865
Entire Public Sector Pension Liability Fair Value	451,509	536,961

The present value of the benefit obligation changed as follows:

	Public Service Pensions Plan	Parliamentary Pensions Plan	Judiciary Pensions Plan	Total Central Government Pension Plans	Statutory Authorities Pension Plan	Entire Public Sector Pension Plans
	2021 CI\$000	2021 CI\$000	2021 CI\$000	2021 CI\$000	2021 CI\$000	2021 CI\$000
<i>Change in benefit obligation</i>						
Benefit obligation at beginning of the year	976,910	35,214	6,680	1,018,804	93,031	1,111,835
Current service cost	10,677	375	-	11,052	3,022	14,074
Interest cost	21,191	756	143	22,090	2,047	24,137
Plan participants contribution	2,016	16	-	2,032	349	2,381
Remeasurements	(49,805)	(1,252)	(239)	(51,296)	(9,571)	(60,867)
Benefits paid from plan/company	(27,357)	(2,455)	(347)	(30,159)	(1,271)	(31,430)
Business combination/divestures/transfers	1,267	-	-	1,267	(784)	483
Plan combinations	4,011	701	-	4,712	-	4,712
Benefit obligation at the year end	938,910	33,355	6,237	978,502	86,823	1,065,325

Note 16: Retirement Benefits (continued)

Pension Liability Fair Value Presentations (continued)

The fair value of the plan assets during the year changed as follows:

	Public Service Pensions Plan	Parliamentary Pensions Plan	Judiciary Pensions Plan	Total Central Government Pension Plans	Statutory Authorities Pension Plan	Entire Public Sector Pension Plan
	2021	2021	2021	2021	2021	2021
	CI\$000	CI\$000	CI\$000	CI\$000	CI\$000	CI\$000
<i>Change in plan asset</i>						
Fair Value at beginning of the year	503,577	12,278	6,853	522,708	51,510	574,218
Interest Income	11,024	266	147	11,437	1,160	12,597
Actuarial gain/(loss)	-	-	-	-	-	-
Employer contributions	25,453	1,450	-	26,903	2,231	29,134
Plan participants contribution	2,016	16	-	2,032	337	2,369
Benefits paid from plan/company	(27,357)	(2,455)	(347)	(30,159)	(1,002)	(31,161)
Business combination/divestitures/transfers	1,267	-	-	1,267	(1,267)	-
Administrative Expenses	(1,200)	-	-	(1,200)	-	(1,200)
Remeasurement - Expected return on plan as	15,725	1,421	432	17,578	5,569	23,147
Plan combinations	4,011	701	-	4,712	-	4,712
Fair value of plan assets at year end	534,516	13,677	7,085	555,278	58,538	613,816

<i>Amounts recognised in the statement of financial position</i>						
Present value benefit obligation	938,910	33,355	6,237	978,502	86,823	1,065,325
Fair Value of plan assets	534,516	13,677	7,085	555,278	58,538	613,816
Deficit/Surplus for funded plans	404,394	19,678	(848)	423,224	28,285	451,509
Unrecognised net actuarial gain/(loss)	-	-	-	-	-	-
Net liability/(asset)	404,394	19,678	(848)	423,224	28,285	451,509

<i>Amounts recognised in the Statement of Financial Performance</i>						
Current service cost	10,677	375	-	11,052	3,022	14,074
Interest cost	21,191	756	143	22,090	2,047	24,137
Interest Income	(11,024)	(266)	(147)	(11,437)	(1,160)	(12,597)
Administrative Expenses	1,200	-	-	1,200	-	1,200
Total defined benefit pension cost recognised in the Statement of Financial Performance	22,044	865	(4)	22,905	3,909	26,814

<i>Amounts recognised in the Statement of Changes in Equity</i>						
Effect of changes in demographic assumption	2,682	104	21	2,807	216	3,023
Effect of changes in financial assumptions	(45,291)	(1,305)	(242)	(46,838)	(5,505)	(52,343)
Effect of experience adjustments	(7,196)	(51)	(18)	(7,265)	(4,282)	(11,547)
Expected return on plan Assets	(15,725)	(1,421)	(432)	(17,578)	(5,569)	(23,147)
Total defined benefit pension cost recognised in the Statement of Financial Performance	(65,530)	(2,673)	(671)	(68,874)	(15,140)	(84,014)

<i>Defined benefit obligation by participant status</i>						
Actives	398,304	6,379	-	404,683	474,788	879,471
Vested deferreds	41,902	3,675	-	45,577	62,560	108,137
Retirees	498,974	23,301	6,237	528,512	528,512	1,057,024
Total	939,180	33,355	6,237	978,772	1,065,860	2,044,632

Note 16: Retirement Benefits (continued)

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 2021 are as follows:

	2021	2020
<i>Weighted average assumptions to determine defined benefit obligation</i>		
Discount rate	2.90%	2.60%
Rate of salary increase	2.50%	2.50%
Rate of price inflation	2.00%	2.00%
Rate of pension increases	2.00%	2.00%
Mortality assumption	RP-2014 scaled back to 2006 using Scale MP-2014 then generationally projected from 2006 using Scale MP-2021	RP-2014 scaled back to 2006 using Scale MP-2014 then generationally projected from 2006 using Scale MP-2020
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	2.20%	3.15%
Effective discount rate for service cost	2.70%	3.60%
Effective rate for interest on service cost	2.50%	3.40%
Rate of salary increase	2.50%	2.50%
Rate of price inflation	2.00%	2.00%
Rate of pension increases	2.00%	2.00%
Mortality assumption	RP-2014 scaled back to 2006 using Scale MP-2014 then generationally projected from 2006 using Scale MP-2020	RP-2014 scaled back to 2006 using Scale MP-2014 then generationally projected from 2006 using Scale MP-2019

Plan Assets

Percentage of plan assets by asset allocation:

	2021	2020
Global Equity Securities	83%	82%
Debt Securities	17%	18%
Cash	1%	0%
Total invested assets	100%	100%

Note 16: Retirement Benefits (continued)

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 10 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 2022, estimated the post-retirement healthcare obligation as at 31 December 2021 to be \$2.2 billion (2020: \$2.4 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 2021 of \$370.2 million (2020: \$369.7 million). The amounts recognised in the Statement of Financial Position represent the present value of unfunded obligations, actuarially determined for 31 December 2021.

Other Post Retirement Benefit

In 1997 the Board of Directors of Cayman Turtle Conservation and Education Centre Limited approved a severance pay package entitling employees with over 25 years of service to a cash payment on retirement and payment of their health insurance premiums after retirement for a period to be determined by the Board of Directors. Employees who have attained age 65 and worked for one year or more are also eligible for a severance package of one week of each full year of work completed. There are nine eligible employees at December 31, 2021 (2020: Nine) for both of these scenarios combined, and the total liability of the Company in respect of past service benefits for retired employees is approximately \$142.3 thousand (2020: \$142.3 thousand).

Note 17: Borrowing / Public Debt

Description	Opening Balance 1 January 2021	Drawdowns/ Additions	Repayments	Closing Balance 31 December 2021
	CI\$000	CI\$000	CI\$000	CI\$000
Core	248,555	8,375	34,226	222,704
Cayman Islands Development Bank	11,698	-	4,077	7,621
National Housing Development Trust	3,551	-	779	2,772
Cayman Airways Limited	21,156	-	2,136	19,020
Total	284,960	8,375	41,218	252,117

Maturity Profile

Core Net 2020 \$'000	EPS 2020 \$'000		Core Net 2021 \$'000	EPS 2021 \$'000
Local Currency Debt				
-	820	Not later than one year	-	2,707
-	864	Between one and two years	-	2,779
-	1,867	Between two and five years	-	7,009
-	-	Later than five years	-	9,296
-	3,551	Total Local Currency Debt	-	21,791
Foreign Currency Debt (stated in \$CI)				
34,225	40,478	Not later than one year	42,600	46,676
34,225	40,095	Between one and two years	30,752	34,298
81,896	90,706	Between two and five years	69,005	69,005
98,209	110,130	Later than five years	80,347	80,347
248,555	281,409	Total Foreign Currency Debt	222,704	230,326
248,555	284,961	Total Outstanding Debt	222,704	252,117
Local Currency Marketable Securities and Deposits				
-	-	Not later than one year	140,175	165,415
-	-	Between one and two years	10,000	10,000
-	-	Between two and five years	-	-
-	-	Later than five years	-	-
-	-	Total Local Currency Marketable Securities and Deposits	150,175	175,415
Foreign Currency Marketable Securities and Deposits (stated in CI\$)				
415,086	415,086	Not later than one year	253,609	288,307
-	-	Between one and two years	-	10,078
-	-	Between two and five years	-	-
-	-	Later than five years	-	-
415,086	415,086	Total Foreign Currency Marketable Securities and Deposits	253,609	298,385
415,086	415,086	Less :Total Marketable Securities and Deposits	403,784	473,800
(166,531)	(130,126)	Net Public Debt	(181,080)	(221,683)
Summary				
Core Net 2020 \$'000	EPS 2020 \$'000		Core Net 2021 \$'000	EPS 2021 \$'000
34,225	41,298	Current Portion	42,600	49,383
214,330	243,662	Non-current Portion	180,104	202,734
248,555	284,960	Total Debt	222,704	252,117

Note 18: Provisions

EPS Actual 2020 C\$000	Description	EPS Actual 2021 C\$000
25,512	Environmental Remediation – Landfill	21,459
12,524	Health claims incurred but not yet reported	17,820
2,648	Frequent Flyer Programme	2,898
445	Casualty Investigation Fund	525
-	Aircraft Maintenance	1,260
45	Other Provisions	1,067
41,174	Total Provisions	45,029

Movement in Provisions

EPS Actual 2020 C\$000	Description	EPS Actual 2021 C\$000
10,353	Balance at 1 January	41,174
30,997	Additional provisions made during the year	13,568
(176)	Provisions utilised during the year	(9,713)
41,174	Provision for Impairment Losses	45,029

Maturity Profile

EPS Actual 2020	Description	EPS Actual 2021
15,662	Current	23,570
25,512	Non-current	21,459
41,174	Total Provisions	45,029

Environmental Remediation – Landfill

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. 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. The agreement included terms for remediating the George Town Landfill. An Early works agreement was signed October 2020 with the capping of these landfills proceeding in 2021. The total cost of this project is approximately \$30.5 million, of which \$9.0 million has been accrued. \$21.5 million has been provided in full at the date of the signing of these Financial Statements. See also Note 43.

