



MINISTRY OF
FINANCE & ECONOMIC
DEVELOPMENT
CAYMAN ISLANDS GOVERNMENT

Entire Public Sector (EPS) Accounts Annual Report

For the Financial Year ended
31 December 2022



INTRODUCTION

These financial statements contain the results and position for the financial year ended 31 December 2022. Accordingly, the comparative figures in the financial statements are for the 12-month period ended 31 December 2021.

Also, included in the information presented are:

- The original budget for the year as published in the 2021-2022 Plan & Estimates;
- The audited actuals for the prior year, 2021.

This commentary should be read in conjunction with the financial statements and disclosure notes for the year ended 31 December 2022. 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 2022

As outlined in the 2021 and 2022 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 2022 show a surplus of \$58.6 million. For the prior 12-month period ending 31 December 2021 the EPS achieved a deficit of \$40.4 million.

Actual EPS Surplus results outperformed the EPS original budget deficit of \$15.8 million by \$74.4 million; and was \$99.0 million (favourable variance) more than the EPS Deficit of 2021. The strong performance in 2022 reflects the rapid growth and expansion of the economy following the phased reopening after the Government's COVID-19 containment measures in 2020 and 2021. As travel restrictions eased, key sectors such as tourism experienced a significant rebound compared to the previous year.

The Government's financial position remains strong as:

Net Assets (total Assets less all recognised Liabilities) were \$2.1 billion as at 31 December 2022. Cash and Cash Equivalents (including fixed deposits with maturity durations not exceeding 90 days) were \$679.6 million. However, the EPS debt increased by 110% to stand at \$528.9 million as at 31 December 2022. On 17 June 2022, the Government drew down the total remaining balance of Cl\$329.2 million (US\$393.0 million) of the stand-by Line of Credit ("LoC") facility that was executed on 18 December 2020.

The Government achieved 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.

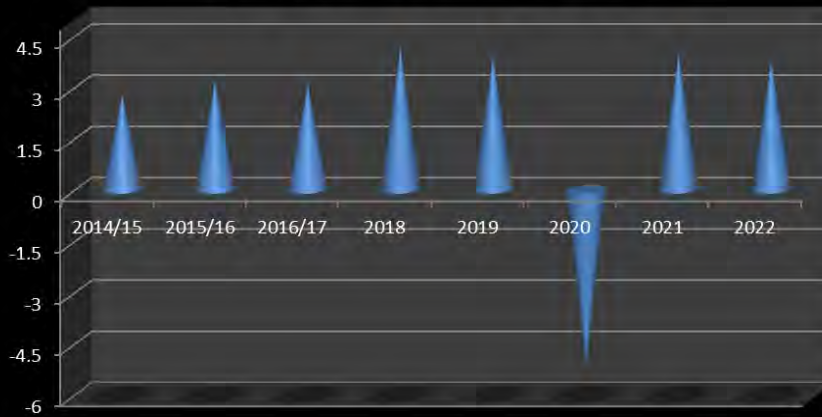
ECONOMIC OVERVIEW BASED ON ANNUAL ECONOMIC REPORT 2022

- The world economy expanded in 2022, reflecting robust consumer demand for goods, services and travel. Inflation accelerated amidst rising demand and geopolitical tensions.
- The Cayman Islands' real gross domestic product (GDP) expanded by an estimated rate of 3.8 percent in 2022, relative to 4.0 percent in 2021
- Growth is estimated for most sectors, led by hotels and restaurants, transport and other supporting sectors.
- Nominal GDP per capita income was estimated at \$72,673 for 2022, lower than the \$74,181 recorded for 2021.
- The average inflation rate in 2022 was 9.5 percent, compared to 3.3 percent a year ago. Inflationary pressures emanated mainly from rising energy and food prices.
- Total employment increased by 22.7 percent to 56,355 in 2022. The rise in employment exceeded the expansion in the labour force, which resulted in the unemployment rate falling to 2.1 percent. The unemployment rate among Caymanians was estimated at 3.6 percent
- Merchandise imports rose by 17.4 percent to reach \$1,498.7 million, reflecting increases of 82.6 percent and 10.2 percent in oil-related and non-oil imports, respectively.
- Money supply (M2) declined by 1.4 percent to reach \$8.5 billion in 2022. This monetary contraction was due to a 2.7 percent reduction in currency-denominated deposits. Local currency funding rose by 1.8 percent.
- Domestic credit from commercial banks expanded by 10.2 percent to settle at \$4,055.7 million. Credit to the private sector rose by 4.4 percent, while loans to the public sector surged by 108.4 percent.
- Indicators of financial services were mixed in 2022. Insurance licenses, mutual funds registration and stock exchange listings increased, while new company registrations and new partnership registration and bank and trust licenses fell.

- Total visitors to the Islands rose to 1,027,668 from 17,308 in 2021. Total stay-over arrivals rose to 284,274 from 17,308, while cruise arrivals rose 743,394 in 2022 from no arrivals in 2021.
- Indicators of construction intentions were mixed in 2022. The value of building permits and certificates of occupancy in Grand Cayman rose by 32.0 percent and 21.4 percent, respectively. In contrast, the value of project approvals declined by 45.4 percent.
- Real estate activity contract, with the total value of property transfers falling by 10.3 percent to \$1,268.0 million. Both freehold and leasehold transfers declined.
- The central government recorded an overall fiscal surplus in 2022 of \$2.4 million relative to a deficit \$117.2 million in 2021. The government's total outstanding debt rose to \$506.4 million (8.9 percent of GDP) at the end of 2022.
- GDP is projected to expand in 2023 by 2.7 percent, primarily due to expected growth in the tourism and transport sector. The inflation rate is expected at 5.2 percent arising mainly from external pressures. The overall unemployment rate is projected at 2.5 percent.

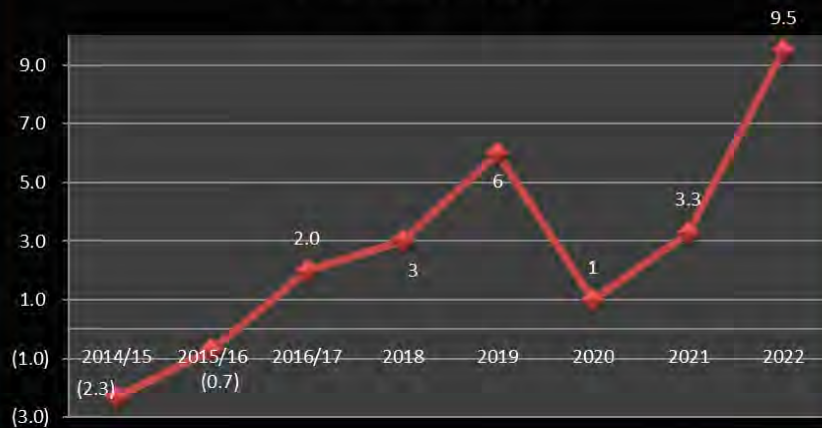
Source: Economics and Statistics Office

The Cayman Islands' GDP Rate, %



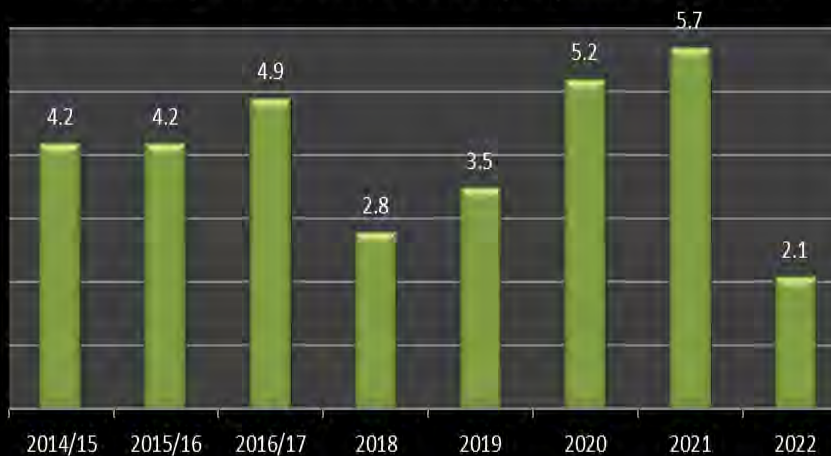
The world economy slowed to 3.4% in 2022 from 6.3% in 2021. Advanced economies grew by 2.7% for the year a decline when compared with a growth of 5.4% in 2021. Similarly, emerging markets and developing economies expanded by 4.0% compared with a growth rate of 6.9% in the preceding year. The Caribbean recorded an economic growth of 13.4% compared with a growth of 5.1% in 2021.

The Cayman Islands' Consumer Price Index Inflation Rate, %



Global inflation accelerated in 2022 rising to 8.7% from 4.7% in 2021. Inflation in the US and UK rose to 7.7% and 7.4% from 4.7% and 2.6% respectively in 2021. Inflation increased to 9.8% in emerging markets and developing economies from 5.9% in 2021. The Caribbean recorded inflation of 12.6% in 2022 relative to 8.6% in 2021

The Cayman Islands' Unemployment Rate, %



The unemployment rate fell by 3.6 percentage points from 5.7 percent in 2021 to 2.1 percent associated with the economic recovery and labour demand.

Source: Economics and Statistics Office

PERFORMANCE OVERVIEW and ANALYSIS

Government Revenue and Expenditure

Revenue

DESCRIPTION	EPS Actual C\$000	
	2022	2021
Coercive Revenue	976,544	918,557
Sales of Goods & Services	300,592	243,809
Investment Revenue	14,144	5,319
Donations	1,931	1,411
Other Revenue	1,921	633
Total Revenue	1,295,132	1,169,729

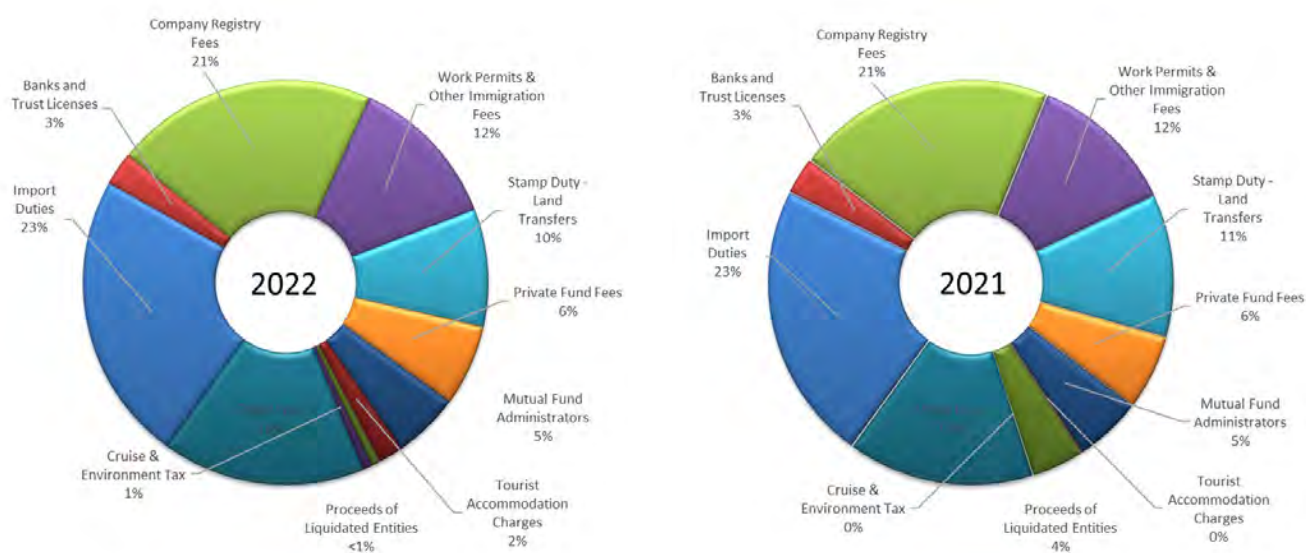
The Total Revenue for the 2022 is \$1.30 billion, which when compared to 2021 indicates that the year ended 31 December 2022 produced \$125.4 million (11%) higher revenues. The Total Revenue earned were also \$161.7 million more than the 2022 Original Budget.



What is the Government's primary source of revenue?

The primary source of revenue is coercive revenue, which was 75% of total public sector revenue in 2022 (2021: 79%), while sale of goods and services represented 23% in 2022 (2021: 21%). 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 25% of total coercive revenue in financial year 2022 (2021: 22%). 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 2022 (2021: 31% and 24%, respectively).

See eight-year trend table on coercive revenue below:

DESCRIPTION	EPS Actual C\$'000							
	2014/15	2015/16	2016/17	2018	2019	2020	2021	2022
Import Duties	156,393	159,834	243,239	181,132	193,076	173,361	206,042	226,152
Banks and Trust Licenses	32,795	31,592	30,074	29,382	28,184	27,479	26,606	25,974
Company Registry Fees	140,739	146,863	182,135	165,973	182,110	178,735	191,186	205,008
Work Permits & Other Immigration Fees	79,914	79,364	135,145	88,244	100,402	87,209	108,342	120,423
Private Fund Fees	-	-	-	-	-	5,670	54,875	62,798
Mutual Fund Administrators	43,139	44,544	49,213	44,044	43,137	44,601	49,580	51,921
Stamp Duty - Land Transfers	38,967	52,987	76,340	80,655	64,544	65,591	104,874	92,137
Cruise & Environment Tax	15,409	16,494	23,061	17,961	17,810	5,363	319	7,491
Tourist Accommodation Charges	20,643	21,134	33,559	32,671	36,535	10,282	1,009	19,766
Proceeds of Liquidated Entities	-	16,652	3,550	19,054	3,299	31,963	38,398	6,547
Other Fees	95,505	103,797	176,518	121,945	125,973	114,033	137,326	158,327
Total Coercive Revenue	623,503	673,261	952,834	781,061	795,070	744,287	918,557	976,544

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

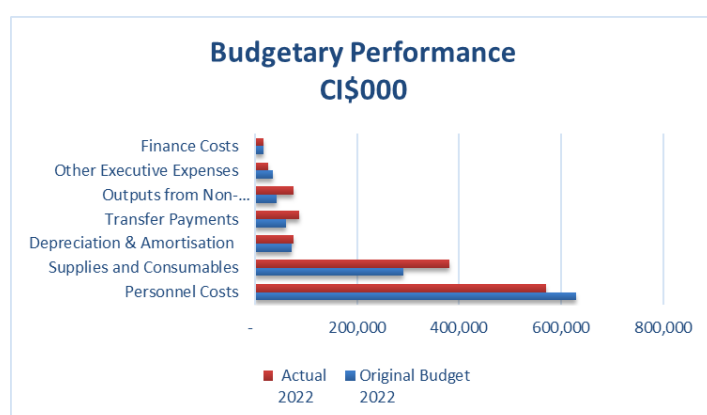
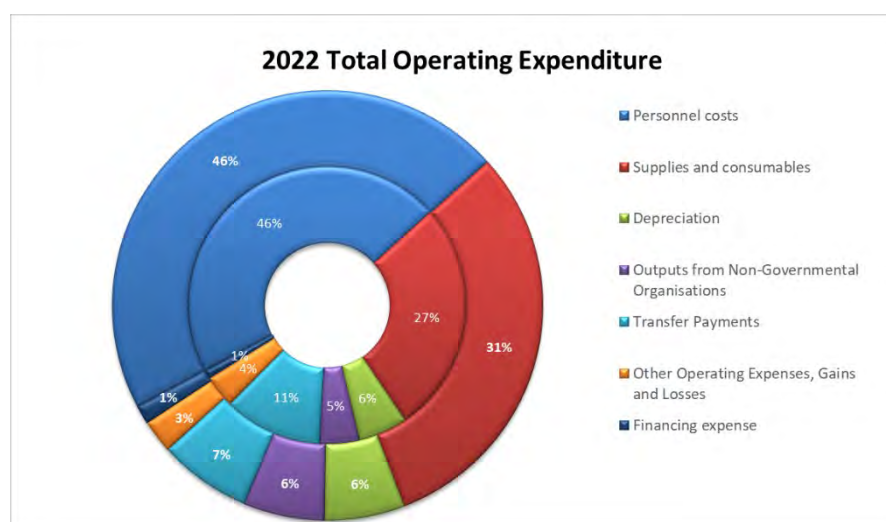
See Note 21 of the EPS Financial Statements

EXPENDITURE

What does Government Spend on Providing Services and Operating costs?

DESCRIPTION	EPS Actual C\$000	
	2022	2021
Personnel costs	570,524	557,033
Supplies and consumables	380,738	329,842
Depreciation	75,223	69,706
Outputs from Non-Governmental Organisations	75,280	56,394
Transfer Payments	86,575	139,401
Other Operating Expenses, Gains and Losses	30,791	45,149
Financing expense	17,362	12,556
Total Expenses	1,236,493	1,210,081

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 2022 (2021: 46%), which is typical for service-based organisations and consistent with prior years.