Note 18: Provisions (continued)

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 in force. The lag between the occurrence of a claim and the final payment is normally short term in nature as providers are required by the Health Insurance 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 \$2.9 million (2020: \$2.5 million) 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.

Major maintenance

Other provisions include a provision in respect of the Cayman Airways major maintenance. This amount is re-assessed if there is an indication that circumstances relating to the return condition costs have changed since commencement of the leases. The provision is included as a liability of US\$1.5 million on the Statement of Financial Position.

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 2020 CI\$000	Description	EPS Actual 2021 CI\$000
127,501	Currency notes in circulation	127,501
36,925	Currency coins in circulation	46,003
<u>164,426</u>	Total Demand Liabilities	<u>173,504</u>

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

Note 20: Reserves

EPS Actual 2020	Description	EPS Actual 2021
CIS\$000		CIS\$000
355	Housing Guarantee Reserve Fund	199
58,037	Environmental Protection Fund	47,996
6,239	Infrastructure Development Fund	7,297
2,597	Student Loan Reserve Fund	2,719
-	National Disaster Reserve Fund	906
135,217	General Reserve	180,935
375	Currency Issue Reserve	375
7,100	Capital Expenditure and Other Statutory Reserve	10,267
296	Restricted Funds and Contingency Reserves	3,485
640,801	Asset Revaluation Reserve	667,207
851,017	Total Reserves	921,386

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.

Note 20: Reserves (continued)

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

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 Parliament. The General Reserve Fund as at 31 December 2021 was \$193.6 million (2020: \$135.2 million).

Cayman Islands Monetary Authority maintains a General Reserve in accordance with section 8 of the Monetary Authority Act (2020 Revision), 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 Act, the General Reserve shall represent at least 15% of Demand Liabilities. As at 31 December 2021, The General Reserve was \$26.9 million (2020: \$26.9 million) equating to 13.9% (2020: 16.61%) 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 URCA requires the fund to be applied only for the purposes of the Office.

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

Note 20: Reserves (continued)

General Reserves (continued)

authorized capital of the Bank (currently \$32.8 million). There was no transfer to the Reserve Fund for the year ended 31 December 2021 as the Bank made a loss. As of 31 December 2021, the Statutory Reserve Fund has a balance of \$176,923 (2019: \$176,923).

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 \$32.8 million). There was no transfer to the Reserve Fund for year ended 31 December 2021 as the Bank made a net loss of \$(310,857) (2020: \$48,109). As of 31 December 2021, the Statutory Reserve Fund has a balance of \$176,923 (2020: \$176,923).

Note 20: Reserves (continued)

Restricted Funds and Contingency Reserve

The Cayman Islands National Museum (the 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.

During the 2021 fiscal year, Management increased the contingency reserve to \$250,000 (2020: \$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. 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.

Funds in the amount of \$3,147,859 bequeathed to the Foundation by the benefactor of the FJ Harquail Cultural Centre (FJHCC), the late Mrs. Helen Harquail, MBE. The outright gift is restrictive and not for operations of the Foundation. As at 31 December 2021, the proceeds from the bequests were invested in fixed term deposits and in a restricted cash account, earmarked for capital projects or major emergencies. Among the FJHCC projects that have been prioritised are the installation / construction of 1) A storm management system; 2) new sewerage system; 3) upgrades to the Studio Theatre; 4) storage spaces and rehearsal rooms; and 5) a banquet room and lounge adjacent to the main theatre.

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 class of assets. A revaluation was carried out at 1 January 2021 for the majority of fixed assets owned by the Cayman Islands Government.

Note 21: Coercive Revenue

Core Actual 2020 C\$000	EPS Actual 2020 C\$000	Description	Core Actual 2021 C\$000	EPS Actual 2021 C\$000
178,725	178,725	Levies on International Trade and Transactions	206,361	206,361
460,500	460,447	Domestic Levies on Goods and Services	557,727	559,266
67,250	67,250	Levies on Property	108,257	108,257
2,981	2,629	Fines	4,616	4,606
32,854	32,855	Other Executive Revenue	39,649	40,067
742,310	741,906	Total Coercive Revenue	916,610	918,557

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

EPS Actual 2021 C\$000	Description	EPS Actual 2021 C\$000	% of Total Coercive %
173,362	Import Duties	206,042	22%
178,735	Company Registry Fees	191,186	21%
87,209	Work Permits & Other Immigration Fees	108,342	12%
65,591	Stamp Duty - Land Transfers	104,874	11%
44,601	Mutual Fund Administrators	49,580	5%
31,963	Proceeds of Liquidated Entities	38,398	4%
27,479	Banks and Trust Licenses	26,606	3%
10,282	Tourist Accommodation Charges	1,009	0%
5,363	Cruise & Environment Tax	319	0%
117,321	Other Fees	192,201	21%
741,906	Total Coercive Revenue	918,557	100%

Foregone Revenues

During the year ended 31 December 2021, revenue concessions and waivers totalling \$82.3 million were given to business importers, civil groups, non-profit organisations and households. Foregone revenues handled directly by the Customs Department were valued at \$74.8 million, while foregone revenues handled by the Ministry of Finance and Economic Development were \$7.5 million.

The following table indicates that a part of the revenues foregone are statute – based (e.g. Stamp Duty Waivers for First Time Caymanian Property buyers) and are granted once certain specified criteria in statutes are satisfied, whilst others are based on judgement and discretion.

Note 21: Coercive Revenue (continued)

Revenues foregone as it relates to:	Foregone Revenue CI\$000
Regular Imports	50,165
Fuel Imports	24,678
Stamp Duty <u>Waivers</u> for First-Time Caymanian Property Buyers	3,972
Cayman Brac Stamp Duty <u>Waivers</u>	1,129
<u>Waiver/ Refund</u> of Import Duty	791
<u>Waivers</u> of Stamp Duty under the Discretion of the Minister of Finance and Economic Development	974
<u>Refunds</u> of Stamp Duty under the Discretion of the Minister of Finance and Economic Development	629
<u>Waiver</u> Planning Fees	4
<u>Refund</u> Planning Fees	4
TOTAL REVENUES FOREGONE	82,348

Note 22: Sales of Goods and Services

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

Core Actual 2020 CI\$'000	EPS Actual 2020 CI\$000	Description	Core Actual 2021 CI\$000	EPS Actual 2021 CI\$000
22,845	86,219	Fees and Charges	29,524	99,714
5,652	119,294	General Sales	6,776	134,279
1,217	2,516	Rentals	1,347	2,018
1,643	-	Outputs to Other Government Agencies	1,998	-
7,809	10,855	Other Sales of Goods and Services	284	7,798
39,166	218,884	Total Sales of Goods and Services	39,929	243,809

A summary of the entity revenues earned during the period ended 31 December 2021 is provided below:

EPS Actual 2020 CI\$000	Description	EPS Actual 2021 CI\$000	% of Total Sales of Goods and Services %
32,569	Water Sales	33,669	14%
31,129	Health Care Services	36,811	15%
19,562	Port Revenues	21,653	9%
18,027	Airline Revenues	21,857	9%
5,266	Marine Survey Fees	6,138	3%
2,361	Garbage Fees	2,583	1%
1,322	Passenger Charges and Taxes	-	0%
108,648	Other Sales of Goods and Services	121,098	50%
218,884	Total Sales of Goods and Services	243,809	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
2020	2020		2021	2021
CI\$000	CI\$000		CI\$000	CI\$000
8,488	11,971	Interest on Cash and Deposits	2,437	3,464
1	555	Royalties	-	813
7	1,561	Other	3	1,042
8,496	14,087	Total Investment Revenue	2,440	5,319

Note 24: Donations

During the year ended 31 December 2021, the Government received donations totalling \$1.4 million (2020: \$4.0 million); for which all obligations relating to these donations have been satisfied and are therefore recognised as revenue. Donations in cash or in kind cover a wide range of programmes and activities across all of Government. Donors include corporate and private citizens and international organisations.

Core Actual	EPS Actual	Description	Core Actual	EPS Actual
2020	2020		2021	2021
CI\$000	CI\$000		CI\$000	CI\$000
3,125	4,008	Donation Received	609	1,411
3,125	4,008	Total Donation Received	609	1,411

Note 25: Personnel Costs

Core Actual 2020 C\$000	EPS Actual 2020 C\$000	Description	Core Actual 2021 C\$000	EPS Actual 2021 C\$000
264,563	440,588	Salaries, Wages and Allowances	282,021	467,244
51,550	33,472	Health Care	57,840	9,537
14,103	24,038	Pension	14,820	24,989
1,204	1,257	Leave	1,429	1,297
19,821	34,267	Defined Benefit Pension Liability	16,173	20,011
-	75,418	Post Retirement Health Care Liability	-	25,544
1,750	5,783	Other Personnel Costs	3,199	8,411
352,991	614,823	Total Personnel Costs	375,482	557,033

As at 31 December 2021 Government total staff complement was 7,176 employees (2020: 6,819 employees):

	2021	2020
Core Government	4,397	4,208
Statutory Authorities & Government Companies	2,779	2,611
Total number of employees	7,176	6,819

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 and Government Companies 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 seven (7) working days compassionate leave, ten (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 granted is guided by the Public Service Management Act.

Note 26: Supplies and Consumables

Supplies and consumables covers the Government direct expenses, overhead expenses and include professional fees, office supplies, utilities and insurances.

Core Actual 2020	EPS Actual 2020	Description	Core Actual 2021	EPS Actual 2021
CI\$000	CI\$000		CI\$000	CI\$000
48,510	73,922	Supplies and Materials	22,481	91,892
55,073	94,652	Purchase of services	70,434	117,468
11,427	21,330	Utilities	12,900	25,980
6,593	8,931	General Insurance	6,978	12,674
898	1,995	Travel and Subsistence	851	1,903
1,052	2,058	Recruitment & Training	1,922	2,519
3,121	49,150	Other	5,913	59,057
126,674	252,038	Total Supplies & Consumables	121,479	311,493

Note 27: Leases

Core Actual 2020	EPS Actual 2020	Description	Core Actual 2021	EPS Actual 2021
CI\$000	CI\$000		CI\$000	CI\$000
6,696	13,336	Lease of Sites or Buildings	7,639	18,137
59	277	Lease of Equipment	99	199
2	2	Lease of Vehicles	13	13
6,757	13,615	Total Lease	7,751	18,349

For the year ended 31 December 2021, the Government spent a total of \$18.3 million for leases, which were primarily for sites and buildings including offices and commercial space, storage, residence and museum facilities and land.

Note 28: Depreciation and Amortisation Expense

Core Actual 2020	EPS Actual 2020	Description	Core Actual 2021	EPS Actual 2021
CI\$000's	CI\$000's		CI\$000's	CI\$000's
37,641	63,124	Property, Plant, and Equipment	43,223	67,720
1,054	1,645	Intangible Assets	1,448	1,986
38,695	64,769	Total Depreciation and Amortization	44,671	69,706

Note 29: 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 2021 was \$56.4 million (2020: \$43.4 million). The largest category of these payments was for the provision of tertiary care to local and overseas organisations, which totalled \$38.9 million or 69% (2020: \$32.9 million or 76%) of Outputs from Non-Government Organisations.

EPS Actual 2020 CIS000	Description	EPS Actual 2021 CIS000
15	Organize, Administer and Execute the Cayman Islands Fishing Tournament	30
2,582	Legal Aid Services	2,401
39	HIV/AIDS and First Aid Public Education Programmes	39
130	Management of Small Business Development	405
189	Employee Assistance Programme	198
23	Spaying and Neutering of Dogs and Cats	45
250	Teaching of Tertiary Education Courses	250
54	Miss Cayman Committee	146
500	Primary and Secondary Education by Private Schools	1,000
1,556	Services for Irregular Migrants	2,134
-	- Mentoring Cayman Programme	9
80	Palliative Care Nursing	80
32,882	Tertiary Care at Various Overseas Institutions	38,916
-	- Gardening Projects and Landscaping	8
10	Elite Athletes Programme	40
5	Youth Development Programmes	124
108	Sports Programmes	1,569
1,964	Care of the Indigent, Elderly and Disabled Persons	2,341
343	Foster Care for Children	520
72	Community Programmes	79
325	Support for Battered Women and Children	569
1	Therapeutic Services for Young Persons	6
570	Preservation of Natural Environments and Places of Historic Significance	713
-	- K9 Security Services	17
-	- Other Sports Programmes	718
20	Other Health and Cultural Programmes	20
76	Cayman Islands Agricultural Society	433
393	Cayman Finance Services	827
79	Meals on Wheels	129
6	Gender Equality Cayman	21
-	- Cayman Islands Crisis Centre	81
1,088	Oversight of Legal Practitioners	1,212
-	- Public School Meals Programme	1,314
43,360	Total Outputs from Non-Government Organisations	56,394

Note 30: 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 2021, the Government of the Cayman Islands made transfer payments of \$139.4 million (2020: \$69.7 million). Included in the amount was subsidies paid to displaced tourism workers of \$64.2 million (2020: \$15.9 million), \$19.3 million (2020: \$10.8 million) in local and overseas education scholarships, \$12.2 million (2020: \$11.0 million) in Poor Relief, \$10.4 million (2020: \$9.8 million) in benefit payments to seamen and ex-servicemen.

Note 30: Transfer Payments (continued)

EPS Actual 2020 C\$000	Description	EPS Actual 2021 C\$000
750	Tourism Scholarships	804
7	Miss Cayman Scholarships	7
540	Pre-School Educational Assistance	667
10,000	Local and Overseas Scholarships and Bursaries	18,520
10,984	Poor Relief Payments	12,164
26	Temporary Poor Relief for Young Parents Programme (YPP) Students	37
143	Emergency Relief Payments	78
9,784	Ex-Gratia Benefit Payments to Seamen	10,418
97	Youth Programmes and Other Non-Governmental Organisations	71
43	Other Educational and Training Assistance	90
351	Children and Family Services Support	251
70	Support for Services at the Red Cross	70
24	Housing Assistance	1,947
380	Student Enrichment and Support Services	826
68	Support to Local Business Associations	28
333	Sister Islands Home Repairs Assistance	752
15,877	Sports and Cultural Tourism Programmes Assistance	64,249
155	Support for the Bridge Foundation	153
35	Other Youth, Sports and Cultural Programme Assistance	327
978	Other Health & Cultural Programme Assistance	2,968
166	Assistance for Infrastructure Development	2,481
4,160	Support for Business Initiatives	9,534
897	SEN Scholarships	1,218
137	Medical Scholarships	51
103	Grants to farmers	1,255
9	Support to Local Financial Services Associations	58
640	Sister Islands Beaches and Community Clean Up Programme	871
8,419	Temporary Financial Assistance	4,841
124	Look After Care Payments	121
107	Youth After Care Payments	113
140	Private and Public School Grants	163
-	Health Insurance Increase (CINICO)	300
320	Temporary Support to Non-Caymanian Residents - COVID-19	-
2,204	Education, Agriculture and Land Services - Covid Response and Recovery	-
1,635	Youth and Sports Services -Covid Response and Recovery	-
-	Sister Islands Community Programmes/Projects	22
-	Assistance to farmers due to TS Grace	1,771
-	Assistance to small and micro businesses-TS Grace	113
-	Ex-gratia Stipend - Wages lost during isolation	122
-	Cayman Finance	350
-	Hope for Today Foundation	90
-	Support for Community Projects through R3	1,500
69,706	Total Transfer Payments	139,401

Note 31: 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 Parliament, and the Judiciary.

Included in other executive expenses are costs of \$21.7 million (2020: \$14.8 million) for mitigation measures to combat the COVID-19 global health pandemic which had not been budgeted in the financial year. 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.

Also included in other executive expenses are costs of \$10.2 million related to the provision for environmental remediation.

In the audited 2020 Annual Consolidated Financial Statements, the Public Service Pension Board (PSPBP) administrative costs were included as a single line item included in Other Operational Expenses of the statement of financial performance. In 2021 the Government agreed to allocate the PSPB administrative costs to the relevant expenditure lines in the consolidated statement of financial performance. However, the prior year comparative was not restated and as such there is no corresponding amount included in Other Operational Expenses in the current year. Total PSPB administrative costs that are included in the 2021 Statement of Financial Performance is \$4.3 million

Note 31: Other Executive Expenses (continued)

EPS Actual 2020 CIS\$000	Description	EPS Actual 2021 CIS\$000
59	Universal Postal Union	59
25	Conference Contributions	-
9,593	Doubtful Debt Expenses	11,241
153	Settlement of Case - Entity	-
79	Executive bank Charges	73
115	Debt Write off-Executive Transactions	1,190
1,088	Judiciary Expenses	1,365
1,078	Constituency Allowance	1,184
19	Contribution to Caribbean Financial Action Task Force	48
168	Caribbean Economic Community (CARICOM) Fees	163
84	Caribbean Regional Technical Assistance Centre (CARTAC) Contribution	74
10	Subscription to Caribbean Examinations Council	10
544	University of the West Indies	585
-	Pan American Health Organisation Subscription	15
680	Caribbean Catastrophe Risk Insurance Facility - Annual Premium	776
827	Court of Appeal Expenses	736
6	United Nations Caribbean Environmental Programme	-
125	Commonwealth Parliamentary Association	-
4	World Anti-Doping Agency	8
9	Regional Anti-Doping Organization	3
34	Compensation	-
112	Caribbean Agriculture Research and Development Institute (CARDI)	112
38	Organisation for Economic Co-operation Development (OECD) Global Forum	54
137	New Court House	60
18	Caribbean Public Health Agency (CARPHA)	18
-	Settlement of Claims - Executive	389
-	Project Future	145
39	Older Persons Policy	107
58	Regional Security Initiatives (OE 115)	58
144	CIG Core Christmas Stipend	148
196	Second Chances	103
-	Commonwealth Telecommunication Organisation (OE 122)	8
-	Caribbean Telecommunication Union (OE 124)	20
79	CDEMA Membership (OE 125)	79
14,776	Supplies and Other Items to Combat COVID-19	21,695
-	Emerging Talent Development Programme (OE 141)	69
4,559	Public Service Pension Board Administrative Costs	-
-	Environmental Remediation	10,163
34,856	Total Other Operational Expenses	50,758

Note 32: Financing Costs

During the year ended 31 December 2021, the Government incurred financing charges of \$12.6 million (2020: \$14.2 million) in relation to its public debt.

EPS Actual 2020 CI\$000	Description	EPS Actual 2021 CI\$000
11,720	Interest on borrowings	9,919
2,577	Other borrowing costs	2,637
14,297	Total Finance Costs	12,556

Costs attributed to:

EPS Actual 2020 CI\$000	Description	EPS Actual 2021 CI\$000
13,267	Central Government	11,637
1,030	Statutory Authorities & Government Companies	919
14,297	Total Finance Costs	12,556

Note 33: Reconciliation of Surplus to Net Operating Cash Flow

GOVERNMENT OF THE CAYMAN ISLANDS	
RECONCILIATION OF SURPLUS TO OPERATING CASH FLOW	
AS AT 31 DECEMBER 2021	
	Actual 2021
	CI\$000
Surplus/(deficit) from ordinary activities	(40,352)
Non-cash movements	
Depreciation expense	69,706
Losses on non-financial instruments	(4,131)
Impairment of assets	261
Gain on foreign exchange transactions	(2,562)
Increase in provision for bad debt	10,116
Increase in provision for environmental remediation	10,163
Changes in assets and liabilities:	
(Increase)/decrease in receivables	(10,068)
(Increase)/decrease in inventories	(5,973)
(Increase)/decrease in other assets	383
Increase/(decrease) in payables and other accruals	119,343
Increase/(decrease) in other liabilities	12,933
Increase/(decrease) in provisions relating to employee costs	(13,852)
Net cash flows from operating activities	145,967

Note 34: Impact of the COVID-19 Pandemic

The outbreak of the COVID-19 pandemic and the measures adopted by the Government to mitigate the pandemic's spread have significantly impacted the Government's performance and position for the year. These measures required the Government to continue to restrict travel to the jurisdiction thereby reducing activity in the local economic market and revenues derived from the tourism sector. The Government also sought to increase support to individuals and business negatively impacted by these measures. Since the onset of the COVID-19 pandemic to the 31 December 2021 the Government incurred approximately \$130.0 million in expenditure related to the mitigation measures to combat the COVID-19 pandemic. 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

For the year ended 31 December 2021, the Entire Public Sector recognised a net deficit of \$43.2 million. The Entire Public Sector's net assets as at 31 December 2021 were \$1.9 billion. The Government has \$440.5 million of resources comprising cash and cash equivalents and other highly liquid short-term investments.