Total Operating Expenses of the EPS were \$1.23 billion; this amount was \$83.5 million (7%) more than the original budget of \$1.15 billion. Transfer Payments and Outputs from Non-Government Suppliers surpassed original budgets due to increased cost for Tertiary Care at Local and Overseas Institutions and continued support to those affected by COVID-19. These increases were partially offset by savings in Personnel Costs attributable to delayed recruitment.

Personnel Costs

Personnel Costs are \$13.5 million (9%) more than 2021. Salaries and wages for 2022 are up 5% when compared to the prior year, mostly as a result of a 2% Cost of Living Adjustment awarded in September 2022; while Health Care Costs are up 32% mainly due to increased health insurance premiums with respect to Civil Servants.

Description	EPS Actual C\$000	
	2022	2021
Salaries, Wages and Allowances	490,754	467,244
Health Care	12,588	9,537
Pension	30,328	24,989
Leave	895	1,297
Defined Benefit Pension Liability	3,428	20,011
Post Retirement Health Care Liability	24,007	25,544
Other Personnel Costs	8,524	8,411
Total Personnel Costs	570,524	557,033

See Note 25 of the EPS Financial Statements

Supplies and Consumables

Supplies and consumables for the 2022 period is \$380.7 million. There was a 15% increase in cost for supplies and consumables from 2021 to 2022. See detailed table below.

Description	EPS Actual C\$000	
	2022	2021
Supplies and Materials	97,972	91,889
Purchase of services	143,834	117,471
Utilities	32,933	25,980
General Insurance	16,648	12,674
Travel and Subsistence	5,168	1,903
Recruitment & Training	4,285	2,519
Leases	17,582	18,349
Other	62,316	59,057
Total Supplies & Consumables	380,738	329,842

See Notes 26 and 27 of the EPS Financial Statements

Financing Expenses

What does Government Pay to Finance its Liabilities?

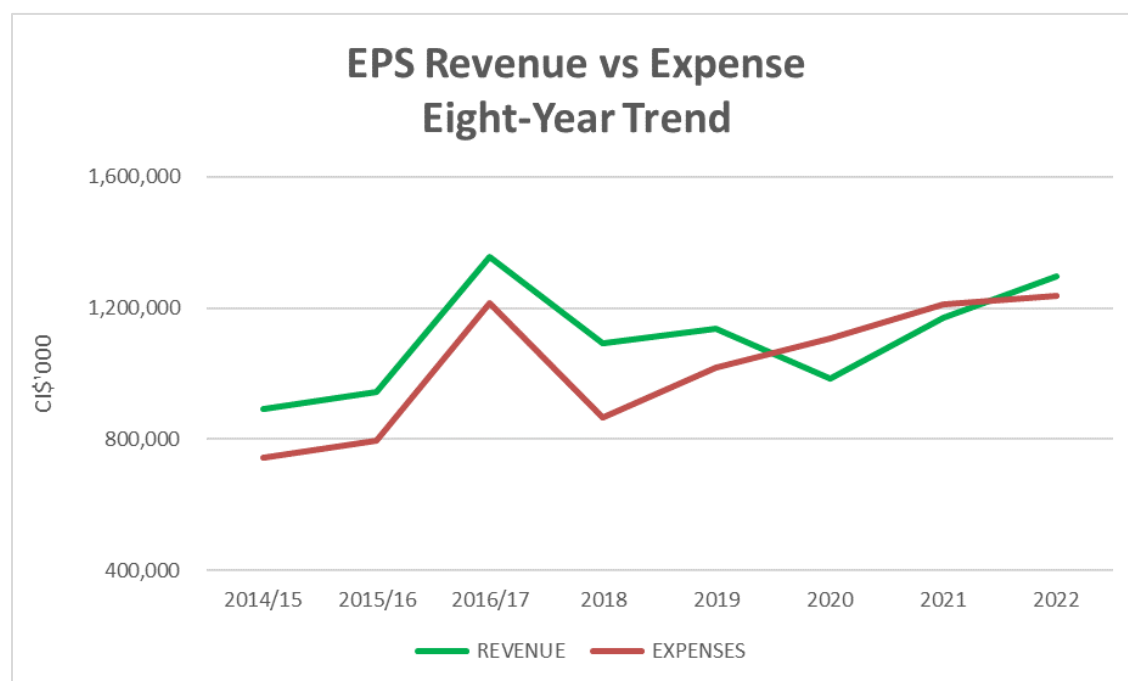
The most significant element of financing costs for the year ended 31 December 2022 was debt financing expense of \$16.1 million (2021: \$9.9 million). This consists of interest paid on bank borrowings.

Net Surplus or Net Deficit

The net surplus for the year ended 31 December 2022 was \$58.6 million (2021: \$40.4 million, net deficit). See table and chart of revenue and expenditure summary for eight years below.

DESCRIPTION	EPS Actual Ct\$'000							
	2014/15	2015/16	2016/17	2018	2019	2020	2021	2022
Coercive Revenue	623,503	673,261	952,834	781,061	795,070	744,287	918,557	976,544
Sales of Goods & Services	261,478	261,344	384,809	290,918	311,499	216,503	243,809	300,592
Investment Revenue	4,700	5,669	15,631	17,230	26,306	14,087	5,319	14,144
Donations	1,081	931	2,405	2,517	1,742	4,008	1,411	1,931
Other Revenue	300	2,817	71	606	1,187	4,827	633	1,921
Total Revenue	891,062	944,022	1,355,750	1,092,332	1,135,804	983,712	1,169,729	1,295,132
Personnel costs	352,795	400,116	610,718	421,173	517,833	614,823	557,033	570,524
Supplies and consumables	231,567	223,896	346,418	265,702	309,341	265,653	329,842	380,738
Depreciation	50,846	53,851	88,098	56,022	59,368	64,769	69,706	75,223
Outputs from Non-Governmental Organisations	29,445	32,538	51,585	48,159	50,028	43,360	56,394	75,280
Transfer Payments	27,274	30,251	48,556	36,476	39,458	69,706	139,401	86,575
Other Operating Expenses, Gains and Losses	19,165	23,831	26,457	12,813	17,125	35,030	45,149	30,791
Financing expense	33,280	31,007	43,540	26,852	24,947	14,297	12,556	17,362
Total Expenses	744,372	795,490	1,215,372	867,197	1,018,100	1,107,638	1,210,081	1,236,493
Net Revenues/Surplus	146,690	148,532	140,378	225,135	117,704	(123,926)	(40,352)	58,639

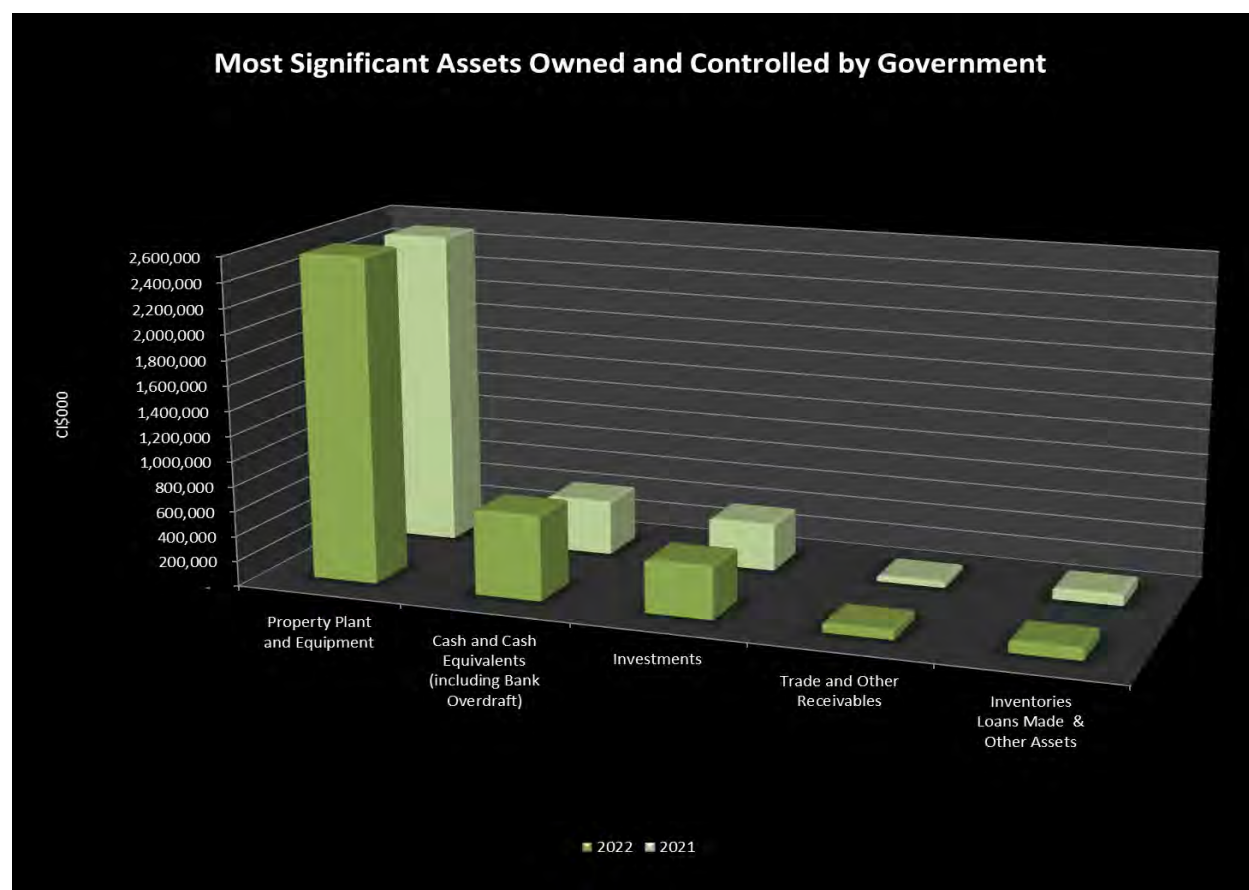
The 2016/17 reporting period covers an 18-month period and is not comparable to other periods which reflect the results of a 12-month reporting period



Government Assets and Liabilities

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

	EPS Actual Ct\$000	
Assets	2022	2021
Property Plant and Equipment	2,587,226	2,522,149
Cash and Cash Equivalents (including Bank Overdraft)	679,585	439,137
Investments	420,281	380,327
Trade Receivables	41,237	39,542
Inventories	28,484	31,150
Loans Made	23,372	18,084



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 79% of investments consist of US Government Treasury Notes and fixed deposits (over 90 days but less than 365 days). Core Government investments of \$331.1 million as at 31 December 2022 represents approximately 79% of total investments, with the SAGCs holding the remaining 21%. The majority of the \$89.2 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 (69%) are held by SAGCs as at 31 December 2022. See Note 3 of the EPS Financial Statements.

The table below shows gross trade receivables of \$94.4 million (2021: \$87.2 million) as at 31 December 2022 less provision for doubtful debts \$53.1 million (2021: \$47.6 million) resulting in net trade receivables of \$41.2 million (2021: \$39.5 million).

Description	EPS Actual CI\$000	
	2022	2021
Coercive revenue Receivable	18,685	14,249
non-Coercive Receivable	75,673	72,942
Total Trade Recievables	94,358	87,191
Provisions	(53,121)	(47,649)
Net Trade Receivables	41,237	39,542

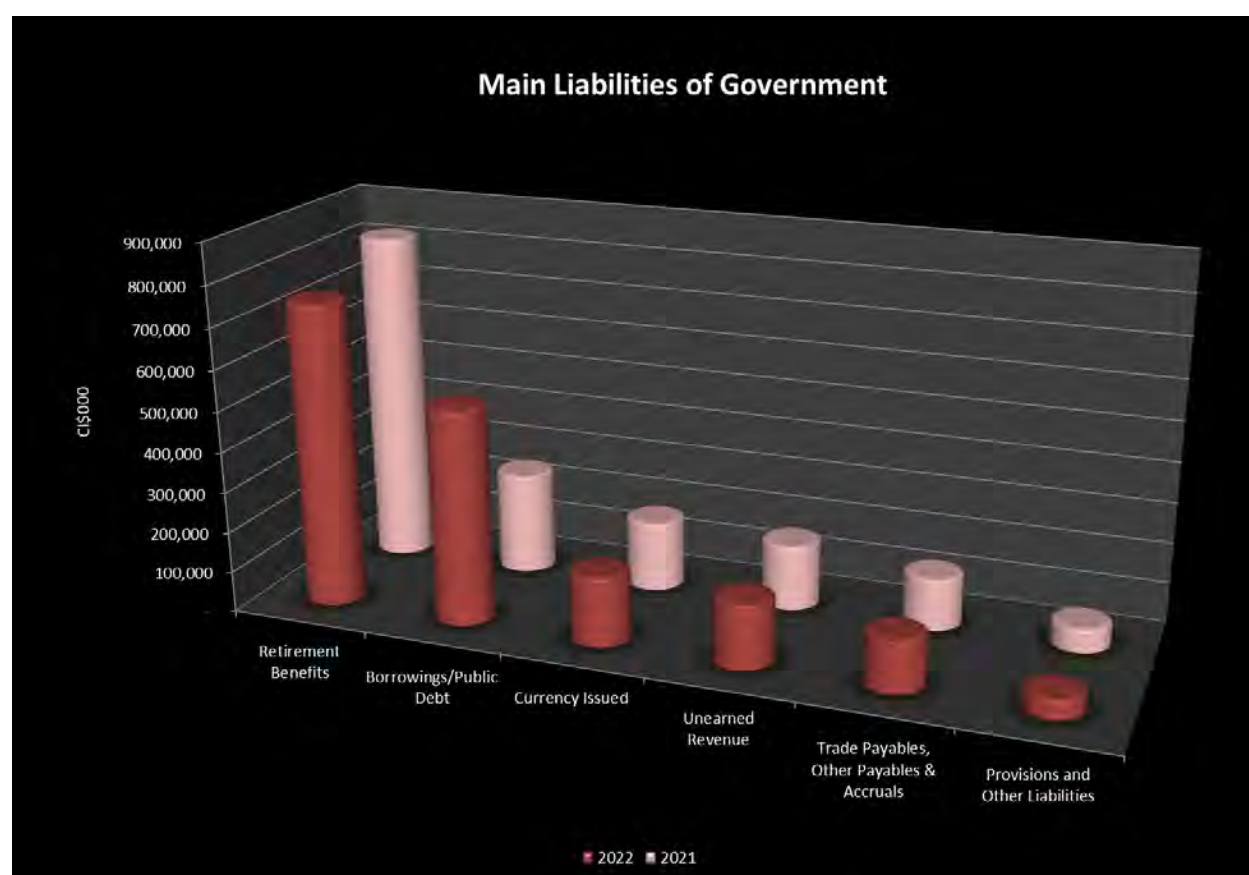
Loans Made

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 CI\$000	
	2022	2021
Retirement Benefits	746,593	821,808
Borrowings/Public Debt	528,893	252,117
Currency Issued	171,117	173,504
Unearned Revenue	158,817	162,323
Other Payables & Accruals	98,414	106,484
Trade Payables	29,336	22,242



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

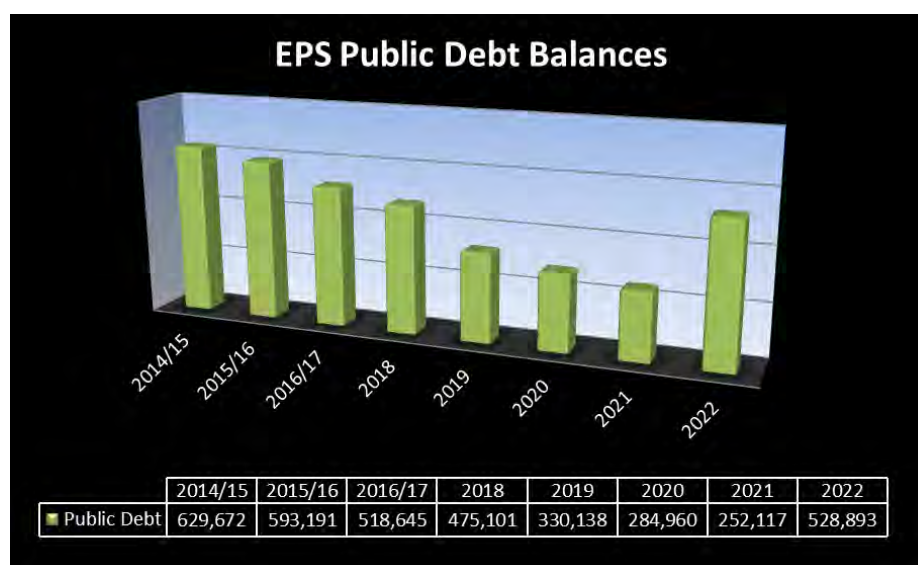
On 17 June 2022, the Government drew-down the total remaining balance of CI\$329.2 million (US\$393.0 million) of the stand-by Line of Credit (“LoC”) facility that was executed on 18 December 2020.