On 10 June 2020, the Government awarded the provision of a stand-by Line of Credit (LoC) to a consortium of local banks for CI\$330.5 million (US\$403.3 million) - in order to provide additional financial resources in the event that such resources are needed to mitigate the effects of Government's loss of revenue and increased expenditure necessitated by 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 loan. Both the LoC and the long-term loan are at an annual interest rate of 3.25%. The cost to put the LoC and long-term loan in place was approximately US\$2.4 million.

The amount of US\$10.0 million had been drawn down on 31 July 2021, in accordance with the agreement dated 18 December 2020, between the Government of the Cayman Islands (CIG) and a consortium of local banks. This amount represents the minimum amount which CIG was obliged to drawdown under Facility A (a short-term revolving line of credit of US\$403.3 million), in order to keep the facility available for possible further use by the CIG, until its expiry on 18 June 2022.

Note 35: Explanation of Major Variances to Budget

Statement of Financial Performance

The financial results show a \$40.4 million Operating Deficit for the EPS; this amount is \$88.2 million less than the projected year-to-date Operating Surplus of \$57.8 million.

Revenues

Total Operating Revenues for the twelve-month period to 31 December 2021 were \$1.17 billion, which was \$26.8 million more than the full year projection of \$1.14 billion. This positive variance was mainly due to the favourable variance (of \$111.9 million) in Coercive Revenue.

Material positive coercive revenue variances (with the amount of variance shown in brackets in the below section), were recorded for the following:

- *Annual Permanent Resident Work Permit Fees (\$5.7 million) – due to the clearing of backlog applications received in 2019 – 2020 owing to the closure of the office in between March and June, now being approved in 2021. Also, a number of applicants who became eligible in 2020, due to the pandemic and uncertainty delayed applications to 2021;*
- *Mutual Fund Administrators Licence Fees (\$5.4 million) – due to an increase in the volume of funds registered;*
- *Other Company Fees – Exempt Companies (\$5.4 million) – due to increased registrations;*
- *Other Import Duty (\$7.0 million) – due to increased volumes of imports;*
- *Other/Miscellaneous Stamp Duty (\$8.6 million) – due to continued high demand in the real estate market. Compared to prior year's actual results the 2021 duties are \$6.8 million more;*
- *Private Fund Fees (\$54.9 million) – a new revenue stream from the registration of Private Funds, which came into effect with the implementation of the Private Funds Act, 2020;*
- *Proceeds of Liquidated Entities (\$4.2 million) – compared to the 2020's actual results, the revenues earned are \$6.4 million more;*
- *RFI – Permanent Residence – Persons of Independent Means (\$4.6 million) – due to the revenues earned from increased applications under this category as well as the Global Citizen Concierge Program; a new initiative launched by the Cayman Islands;*
- *Stamp Duty - Land Transfers (\$59.9 million) – there continues to be higher than expected volumes of property transactions coupled with high property values. The revenue earned for the year (\$104.9 million) was 233% more than the projected revenue; and*
- *Work Permit Fees (\$3.9 million) – due to an increase in demand for workers as the economy prepares to move in to phase five of the reopening.*

Note 35: Explanation of Major Variances to Budget (continued)

Revenues (continued)

The *coercive revenue* items recording significant negative revenue variances (with the amount of variance shown in brackets in the below section), primarily due to the extended partial closure of the borders in response to the COVID-19 pandemic included:

- *Alcoholic Beverages Duty (\$2.1 million)*
- *Cruise Ship Departure Charges (\$12.0 million)*
- *Environmental Protection Fund Fees (\$6.2 million)*
- *Gasoline and Diesel Duty (\$3.7 million)*
- *Tourist Accommodation Charges (\$37.4 million)*

Other *coercive revenue* items recording significant negative revenue variances (with the amount of variance shown in brackets in the below section):

- *Partnership Fees (\$5.5 million) – due to increased number of partnerships that are eligible for reduced annual fees pursuant to the Exempted Limited Partnership (Amendment) Regulations, 2020; and*
- *Security Investment Business Licences (\$4.0 million) – budgeted registrations were too high for both 2020 and 2021.*

Sale of Goods and Services earned \$243.8 million, which was \$72.4 million less than the full year anticipated results, mainly due to low revenues earned from those industries directly related to Tourism and Cruise industry (directly attributable to the COVID-19 travel restrictions).

Investment Revenue earned \$5.3 million, which was \$7.6 million less than the anticipated results mainly related to lower yield on investments. Globally interest rates were maintained as low levels to support economic recovery in the aftershock of the pandemic.

Other revenues earned \$0.6 million, which was \$5.3 million less than the full year anticipated results, mainly due to deferral of planned programs to the next year (directly attributable to the COVID-19 restrictions).

Expenses

Total Operating, Financing and Non-Operating Expenses of the Government for the twelve-month period ended 31 December 2021 were \$1.21 billion; this amount was \$125.0 million more than the 2021 budget of \$1.09 billion.

Note 35: Explanation of Major Variances to Budget (continued)

Expenses (continued)

Supplies and Consumables, excluding Operating Leases, were \$311.5 million for the year and were \$24.0 million less than the 2021 budget. The variance is mostly attributable to the deferred implementation of certain Government strategies, projects and/or services that were budgeted; owing to the continued uncertainties in light of the COVID-19 pandemic.

Depreciation & Amortisation of \$69.7 million were \$2.1 million more than the full year budget, mainly due to the increase in value of certain categories of property, plant and equipment following the revaluation resulting in higher value of depreciation charges.

Outputs from Non-Governmental Output Suppliers of \$56.4 million were \$27.6 million more than the budget. The variance is mainly due to "NGS 55 - Tertiary Care at Local and Overseas Institutions" being \$21.3 million more than its 2021 budget. The costs for NGS 55 were \$38.9 million, which exceeded the original full year budget of \$17.6 million.

Transfer Payments of \$139.4 million were \$93.0 million more than budgeted for the year. This variance is mainly due to the overages in spending on Sports and Cultural Tourism Programmes Assistance (\$63.6 million negative variance); Support for Business Initiatives (\$9.5 million negative variance); and Scholarship and Bursaries (\$8.4 million negative variance). Included in the costs are costs incurred to assist those displaced by the impact of COVID-19 such as those who work in the tourism industry.

Other Executive Expenses of \$50.8 million were \$36.5 million more than the budget of \$14.2 million. The variance is mainly due to costs incurred for Supplies and other Items to combat COVID-19 (currently \$21.7 million).

Note 35: Explanation of Major Variances to Budget (continued)

Statement of Financial Position

As at 31 December 2021, Net Assets of the Government were \$1.88 billion, which was \$303.5 million more than the anticipated budgeted amount of \$1.58 billion.

Assets

Cash and Cash Equivalent

Total Cash and Deposits balances (held for no longer than 90 days), were significantly higher (approximately \$104.0 million) than anticipated in the 2021 Budget. Due to the significant cash balances on-hand, the Government continues to place funds on fixed deposits.

Investments

Investments which includes Deposits balances (held for longer than 90 days but less than a year), are \$60.4 million more than anticipated in the 2021 Budget. Investments held for more than a year, are \$91.9 million more than the 2021 Budget. Due to the significant cash balances on-hand, the Government continues to place funds on longer-term fixed deposits.

Property, Plant and Equipment (PPE)

PPE were \$260.9 million more than the budget expectation of \$2.26 billion significantly due to the revaluation of certain categories of assets including Land, Buildings and roads infrastructure.

Liabilities

Unearned Revenues

Unearned Revenues of \$162.3 million were \$84.4 million more than 2021 Budget due mainly to higher than expected pre-payment of various financial services related fees.

Retirement Benefits

Retirement Benefits liability were \$53.2 million more than the budgeted amount of \$768.6 million due to the recognition of the 2021 pension actuarial valuation and the SAGCs post-retirement health care liability based on the 2021 actuarial valuation.

Currency Issued

Currency Issued were \$35.2 million more than the budget of \$138.3 million due to there being increased amounts of notes and coins in circulation.

Provisions

Provisions were \$32.4 million more than the budgeted expectations of \$12.7 million, mainly due to provisions for the environmental liability; that is the landfill remediation costs.

Note 36: Commitments

Type	One Year or Less CIS\$000	One to Five Years CIS\$000	Over Five Years CIS\$000	31 December 2021 CIS\$000	31 December 2020 CIS\$000
Capital Commitments					
John Gray High School	44,883	18,118	-	63,001	62,875
Landfill	16,895	1,400	-	18,295	26,871
Long term residential mental health facility	5,000	-	-	5,000	16,290
Other property, plant and equipment	9,165	79	-	9,244	17,933
Total Capital Commitments	75,943	19,597	-	95,540	123,969
Operating Commitments					
Non-Cancellable Accommodation Leases					
Accommodation leases	5,808	10,953	1,468	18,229	26,427
Other Non-Cancellable Leases					
Land Lease	12,375	49,340	37,005	98,720	111,015
Premises Lease	82	219	-	300	19
Aircraft Leases	7,155	22,907	2,545	32,607	36,529
Other Operating Lease	2,545	2,135	-	4,680	2,690
Other Operating Commitments					
Other Operating Commitments	11,029	6,331	560	17,920	7,052
Total Operating Commitments	38,993	91,885	41,578	172,457	183,732
Total Commitments	114,936	111,483	41,578	267,997	307,701

Capital Commitments

The largest capital commitments are held by the Ministry of Education and the Ministry of Health and Wellness.

Operating Commitments

Operating commitments mainly relate to leases held by several Statutory Authorities and Government Companies. The Aircraft leases are held by Cayman Airways Limited, which has entered into lease agreements in connection with the leasing of aircraft. Effective 30 June 2016 the Company entered into various new lease arrangements in relation to multiple Boeing 737-8Max aircrafts. At 31 December 2021 the Company remained committed to one aircraft lease, which had not commenced. The total future cash outflows for leases that had not yet commenced amounted to approximately \$13.0 million.

Land leases are held by the Water Authority and are for land in Cayman Brac. The lease was signed in January 2000 for a period of thirty years, expiring in 2029.

Other operating commitments are mainly held by the Ministry of Education.

Note 37: Contingent Liabilities

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. As at 31 December 2021, the Government has estimated contingent liabilities of \$11.7 million (2020: \$12.4 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 Authority believes that the outflow of funds for the malpractice and employee related legal claims amounting to \$275,699 and nil (2020: \$825,000 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 several claims outstanding that relate to services provided prior to the establishment of the Health Authority or prior to 1 July 2002. Neither provision nor contingent liability has been made for these claims in the financial statements, as the Health Authority believes any costs encountered (that are not covered by insurance) will be met by the Ministry of Health, Environment, Culture and Housing.

Note 37: Contingent Liabilities (continued)

Port Authority of the Cayman Islands

In January 2021, correspondence was received from an attorney representing a member of staff who was dismissed. The letter alleged that the dismissal was unfair and/or wrongful. Port Authority instructed our attorneys to respond indicating the general basis upon which the decision was made. At the date of this report no further communication was received from the attorney on this matter.

A cruise passenger who visited the Cayman Islands in January 2020 suffered minor cuts and bruises and commenced proceedings against the Authority. The last correspondence from the attorney representing the claimant was received in November 2021. Based on the correspondence, the action may have been abandoned. Port Authority's attorney has advised that any claim for damages arising subsequently would likely be minimal given the facts and circumstances of the case.

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.

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;

Note 37: Contingent Liabilities (continued)

Guarantees (continued)

- (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 2021	Loan Balance as at 31 December 2021
		CI\$'000	CI\$'000
Cayman Airways Limited	80%	15,216	19,020
Cayman Islands Development Bank	50%	3,810	7,621
National Housing Development Trust	80%	2,218	2,772
		21,245	29,413

Government Guaranteed Home Assistance Mortgage (GGHAM) Programme

The Government Guaranteed Home Assisted Mortgage Programme (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 \$14.8 million of total approved mortgages which on face value indicates that Central Government is committed to a contingent liability of 35% which equates to \$5.2 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 2021 the reserve balance was adjusted to \$199,229 (2020: \$294,815).

Note 37: Contingent Liabilities (continued)

Government Guaranteed Home Assistance Mortgage (GGHAM) Programme (continued)

As at 31 December 2021, for the life of the programme, four local banks have called in the guarantees of 23 GGHAM loans totalling \$877,151 (2020: \$877,151). No amount is payable as at 31 December 2021. Based on the delinquency as at 31 December 2021 a provision of \$1,084,827 (2020: \$1,240,212) has been made for potential claims.

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 participating local banks to guarantee a loan programme 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 an MSB and \$1,500,000 for an LSB.

Eligible borrowers are to be approved by the respective five local banks under the GLP. The period of repayment for an NCF shall not exceed seven years from the date of execution of the loan.

The Government and the participating banks have agreed that \$200 million shall be the maximum aggregate principal amount made available to eligible borrowers under the GLP.

As at 31 December 2021, ten (10) borrowers have been approved for NCFs under the GLP amounting to \$5.6 million. No provisions have been made for these loan amounts.

Note 37: Contingent Liabilities (continued)

Other Contingent Liabilities

Covenants

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.

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 (2020: \$1,085,221). These are used as collateral for United States Customs bonds and credit account support. The letters of credit bear interest at a rate of 1.0% per annum.

Section 47 of The Public Authorities Act (PAA)

Section 47 of the PAA came into effect on 1 June 2019. The section requires public authorities to use the same salary scale as determined by the Cayman Islands' Cabinet and requires the remuneration of a public authority to be adjusted to reduce any differences between public authorities' and public service's terms and conditions of employment.

The exercise to give effect to section 47 of the PAA was not completed by some Statutory Authority and Government Companies at year end.

Note 38: Financial Risk Management

Credit Risk

Credit and counterparty risk are 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.

Note 38: Financial Risk Management (continued)

Credit Risk (continued)

Health Services Authority (continued)

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 2020: 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.

Cayman Islands Monetary Authority

The Cayman Islands Monetary Authority (CIMA) manages credit risk by adhering to the CIMA’s investment guidelines for its Currency Reserves Assets which establishes counterparty concentration limits and minimum standards that each counterparty must attain. CIMA’s current, call, and fixed deposits are placed with high credit quality institutions. Credit risk with respect to long and short-term investments, accounts and interest receivable, and other receivables is limited as the Authority only transacts business with counterparties it believes to be reputable and capable of performing their contractual obligations.

Utility Regulation and Competition Office

The Utility Regulation and Competition Office (the 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 each sector for which it has responsibility for regulating in the Cayman Islands. The Office’s licensees include well-established local telecommunication and media, electricity, fuel and water companies and,

Note 38: Financial Risk Management (continued)

Credit Risk (continued)

Utility Regulation and Competition Office (continued)

at 31 December 2021, there have been no material 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 2021 are National Air Services (NAS) with approximately 19.0% (2020: 17.0%) of total outstanding balances and Cayman Airways 6.0% (2020: 7.0%) are considered significant concentrations of credit risk. The Cayman Islands Government accounts are considered medium exposure risks due to possible Government policy changes when new governments are elected.

Cayman Islands National Insurance Company

The Cayman Islands National Insurance Company (CINICO or the Company) has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk are:

- cash at bank
- reinsurers' share of insurance liabilities
- amounts due from reinsurers in respect of claims already paid
- amounts due from insurance contract holders
- amounts due from ASO contracts.

All of the Company's cash and cash equivalents are held with reputable financial institutions in the Cayman Islands (2021: 100%; 2020: 100%). Reinsurance is used 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 finalization of any contract, and has chosen a reinsurer with an AM Best rating of A (Excellent).

Note 38: Financial Risk Management (continued)

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 CINICO 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. This entity has 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.

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.

Note 38: Financial Risk Management (continued)

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 \$4.0 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

Note 38: Financial Risk Management (continued)

Interest Rate Risk (continued)

Health Services Authority (continued)

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 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 39: 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.

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 40: Related Parties

The Government is comprised of 21 Ministries, Portfolios and Offices (each with an Entity and Executive organisation) and 25 Statutory Authorities and Government Companies. While inter-agency charges between Central Government 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.

The interconnectedness of the Cayman Islands population makes it is near impossible to track all transactions with the Government of all its senior management (and close members of their families) in both Core Government and Statutory Authorities and Government Companies. Each entity is responsible for ensuring all activities are properly addressed through internal controls and consistent with laws, regulations and established policies.

Compensation of Key Management Personnel

Total remuneration includes regular salary, pension contribution, health insurance contribution, allowances, bonuses and termination benefits. Total remuneration paid to key management personnel were as follows:

EPS Actual 2020 CI\$'000	Description	EPS Actual 2021 CI\$'000
41,323	Salaries & other short term employee benefits	47,622
313	Other long term benefits	4,094
41,637	Total Remuneration	51,716
164	Number of Key Management Personnel	194

Note 40: Related Parties (continued)

As at December 31, 2021, Senior Management of the Cayman Islands Development Bank held loans totalling \$6,616 (2020: \$14,861); these loans are included in total net loan balance reflected on the statement of financial position. Income earned on Senior Management loans for year ended December 31, 2021 amounted \$527 (2020: \$1,136). Loans given to key management personnel includes mortgage, debt consolidation at average interest rate of 4.75%.

During the fiscal year, one settlement loan was granted to key management staff. This arrangement and terms of repayment is in accordance with Cayman Islands Government policies. No loans were granted to any close relatives of key management personnel during the fiscal year.

Compensation of Board Members

The remuneration of board members during the year were as follows:

EPS Actual 2020 CI\$'000	Description	EPS Actual 2021 CI\$'000
632	Directors Fees	807
17	Other fees	12
649	Total Remuneration	819
114	Number of Board Members	107

Note 41: Segment Reporting

GOVERNMENT OF THE CAYMAN ISLANDS					
STATEMENT OF FINANCIAL POSITION					
AS AT 31 DECEMBER 2021					
	Note	Central Government C\$000	Statutory Authorities & Government Companies C\$000	Inter- government trade C\$000	EPS Actual 2021 C\$000
Current Assets					
Cash and Cash Equivalents	2	164,515	277,902	-	442,417
Trade Receivables	3	10,032	90,273	61,190	39,115
Other Receivables	4	13,947	14,029	19,412	8,564
Dividends Receivable	4	4,043	-	4,043	-
Inventories	5	6,218	25,017	85	31,150
Loans Made	6	21,438	1,058	20,900	1,596
Investments	7	262,893	66,933	42,243	287,583
Prepayments	8	12,394	8,391	114	20,671
Biological Assets	9	-	529	-	529
Total Current Assets		495,480	484,132	147,987	831,625
Non-Current Assets					
Trade Receivables	3	427	-	-	427
Loans Made	6	475	16,013	-	16,488
Property, Plant and Equipment	10	1,975,299	546,850	-	2,522,149
Intangible Assets	11	4,751	3,060	-	7,811
Investment Property	12	-	7,300	-	7,300
Investments	7	10,831	81,913	-	92,744
Prepayments	8	-	4,494	-	4,494
Net Worth - Public Entities	46	433,622	-	433,622	-
Other Non-Current Assets		112	2	-	114
Total Non-Current Assets		2,425,517	659,632	433,622	2,651,527
Total Assets		2,920,997	1,143,764	581,609	3,483,152
Current Liabilities					
Trade Payables	13	21,753	17,648	17,159	22,242
Other Payables & Accruals	13	187,988	22,150	105,815	104,323
Bank Overdraft	2	-	3,280	-	3,280
Unearned Revenue	14	134,934	14,128	71	148,991
Employee Entitlements	15	10,937	1,829	-	12,766
Retirement Benefits	16	22,953	3,160	-	26,113
Borrowings/Public Debts	17	42,600	27,684	20,900	49,384
Repayment of Surplus		-	4,043	4,043	-
Provisions	18	1,067	22,503	-	23,570
Total Current Liabilities		422,232	116,425	147,988	390,669
Non-Current Liabilities					
Other Payables & Accruals	13	-	2,161	-	2,161
Unearned Revenue	14	13,332	-	-	13,332
Retirement Benefits	16	400,271	395,424	-	795,695
Borrowings/Public Debts	17	180,104	22,629	-	202,733
Currency Issued	19	-	173,504	-	173,504
Provisions	18	21,459	-	-	21,459
Total Non-Current Liabilities		615,166	593,718	-	1,208,884
Total Liabilities		1,037,398	710,143	147,988	1,599,553
Net Assets		1,883,599	433,621	433,621	1,883,599
Net Assets/Equity					
Reserves	20	163,880	90,299	-	254,179
Revaluation Reserve	20	470,202	197,005	-	667,207
Current Period Surplus		(40,352)	(23,748)	(23,748)	(40,352)
Accumulated Surplus/(Deficit)		1,289,869	170,065	457,369	1,002,565
Total Net Assets/Equity		1,883,599	433,621	433,621	1,883,599