In June 2020, the Government awarded the provision of a LoC to a consortium of local banks for CI\$337.5 million (US\$403.0 million). At the end of its 18-month tenor, any amount advanced and unpaid under the LoC would be converted to a 15-year fixed interest rate amortising loan. Both the LoC and the long-term loan are at an annual (fixed) interest rate of 3.25%. The amount of US\$10.0 million was drawn down on 31 July 2021.

See tables of public sector debt below:

Description	Opening Balance 1 January 2022	Drawdowns/ Additions	Repayments	Revaluation	Closing Balance 31 December 2022
	CI\$000	CI\$000	CI\$000	CI\$000	CI\$000
Core	222,705	329,213	45,484	(77)	506,357
Cayman Islands Development Bank	7,622	-	4,076	-	3,545
National Housing Development Trust	2,772	-	984	-	1,788
Cayman Airways Limited	19,018	-	1,816	-	17,202
Total	252,117	329,213	52,359	(77)	528,893

See Note 17 of the EPS Financial Statements.



Public debt increased from \$252.1 million to \$528.9 million, an increase of over 110% in 2022, driven by net new borrowings of \$276.8 million, reflecting \$329.2 million in drawdowns offset by \$52.4 million in principal repayments.

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 2022:

Description	2022	2021
	CI\$000	CI\$000
Core Government	418,533	404,394
Parliamentarian Pensions	16,726	19,678
Judicial Pensions	(440)	(848)
Central Government Pension Liability Fair Value	434,819	423,224
Statutory Authorities and Government Companies	14,852	28,424
Entire Public Sector Pension Liability Fair Value	449,671	451,648

	Public Service Pensions Plan	Parliamentary Pensions Plan	Judiciary Pensions Plan	Total Central Government Pension Plans	Statutory Authorities Pension Plan	Entire Public Sector Pension Plans
	2022	2022	2022	2022	2022	2022
	CI\$000	CI\$000	CI\$000	CI\$000	CI\$000	CI\$000
Present value benefit obligation	734,390	26,253	4,516	765,159	62,340	827,499
Fair Value of plan assets	315,857	9,527	4,956	330,340	47,488	377,828
Net liability/(asset)	418,533	16,726	(440)	434,819	14,852	449,671

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 number 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 2023, estimated the post-retirement healthcare obligation as at 31 December 2022 to be \$2.1 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 2022 of \$295.6 million.

Net Assets and Liabilities

Net Assets increased from \$1.9 billion in 2021 to \$2.1 billion (see page 10 of the EPS Financial Statements), an increase of 10%. 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	2014/15	2015/16	2016/17	2018	2019	2020	2021	2022
Cash and Cash Equivalents (including Bank Overdraft)	406,435	231,415	220,281	377,156	356,476	441,216	439,137	679,585
Trade	31,707	32,165	31,044	54,008	38,314	28,291	39,542	41,237
Other Receivables	13,301	14,384	23,642	14,335	18,299	9,747	8,678	34,725
Inventories	16,718	18,781	15,239	18,385	19,003	25,178	31,150	28,484
Investments	102,077	438,511	554,591	500,056	523,383	402,101	380,327	420,281
Loans Made	30,470	30,285	26,243	33,907	19,342	19,518	18,084	23,372
Property Plant and Equipment	2,068,405	1,732,843	1,752,736	1,893,541	1,942,426	2,028,000	2,522,149	2,587,226
Liabilities								
Borrowings/Public Debt	629,672	593,191	518,645	475,101	330,138	284,960	252,117	528,893
Retirement Benefits	227,048	481,283	709,833	678,491	729,719	906,840	821,808	746,593
Currency Issued	94,887	106,876	119,544	126,609	140,369	164,426	173,504	171,117
Unearned Revenue	40,238	65,282	86,929	100,412	83,682	108,907	162,323	158,817
Other Payables & Accruals	49,717	62,830	121,635	58,341	56,839	40,882	106,484	98,414
Provisions	11,657	12,877	12,696	12,348	10,353	41,174	45,029	34,710
Trade Payables	30,163	20,213	27,779	29,447	24,646	25,473	22,242	29,336

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%	13,762	17,202
Cayman Islands Development Bank	50%	1,773	3,545
National Housing Development Trust	80%	1,431	1,788
		16,965	22,535

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 2022. See tables of commitments below.

Entire Public Sector (includes Core Government)

Type	One Year or Less CI\$000	One to Five Years CI\$000	Over Five Years CI\$000	31 December 2022 CI\$000	31 December 2021 CI\$000
Capital Commitments					
John Gray High School	7,349	7,698	-	15,047	63,001
Landfill	46	137	-	183	18,295
Long term residential mental health facility	2,142	-	-	2,142	5,000
Other property, plant and equipment	6,585	8,101	-	14,686	9,244
Total Capital Commitments	16,122	15,936	-	32,058	95,540
Operating Commitments					
Non-Cancellable Accommodation Leases					
Accommodation leases	7,159	9,987	5,421	22,568	18,229
Other Non-Cancellable Leases					
Land Lease	12,395	49,353	24,670	86,418	98,720
Premises Lease	82	188	-	269	300
Aircraft Leases	7,921	18,004	-	25,926	32,607
Licensing Agreement	299	147	-	446	-
Other Operating Lease	8	-	-	8	4,680
Other Operating Commitments					
Other Operating Commitments	10,399	13,659	584	24,642	17,920
Total Operating Commitments	38,263	91,338	30,675	160,277	172,457
Total Commitments	54,385	107,274	30,675	192,335	267,997

See Note 36 of the EPS Financial Statements

Core Government

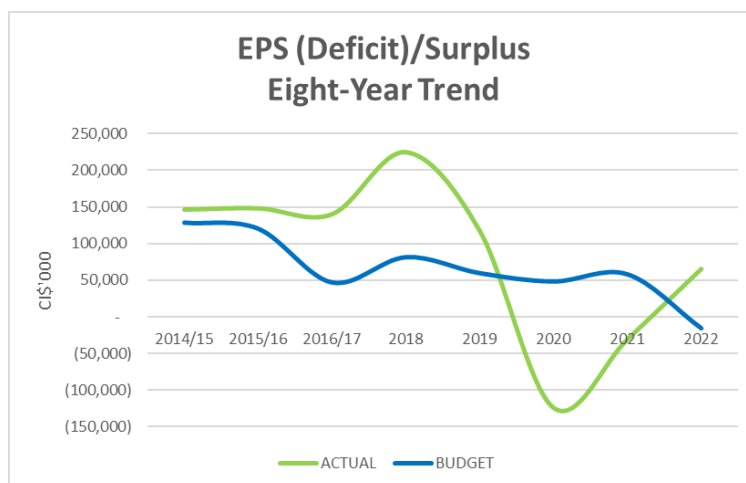
Type	One Year or Less CI\$000	One to Five Years CI\$000	Over Five Years CI\$000	31 December 2022 CI\$000	31 December 2021 CI\$000
Capital Commitments					
John Gray High School	7,349	7,698	-	15,047	63,001
Landfill	46	137	-	183	18,295
Long term residential mental health facility	1,954	-	-	1,954	5,000
Other property, plant and equipment	1,398	40	-	1,439	6,705
Total Capital Commitments	10,748	7,875	-	18,623	93,001
Operating Commitments					
Non-Cancellable Accommodation Leases					
Accommodation leases	7,978	10,449	4,226	22,653	16,838
Other Non-Cancellable Leases					
Premises Lease	65	87	-	152	300
Other Operating Lease	340	-	-	340	2,428
Other Operating Commitments					
Other Operating Commitments	10,087	3,131	584	13,803	15,082
Total Operating Commitments	18,470	13,668	4,810	36,948	34,648
Total Commitments	29,218	21,543	4,810	55,571	127,649

BUDGET ANALYSIS

Actual EPS total surplus of \$58.6 million was more than the original budget by \$74.4 million. Total expenses were \$83.5 million (or 7%) more than budget offset by revenues surpassing budget expectations by \$161.7 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 2022 ENTIRE PUBLIC SECTOR				
	Original Budget 2022	Actual 2022	Performance Difference Original Budget	% Change Actual vs. Budget
CI\$'000				
Revenue				
Coercive Revenue	897,860	976,544	78,684	9%
Sales of Goods & Services	220,703	300,592	79,889	36%
Other Revenue	14,914	17,996	3,082	21%
Total Revenue	1,133,477	1,295,132	161,655	14%
Expenses				
Personnel Costs	628,993	570,524	(58,469)	9%
Supplies and Consumables	290,354	380,738	90,384	(31%)
Depreciation & Amortisation	73,045	75,223	2,178	(3%)
Transfer Payments	61,495	86,575	25,080	(41%)
Outputs from Non-Government Organizatio	42,518	75,280	32,762	(77%)
Other Executive Expenses	35,573	26,442	(9,131)	26%
Finance Costs	16,670	17,362	692	(4%)
Total Expenses	1,148,648	1,232,144	83,496	(7%)
Total Other (Gains)/Losses	591	4,349	3,758	(636%)
Surplus/(Deficit) for the period	(15,762)	58,639	74,401	(472%)

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



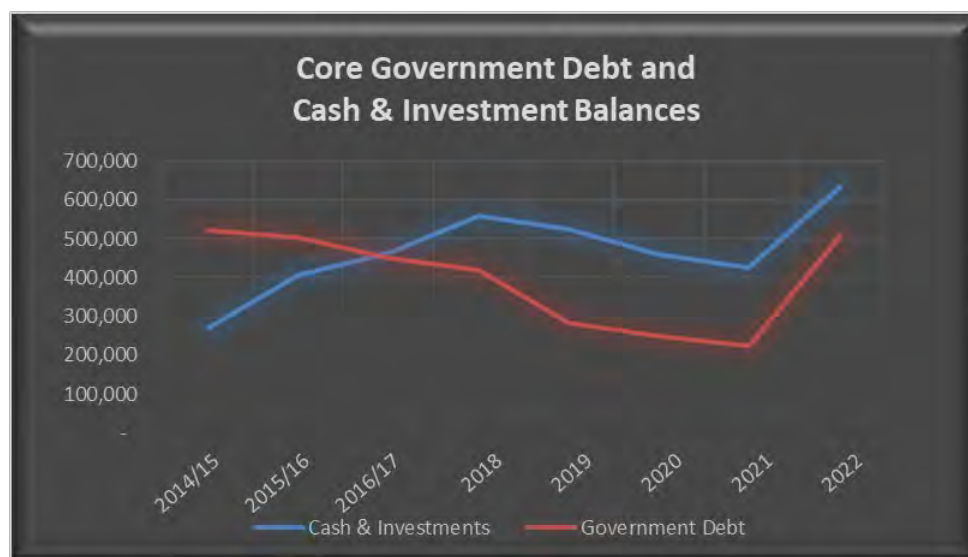
KEY FINANCIAL ACCOMPLISHMENT

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	2014/15	2015/16	2016/17	2018	2019	2020	2021	2022
Cash & Investments	271,468	408,619	462,110	559,434	524,426	460,378	427,408	632,970
Government Debt	523,322	503,318	451,081	419,964	284,380	248,555	222,704	506,358

The chart below shows the steady improvement cash and debt balances for Core Government, and highlights that cash exceeded debt as at 31 December 2022.



Investments in fixed deposits with maturity dates greater than 90 days at the time of placement are reflected as Investments in the Statement of Financial Position.

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	
	2022 Unaudited Actuals	Approved 2022 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 2022)	Complies Surplus = \$47.0 million	Complies Surplus = \$19.4 million
Net Worth: Should be positive (Net worth = Core Government assets – Core Government liabilities)	Complies Net Worth = \$2.1 billion	Complies Net Worth = \$1.3 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 = 7.0%	Complies Debt servicing = 7.4%
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 = 16.4%	Complies Net debt = 18.6%
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 = 107.0 days	Complies Cash Reserves = 137.9 days
Financial risks should be managed prudently so as to minimise risk	Complies Insurance cover exists for all government buildings, vehicles and major potential liabilities. Hurricane Preparedness Strategy in place.	Complies Insurance cover exists for all government buildings, vehicles and major potential liabilities. Hurricane Preparedness Strategy in place.

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:
 - o Central government borrowing less core government liquid assets
 - o Borrowing that is serviced directly by a statutory authority or government company but is in the name of the Government; and
 - o 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; he and his 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 37 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.

Trust assets are held separately and are not reported as part of these financial statements (see page 119 of the EPS Financial Statements) but are being disclosed in accordance with the provisions of the PMFA.



FINANCIAL STATEMENTS

FOR

THE GOVERNMENT

OF

THE CAYMAN ISLANDS

FOR THE YEAR ENDED

31 DECEMBER 2022

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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 2022.

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

I 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 my 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: 30 April 2026

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 2022 and the consolidated statement of financial performance. This also includes the consolidated statement of changes in net worth and consolidated statement of cash flows for the year ended 31 December 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies as set out on pages 18 to 116.

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 2022 and its financial performance and its cash flows for the year ended 31 December 2022 in accordance with International Public Sector Accounting Standards (IPSAS).

Basis for Adverse Opinion

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. I am unable to conclude on the fairness of the amount reported as coercive revenues of \$976.5 million on the statement of financial performance for the year ended 31 December 2022. I was also unable to conclude on the fairness of the \$300.6 million for the sale of goods and services reported in the consolidated statement of financial performance. This was due to the potential impact of adjustments of incomplete backlog audits.

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 \$41.2 million, other receivables of \$34.6 million and unearned revenues of \$158.8 million reported on the consolidated statement of financial position as at 31 December 2022.

Incompleteness of provisions

Management has represented that the government has not made provisions for environmental liabilities arising from the new landfill site currently in use, as required by IPSAS 19- Provisions, Contingent Liabilities and Contingent Assets. Amounts previously reported for the old landfill site amounted to \$30.5 million. Therefore, the omitted amount is expected to be material. As a result, the provisions of \$34.7 million as reported in the consolidated statement of financial position are materially misstated as at 31 December 2022.

Understatement of retirement benefits liabilities

The government did not record its liabilities relating to its post-retirement healthcare program for core government employees. The results of the health care liability actuarial valuation for Core government estimated the post-retirement health care net liability to be \$2.1 billion, post-retirement medical expenses to be \$111.5 million, and other comprehensive income to be \$224.7 million as at 31 December 2022.

Based on the above, the total of current and non-current retirement benefits of \$746.6 million presented in the consolidated financial statements is materially understated.

AUDITOR GENERAL'S REPORT (continued)

Basis for Adverse Opinion (continued)

Understatement of personnel cost

The personnel costs of \$570.5 million reported in the consolidated statement of financial performance are materially understated due to an understatement of post-retirement health care.

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

The consolidated statement of financial position reported value of property, plant and equipment is \$2.6 billion as at 31 December 2022. Of this amount, \$473.6 million is attributed to the road's infrastructure. Management was unable to sufficiently demonstrate that the reported amounts accurately and completely reflected the components comprising the reported balances.

Furthermore, the accounting policies used to measure some of the Statutory Authorities and Government Companies ("SAGC") land, buildings and infrastructure accounts are inconsistent with the central government entities. IPSAS 35 – Consolidated Financial Statements requires the use of consistent accounting policies within the consolidation. The total carrying amount of these SAGC assets of \$20.9 million were not revalued as required by the central government policy.

As a result of the matters identified, I was unable to conclude on the fairness of the property, plant and equipment reported in the consolidated financial statements as at 31 December 2022.

Inaccuracy of depreciation and amortisation expenses

I was unable to conclude on the fairness of the depreciation and amortisation expenses amounting to \$75.2 million recorded in the consolidated statement of financial performance. This was as a result of the valuation and completeness issues affecting property, plant and equipment as discussed above.

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

As at the date of this report, there were a number of backlogged or audits that were yet to be completed. As at the date of this report, I have noted over \$168 million in adjustments passed in these subsidiary audits after the consolidation cutoff. The impact of these adjustments materially affects figures and disclosures in the consolidated financial statements.

Public Service Pensions Board administrative balances and transactions excluded from consolidation

The Public Service Pensions Board ("Pensions Board") has not been fully consolidated into the consolidated financial statements. The consolidated financial statements exclude certain administrative balances, including receivables, liabilities, over which the Government does have control.