Note 41: Segment Reporting (continued)

GOVERNMENT OF THE CAYMAN ISLANDS					
STATEMENT OF FINANCIAL POSITION					
AS AT 31 DECEMBER 2020					
	Note	Central Government CIS000	Statutory Authorities & Government Companies CIS000	Inter- government trade CIS000	EPS Actual 2020 CIS000
Current Assets					
Cash and Cash Equivalents	2	160,032	285,936	-	445,968
Trade Receivables	3	13,264	50,435	35,835	27,864
Other Receivables	4	15,578	10,328	16,159	9,747
Dividends Receivable	4	1,471	-	1,471	-
Inventories	5	4,657	20,528	8	25,177
Loans Made	6	13,138	1,595	13,000	1,733
Investments	7	300,346	64,469	32,015	332,800
Prepayments	8	9,393	11,336	106	20,623
Biological Assets	9	-	847	-	847
Total Current Assets		517,879	445,474	98,594	864,759
Non-Current Assets					
Trade Receivables	3	427	-	-	427
Loans Made	6	-	17,785	-	17,785
Property, Plant and Equipment	10	1,519,986	508,014	-	2,028,000
Intangible Assets	11	2,814	2,085	-	4,899
Investment Property	12	-	7,300	-	7,300
Investments	7	831	68,470	-	69,301
Net Worth - Public Entities	43	348,036	-	348,036	-
Other Non-Current Assets		225	2	-	227
Total Non-Current Assets		1,872,319	603,656	348,036	2,127,939
Total Assets		2,390,198	1,049,130	446,630	2,992,698
Current Liabilities					
Trade Payables	13	12,741	16,439	3,707	25,473
Other Payables & Accruals	13	96,023	23,039	79,901	39,161
Bank Overdraft	2	-	4,752	-	4,752
Unearned Revenue	14	84,265	11,681	515	95,431
Employee Entitlements	15	9,134	1,846	-	10,980
Retirement Benefits	16	23,595	1,544	-	25,139
Borrowings/Public Debts	17	34,225	20,073	13,000	41,298
Repayment of Surplus		-	1,471	1,471	-
Provisions	18	44	15,618	-	15,662
Total Current Liabilities		260,027	96,463	98,594	257,896
Non-Current Liabilities					
Other Payables & Accruals	13	48	1,673	-	1,721
Unearned Revenue	14	13,476	-	-	13,476
Retirement Benefits	16	472,501	409,200	-	881,701
Borrowings/Public Debts	17	214,330	29,332	-	243,662
Currency Issued	19	-	164,426	-	164,426
Provisions	18	25,512	-	-	25,512
Total Non-Current Liabilities		725,867	604,631	-	1,330,498
Total Liabilities		985,894	701,094	98,594	1,588,394
Net Assets		1,404,304	348,036	348,036	1,404,304
Net Assets/Equity					
Reserves	20	171,536	38,680	-	210,216
Revaluation Reserve	20	490,968	149,833	-	640,801
Current Period Surplus		(123,926)	(65,851)	(65,851)	(123,926)
Accumulated Surplus/(Deficit)		865,726	225,374	413,887	677,213
Total Net Assets/Equity		1,404,304	348,036	348,036	1,404,304

Note 41: Segment Reporting (continued)

GOVERNMENT OF THE CAYMAN ISLANDS STATEMENT OF FINANCIAL PERFORMANCE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021					
	Note	Central Government CI\$000	Statutory Authorities & Government Companies CI\$000	Inter- government Trade CI\$000	EPS Actual 2021 CI\$000
Revenue					
Coercive Revenue	21	916,610	2,069	122	918,557
Sales of Goods & Services	22	39,929	302,348	98,468	243,809
Cabinet Revenue		-	128,909	128,909	-
Investment Revenue	23	2,440	2,885	6	5,319
Donations	24	609	28,747	27,945	1,411
Other Revenue		111	522	-	633
Total Revenue		959,699	465,480	255,450	1,169,729
Expenses					
Personnel Costs	25	375,482	241,573	60,022	557,033
Supplies and Consumables	26	121,479	197,958	7,944	311,493
Leases	27	7,751	10,738	140	18,349
Depreciation/Amortisation	28	44,671	25,035	-	69,706
Outputs from Statutory Authorities and Government Companies	44	159,133	-	159,133	-
Outputs from Non-government Organisations	29	56,394	-	-	56,394
Transfer Payments	30	139,401	-	-	139,401
Litigation Costs		687	236	100	823
Other Executive Expenses	31	67,466	11,241	27,949	50,758
Finance Costs	32	11,637	1,081	162	12,556
Total Expenses		984,101	487,862	255,450	1,216,513
Other (Gains)/Losses					
(Gains)/Losses on Derecognition of Assets/Liabilities		334	-	-	334
Impairment of Inventory		28	233	-	261
(Gains)/Losses on Financial Instruments		(3,464)	902	-	(2,562)
(Gains)/Losses on Non-financial Instruments		(4,696)	231	-	(4,465)
(Surplus)/Deficit on Statutory Authorities & Government Companies		23,748	-	23,748	-
Total Other (Gains)/Losses		15,950	1,366	23,748	(6,432)
Surplus/(Deficit) for the Period		(40,352)	(23,748)	(23,748)	(40,352)

Note 41: Segment Reporting (continued)

GOVERNMENT OF THE CAYMAN ISLANDS					
STATEMENT OF FINANCIAL PERFORMANCE					
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020					
	Note	Central Government CIS\$000	Statutory Authorities & Government Companies CIS\$000	Inter- government Trade CIS\$000	EPS Actual 2020 CIS\$000
Revenue					
Coercive Revenue	21	741,973	-	67	741,906
Sales of Goods & Services	22	39,503	276,628	97,247	218,884
Cabinet Revenue		-	137,012	137,012	-
Investment Revenue	23	8,496	5,591	-	14,087
Donations	24	3,125	20,583	19,700	4,008
Other Revenue		4,220	613	5	4,827
Total Revenue		797,317	440,427	254,031	983,712
Expenses					
Personnel Costs	25	352,991	292,150	30,318	614,823
Supplies and Consumables	26	126,675	163,505	38,142	252,038
Leases	27	6,757	6,946	88	13,615
Depreciation/Amortisation	28	38,695	26,074	-	64,769
Outputs from Statutory Authorities and Government Companies	42	165,459	-	165,459	-
Outputs from Non-government Organisations	29	43,360	-	-	43,360
Transfer Payments	30	69,706	-	-	69,706
Litigation Costs		393	822	-	1,215
Other Executive Expenses	31	41,022	13,492	19,657	34,856
Finance Costs	32	13,267	1,397	367	14,297
Total Expenses		858,325	504,386	254,031	1,108,679
Other (Gains)/Losses					
Impairment of Inventory		-	(210)	-	(210)
(Gains)/Losses on Financial Instruments		(3,389)	(215)	-	(3,604)
(Gains)/Losses on Non-financial Instruments		456	2,317	-	2,773
(Surplus)/Deficit on Statutory Authorities & Government Companies		65,851	-	65,851	-
Total Other (Gains)/Losses		62,918	1,892	65,851	(1,041)
Surplus/(Deficit) for the Period		(123,926)	(65,851)	(65,851)	(123,926)

Note 41: Segment Reporting (continued)

GOVERNMENT OF THE CAYMAN ISLANDS					
STATEMENT OF CASH FLOWS					
FOR THE YEAR FINANCIAL YEAR ENDED 31 DECEMBER 2021					
	Central Government CIS\$000	Statutory Authorities & Government Companies CIS\$000	Inter-government trade & Adjustments CIS\$000	Actual 2021 CIS\$000	
Note					
Operating Activities					
Cash received					
Coercive Receipts	969,180	2,069	-	971,249	
Sales of Goods & Services	39,319	262,923	(28,112)	274,129	
Outputs to Cabinet	-	122,269	(122,269)	-	
Outputs to other government agencies	2,258	67,370	(69,628)	-	
Interest received	2,351	2,962	-	5,313	
Donations / Grants received	-	28,641	(27,945)	696	
Other receipts	13,695	1,174	-	14,869	
Total cash received	1,026,803	487,407	(247,954)	1,266,256	
Cash used					
Personnel costs	(382,634)	(186,990)	(4,214)	(573,838)	
Supplies and consumables	(118,944)	(272,321)	118,789	(272,476)	
Outputs from Public authorities	(126,025)	3	126,022	-	
Outputs from non-governmental organisations	(45,544)	-	-	(45,544)	
Transfer payments	(140,702)	-	-	(140,702)	
Financing/interest payments	(12,271)	(2,878)	-	(15,149)	
Other payments	(60,899)	(11,137)	(544)	(72,580)	
Total cash used	(887,019)	(473,322)	240,053	(1,120,288)	
Net cash flows from (used by) operating activities	33	139,784	14,084	145,968	
Investing activities					
Cash received					
Proceeds from the sale of Investments	750,539	10,563	-	761,102	
Repayment of Loans made by Government	641	537	-	1,178	
Dividends and Capital withdrawal from Public Authorities	5,502	-	(5,502)	-	
Total cash received	756,682	11,100	(5,502)	762,280	
Cash used					
Purchase of property, plant and equipment	(115,428)	(38,276)	-	(153,704)	
Purchase of Investments: Placement of Fixed Deposits	(723,000)	(10,643)	10,194	(723,449)	
Loans made by Government	(8,231)	-	7,900	(331)	
Equity injection in Public Authorities	(29,667)	-	29,667	-	
Total cash used	(876,326)	(48,919)	47,761	(877,484)	
Net cash flows from (used by) investing activities	(119,644)	(37,819)	42,259	(115,204)	
Financing activities					
Cash received					
Proceeds from Borrowing	8,375	-	-	8,375	
Deposits from Public Authorities	10,194	-	(10,194)	-	
Equity injections from Cabinet	-	29,667	(29,667)	-	
Total cash received	18,569	29,667	(39,861)	8,375	
Cash used					
Repayment of Borrowings	(34,226)	(6,992)	-	(41,218)	
Repayment of Entity surplus to Org 40	-	(5,502)	5,502	-	
Total cash used	(34,226)	(12,494)	5,502	(41,218)	
Net cash flows from (used by) financing activities	(15,657)	17,173	(34,359)	(32,843)	
Net increase/(decrease) in cash and cash equivalents held	4,483	(6,562)	-	(2,079)	
Cash and cash equivalents at beginning of period	160,032	281,184	-	441,216	
Cash and cash equivalents at end of period	2	164,515	274,622	-	439,137

Note 41: Segment Reporting (continued)

GOVERNMENT OF THE CAYMAN ISLANDS				
STATEMENT OF CASH FLOWS				
FOR THE YEAR FINANCIAL YEAR ENDED 31 DECEMBER 2020				
	Central Government CIS000	Statutory Authorities & Government Companies CIS000	Inter-government trade & Adjustments CIS000	Actual 2020 CIS000
Note				
Operating Activities				
Cash received				
Coercive Receipts	763,711	-	-	763,711
Sales of Goods & Services	34,879	259,610	(47,071)	247,418
Outputs to Cabinet	-	147,276	(147,276)	-
Outputs to other government agencies	1,718	58,497	(60,215)	-
Interest received	10,214	5,636	-	15,850
Donations / Grants received	-	20,583	-	20,583
Other receipts	15,220	3,778	-	18,998
Total cash received	825,742	495,380	(254,562)	1,066,560
Cash used				
Personnel costs	(353,598)	(217,752)	-	(571,350)
Supplies and consumables	(91,586)	(87,393)	71,127	(107,852)
Outputs from public authorities	(153,234)	-	153,234	-
Outputs from non-governmental organisations	(43,772)	-	-	(43,772)
Transfer payments	(67,650)	-	-	(67,650)
Financing/interest payments	(13,395)	(2,662)	-	(16,057)
Other payments	(49,232)	(23,261)	-	(72,493)
Total cash used	(772,467)	(331,068)	224,361	(879,174)
Net cash flows from (used by) operating activities	33 53,275	164,312	(30,201)	187,386
Investing activities				
Cash received				
Proceeds from sale of property, plant and equipment	-	1,222	-	1,222
Proceeds from the sale of Investments	807,866	28,069	-	835,935
Proceeds from the sale of investments	543	-	-	543
Dividends and Capital withdrawal from Public Entities	3,078	-	(3,078)	-
Total cash received	811,487	29,291	(3,078)	837,700
Cash used				
Purchase of property, plant and equipment	(53,754)	(67,336)	-	(121,090)
Purchase of Investments: Placement of Fixed Deposits	(693,019)	-	-	(693,019)
Loans made by Government	(13,148)	-	13,000	(148)
Equity injection in public authorities	(21,780)	-	21,780	-
Total cash used	(781,701)	(67,336)	34,780	(814,257)
Net cash flows from (used by) investing activities	29,786	(38,045)	31,702	23,443
Financing activities				
Cash received				
Proceeds from Borrowing	-	(13,000)	13,000	-
Deposits from Public Authorities	5,288	-	(5,288)	-
Capital withdrawal/Dividends from Public Authorities	-	9,213	(9,213)	-
Total cash received	5,288	(3,787)	(1,501)	-
Cash used				
Repayment of Borrowings	(35,825)	(9,681)	-	(45,506)
Total cash used	(35,825)	(9,681)	-	(45,506)
Net cash flows from (used by) financing activities	(30,537)	(13,468)	(1,501)	(45,506)
Net increase/(decrease) in cash and cash equivalents held	52,524	112,799	-	165,323
Cash and cash equivalents at beginning of period	107,508	168,385	-	275,893
Cash and cash equivalents at end of period	2 160,032	281,184	-	441,216

Note 42: Changes to Budget

Changes in circumstances since the preparation of the 2020 and 2021 Plan and Estimates have resulted in the need to make changes to the Plan and Estimates and the appropriations requested to fund those actions. The final budget reflects adjustments for amounts approved under section 9(5), section 11(5) and section 12 of the Public Management and Finance Act (2020 Revision). All section 11(5) and section 12 of the Public Management and Finance Act (2020 Revision) were approved by Parliament on 15 December 2022.

	Operating Expenditure	Capital Expenditure	Borrowings
Description	CI\$000	CI\$000	CI\$000
2021 Original Budget	774,994	121,419	215,836
2020 Appropriated Funds used in 2020 (section 9)	(28,260)	(7,994)	-
2020 Carry Forward	39,562	101,419	220,000
Section 11(5)s and Section 12s	237,127	27,991	-
Final Budget	1,023,423	242,835	435,836

Note 43: Subsequent Event

Management has evaluated the possibility of subsequent events existing in the Government's Financial Statements through to 02 December 2025.

Border Reopening

In January 2022, the Government announced that the country would commence the fifth phase of its border reopening plans starting on 20 January 2022.

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. The agreement included terms for remediating the George Town Landfill. The project was subsequently renamed ReGen. 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.

In April 2022, the Government announced an extension to the financial close deadline and long-stop date for its project agreement negotiations with Dart for ReGen's development. At the time, the deadline to obtain financial close was 31 October 2022 and the long-stop date deadline was 31 January 2023. The agreement would either automatically terminate or allow for one or both parties the right to withdraw if the necessary conditions had not been completed by the long-stop date. These deadlines were not met.

On 25 July 2024, of The Government announced that they have begun discussions to exit the ReGen Project agreement. This decision follows a holistic review of the Integrated Solid Waste Management System, considering factors such as value for money, fiscal sustainability, and risk profiles. The Government will have to pay \$17.7 million in initial costs to exist the agreement. Due to the project's exit the current George Town landfill site will continue to be used. Achieving a modern, sustainable and affordable solid waste management solution remains a top priority for the government.

At the date of issuance of these financial statements, approximately \$30.5 million has been spent on the remediation of the previous landfill.

Note 43: Subsequent Event (continued)

Sinking Fund

During the financial year ended 31 December 2023, the Government introduced a Debt Sinking Fund (\$5.0 million). The intent being to set aside a sum in a reserve each year to enable the Government to make a lump sum payment of \$75.0 million in 2026 towards the repayment of the construction costs of the proposed ReGen Facility. On 25 July 2024, of The Government announced that they have begun discussions to exit the ReGen Project agreement. The funds were subsequently transferred to General Reserves.

Strategic Policy Statement

In April 2023, the Government presented its 2024 - 2026 Strategic Policy Statement (SPS) which outlines the Government's medium-term economic and fiscal plans for the period 1 January 2024 to 31 December 2026. The SPS will guide the development of the detailed budget for the for the years 2024 and 2025.

In October 2025, the Government presented its 2026 - 2028 Strategic Policy Statement (SPS) which outlines the Government's medium-term economic and fiscal plans for the period 1 January 2026 to 31 December 2028. The SPS will guide the development of the detailed budget for the for the years 2026 and 2027.

Cabinet Reshuffle

During 2023 the members of the current administration formed a new Government, following the departure of two previous members. This change resulted in a reshuffled Cabinet portfolio as of 15 November 2023.

General Election

On 30 April 2025, 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 2025.

Investments

On June 28, 2022 the Government purchased US Government Treasury Notes at a value of US\$338.0 million (CI\$280.5 million) with a one-year maturity, maturing on 30 June 2023.

Note 43: Subsequent Event (continued)

Borrowings

On 17 June 2022, the Government drew down the total remaining balance of CI\$329.2 million (US\$393.0 million) of the stand-by Line of Credit ("LoC") facility that was executed on 18 December 2020.

On 31 July 2025, the Government entered into a loan agreement with a local bank to borrow CI\$150.0 million (US\$182.9 million) to provide funding for capital projects. The amount of US\$25.0 million was drawn down on 1 August 2025, in accordance with the loan agreement at an annual interest rate of 5.32%.

On 1 October 2025, the Government drew down the total remaining balance of the US\$157.9 million of the new loan agreement at an annual interest rate of 5.09%.

Commitments

At the date of the signing of these financial statements the Government had entered into new commitments, both capital and operating. These include the New Cayman Brac High School (2023 - \$50.0 million) and the Airport Capital Project (2023 - \$37.0 million)

Guarantees

No new guarantees were made outside of those already included in these financial statements.

Legal Proceedings and Disputes

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 and has estimated contingent liabilities of \$30.3 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:

Note 43: Subsequent Event (continued)

Legal Proceedings and Disputes (continued)

Civil Aviation Authority of the Cayman Islands (CAACI)

Governor's Review - George Town Heliport Recertification

During the period, Cayman Islands Heliport filed a request for a Governor's Review of the CAACI's decision to not re-certify the George Town Heliport, which had not been operational since March 2020. The Authority has professional indemnity insurance coverage in place through the Risk Management Unit of the Cayman Islands Government which will cover legal fees in excess of US\$50,000 to the maximum of US\$12,125,000.

CAACI Office Building – Water Penetration Occurrence

As of 30 April 2025, the Authority is aware of a potential financial liability arising from a water penetration issue at its office building located at 2025 Owen Robert Drive. A professional building engineering firm was engaged to investigate the matter, and the assessment has been completed. The findings concluded that a special elastomeric coating must be applied to the exterior of the building to address the issue. The Authority is currently in the process of scoping the project in preparation for public tender. As the procurement process is still ongoing, the Authority is not yet able to reliably estimate the potential cost of liability until the tender submission has been received and evaluated.

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 44: 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 2021, the Government provided subsidies amounting to \$159.1 million (2020: \$164.9 million).