As a result of these omissions, the consolidated financial statements as at 31 December 2022 are materially misstated.

Inaccuracy of net worth

The revaluation reserve of \$1.08 billion presented in the consolidated statement of financial position is impacted by valuation and completeness issues affecting property, plant and equipment. Likewise, the current deficit and accumulated surplus amounting to \$58.6 million and \$694.6 million respectively, are also impacted by the qualification matters described above. The potential impact of these combined matters is likely to be material. As a result of these issues the net worth balance is not fairly stated.

Statement of cash flows not fairly presented

I was not able to conclude on the fairness of the amounts reported in the Statement of Cash Flows due to the matters discussed that affect the statements of financial position and financial performance.

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:

AUDITOR GENERAL'S REPORT (continued)

Basis for Adverse Opinion (Continued)

- The Government has not established a system for reporting key management personnel transactions as required by IPSAS 20, Related Party Disclosures.
- The consolidated financial statement does not include all of the required disclosures of IPSAS 39 Employee Benefits.

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 Ethics 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 the audit evidence I have obtained is sufficient and appropriate to form the basis of my adverse opinion.

Other Matters

The combined impact of the issues noted above are material and have effectively rendered the consolidated financial statements unreliable. As such, no further consideration was given to any other balances, transactions, disclosures or compliance with acts or regulations as it relates to the 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.

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 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.

AUDITOR GENERAL'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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 Smith CPA, CFE
Auditor General

30 April 2026
Cayman Islands

Financial Statements

Statement of Financial Position

GOVERNMENT OF THE CAYMAN ISLANDS					
STATEMENT OF FINANCIAL POSITION					
AS AT 31 DECEMBER 2022					
Core Actual 2021	EPS Actual 2021			Core Actual 2022	EPS Actual 2022
CI\$000	CI\$000		Note	CI\$000	CI\$000
Current Assets					
164,515	442,417	Cash and Cash Equivalents	2	302,731	680,019
10,032	39,115	Trade Receivables	3	12,540	40,810
13,947	8,564	Other Receivables	4	20,668	34,569
4,043	-	Dividend Receivable	4	3,344	-
6,218	31,150	Inventories	5	7,357	28,484
538	1,596	Loans Made	6	611	1,368
262,893	287,583	Investments	7	330,239	346,273
12,394	20,671	Prepayments	8	12,845	20,498
-	529	Biological Assets	9	-	465
474,580	831,625	Total Current Assets		690,335	1,152,486
Non-Current Assets					
427	427	Trade Receivables	3	427	427
21,375	16,488	Loans Made	6	46,601	22,004
1,975,299	2,522,149	Property, Plant and Equipment	10	2,044,234	2,587,226
4,751	7,811	Intangible Assets	11	6,125	8,435
-	7,300	Investment Property	12	-	9,226
10,831	92,744	Investments	7	831	74,008
-	4,494	Prepayments	8	-	4,197
433,622	-	Net Worth - Public Entities	46	562,507	-
112	114	Other Non-Current Assets	4	92	156
2,446,417	2,651,527	Total non-current assets		2,660,817	2,705,679
2,920,997	3,483,152	Total Assets		3,351,152	3,858,165
Current Liabilities					
21,753	22,242	Trade Payables	13	14,575	29,336
187,989	104,323	Other Payables & Accruals	13	148,969	95,971
-	3,280	Bank Overdraft	2	-	434
134,933	148,991	Unearned Revenue	14	129,774	145,630
10,937	12,766	Employee Entitlements	15	10,059	11,511
22,953	26,113	Retirement Benefits	16	30,437	32,944
42,600	49,384	Borrowings/Public Debts	17	53,271	58,843
1,067	23,570	Provisions	18	481	20,311
422,232	390,669	Total Current Liabilities		387,566	394,980
Non-Current Liabilities					
-	2,161	Other Payables & Accruals	13	191	2,443
13,332	13,332	Unearned Revenue	14	13,187	13,187
400,271	795,695	Retirement Benefits	16	404,382	713,649
180,104	202,733	Borrowings/Public Debts	17	453,087	470,050
-	173,504	Currency Issued	19	-	171,117
21,459	21,459	Provisions	18	14,399	14,399
615,166	1,208,884	Total Non-Current Liabilities		885,246	1,384,845
1,037,398	1,599,553	Total Liabilities		1,272,812	1,779,825
1,883,599	1,883,599	Net Assets		2,078,340	2,078,340
Net Assets/Equity					
163,879	254,179	Reserves	20	171,949	245,212
470,202	667,207	Revaluation Reserve	20	893,537	1,079,855
(40,352)	(40,352)	Current Period Surplus (Deficit)		58,639	58,639
1,289,870	1,002,565	Accumulated Surplus (Deficit)		954,215	694,634
1,883,599	1,883,599	Total Net Assets/Equity		2,078,340	2,078,340

Statement of Financial Performance

GOVERNMENT OF THE CAYMAN ISLANDS					
STATEMENT OF FINANCIAL PERFORMANCE					
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022					
Core Actual 2021 CI\$000	EPS Actual 2021 CI\$000			Core Actual 2022 CI\$000	EPS Actual 2022 CI\$000
			Note		
		Revenue			
916,610	918,557	Coercive Revenue	21	964,676	976,544
39,929	243,809	Sales of Goods & Services	22	44,740	300,592
2,440	5,319	Investment Revenue	23	9,083	14,144
609	1,411	Donations	24	942	1,931
111	633	Other Revenue		1,541	1,921
959,699	1,169,729	Total Revenue		1,020,982	1,295,132
		Expenses			
375,482	557,033	Personnel Costs	25	395,876	570,524
121,479	311,493	Supplies and Consumables	26	136,595	363,156
7,751	18,349	Leases	27	9,290	17,582
44,671	69,706	Depreciation/Amortisation	28	47,963	75,223
159,133	-	Outputs from Statutory Authorities and Government Companies	43	185,710	-
56,394	56,394	Outputs from Non-government Organisations	29	75,280	75,280
139,401	139,401	Transfer Payments	30	86,575	86,575
687	823	Litigation Costs		854	1,238
67,466	50,758	Other Executive Expenses	31	20,794	25,204
11,637	12,556	Finance Costs	32	15,846	17,362
984,101	1,216,513	Total Expenses		974,783	1,232,144
		Other (Gains)/Losses			
334	334	(Gains)/Losses on Derecognition of Assets/Liabilities		173	173
28	261	Impairment of Inventory		(10)	2,213
(3,464)	(2,562)	(Gains)/Losses on Financial Instruments		(810)	3,277
(4,696)	(4,465)	(Gains)/Losses on Non-financial Instruments		(183)	(1,314)
23,748	-	(Surplus)/Deficit on Statutory Authorities & Government Companies	44	(11,610)	-
15,950	(6,432)	Total Other (Gains)/Losses		(12,440)	4,349
(40,352)	(40,352)	Surplus/(Deficit) for the Period		58,639	58,639

Statement of Cash Flows

GOVERNMENT OF THE CAYMAN ISLANDS					
STATEMENT OF CASH FLOWS					
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022					
Core Actual 2021 CI\$000	EPS Actual 2021 CI\$000		Core Actual 2022 CI\$000	EPS Actual 2022 CI\$000	
		Note			
		Operating Activities			
		Cash received			
969,180	971,249	Coercive Receipts	935,500	937,534	
39,319	274,129	Sales of Goods & Services	51,589	621,476	
2,258	-	Outputs to other government agencies	2,319	-	
2,351	5,313	Interest received	4,766	9,425	
-	696	Donations / Grants received	-	21,099	
13,695	14,869	Other receipts	16,827	34,649	
1,026,803	1,266,256	Total cash received	1,011,001	1,624,183	
		Cash used			
(382,634)	(573,838)	Personnel costs	(398,916)	(647,644)	
(118,944)	(272,476)	Supplies and consumables	(139,139)	(596,543)	
(126,025)	-	Outputs from public authorities	(198,889)	-	
(45,544)	(45,544)	Outputs from non-governmental organisations	(67,608)	(67,608)	
(140,702)	(140,702)	Transfer payments	(89,152)	(89,152)	
(12,271)	(15,149)	Financing/interest payments	(15,263)	(19,364)	
(60,899)	(72,580)	Other payments	(48,362)	(75,587)	
(887,019)	(1,120,288)	Total cash used	(957,329)	(1,495,898)	
139,783	145,967	Net cash flows from (used by) operating activities	53,672	128,285	32
		Investing activities			
		Cash received			
-	-	Proceeds from sale of property, plant and equipment	-	(253)	
750,539	761,102	Proceeds from the sale of Investments	349,186	342,833	
641	1,178	Loans made	477	477	
5,502	-	Dividends and Capital withdrawal from Public Entities	100	-	
756,682	762,280	Total cash received	349,763	343,057	
		Cash used			
(115,428)	(153,704)	Purchase of property, plant and equipment	(88,015)	(119,847)	
(723,000)	(723,449)	Purchase of Investments: Placement of Fixed Deposits	(125,334)	(130,838)	
(8,231)	(331)	Loans made by Government	(29,320)	(4,120)	
(29,667)	-	Equity injection in public authorities	(35,529)	-	
(876,326)	(877,484)	Total cash used	(278,198)	(254,805)	
(119,644)	(115,204)	Net cash flows from (used by) investing activities	71,565	88,252	
		Financing activities			
		Cash received			
8,375	8,375	Proceeds from Borrowing	329,213	354,413	
10,194	-	Capital withdrawal/Dividends from Public Authorities	6,073	-	
-	-	Capital withdrawal from Ministries/Portfolios	-	-	
18,569	8,375	Total cash received	335,286	354,413	
(34,226)	(41,218)	Repayment of Borrowings	(45,369)	(52,213)	
(34,226)	(41,218)	Total cash used	(45,369)	(52,213)	
(15,657)	(32,843)	Net cash flows from (used by) financing activities	289,917	302,200	
4,483	(2,079)	Net increase/(decrease) in cash and cash equivalents held	138,320	241,904	
160,032	441,216	Cash and cash equivalents at beginning of period	164,411	437,681	
164,515	439,137	Cash and cash equivalents at end of period	302,731	679,585	2
164,515	442,417	Cash and cash equivalents (excluding bank overdrafts)	302,731	680,019	
-	(3,280)	Less Overdraft	-	(434)	
164,515	439,137	Cash and cash equivalents	302,731	679,585	

Statement of Changes in Net Worth

GOVERNMENT OF THE CAYMAN ISLANDS				
SCHEDULE OF CHANGES IN NET WORTH				
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022				
Attributable to Cayman Islands Government				
	Reserves C\$000	Revaluation C\$000	Accumulated Surplus/(Deficits) C\$000	Total Net Worth C\$000
Balance at 31 December 2020	236,921	640,801	563,246	1,440,968
Changes in net worth for 2021				
Property revaluation adjustments	-	54,862	-	54,862
Prior Period Adjustments	-	-	447,387	447,387
Movement in Reserves	26,355	-	(26,355)	-
Net revenue / expenses recognised directly in net worth	26,355	54,862	421,032	502,249
Surplus/(deficit) for the period 2021	-	-	(48,917)	(48,917)
Total recognised revenues and expenses for the period	26,355	54,862	372,115	453,332
Balance at 31 December 2021	263,276	695,663	935,361	1,894,300
Balance at 31 December 2021	263,276	695,663	935,361	1,894,300
Changes in accounting policy	-	-	-	-
Restated balance	263,276	695,663	935,361	1,894,300
Changes in net worth for 2022				
Property revaluation adjustments	-	384,192	-	384,192
Post Retirement Health Care Benefit remeasurement	-	-	(95,139)	(95,139)
Prior Period Adjustments	-	-	(163,652)	(163,652)
Movement in Reserves	(18,064)	-	18,064	-
Net revenue / expenses recognised directly in net worth	(18,064)	384,192	(240,727)	125,401
Surplus/(deficit) for the period 2022	-	-	58,639	58,639
Total recognised revenues and expenses for the period	(18,064)	384,192	(182,088)	184,040
Balance at 31 December 2022	245,212	1,079,855	753,273	2,078,340

Statement of Comparison of Budget and Actual Amounts

GOVERNMENT OF THE CAYMAN ISLANDS						
STATEMENT OF FINANCIAL POSITION						
AS AT 31 DECEMBER 2022						
ENTIRE PUBLIC SECTOR						
Note	Original Budget 2022 CIS\$000	Adjustments 2022 CIS\$000	Final Budget 2022 CIS\$000	Actual 2022 CIS\$000	Performance Difference CIS\$000	
Current Assets						
Cash and Cash Equivalents	2	459,114	17,442	476,556	680,019	220,905
Trade Receivables	3	27,427	-	27,427	40,810	13,383
Other Receivables	4	21,817	-	21,817	34,569	12,752
Inventories	5	25,656	-	25,656	28,484	2,828
Loans Made	6	2,141	-	2,141	1,368	(773)
Investments	7	320,627	-	320,627	346,273	25,646
Prepayments	8	13,616	-	13,616	20,498	6,882
Biological Assets	9	-	-	-	465	465
Total Current Assets		870,398	17,442	887,840	1,152,486	282,088
Non-Current Assets						
Trade Receivables	3	427	-	427	427	-
Other Receivables	4	2,586	-	2,586	-	(2,586)
Loans Made	6	23,416	-	23,416	22,004	(1,412)
Property, Plant and Equipment	10	2,236,025	(80,984)	2,155,041	2,587,226	351,201
Intangible Assets	11	10,910	-	10,910	8,435	(2,475)
Investment Property	12	-	-	-	9,226	9,226
Investments	7	56,982	-	56,982	74,008	17,026
Prepayments	8	-	-	-	4,197	4,197
Other Non-Financial Assets	4	-	-	-	156	156
Total Non-Current Assets		2,330,346	(80,984)	2,249,362	2,705,679	375,333
Total Assets		3,200,744	(63,542)	3,137,202	3,858,165	657,421
Current Liabilities						
Trade Payables	13	34,666	-	34,666	29,336	(5,330)
Other Payables & Accruals	13	23,185	-	23,185	95,971	72,786
Bank Overdraft	2	-	-	-	434	434
Unearned Revenue	14	79,726	-	79,726	145,630	65,904
Employee Entitlements	15	11,813	-	11,813	11,511	(302)
Retirement Benefits	16	23,595	-	23,595	32,944	9,349
Borrowings	17	59,884	-	59,884	58,843	(1,041)
Provisions	18	17,776	-	17,776	20,311	2,535
Total Current Liabilities		250,645	-	250,645	394,980	144,335
Non-Current Liabilities						
Trade Payables	13	4,741	-	4,741	-	(4,741)
Other Payables & Accruals	13	11,067	-	11,067	2,443	(8,624)
Unearned Revenue	14	13,570	-	13,570	13,187	(383)
Retirement Benefits	16	938,087	-	938,087	713,649	(224,438)
Borrowings	17	449,394	-	449,394	470,050	20,656
Currency Issued	19	191,946	-	191,946	171,117	(20,829)
Provisions	18	-	-	-	14,399	14,399
Total Non-Current Liabilities		1,608,805	-	1,608,805	1,384,845	(223,960)
Total Liabilities		1,859,450	-	1,859,450	1,779,825	(79,625)
Net Assets		1,341,294	(63,542)	1,277,752	2,078,340	737,046
Net Assets/Equity						
Reserves	20	200,735	-	200,735	245,212	44,477
Revaluation Reserve	20	640,884	-	640,884	1,079,855	438,971
Current Period Surplus		(15,762)	(63,542)	(79,304)	58,639	74,401
Accumulated Surplus/(Deficit)		515,437	-	515,437	694,634	179,197
Total Net Assets/Equity		1,341,294	(63,542)	1,277,752	2,078,340	737,046

Statement of Comparison of Budget and Actual Amounts (continued)