Core Actual 2020 C\$'000	Description	Core Actual 2021 C\$'000
335	Auditors Oversight Authority	360
36,401	Cayman Airways Limited	23,917
567	Cayman Islands Development Bank	567
22,720	Cayman Islands Monetary Authority	24,710
42,297	Cayman Islands National Insurance Company	45,757
1,089	Cayman National Cultural Foundation	1,101
3,100	Children & Youth Services Foundation	3,100
44,088	Health Services Authority	45,551
592	Maritime Authority of the Cayman Islands	237
689	National Drug Council	689
736	National Gallery of the Cayman Islands	736
675	National Housing Development Trust	675
855	Cayman Islands National Museum	855
56	Sister Islands Affordable Housing Development Corporation	45
1,760	Tourism Attractions Board	2,200
7,060	University College of the Cayman Islands	6,919
2,439	Utility Regulation and Competition Office	1,714
165,459	Total Outputs from Public Entities	159,133

Note 45: Investment in Statutory Authorities & Government Companies

Actual 2020 CIS\$000	Description	Equity Injection CIS\$000	Prior Period Adjustments CIS\$000	Remeasurements CIS\$000	Withdrawals CIS\$000	Revaluation Surplus CIS\$000	Surplus/ (Deficit) CIS\$000	Actual 2021 CIS\$000
418	Auditors Oversight Authority	-	-	-	-	-	54	472
1,296	Sister Islands Affordable Housing Development Corporation	-	(17)	-	-	73	-	1,352
39,100	Cayman Islands Monetary Authority	-	8,072	(4,941)	-	-	894	43,125
75,758	Water Authority Cayman	-	(4,481)	(13,060)	(250)	-	3,344	61,311
29,484	Cayman Islands Port Authority	-	8,483	(4,212)	-	10,370	(3,481)	40,644
27,166	Cayman Islands Development Bank	4,500	-	-	-	495	(311)	31,850
5,871	National Gallery of the Cayman Islands	-	(2)	-	-	-	8	5,877
1,768	Cayman Islands National Museum	78	(10)	-	-	-	2	1,838
9,222	University College of the Cayman Islands	470	269	138	-	6,085	78	16,262
8,800	Civil Aviation Authority	-	2	(48)	(2,276)	-	3,734	10,212
563	National Drug Council	-	(20)	-	-	-	105	648
8,239	Cayman National Cultural Foundation	-	3,049	-	-	5,358	48	16,694
(63,149)	Health Services Authority	-	67,268	(31,768)	-	14,708	4,610	(8,331)
6,651	Tourism Attractions Board	-	(23)	-	-	4,590	131	11,349
-	Public Service Pension Board	-	2,290	761	-	-	(4,287)	(1,236)
2,707	Utility Regulation and Competition Office	-	987	(430)	-	-	1,137	4,401
(459)	Maritime Authority of the Cayman Islands	-	3,970	(1,938)	-	-	456	2,029
1,779	Children & Youth Services Foundation	-	24	(12)	-	-	146	1,937
18,406	National Housing Development Trust	5,000	4,681	-	-	(33)	(580)	27,474
(21,018)	Cayman Airways Limited	3,758	(1,522)	-	-	-	(1,525)	(20,307)
5,530	Cayman Islands Stock Exchange	-	(992)	-	(1,267)	-	2,548	5,819
13,734	Cayman Turtle Conservation and Education Centre Limited	6,110	626	(680)	-	-	(9,832)	9,958
(20,176)	National Roads Authority	-	12,538	(6,095)	-	-	(690)	(14,423)
172,038	Cayman Islands Airports Authority	10,000	4,245	(5,587)	-	-	(21,642)	159,054
24,309	Cayman Islands National Insurance Company	-	(1)	-	-	-	1,304	25,612
348,036	Total	29,916	109,436	(67,872)	(3,793)	41,646	(23,748)	433,622

Note 46: Details of Borrowings

Central Government

CAYMAN ISLANDS GOVERNMENT DETAILS OF BORROWINGS as at 31 DECEMBER 2021					
	Type of Debt	Managed By	Original Borrowing \$'000	Balance as at 31 December 2021 CIS'000	Balance as at 31 December 2020 CIS'000
CIBC FirstCaribbean International Bank (Cayman) Limited Loan # 10331239 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.	Foreign Currency - USD	Central Government	US 63,000	6,125	9,625
CIBC FirstCaribbean International Bank (Cayman) Limited Loan # 10330158 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.	Foreign Currency - USD	Central Government	US 45,600	4,433	6,967
CIBC FirstCaribbean International Bank (Cayman) Limited Loan # 10276203 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.	Foreign Currency - USD	Central Government	US 47,160	3,275	5,895
CIBC FirstCaribbean International Bank (Cayman) Limited Loan # 10444245 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.	Foreign Currency - USD	Central Government	US 185,074	69,403	84,826
2019 Borrowings Butterfield Bank Loan 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.	Foreign Currency - USD	Central Government	US 182,686	131,094	141,243
FCIB Convertible Loan US403 M Facility in the amount of US\$403 million, (first tranche on 31 Jul 2021 for US\$10,000,000, 2nd tranche of US\$220,000,000 on 31 December 2021 and 3rd tranche of US\$100,000,000 on 31 Jul 2022), amortised over 15 years with principal payments of US\$1,833,333 plus interest payable monthly commenced 31st Jul 2022 and final repayment due on 30 June 2037. The interest rate was fixed at 3.25% on 31 Jul 2021 for the remaining life of the loan.	Foreign Currency - USD	Central Government	US 10	8,375	-
TOTAL DEBTS MANAGED BY CENTRAL GOVERNMENT				222,704	248,555

Note 43: Details of Borrowings (continued)

Statutory Authorities and Government Companies

STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES DETAILS OF BORROWINGS as at 31 DECEMBER 2021					
	Type of Debt	Managed By	Original Borrowing \$'000	Balance as at 31 December 2021 CIS'000	Balance as at 31 December 2020 CIS'000
RBC Royal Bank of Canada	Foreign Currency - USD	Cayman Airways Ltd	US 23,800	19,020	21,156
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.					
CIBC FirstCaribbean International Bank - Debt Consolidation	Foreign Currency - USD	Cayman Islands Development Bank	US 36,800	7,621	11,699
facility which was originally due for repayment in January 2016 and received US\$36.8 Million proceeds under a new credit facility with FCIB 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					
Bond	Foreign Currency - USD	National Housing Development Trust	US 11,890	2,772	3,550
In October 2004, the Trust secured funding in the form of a bond issuance from Scotia Capital in the amount of US\$14.5 million at a fixed interest rate of 5.238%. Bi-annual payments of US \$607,032 commenced on April 28, 2006, and the loan will be paid in full by October 2024.					
TOTAL DEBTS MANAGED BY STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES				29,413	36,405
TOTAL BORROWINGS				252,117	284,960

Summary of Borrowings

SUMMARY OF BORROWINGS as at 31 DECEMBER 2021				
		Original Borrowing US\$/CIS'000	Balance as at 31 December 2021 CIS'000	Balance as at 31 December 2020 CIS'000
Summary by Type	Number of Debts			
Total USD Debt	9	936,820	252,117	284,960
Total Public Debt	9		252,117	284,960
Summary by assignment				
Central Government - USD Debt	6	864,330	222,704	248,555
Statutory Authorities & Government Companies - USD Debt	3	72,490	29,413	36,405
Total Public Debt	9		252,117	284,960

Note 47: Principles of Responsible Financial Management

Principle	Degree of Compliance	
	2021 Unaudited Actuals	Approved 2021 Budget
Core Government Operating Surplus : Should be positive (Operating surplus = Core Government operating revenue – Core Government operating expenses for the 12-month period 1 January to 31 December 2021)	Does Not Comply Deficit = \$16.6 million	Complies Surplus = \$74.7 million
Net Worth: Should be positive (Net worth = Core Government assets – Core Government liabilities)	Complies Net Worth = \$1.9 billion	Complies Net Worth = \$1.6 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)	Complies Debt servicing = 5.9%	Complies Debt servicing = 6.4%
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 = 8.5%	Complies Net debt < 0%
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 = 159.8 days	Complies Cash Reserves = 117.5 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.

The 2021 fiscal year shows a deficit of \$16.6 million for Core Government due to the impact of the COVID-19 Pandemic on the economy, including loss of key tourism-sector related revenue streams and the measures taken by the Government to mitigate against impact.

Note 48: 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 financial 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 2021, the Government held \$112.5 million (2020: \$135.1 million) in trust assets as shown below.

GOVERNMENT OF THE CAYMAN ISLANDS				
Statement of Trust Assets				
As at 31 December 2021				
	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	266	10	(5)	271
Asset Forfeiture	422	-	-	422
Defunct Companies	49,179	3,679	(35,875)	16,983
Court Fund Trusts	70,075	28,820	(22,415)	76,480
Dormant Trusts Account	9,549	7,131	(3,898)	12,783
Immigration Bail Bonds	19	-	-	19
Other Trusts	50	-	-	50
Total Trust Assets	135,059	39,640	(62,193)	112,506

Note 49: Government Reporting Entities as at 31 December 2021

Entity	Segment
Office of the Auditor General	CORE
Cabinet Office	CORE
Director of Public Prosecutions	CORE
Judicial Administration	CORE
Ministry of Planning, Agriculture, Housing and Infrastructure	CORE
Ministry of Community Affairs	CORE
Ministry of Youth, Sports and Culture	CORE
Ministry of District Administration and Lands	CORE
Ministry of Education	CORE
Ministry of Finance and Economic Development	CORE
Ministry of Investment, Innovation and Social Development	CORE
Ministry of Health and Wellness	CORE
Ministry of Employment and Border Control	CORE
Ministry of Home Affairs	CORE
Ministry of Tourism and Transport	CORE
Ministry of Sustainability and Climate Resiliency	CORE
Office of the Ombudsman	CORE
Portfolio of Legal Affairs	CORE
Portfolio of the Civil Service	CORE
Office of the Commissioner of Police	CORE
Cayman Islands Parliament	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-Cayman	SAGC
Public Service Pension Board (Administration)	SAGC



CAYMAN ISLANDS
GOVERNMENT

CAYMAN ISLANDS GOVERNMENT

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END