GOVERNMENT OF THE CAYMAN ISLANDS						
STATEMENT OF FINANCIAL POSITION						
AS AT 31 DECEMBER 2022						
CORE GOVERNMENT						
Note	Original Budget 2022 CIS000	Adjustments 2022 CIS000	Final Budget 2022 CIS000	Actual 2022 CIS000	Performance Difference CIS000	
Current Assets						
Cash and Cash Equivalents	2	107,976	17,442	125,418	302,731	194,755
Trade Receivables	3	16,915	-	16,915	12,540	(4,375)
Other Receivables	4	17,644	-	17,644	20,668	3,024
Dividends Receivable	4	-	-	-	3,344	3,344
Inventories	5	5,056	-	5,056	7,357	2,301
Loans Made	6	917	-	917	611	(306)
Investments	7	296,865	-	296,865	330,239	33,374
Prepayments	8	7,373	-	7,373	12,845	5,472
Total Current Assets		452,746	17,442	470,188	690,335	237,589
Non-Current Assets						
Trade Receivables	3	427	-	427	427	-
Other Receivables	4	785	-	785	-	(785)
Loans Made	6	47,851	-	47,851	46,601	(1,250)
Property, Plant and Equipment	10	1,681,786	(80,984)	1,600,802	2,044,234	362,448
Intangible Assets	11	12,273	-	12,273	6,125	(6,148)
Investments	7	831	-	831	831	-
Net Worth - Public Entities	46	309,556	-	309,556	562,507	252,951
Total Non-Current Assets		2,053,509	(80,984)	1,972,525	2,660,817	607,308
Total Assets		2,506,255	(63,542)	2,442,713	3,351,152	844,897
Current Liabilities						
Trade Payables	13	38,681	-	38,681	14,575	(24,106)
Other Payables & Accruals	13	56,844	-	56,844	148,969	92,125
Unearned Revenue	14	65,691	-	65,691	129,774	64,083
Employee Entitlements	15	8,776	-	8,776	10,059	1,283
Retirement Benefits	16	23,595	-	23,595	30,437	6,842
Borrowings	17	53,253	-	53,253	53,271	18
Provisions	18	-	-	-	481	481
Total Current Liabilities		246,840	-	246,840	387,566	140,726
Non-Current Liabilities						
Other Payables & Accruals	13	-	-	-	191	191
Unearned Revenue	14	13,504	-	13,504	13,187	(317)
Retirement Benefits	16	472,501	-	472,501	404,382	(68,119)
Borrowings	17	432,116	-	432,116	453,087	20,971
Provisions	18	-	-	-	14,399	14,399
Total Non-Current Liabilities		918,121	-	918,121	885,246	(32,875)
Total Liabilities		1,164,961	-	1,164,961	1,272,812	107,851
Net Assets		1,341,294	(63,542)	1,277,752	2,078,340	737,046
Net Assets/Equity						
Reserves	20	161,853	-	161,853	171,949	10,096
Revaluation Reserve	20	491,051	-	491,051	893,537	402,486
Current Period Surplus		(15,762)	(63,542)	(79,304)	58,639	74,401
Accumulated Surplus/(Deficit)		704,152	-	704,152	954,215	250,063
Total Net Assets/Equity		1,341,294	(63,542)	1,277,752	2,078,340	737,046

Statement of Comparison of Budget and Actual Amounts (continued)

GOVERNMENT OF THE CAYMAN ISLANDS						
STATEMENT OF FINANCIAL PERFORMANCE						
FOR THE YEAR ENDED 31 DECEMBER 2022						
ENTIRE PUBLIC SECTOR						
		Original Budget 2022	Adjustments 2022	Final Budget 2022	Actual 2022	Performance Difference
	Note	Ci\$000	Ci\$000	Ci\$000	Ci\$000	Ci\$000
Revenue						
Coercive Revenue	21	897,860	-	897,860	976,544	78,684
Sales of Goods & Services	22	220,703	-	220,703	300,592	79,889
Investment Revenue	23	5,096	-	5,096	14,144	9,048
Donations	24	3,131	-	3,131	1,931	(1,200)
Other Revenue		6,687	-	6,687	1,921	(4,766)
Total Revenue		1,133,477	-	1,133,477	1,295,132	161,655
Expenses						
Personnel Costs	25	628,993	(25,966)	603,027	570,524	(58,469)
Supplies and Consumables	26	277,224	32,608	309,832	363,156	85,932
Leases		13,130	-	13,130	17,582	4,452
Depreciation & Amortisation	27	73,045	-	73,045	75,223	2,178
Outputs from Non-Government Organizations	28	42,518	31,026	73,544	75,280	32,762
Transfer Payments	29	61,495	25,910	87,405	86,575	25,080
Litigation Costs		1,970	-	1,970	1,238	(732)
Other Executive Expenses	30	33,603	(36)	33,567	25,204	(8,399)
Finance Costs	31	16,670	-	16,670	17,362	692
Total Expenses		1,148,648	63,542	1,212,190	1,232,144	83,496
Other (Gains)/Losses						
(Gains)/Losses on Derecognition of Assets/Liabilities		825	-	825	173	(652)
Impairment of Inventory		-	-	-	2,213	2,213
(Gains)/Losses on Financial Instruments		-	-	-	3,277	3,277
(Gains)/Losses on Non-financial Instruments		(234)	-	(234)	(1,314)	(1,080)
Total Other (Gains)/Losses		591	-	591	4,349	3,758
Surplus/ (Deficit) for the period		(15,762)	(63,542)	(79,304)	58,639	74,401

Statement of Comparison of Budget and Actual Amounts (continued)

GOVERNMENT OF THE CAYMAN ISLANDS STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2022 CORE GOVERNMENT						
	Note	Original Budget 2022 CIS\$000	Adjustments 2022 CIS\$000	Final Budget 2022 CIS\$000	Actual 2022 CIS\$000	Performance Difference CIS\$000
Revenue						
Coercive Revenue	21	897,860	-	897,860	964,676	66,816
Sales of Goods & Services	22	40,563	-	40,563	44,740	4,177
Investment Revenue	23	2,197	-	2,197	9,083	6,886
Donations	24	184	-	184	942	758
Other Revenue		105	-	105	1,541	1,436
Total Revenue		940,909	-	940,909	1,020,982	80,073
Expenses						
Personnel Costs	25	437,224	(25,966)	411,258	395,876	(41,348)
Supplies and Consumables	26	139,603	16,240	155,843	136,595	(3,008)
Leases		9,746	-	9,746	9,290	(456)
Depreciation & Amortisation	27	45,036	-	45,036	47,963	2,927
Outputs to Statutory Authorities and Government Companies	43	161,898	16,368	178,266	185,710	23,812
Outputs from Non-Government Organizations	28	42,518	31,026	73,544	75,280	32,762
Transfer Payments	29	61,495	25,910	87,405	86,575	25,080
Litigation Costs		1,765	-	1,765	854	(911)
Other Executive Expenses	30	8,675	(36)	8,639	20,794	12,119
Finance Costs	31	14,687	-	14,687	15,846	1,159
Total Expenses		922,647	63,542	986,189	974,783	52,136
Other (Gains)/Losses						
(Gains)/Losses on Derecognition of Assets/Liabilities		-	-	-	173	173
(Gains)/Losses on Financial Instruments		-	-	-	(810)	(810)
(Gains)/Losses on Non-financial Instruments		(1,169)	-	(1,169)	(183)	986
(Surplus)/Deficit on Statutory Authorities & Government Companies	44	35,193	-	35,193	(11,610)	(46,803)
Total Other (Gains)/Losses		34,024	-	34,024	(12,440)	(46,464)
Surplus/(Deficit) for the Period		(15,762)	(63,542)	(79,304)	58,639	74,401

Notes to the Financial Statements

GOVERNMENT OF THE CAYMAN ISLANDS NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The Cayman Islands are an Overseas Territory of the United Kingdom, a foreign sovereign territory. His Majesty the King of 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 his 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.

Date of Authorisation

These financial statements have been authorised for issue by the Financial Secretary and Chief Officer of the Ministry of Finance and Economic Development on 30 April 2026.

Note 1: Summary of Accounting Policies

Statement of Compliance

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

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

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

Reporting Period

The reporting period for these financial statements of the Government of the Cayman Islands is for the period from 1 January 2022 to 31 December 2022.

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 47).

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

Changes in Accounting Policies

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

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

New IPSAS issued but not yet applicable

- *IPSAS 41, Financial Instruments* (effective for period beginning on or after January 1, 2023) establishes new requirements for classifying, recognizing 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 in the next financial year.
- *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 recognized and how they are measured. The impact will be assessed in the next financial year.

Note 1: Summary of Accounting Policies (continued)

New IPSAS issued but not yet applicable (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 effective

- *IPSAS 5, Borrowing Costs – “Non-Authoritative Guidance”* (no effective date as the application of this pronouncement is consistent with the current practice when applying IPSAS 5)
- *IPSAS 29, Financial Instruments: Recognition and Measurement* (effective for periods beginning on or after January 1, 2022) provides a transition option to continue to apply the hedge accounting requirements of IPSAS 29 until the effective application date of IPSAS 41 which replaces IPSAS 29. Adoption of these amendments for a period beginning before 1 January 2022 shall requires the application of IPSAS 41 at the same time. The Government has not adopted this standard nor early adopt IPSAS 41.
- *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 36, Investments in Associates and Joint Ventures* (effective for period beginning on or after January 1, 2023)
- *IPSAS 41, Financial Instruments - Amendments to Prepayment features with negative compensation* (effective for period beginning on or after January 1, 2023)
- *IPSAS 41, Financial Instruments – “Non-Authoritative Amendments to IPSAS 41, Financial Instruments”* (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*

Note 1: Summary of Accounting Policies (continued)

Amendments to IPSAS issued but not effective (continued)

- *IPSAS 30, Financial Instruments: Disclosures*
- *IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)*
- *IPSAS 40, Public Sector Combinations*
- *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 2022-2023 Plan and Estimates as approved by the Parliament on 16 December, 2021. 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 34).

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.

Note 1: Summary of Accounting Policies (continued)

Revenue (continued)

Coercive revenue

Coercive revenue is recognised on the following basis: -

<i>Revenue Type</i>	<i>Revenue Recognition Point</i>
Taxes on International Trade and Transactions	
• Import Duties	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.

Note 1: Summary of Accounting Policies (continued)

Revenue (continued)

Rental Income

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

Investment Revenue

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

Donations

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

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

Expenses

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

Interest Expense

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

Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the lease term, where this is representative of the pattern of benefits to be derived from the leased property. Where incentives are received under an operating lease, the expenses are recognised on a straight-line basis over the lease term. Lease incentives received are recognised evenly over the term of the lease as a reduction in rental expense.

Note 1: Summary of Accounting Policies (continued)

Finance Leases

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

Cash and Cash Equivalents

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

Inventories

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

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

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

Costs are assigned to inventories using a first-in first-out (FIFO) basis or weighted average cost basis as appropriate.

The write-down from cost to current replacement cost or net realisable value is recognised in the Statement of Financial Performance in the period when the write-down occurs.

Stock of Notes and Coins for/in Circulation

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

Note 1: Summary of Accounting Policies (continued)

Inventories (continued)

stocks are stated at year end market values for gold and silver bullion and unrealised gains/losses are recorded in the statement of financial performance.

Water Inventory

Inventory of the Water Authority consists of 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

Note 1: Summary of Accounting Policies (continued)

Biological Assets (continued)

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

Fair Value hierarchy

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

Valuation techniques and significant unobservable inputs

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

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

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

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

Property, Plant and Equipment

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

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

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

Note 1: Summary of Accounting Policies (continued)

Property, Plant and Equipment (continued)

either over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is shorter.

<u>Asset Type</u>	<u>Estimated Useful life</u>
• Buildings and structures	10 - 60 years
• Building fit-out (when accounted for separately)	5 - 25 years
• Roads, sidewalks, signs and traffic lights	6 - 50 years
• Heritage buildings & Memorials and Monuments	100 years
• Leasehold Improvement	Over the unexpired period of lease or the useful life of improvement
• Computer Equipment	3 - 10 years
• 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.

Investment Property

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

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

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

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

Note 1: Summary of Accounting Policies (continued)

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.

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% for Defined Contribution Participants and 21.3% - employer 15.3% and employee 6% 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.

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 2022;
- 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

Note 1: Summary of Accounting Policies (continued)

Defined Benefit Plan (continued)

- Minus the fair value at 31 December 2022 of plan assets out of which the obligations are to be settled directly.

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

Financial Instruments

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

Classification

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

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

Recognition

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

Measurement

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

The financial assets classified as cash and cash equivalents, accounts receivable, investments – not including those held by Cayman Islands Monetary Authority – are subsequently recorded at historical cost; which is considered to approximate fair value due to the short-term or immediate nature of these instruments.

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

Note 1: Summary of Accounting Policies (continued)

Financial Instruments (continued)

Measurement (continued)

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

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

De-recognition

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

Off-setting

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

Impairment of Financial Assets

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

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

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

Note 1: Summary of Accounting Policies (continued)

Financial Instruments (continued)

Impairment of Financial Assets (continued)

If a future write-off is later recovered, the recovery is credited to revenue in the Statement of Financial Performance.

Fair Value

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

Borrowing Costs

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

Provisions

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

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

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

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

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

Reward Points

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

Note 1: Summary of Accounting Policies (continued)

Reward Points (continued)

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

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

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

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

Contingent Liabilities and Assets (including guarantees)

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

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 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).

Note 1: Summary of Accounting Policies (continued)

Commitments (continued)

Commitments are classified as:

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

Foreign Currency

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

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

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

Comparative Figures

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

Segment Reporting

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

The three major institutional components of the Government are:

- *Central Government*: includes the Judicial Administration, Ministries and Portfolios, , 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.

Note 1: Summary of Accounting Policies (continued)

Segment Reporting (continued)

- *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.

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

Core Actual 2021	EPS Actual 2021	Description	Core Actual 2022	EPS Actual 2022
CI\$'000	CI\$000		CI\$000	CI\$000
656	4,932	Cash on Hand	342	7,979
18,733	98,951	Operational Accounts - KYD	24,925	169,641
5,118	154,325	Operational Accounts - USD	(4,808)	157,007
7	7	Operational Accounts - GBP	6	6
8,645	18,216	Other Bank Accounts	31,205	37,973
131,356	165,986	Fixed Deposits (Less than 90 days)	251,061	307,413
164,515	442,417	Cash and Cash Equivalents (excluding bank overdrafts)	302,731	680,019
-	(3,280)	Less Overdrafts	-	(434)
164,515	439,137	Cash and Cash Equivalents	302,731	679,585

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

Core Actual 2021	EPS Actual 2021	Description	Core Actual 2022	EPS Actual 2022
CI\$'000	CI\$000		CI\$000	CI\$000
137,705	412,327	Unrestricted Cash	123,179	500,033
26,810	26,810	Restricted Funds	179,552	179,552
164,515	439,137	Cash and Cash Equivalents	302,731	679,585

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 2021	EPS Actual 2021	Description	Core Actual 2022	EPS Actual 2022
CI\$'000	CI\$'000		CI\$000	CI\$'000
14,508	14,249	Coercive Revenue Receivable	18,993	18,685
17,439	72,942	Non-Coercive Receivable	17,306	75,673
31,947	87,191	Total Trade Receivables	36,299	94,358
(21,488)	(47,649)	Less: Provision for Doubtful Debts	(23,332)	(53,121)
10,459	39,542	Net Trade Receivables	12,967	41,237

Movement in Provision for Doubtful Debts

Core Actual 2021	EPS Actual 2021	Description	Core Actual 2022	EPS Actual 2022
CI\$000	CI\$000		CI\$000	CI\$000
(19,324)	(37,943)	Balance at 1 January	(21,488)	(47,649)
(2,164)	(9,706)	Additional provisions made during the year	(1,844)	(5,472)
(21,488)	(47,649)	Provision for Doubtful Debts	(23,332)	(53,121)

Maturity Profile

Core Actual 2021	EPS Actual 2021	Description	Core Actual 2022	EPS Actual 2022
CI\$000	CI\$000		CI\$000	CI\$000
10,032	39,115	Trade Receivables due in one year	12,540	40,810
427	427	Trade Receivables due after one year	427	427
10,459	39,542	Total Trade Receivables	12,967	41,237

Note 4: Other Receivables

Core Actual 2021	EPS Actual 2021	Description	Core Actual 2022	EPS Actual 2022
CI\$000	CI\$000		CI\$000	CI\$000
430	486	Advances	491	726
5,016	29	Expenditure Reimbursable	3,058	77
1,276	1,276	Dishonoured Cheques	1,668	1,668
-	140	Interest Receivable	-	889
4,043	-	Dividends Receivable	3,344	-
112	113	Deposits/Advances - Long Term Other Receivable	92	156
7,553	7,009	Other Receivables	16,116	31,921
18,430	9,053	Total Other Receivables	24,769	35,437
(328)	(375)	Less: Provision for Doubtful Debts	(665)	(712)
18,102	8,678	Total Other Receivables	24,104	34,725

Movement in Provision for Doubtful Debts

Core Actual 2021	EPS Actual 2021	Description	Core Actual 2022	EPS Actual 2022
CI\$000	CI\$000		CI\$000	CI\$000
(6)	(272)	Balance at 1 January	(328)	(375)
(322)	(410)	Additional provisions made during the year	(337)	(366)
-	307	Receivables written off during the period	-	29
(328)	(375)	Provision for Doubtful Debts	(665)	(712)

Maturity profile

Core Actual 2021	EPS Actual 2021	Description	Core Actual 2022	EPS Actual 2022
CI\$001	CI\$000		CI\$001	CI\$000
31,995	22,569	Other Receivables due in one year	23,899	34,457
113	115	Other Receivables due after one year	92	156
32,108	22,684	Total Other Receivables	23,991	34,613

Note 5: Inventories

EPS Actual 2021	Description	EPS Actual 2022
CI\$000		CI\$000
466	Raw Materials (including consumable stores)	582
23,188	Inventory held for use in the provision of goods and services	20,187
5,485	Other Inventories for use within one year	4,742
2,011	Affordable Houses	2,963
31,150	Total Inventories	28,474

Maturity Profile

EPS Actual 2021	Description	EPS Actual 2022
CI\$000		CI\$000
31,150	Inventories for use in one year	28,484
31,150	Total Inventories	28,484

Managed by:

CI\$000		CI\$000
6,219	Central Government	7,357
24,931	Statutory Authorities & Government Companies	21,127
31,150	Total Inventories	28,484

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

Note 6: Loans Made

EPS Actual 2021 CI\$000	Description	EPS Actual 2022 CI\$000
86	Mortgage Loans	91
1,596	Loans (due within 12 months)	1,542
16,723	Commercial Loans	22,059
18,706	Total Loans Made	23,982
(622)	Less: Provision for Impairment Losses	(610)
18,084	Net Loans Made	23,372

Movement in Provision for Impairment Losses

EPS Actual 2021 CI\$000	Description	EPS Actual 2022 CI\$000
(13,446)	Balance at 1 January	(622)
12,824	Additional provisions made/Write-back of provisions	(160)
-	Write off of Loans Made during the period	172
(622)	Provision for Impairment Losses	(610)

Maturity Profile

EPS Actual 2021 CI\$000	Description	EPS Actual 2022 CI\$000
1,596	Amounts due within 12 months	1,368
16,488	Amounts due after 1 year	22,004
18,084	Total Net Loans Made	23,372

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 2022, the Government had investments amounting to \$420.3 million (2021: \$380.3 million).

Short -Term Investments		
EPS Actual 2021	Description	EPS Actual 2022
CI\$000		CI\$000
287,118	Marketable Securities and Deposits	341,493
466	Interest Receivable	4,780
287,584	Short-Term Investments	346,273

Long-Term Investments		
EPS Actual 2021	Description	EPS Actual 2022
CI\$000		CI\$000
91,912	Marketable Securities	73,177
591	Caribbean Development Bank	591
240	Cayman First Insurance Limited	240
92,743	Long-Term Investments	74,008
380,327	Total Investments	420,281

Investment Held by:		
273,724	Central Government	331,070
106,603	Statutory Authorities & Government Companies	89,211
380,327	Total Investment	420,281

Short-Term Investments

Short-term investments are held in the form of US Treasury Bills and US Treasury Notes with maturity dates ranging between 12 January 2023 and 8 November 2023 and Fixed Deposits with maturity dates over 90 days but within 365 days.

Domestic fixed deposits earned interest at rates averaging between 0.03% to 4.35% during the year ended 31 December 2022.

U.S. Treasury Notes and Bonds and Corporate Bonds stated at market value, all other investments are stated at fair value designated upon initial recognition.

Note 7: Investments (continued)

Short-Term Investments (continued)

EPS 2021	Description	EPS 2022
CI\$000		CI\$000
9,206	US Treasury Notes	277,313
8,721	US Treasury Bills	8,817
269,191	Fixed Deposits (over 90 days but within 365 days)	55,364
466	Interest receivable	4,780
287,584	Short-Term Investments	346,274

Long-Term Investments

Long term investments in marketable securities are held in US Treasury Notes and Corporate Bonds stated at market value, with interest rates ranging from 0.75% to 7.47% and maturity dates between 22 May 2024 and 24 March 2028.

EPS 2021	Description	EPS 2022
CI\$000		CI\$000
91,912	1-5 years	73,177
91,912	Long-Term Investments	73,177

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 2022 Core Government held restricted funds of \$171.3 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 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.

Note 7: Investments (continued)

Currency Reserve Assets (continued)

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

As at 31 December 2022, the value of Currency Reserve Assets was \$195.2 million (31 December 2021: \$198.1 million) representing 114.04% (31 December 2021: 114.19%) of total Demand Liabilities. The value of external assets equated to 110.42% (31 December 2021: 110.29%) while the value of local assets as at 31 December 2022 equated to 3.62% (31 December 2021: 3.90%) of Demand Liabilities.

Caribbean Development Bank

EPS 2021	Description	EPS 2022
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 2021	Description	EPS 2022
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 2021	EPS Actual 2021	Description	Core Actual 2022	EPS Actual 2022
CI\$000	CI\$000		CI\$000	CI\$000
1,936	2,171	Prepaid Insurance	2,306	2,477
-	4,494	Cayman Airways Security Deposits	-	4,197
10,458	18,500	Other Prepayments	10,539	18,021
12,394	25,165	Total Prepayments	12,845	24,695

Maturity Profile

Core Actual 2021	EPS Actual 2021	Description	Core Actual 2022	EPS Actual 2022
CI\$000	CI\$000		CI\$000	CI\$000
12,394	20,671	Prepayments due in one year	12,845	20,498
-	4,494	Prepayments due in more than one year	-	4,197
12,394	25,165	Total Prepayments	12,845	24,695

Other prepayments mainly consist of prepayments for maintenance, security deposits, and construction contractual advances.

At 31 December 2022, in connection with the Cayman Airways Limited leased aircraft arrangements (see Note 35 Commitments), Cayman Airways Limited had placed deposits with the leasing agent as security in respect of its leasing obligations. These security deposits are available to the Company on the expiry the respective agreements.

Note 9: Biological Assets

EPS Net 2021 CI\$000	Description	EPS Net 2022 CI\$000
	Livestock, at fair values:	
	129 Secondary herd	172
	400 Breeder herd	293
	529 Biological Assets	465
	Held by:	
CI\$000		CI\$000
	- Central Government	-
	529 Statutory Authorities & Government Companies	465
	529 Total Biological Assets	465

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

EPS Net 2021 CI\$000	Description	EPS Net 2022 CI\$000
	447 Carrying value at beginning of year	112
	(291) Change attributable to differences in prior years fair values	-
	- Change attributable to differences in fair values	60
	- Biological transformation	-
	(27) Sales, at year end fair values	-
	(27) Net change in biological assets included in income	60
	129 Carrying value at end of year	172

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, (2021: CI\$Nil).

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

EPS Net 2021 CI\$000	Description	EPS Net 2022 CI\$000
	400 Carrying value at beginning of year	400
	- Change attributable to differences in prior years fair values	(47)
	- Net (decrease)/increase during the year	(60)
	400 Carrying value at end of year	293

Net (declines)/additions during the period are attributable to new breeders added, weight gained during the period, less mortalities. During the year ended 31 December 2022, 12 new breeders (2021: ten) was added to the herd and 3 turtles (2021: seven) were transferred to the secondary herd or died. As of 31 December 2022, there was CI\$500,000 insurance coverage associated with the livestock (2021: 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 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)	(3,320)	(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

	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 2022	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
Additions	8,491	40,633	65,343	3,696	614,045	523	1,991	1,814	-	450	1,748	221,719	29	756	741,120	1,702,358
Revaluations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal/ Derecognition	-	(440)	4,828	(9)	(654,785)	3	-	(8,244)	-	-	(1,294)	(60,768)	-	(11)	(4,554)	(725,272)
Adjustments & Transfers	14,597	(52,907)	(55,522)	(562)	47,149	(155)	486	22,378	(8,836)	35,927	6,872	(158,250)	21	0	(685,112)	(833,964)
Balance as at 31 December 2022	1,063,335	57,593	790,156	22,436	49,494	9,276	16,065	47,872	36,845	489,303	121,602	67,722	7,331	33,537	225,269	3,037,836

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 2021	-	50,464	345,347	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)	(6,865)	(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	371,883	14,948	35,825	7,164	6,199	23,267	16,365	7,420	67,427	43,099	3,325	9,369	-	372,565

	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 2022	-	46,275	371,883	14,948	35,825	7,164	6,199	23,267	16,365	7,420	67,427	43,099	3,325	9,369	-	372,565
Eliminate on Disposal/Derecognition	-	(109)	(10)	(1,615)	(651,647)	-	(193)	(9,539)	-	-	-	(61,050)	-	-	-	(724,163)
Adjustments & Transfers	0	(16,201)	5,610	1,547	650,200	12	548	18,041	(237)	5,761	2,064	62,259	83	(360)	-	729,334
Depreciation Expense	0	5,662	43,212	979	5,023	575	2,963	1,388	1,937	2,550	4,471	1,469	315	2,498	-	73,042
Impairment	-	-	-	(39)	(12)	-	-	-	-	-	(76)	(42)	-	-	-	(169)
Balance as at 31 December 2022	0	35,627	340,695	15,820	39,390	7,751	9,517	33,157	18,070	15,731	73,886	45,736	3,723	11,507	-	450,610

Net Book value 31 December 2020	770,678	24,214	438,425	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	681,675	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
Net Book value 31 December 2022	1,063,335	21,966	609,461	6,616	10,104	1,525	6,548	14,715	38,775	473,572	47,716	21,986	3,608	22,030	225,269	2,587,226

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 2022:

Agency	Description	2022 CI\$000	2021 CI\$000
Ministry of Education	New John Gray School Project	69,300	41,474
Ministry of Health & Wellness	Long Term Residential Mental Health Facility	20,000	15,000
Ministry of Planning, Agriculture, Housing, and Infrastructure	Major Road Works & Other Infrastructure projects	15,248	6,828
Ministry of Sustainability and Climate Resiliency	Re-Gen (Early Works Agreement - George Town Landfill)	14,526	8,956
Cayman Islands Airport Authority	ORIA Projects	45,929	51,603

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."

Note 10: Property, Plant and Equipment (continued)

Valuation methods (continued)

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

Valuation assumptions

Plant and machinery have only been included in the valuation of building assets where these 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 \$0.5m also state figures for their 'component' parts. Buildings valued by the investment or comparison methods of valuation also state figures for their respective land values. These do not compute to reflect actual building values but indicate the inherent value attributing to the land only.

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

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

- Cayman Islands Government 2001 Asset Register
- Cayman Islands Government Land Registry Database
- Caymanlandinfo System (Mapping, aerial photography, evidence of comparable sales and lettings)

Note 10: Property, Plant and Equipment (continued)

Valuation methods (continued)

- Copies of and extracts from leases
- Architect scaled floor plans
- Ministries and users / occupiers of operational property assets

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

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

Buildings are revalued as an entire class of asset.

Note 11: Intangible Assets

Entire Public Sector
Ct'000

Cost of Intangible Asset

	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	2,587	-	-	2,587
Balance as at 31 December 2021	32,203	51	22	32,277

	Computer Software	Other Intangible Assets	Intangible Assets under construction or development	Total
Balance as at 01 January 2022	28,474	-	50	28,524
Additions	621	3	-	624
Revaluations	-	-	-	-
Disposal/ Derecognition	(451)	-	(19)	(470)
Adjustments & Transfers	5,858	51	551	6,459
Balance as at 31 December 2022	34,501	54	582	35,137

Accumulated Depreciation and impairment losses

	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

	Computer Software	Other Intangible Assets	Intangible Assets under construction or development	Total
Balance as at 01 January 2022	20,702	-	-	20,702
Eliminate on Disposal/Derecognition	-	-	-	-
Adjustments & Transfers	3,792	28	-	3,820
Depreciation Expense	2,159	22	-	2,181
Impairment	-	-	-	-
Balance as at 31 December 2022	26,652	50	-	26,702

Net Book value 31 December 2020	4,899	-	-	4,899
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Net Book value 31 December 2021	7,788	1	22	7,810
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Net Book value 31 December 2022	7,849	4	582	8,435
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Note 12: Investment Property

EPS Actual 2021 CI\$000	Description	EPS Actual 2022 CI\$000
	Cost	
7,300	Balance as at 1 January	9,226
-	Changes in fair value in prior year	
-	Revaluations	
7,300	Total Cost	9,226
7,300	Net Book Value	9,226
Managed by:		
CI\$000		CI\$000
-	Central Government	-
7,300	Statutory Authorities & Government Companies	9,226
7,300	Total Investment Property	9,226

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 2022.

EPS Actual 2021 CI\$000	Description	EPS Actual 2022 CI\$000
194	Rental income from investment properties	201
	Direct operating expenses arising from investment property	
450	that generated rental revenue during the period	616

Note 13: Trade Payables, Other Payables & Accruals

Core Actual 2021 CIS000	EPS Actual 2021 CIS000	Description	Core Actual 2022 CIS000	EPS Actual 2022 CIS000
21,753	22,242	Trade Payables	14,575	29,336
1,818	2,014	Payroll Deductions	2,512	2,881
112,621	74,894	Accruals	52,845	54,309
1	1	Trust liabilities	1	1
389	396	Transfers payable	254	475
576	576	Interest	1,001	1,001
17,576	-	Core government trade with other public entities	23,505	-
42,301	-	Amounts due to public entities	48,666	-
3,546	3,546	Owing to trusts	3,586	3,588
735	-	Accruals- Equity Injection	25	-
8,426	25,056	Other Payables	16,765	36,158
209,742	128,725	Total Trade Payables, Accruals and Other Payables	163,735	127,749

Maturity Profile

Core Actual 2021 CIS000	EPS Actual 2021 CIS000	Description	Core Actual 2022 CIS000	EPS Actual 2022 CIS000
209,742	126,564	Current	163,544	125,306
-	2,161	Non-current	191	2,443
209,742	128,725	Total Trade Payables, Accruals and Other Payables	163,735	127,749

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 2021 CI\$000	Description	EPS Actual 2022 CI\$000
352	Customs Deposits	786
7,457	Cayman Airways Deposits	9,439
91,743	General Registry Deposits	80,493
13,340	Lease of Crown Lands	13,195
49,431	Revenue and Other Deposits Held	54,904
162,323	Total Unearned Revenue	158,817

Held by CI\$000		CI\$000
148,265	Central Government	142,961
14,058	Statutory Authorities & Government Companies	15,856
162,323	Total Unearned Revenue	158,817

Maturity Profile		
EPS Actual 2021 CI\$000	Description	EPS Actual 2022 CI\$000
148,991	Current	145,630
13,332	Non-current	13,187
162,323	Total Unearned Revenue	158,817

Note 15: Employee Entitlements

Core Actual 2021 CIS\$000	EPS Actual 2021 CIS\$000	Description	Core Actual 2022 CIS\$000	EPS Actual 2022 CIS\$000
6,137	6,858	Annual Leave	6,149	6,854
3,135	3,471	Salary & Wages	1,532	1,774
1,665	2,438	Other	2,378	2,883
10,937	12,767	Total Employment Entitlement	10,059	11,511

Maturity Profile				
Core Actual 2021 CIS\$000	EPS Actual 2021 CIS\$000	Description	Core Actual 2022 CIS\$000	EPS Actual 2022 CIS\$000
10,937	12,767	Current	10,059	11,511
-	-	Non-current	-	-
10,937	12,767	Total Employment Entitlement	10,059	11,511

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 2021 C\$000	EPS Actual 2021 C\$000	Description	Core Actual 2022 C\$000	EPS Actual 2022 C\$000
423,224	451,509	Pension Liability	434,819	449,671
-	370,156	Post Retirement Health Care Liability	-	296,783
-	143	Other Post Retirement Liability	-	139
423,224	821,808	Total Retirement Benefits	434,819	746,593

Maturity Profile				
Core Actual 2021 C\$000	EPS Actual 2021 C\$000	Description	Core Actual 2022 C\$000	EPS Actual 2021 C\$000
22,905	51,890	Current	22,875	50,082
400,319	810,764	Non-current	411,944	696,511
423,224	862,654	Total Retirement Benefits	434,819	746,593

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

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

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

IPSAS 39 – requires that the pension liabilities be revalued annually in order to present the fair value of the fund balances. The Government and Statutory Authorities and Government Companies have employed consultants to perform this annual fair value assessment. The result of the 2022 actuarial valuation is a net liability of \$449.5 million (Central Government net liability - \$434.8 million).

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

	2022 CI\$000	2021 CI\$000
Core Government	418,533	404,394
Parliamentarian Pensions	16,726	19,678
Judicial Pensions	(440)	(848)
Central Government Pension Liability Fair Value	434,819	423,224
Statutory Authorities and Government Companies	14,852	28,424
Entire Public Sector Pension Liability Fair Value	449,671	451,648

Note 16: Retirement Benefits (continued)

The present value of the benefit obligation changed as follows:

	Public Service Pensions Plan	Parliamentary Pensions Plan	Judiciary Pensions	Total Central Government	Statutory Authorities	Entire Public Sector
	2022	2022	2022	2022	2022	2022
	Ci\$000	Ci\$000	Ci\$000	Ci\$000	Ci\$000	Ci\$000
<i>Change in benefit obligation</i>						
Benefit obligation at beginning of the year	938,910	33,355	6,237	978,502	86,823	1,065,325
Current service cost	10,291	374	-	10,665	2,439	13,104
Interest cost	24,547	860	161	25,568	2,308	27,876
Plan participants contribution	1,935	8	-	1,943	586	2,529
Remeasurements	(220,707)	(6,421)	(1,571)	(228,699)	(26,638)	(255,337)
Benefits paid from plan/company	(31,094)	(1,923)	(311)	(33,328)	(918)	(34,246)
Business combination/divestitures/transfers	2,260	-	-	2,260	(2,260)	-
Plan combinations	8,248	-	-	8,248	-	8,248
Benefit obligation at the year end	734,390	26,253	4,516	765,159	62,340	827,499

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

<i>Change in plan asset</i>						
Fair Value at beginning of the year	534,516	13,677	7,085	555,278	58,538	613,816
Interest Income	14,099	356	183	14,638	1,583	16,221
Employer contributions	19,889	1,021	-	20,910	1,785	22,695
Plan participants contribution	1,935	8	-	1,943	574	2,517
Benefits paid from plan/company	(31,094)	(1,923)	(311)	(33,328)	(918)	(34,246)
Business combination/divestitures/transfers	1,508	(312)	(9)	1,187	(2,260)	(1,073)
Administrative Expenses	(1,250)	(30)	-	(1,280)	-	(1,280)
Remeasurement - Expected return on plan assets	(231,994)	(3,270)	(1,992)	(237,256)	(11,814)	(249,070)
Plan combinations	8,248	-	-	8,248	-	8,248
Fair value of plan assets at year end	315,857	9,527	4,956	330,340	47,488	377,828

<i>Amounts recognised in the statement of financial position</i>						
Present value benefit obligation	734,390	26,253	4,516	765,159	62,340	827,499
Fair Value of plan assets	315,857	9,527	4,956	330,340	47,488	377,828
Deficit/Surplus for funded plans	418,533	16,726	(440)	434,819	14,852	449,671
Unrecognised net actuarial gain/(loss)	-	-	-	-	-	-
Net liability/(asset)	418,533	16,726	(440)	434,819	14,852	449,671

<i>Amounts recognised in the Statement of Financial Performance</i>						
Current service cost	10,291	374	-	10,665	2,439	13,104
Interest cost	24,547	860	161	25,568	2,308	27,876
Interest Income	(14,099)	(356)	(183)	(14,638)	(1,583)	(16,221)
Administrative Expenses	1,250	30	-	1,280	-	1,280
Total defined benefit pension cost recognised in the Statement of Financial Performance	21,989	908	(22)	22,875	3,164	26,039

<i>Amounts recognised in the Statement of Changes in Equity</i>						
Effect of changes in demographic assumptions	-	-	-	-	1	1
Effect of changes in financial assumptions	(198,511)	(5,808)	(761)	(205,080)	(24,409)	(229,489)
Effect of experience adjustments	(22,196)	(613)	(810)	(23,619)	(2,230)	(25,849)
Return on plan assets (excluding interest income)	231,994	3,270	1,992	237,256	11,814	249,070
Total defined benefit pension cost recognised in the Statement of Changes in Equity	11,287	(3,151)	421	8,557	(14,824)	(6,267)

Total defined benefit pension cost	33,276	(2,243)	399	31,432	(11,660)	19,772
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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 2022 are as follows:

	2022	2021
<i>Weighted average assumptions to determine defined benefit obligation</i>		
Discount rate	5.40%	2.90%
Rate of salary increase	4.5% in 2022, 5.0% in 2023, 4.0% in 2024 and 3.7% thereafter	2.50%
Rate of price inflation	9.5% in 2022, 4.0% in 2023, 2.4% in 2024 and 2.0% thereafter	2.00%
Rate of pension increases	8.3% in 2022, 4.0% in 2023, 2.4% in 2024 and 2.0% thereafter	2.00%
Mortality assumption	100% RP-2014 generationally projected using Scale MP-2021	100% RP-2014 generationally projected using Scale MP-2021
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	2.65%	2.20%
Effective discount rate for service cost	2.95%	2.70%
Effective rate for interest on service cost	2.85%	2.50%
Rate of salary increase	2.00%	2.50%
Rate of price inflation	2.00%	2.00%
Rate of pension increases	2.00%	2.00%
Mortality assumption	100% RP-2014 generationally projected using Scale MP-2021	100% RP-2014 generationally projected using Scale MP-2021

Plan Assets

Percentage of plan assets by asset allocation:

	2022	2021
Global Equity Securities	81%	82%
Debt Securities	18%	17%
Cash	1%	1%
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 2023, estimated the post-retirement healthcare obligation as at 31 December 2022 to be \$2.1 billion (2021: \$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.

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 2022 of \$295.6 million. The amounts recognised in the Statement of Financial Position represent the present value of unfunded obligations, actuarially determined for 31 December 2022.

Note 17: Borrowing / Public Debt

Description	Opening Balance 1 January 2022	Drawdowns/ Additions	Repayments	Revaluation	Closing Balance 31 December 2022
	CI\$000	CI\$000	CI\$000	CI\$000	CI\$000
Core	222,705	329,213	45,484	(77)	506,357
Cayman Islands Development Bank	7,622	-	4,076	-	3,545
National Housing Development Trust	2,772	-	984	-	1,788
Cayman Airways Limited	19,018	-	1,816	-	17,202
Total	252,117	329,213	52,360	(77)	528,893

Maturity Profile

Core Net 2021 \$'000	EPS 2021 \$'000		Core Net 2022 \$'000	EPS 2022 \$'000
Local Currency Debt				
-	2,707	Not later than one year	-	-
-	2,779	Between one and two years	-	-
-	7,009	Between two and five years	-	-
-	9,295	Later than five Years	-	-
-	21,791	Total Local Currency Debt	-	-
Foreign Currency Debt (stated in \$CI)				
42,600	46,676	Not later than one year	53,271	58,843
30,752	34,298	Between one and two years	48,091	57,148
69,005	69,005	Between two and five years	121,139	129,045
80,348	80,348	Later than five years	283,857	283,857
222,705	230,327	Total Foreign Currency Debt	506,358	528,893
222,705	252,118	Total Outstanding Debt	506,358	528,893
Local Currency Marketable Securities and Deposits				
140,175	165,415	Not later than one year	140,175	156,652
10,000	10,000	Between one and two years	10,000	10,000
-	-	Between two and five years	-	-
-	-	Later than five years	-	-
150,175	175,415	Total Local Currency Marketable Securities and Deposits	150,175	166,652
Foreign Currency Marketable Securities and Deposits (stated in CI\$)				
253,609	288,307	Not later than one year	137,759	163,210
-	10,078	Between one and two years	-	69,157
-	-	Between two and five years	-	-
-	-	Later than five years	-	-
253,609	298,385	Total Foreign Currency Marketable Securities and Deposits	137,759	232,367
403,784	473,800	Less :Total Marketable Securities and Deposits	287,934	399,019
(181,079)	(221,682)	Net Public Debt	218,424	129,874
Core Net				
2021	EPS		2022	EPS
\$'000	\$'000		\$'000	\$'000
42,600	49,384	Current Portion	53,271	58,843
180,105	202,733	Non-current Portion	453,087	470,050
222,705	252,117	Total Debt	506,358	528,893

Note 18: Provisions

EPS Actual 2021 C\$000	Description	EPS Actual 2022 C\$000
21,459	Environmental Remediation – Landfill	14,399
17,820	Provision for health claims incurred but not yet reported	14,453
2,898	Frequent Flyer Programme	202
525	Casualty Investigation Fund	72
1,260	Aircraft Maintenance	1,260
1,067	Other Provisions	4,324
45,029	Total Provisions	34,710

Movement in Provisions

EPS Actual 2021 C\$000	Description	EPS Actual 2022 C\$000
41,174	Balance at 1 January	45,029
10,404	Additional provisions made during the year	3,579
(6,549)	Provisions utilised during the year	(13,898)
45,029	Provision for Impairment Losses	34,710

Maturity Profile

EPS Actual 2021 C\$000	Description	EPS Actual 2022 C\$000
23,570	Current	20,311
21,459	Non-current	14,399
45,029	Total Provisions	34,710

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 \$48.0 million, \$10.1 million of which has been accrued. \$14.4 million has been provided in full at the date of the signing of these Financial Statements. See also Note 42.

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 inforce. The lag between the occurrence of a claim and the final payment is normally short term in nature as providers are required by the Health Insurance Act to submit any claims within 180 days of date of service. Thus, any reserve estimates are normally settled within a year.

Frequent Flyer Programme

Other provisions include a provision in respect of the Cayman Airways Ltd frequent flyer programme. This provision is released when points are used or when they become non-redeemable. Points are redeemable for a maximum of three years in the event of non-activity in dormant accounts. The company uses an estimated value of redeemed travel, based on historical average fares, to determine the value attributed on each mile. The provision is included as a liability of \$3,099,600 (2021: \$2,898,000) 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 \$1,680,000 (2022: \$1,680,000) 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 2021 CI\$000	Description	EPS Actual 2022 CI\$000
127,501	Currency notes in circulation	156,767
46,003	Currency coins in circulation	14,350
173,504	Total Demand Liabilities	171,117

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

Note 20: Reserves

EPS Actual 2021	Description	EPS Actual 2022
CI\$000		CI\$000
199	Housing Guarantee Reserve Fund	143
47,996	Environmental Protection Fund	47,351
7,297	Infrastructure Development Fund	14,019
2,719	Student Loan Reserve Fund	2,850
906	National Hurricane Disaster Reserve Fund	1,339
180,935	General Reserve	165,721
375	Currency Issue Reserve	375
10,267	Capital Expenditure Reserve	13,415
3,485	Restricted Funds and Contingency Reserves	-
667,207	Asset Revaluation Reserve	1,079,854
921,386	Total Reserves	1,325,067

Housing Guarantee Reserve Fund

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

The Environmental Protection Fund

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

Infrastructure Development Fund

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

Student Loan Reserve Fund

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

Note 20: Reserves (continued)

National Disaster Reserve Fund

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

General Reserves

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

General Funds Reserve is an accumulation of Government surpluses which are set aside for the benefit of the Islands. Disbursements from the reserve are approved by the Parliament. The General Reserve Fund as at 31 December 2022 was \$165.7 million (2021: \$193.9 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 2022, The General Reserve was \$29.1 million (2021: \$29.1 million) equating to 17.0% (2021: 16.8%) of Demand Liabilities.

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

Currency Issue Reserve

The Currency Issue Reserve was adjusted as the stock of notes printed prior to 2003 was all issued into circulation. The Currency Issue Reserve will 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

Note 20: Reserves (continued)

Capital and Operational Expenditures Reserves (continued)

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 \$37.3 million). There was no transfer to the Reserve Fund for year ended 31 December 2022 as the Bank made a net loss of \$(826,630) (2021: \$328,946). As of 31 December 2022, the Statutory Reserve Fund has a balance of \$176,923 (2021: \$176,923).

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 2022 fiscal year, Management maintained the contingency reserve at \$250,000 (2021: \$250,000). 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.

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.

Note 21: Coercive Revenue

Core Actual 2021 CI\$000	EPS Actual 2021 CI\$000	Description	Core Actual 2022 CI\$000	EPS Actual 2022 CI\$000
206,361	206,361	Levies on International Trade and Transactions	233,643	233,643
557,726	559,266	Domestic Levies on Goods and Services	611,105	622,654
108,257	108,257	Levies on Property	103,631	103,631
4,616	4,606	Fines	9,464	9,364
39,650	40,067	Other Executive Revenue	6,833	7,252
916,610	918,557	Total Coercive Revenue	964,676	976,544

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

EPS Actual 2021 CI\$000	Description	EPS Actual 2022 CI\$000	% of Total Coercive %
206,042	Import Duties	226,152	23%
191,186	Company Registry Fees	205,008	21%
108,342	Work Permits & Other Immigration Fees	120,423	12%
104,874	Stamp Duty - Land Transfers	92,137	9%
54,875	Private Fund Fees	62,798	6%
49,580	Mutual Fund Administrators	51,921	5%
26,606	Banks and Trust Licenses	25,974	3%
1,009	Tourist Accommodation Charges	19,766	2%
319	Cruise & Environment Tax	7,491	1%
38,398	Proceeds of Liquidated Entities	6,547	1%
137,326	Other Fees	158,327	16%
918,557	Total Coercive Revenue	976,544	100%

Note 21: Coercive Revenue (continued)

Foregone Revenues

During the year ended 31 December 2022, Revenue concessions and waivers were given to business importers, civil groups, non-profit organizations and households handled directly by the Customs Department were valued at \$100.6 million, while foregone revenues handled by The Ministry of Finance and Economic Development were \$8.9 million.

Foregone revenues managed directly by the Customs and Border Control Department are shown in the table below.

Foregone Revenue	Waivers/ Exemptions /Concessions 2022 CI\$'000
Business Importers	59,513
Civil Groups and Non Profit Organizations	36,162
Individual Importers	2,237
Government Entities	2,676
Total Revenues Foregone	100,588

Also, total refunds made by the Customs and Border Control Department for the year ended 31 December 2022 were \$1.3 million.

The table below shows the value of revenue foregone within the ambit of the Ministry of Finance and Economic Development, with respect to the categories shown. It 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.

Revenues Foregone in respect to:	No. of Waivers and Refunds	Foregone Revenue 2022 CI\$000
Stamp Duty <u>Waivers</u> for First-Time Caymanian Property Buyers	191	4,518
Cayman Brac Stamp Duty <u>Waivers</u>	55	624
<u>Waiver/ Refund</u> of Import Duty	322	786
<u>Waivers</u> of Stamp Duty under the Discretion of the Minister of Finance and Economic Development	82	2,900
<u>Refunds</u> of Stamp Duty under the Discretion of the Minister of Finance and Economic Development	7	102
<u>Waiver</u> Planning Fees	1	4
<u>Refund</u> Planning Fees	1	-
Total Revenues Foregone	1,284	8,935

Note 22: Sales of Goods and Services

Core Actual 2021	EPS Actual 2021	Description	Core Actual 2022	EPS Actual 2022
CI\$'000	CI\$000		CI\$000	CI\$000
29,524	99,714	Fees and Charges	35,263	131,508
6,776	132,632	General Sales	4,967	156,046
1,347	2,018	Rentals	1,297	3,874
1,998	-	Outputs to Other Government Agencies	2,430	-
284	9,445	Other Sales of Goods and Services	783	9,164
39,929	243,809	Total Sales of Goods and Services	44,740	300,592

A summary of the entity revenues earned during the period ended 31 December 2022 is provided below:

EPS Actual 2021	Description	EPS Actual 2022	% of Total Sales of Goods and Services
CI\$000		CI\$000	%
21,857	Airline Revenues	51,445	17%
36,811	Health Care Services	42,787	14%
33,669	Water Sales	48,620	16%
21,653	Port Revenues	21,535	7%
21,857	Passenger Revenue	51,445	17%
107,962	Other Miscellaneous fees	84,760	28%
243,809	Total Sales of Goods and Services	300,592	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
2021	2021			2022	2022
CI\$000	CI\$000			CI\$000	CI\$000
2,437	3,464		Interest on Cash and Deposits	9,079	12,627
-	813		Royalties	-	698
3	1,042		Other	4	819
2,440	5,319		Total Investment Revenue	9,083	14,144

Note 24: Donations

During the year ended 31 December 2022, the Government received donations totalling \$1.9 million (2021: \$1.4 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
2021	2021			2022	2022
CI\$000	CI\$000			CI\$000	CI\$000
609	1,411		Donation Received	942	1,931
609	1,411		Total Donation Received	942	1,931

Note 25: Personnel Costs

Core Actual 2021 C\$000	EPS Actual 2021 C\$000	Description	Core Actual 2022 C\$000	EPS Actual 2022 C\$000
282,021	467,244	Salaries, Wages and Allowances	293,979	490,754
57,840	9,537	Health Care	67,268	12,588
14,820	24,989	Pension	15,410	30,328
1,429	1,297	Leave	948	895
16,173	20,011	Defined Benefit Pension Liability	15,400	3,428
-	25,544	Post Retirement Health Care Liability	-	24,007
3,199	8,411	Other Personnel Costs	2,871	8,524
375,482	557,033	Total Personnel Costs	395,876	570,524

As at 31 December 2022 Government total staff complement was 7,275 employees (2021: 7,176 employees):

	2022	2021
Core Government	4,470	2,279
Statutory Authorities & Government Companies	2,805	4,397
Total number of employees	7,275	7,176

Health Care

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

Pension

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

Annual Leave Provision

Employees are allowed 7 working days compassionate leave, 10 working days bereavement, and 18-28 working days annual leave based on years of service. Study and other special leave are based on the discretion of the head of the department and the exigencies of the department in question. All staff leave granted is guided by the Public Service Management Act.

Note 26: Supplies and Consumables

Core Actual 2021	EPS Actual 2021	Description	Core Actual 2022	EPS Actual 2022
CI\$000	CI\$000		CI\$000	CI\$000
22,481	91,889	Supplies and Materials	20,462	97,972
70,434	117,471	Purchase of services	78,473	143,834
12,900	25,980	Utilities	16,265	32,933
6,978	12,674	General Insurance	9,829	16,648
851	1,903	Travel and Subsistence	2,393	5,168
1,922	2,519	Recruitment & Training	2,863	4,285
5,913	59,057	Other	6,310	62,316
121,479	311,493	Total Supplies & Consumables	136,595	363,156

Note 27: Leases

Core Actual 2021	EPS Actual 2021	Description	Core Actual 2022	EPS Actual 2022
CI\$000's	CI\$000's			CI\$000's
7,639	18,080	Lease of Sites or Buildings	9,041	17,082
99	256	Lease of Equipment	92	343
13	13	Lease of Vehicles	157	157
7,751	18,349	Total Lease	9,290	17,582

For the year ended 31 December 2021, the Government spent a total of \$17.6 million (2021: \$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 2021	EPS Actual 2021	Description	Core Actual 2022	EPS Actual 2022
CI\$000's	CI\$000's			CI\$000's
43,223	67,720	Property, Plant, and Equipment	46,388	73,042
1,448	1,986	Intangible Assets	1,575	2,181
44,671	69,706	Total Depreciation and Amortization	47,963	75,223

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 2022 was \$75.3 million (2021: \$56.4 million). The largest category of these payments was for the provision of tertiary care to overseas organisations, which totalled \$51.7 million or 69% (2021: \$38.9 million or 69%) of Outputs from Non-Government Organisations.

EPS Actual 2021 C\$000	Description	EPS Actual 2022 C\$000
30	Organize, Administer and Execute the Cayman Islands Fishing Tournament	30
2,401	Legal Aid Services	2,696
39	HIV/AIDS and First Aid Public Education Programmes	39
405	Management of Small Business Development	311
198	Employee Assistance Programme	243
45	Spaying and Neutering of Dogs and Cats	30
250	Teaching of Tertiary Education Courses	250
146	Miss Cayman Committee	100
1,000	Primary and Secondary Education by Private Schools	2,000
2,134	Services for Irregular Migrants	2,509
9	Mentoring Cayman Programme	9
80	Palliative Care Nursing	100
38,916	Tertiary Care at Various Overseas Institutions	51,658
8	Gardening Projects and Landscaping	4
40	Elite Athletes Programme	23
124	Youth Development Programmes	43
2,193	Sports Programmes	1,540
2,341	Care of the Indigent, Elderly and Disabled Persons	2,035
520	Foster Care for Children	393
79	Community Programmes	79
569	Support for Battered Women and Children	325
6	Therapeutic Services for Young Persons	-
713	Preservation of Natural Environments and Places of Historic Significance	570
17	K9 Security Services	50
94	Other Sports Programmes	87
20	Other Health and Cultural Programmes	40
433	Cayman Islands Agricultural Society	186
827	Cayman Finance Services	456
129	Meals on Wheels	75
21	Gender Equality Cayman	7
81	Cayman Islands Crisis Centre	-
1,212	Oversight of Legal Practitioners	1,212
-	Cayman Islands Cadet Corps Committee	66
1,314	Public School Meals Programme	8,114
56,394	Total Outputs from Non-Government Organisations	75,280

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 2022, the Government of the Cayman Islands made transfer payments of \$86.6 million (2021: \$139.4 million). Included in the amount was subsidies paid to displaced tourism workers of \$26.7 million (2021: \$64.2 million), \$10 million (2021: \$18.5 million) in local and overseas education scholarships, \$17.9 million (2021: \$12.2 million) in Poor Relief, \$10.6 million (2021: \$10.4 million) in benefit payments to seamen and ex-servicemen.

Note 30: Transfer Payments (continued)

EPS Actual 2021 CIS\$000	Description	EPS Actual 2022 CIS\$000
804	Tourism Scholarships	533
7	Miss Cayman Scholarships	288
667	Pre-School Educational Assistance	737
18,520	Local and Overseas Scholarships and Bursaries	10,000
12,164	Poor Relief Payments	17,927
37	Temporary Poor Relief for Young Parents Programme (YPP) Students	23
78	Emergency Relief Payments	44
10,418	Ex-Gratia Benefit Payments to Seamen	10,609
71	Youth Programmes and Other Non-Governmental Organisations	-
90	Other Educational and Training Assistance	87
251	Children and Family Services Support	450
70	Support for Services at the Red Cross	70
1,947	Housing Assistance	479
826	Student Enrichment and Support Services	785
28	Support to Local Business Associations	49
752	Sister Islands Home Repairs Assistance	262
64,249	Sports and Cultural Tourism Programmes Assistance	547
153	Support for the Bridge Foundation	155
327	Other Youth, Sports and Cultural Programme Assistance	-
2,968	Other Health & Cultural Programme Assistance	499
2,481	Assistance for Infrastructure Development	540
9,534	Support for Business Initiatives	4,214
1,218	SEN Scholarships	1,066
51	Medical Scholarships	82
1,255	Grants to farmers	84
58	Support to Local Financial Services Associations	56
871	Sister Islands Beaches and Community Clean Up Programme	608
4,841	Temporary Financial Assistance	3
121	Look After Care Payments	-
113	Youth After Care Payments	-
-	Assistance to GTR Committee	145
163	Private and Public School Grants	140
300	Health Insurance Increase (CINICO)	150
22	Sister Islands Community Programmes/Projects	52
1,771	Assistance to farmers due to TS Grace	-
113	Assistance to small and micro businesses-TS Grace	-
-	Youth, Sports, Culture and Heritage Programs	931
122	Ex-gratia Stipend - Wages lost during isolation	26,658
-	Sustainability Programme Support	34
-	Supporting Sustainability and Climate Resiliency in the Community	219
-	Agricultural Sustainable Production Programme	100
350	Cayman Finance	-
90	Hope for Today Foundation	-
1,500	Support for Community Projects through R3	-
-	Electrical Assistance	7,949
139,401	Total Transfer Payments	86,575

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. Also included in other executive expenses are costs of \$8.6 million (2021: \$10.2 million) related to expenses incurred for environmental remediation.

EPS Actual 2021 C\$000	Description	EPS Actual 2022 C\$000
59	Universal Postal Union	62
11,241	Doubtful Debt Expenses	4,339
73	Executive bank Charges	74
182	Debt Write off-Executive Transactions	1
1,365	Judiciary Expenses	1,862
1,184	Constituency Allowance	1,140
48	Contribution to Caribbean Financial Action Task Force	53
163	Caribbean Economic Community (CARICOM) Fees	162
74	Caribbean Regional Technical Assistance Centre (CARTAC) Contribution	84
10	Subscription to Caribbean Examinations Council	10
585	University of the West Indies	510
15	Pan American Health Organisation Subscription	9
776	Caribbean Catastrophe Risk Insurance Facility - Annual Premium	883
736	Court of Appeal Expenses	950
-	United Nations Caribbean Environmental Programme	6
-	Commonwealth Parliamentary Association	125
8	World Anti-Doping Agency	-
3	Regional Anti-Doping Organization	-
112	Caribbean Agriculture Research and Development Institute (CARDI)	112
54	Organisation for Economic Co-operation Development (OECD) Global Forum	45
60	New Court House	-
18	Caribbean Public Health Agency (CARPHA)	18
389	Settlement of Claims - Executive	120
145	Project Future	415
107	Older Persons Policy	-
58	Regional Security Initiatives	76
148	CIG Core Christmas Stipend	178
103	Second Chances	54
8	Commonwealth Telecommunication Organisation	-
20	Caribbean Telecommunication Union	10
79	CDEMA Membership	79
-	Caribbean Association of Medical Councils	6
-	Oil Spills Tier - Annual Fee	52
10,163	Environmental Remediation	13,520
21,695	Supplies and Other Items to Combat COVID-19	-
69	Emerging Talent Development Programme	59
-	Strata Fees for Crown-owned Property	20
-	Lease Payments	74
1,008	Other	96
50,758	Total Other Operational Expenses	25,204

Note 32: Financing Costs

During the year ended 31 December 2022, the Government incurred financing charges of \$17.4 million (2021: \$12.6 million) in relation to its public debt.

EPS Actual 2021	Description	EPS Actual 2022
CI\$000		CI\$000
9,919	Interest on borrowings	16,090
2,637	Other borrowing costs	1,223
12,556	Total Finance Costs	17,362

Costs attributed to

EPS Actual 2021	Description	EPS Actual 2022
CI\$000		CI\$000
11,475	Central Government	15,481
1,081	Statutory Authorities & Government Companies	1,881
12,556	Total Finance Costs	17,362

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 2022	
	Actual 2022 CI\$000
Surplus/(deficit) from ordinary activities	58,639
Non-cash movements	
Depreciation expense	75,223
Losses on non-financial instruments	(1,141)
Losses on revaluation of assets	-
Impairment of assets	2,213
Gain on foreign exchange transactions	3,277
Increase in provision for bad debt	5,472
Changes in assets and liabilities:	
(Increase)/decrease in receivables	(27,700)
(Increase)/decrease in inventories	2,666
(Increase)/decrease in other current assets	215
(Increase)/decrease in biological assets	64
Increase/(decrease) in payables and other accruals	(4,482)
Increase/(decrease) in other liabilities	(5,646)
Increase/(decrease) in provisions relating to employee costs	19,520
Net cash flows from operating activities	128,320

Note 34: Explanation of Major Variances to Budget

Statement of Financial Performance

The financial results show a \$58.6 million Operating Surplus for the EPS; this amount is \$74.4 million more than the 2022 projected Operating Deficit of \$15.8 million.

Revenues

Total Operating Revenues for the twelve-month period to 31 December 2022 were \$1.3 billion, which was \$161.7 million more than the full year projection of \$1.1 billion. This positive variance was mainly due to the favourable variances (of \$78.7 million and \$79.9) in Coercive Revenue and Sales of Goods and Services Revenue, respectively.

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

- *Motor Vehicle Charges (\$9.9 million) – due to a higher than expected volume of vehicles being imported;*
- *Mutual Fund Administrators Licence Fees (\$4.6 million) – due to an increase in the volume of funds registered;*
- *Other/Miscellaneous Stamp Duty (\$4.2 million) – due to continued high demand in the real estate market;*
- *Private Fund Fees (\$4.3 million) – due to an increase in the volume of funds registered;*
- *Stamp Duty - Land Transfers (\$23.6 million) – there continues to be higher than expected volumes of property transactions coupled with high property values. The revenue earned for the year (\$92.1 million) was 135% more than the projected revenue; and*
- *Work Permit Fees (\$20.1 million) – due to an increase in demand for workers as the Island moved beyond phase five of the border reopening and a stronger economic performance than expected*

Notwithstanding the overall favourable results in revenues, when compared to the 2022 Budget, there were certain areas that fell short of projected expectations due to the continued effect of COVID-19 on the economy; in particular Other Import Duty (\$14.4 million negative variance). However, when compared to the results for prior year-to-date, actual results have increased for this particular category of revenues. Other Import Duties earned \$17.6 million more in 2022, due to the relaxation of COVID-19 restrictions and the re-opening of the Cayman Islands borders.

Note 34: Explanation of Major Variances to Budget (continued)

Sale of Goods and Services earned \$300.6 million, which was \$79.9 million more than the full year anticipated results, mainly due to strong revenue performance against budget targets in some Statutory Authorities and Government Agencies following the border reopening and stronger than expected economic performance.

Investment Revenue earned \$14.1 million, which was \$9.0 million more than the anticipated results mainly related to higher cash balances held by the Government. This afforded larger balances to be placed on fixed deposits and enabled the purchase of US Government Treasury Notes.

Expenses

Total Operating, Financing and Non-Operating Expenses of the Government for the twelve-month period ended 31 December 2022 were \$1.2 billion; this amount was \$83.5 million more than the 2022 budget of \$1.1 billion

Personnel Costs of \$570.5 million were \$58.5 million less than the budget of \$629.0 million, mainly attributed to delayed recruitment.

Supplies and Consumables, excluding Operating Leases, were \$363.2 million for the year and were \$85.9 million more than the 2022 budget. mainly due to increased spend mostly by SAGCs in some areas such as supplies for health services, professional fees, fuel prices and maintenance costs.

Depreciation & Amortisation of \$75.2 million were \$2.2 million more than the full year budget, mainly due to the increase in value certain categories of property, plant and equipment following the 2021 revaluation resulting in higher value of deprecation charges.

Outputs from Non-Governmental Output Suppliers of \$75.3 million were \$32.8 million more than the budget. The variance is mainly due to "NGS 55 - Tertiary Care at Local and Overseas Institutions" being \$30.7 million more than the 2022 budget. The costs for NGS 55 are \$51.7 million and exceeds the 2022 full year budget of \$20.9 million.

Transfer Payments of \$86.6 million were \$25.1 million more than budgeted for the year. This variance is mainly due to the Ex-gratia "Tourism Stipend" (\$16.4 million negative variance) and Electrical Assistance (\$7.9 million negative variance). The costs for Ex-gratia "Tourism Stipend" were \$26.7 million, which exceeds the initial 2022 full year budget of \$10.3 million.

Note 34: Explanation of Major Variances to Budget (continued)

Other Executive Expense of 25.2 million were \$8.4 million less than budget mainly due to savings in costs mostly by SAGCs in some areas such as health services and Port Authority services.

Statement of Financial Position

As at 31 December 2022, Net Assets of the Government were \$2.1 billion, which was \$737.0 million more than the anticipated budgeted amount of \$1.3 billion.

Assets

Cash and Cash Equivalent

Total Cash and Deposits balances (held for no longer than 90), are significantly higher (approx. \$220.5 million) than anticipated in the 2022 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 \$42.7 million more than anticipated in the 2022 Budget. Due to the significant cash balances on-hand, the Government continues to place funds on longer-term fixed deposits. These assets also include US Government Treasury Notes that were purchased on June 28, 2022 at a value of US\$338.0 million (CI\$280.5 million); which will mature in June 2023.

Property, Plant and Equipment (PPE)

PPE were \$351.2 million more than the budget expectation of \$2.2 billion, significantly due to the 2021 revaluation certain categories of assets including Land and Buildings.

Trade and Other Receivables

Trade and Other Receivables, inclusive of Other Non-Financial Assets, were \$23.7 million higher than anticipated balances. This variance was primarily driven by stronger-than-budgeted revenue performance across several Statutory Authorities and Government Agencies, reflecting the impact of the border reopening and better-than-expected economic activity. This uplift in receivables was accompanied by a corresponding increase in bad debt provisioning, reflecting a prudent assessment of collectability risks associated with the higher outstanding balances.

Prepayments

Prepayments are \$11.1 million above budget, primarily driven by deposits for the acquisition of property, plant and equipment, as well as advance payments for supplies and

Note 34: Explanation of Major Variances to Budget (continued)

Prepayments (continued)

consumables. Additional contributions include deposits related to leased aircraft arrangements and ground handling services. The variance is also influenced by project delays arising from COVID-19, which shifted expected timelines and were not fully reflected during the budget preparation process.

Investment Property

Investment property at the end of 2022 reflected a \$9.2 million positive variance to budget due to gains as a result of revaluation.

Liabilities

Trade Trade Payables, Other Payables and Accruals

Trade Payables, Other Payables, and Accruals were \$54.1 million above budget in 2022. This variance was primarily driven by increased business activity following the post-pandemic recovery, combined with significantly higher input costs, such as fuel and maintenance, relative to budgeted assumptions. The elevated cost environment and higher operating volumes contributed to the buildup in outstanding payables at year end.

Unearned Revenues

Unearned Revenues of \$158.8 million were \$65.5 million more than 2022 Budget, due mainly to higher than expected pre-payment of various financial services related fees.

Retirement Benefits

Retirement Benefits liability were \$215.1 million less than the budget of \$961.7 million due to the recognition of the 2022 pension actuarial valuation and the SAGCs post-retirement health care liability based on the 2022 actuarial valuation.

Currency Issued

Currency Issued were \$20.8 million less than the budget of \$191.9 million due to there being less than anticipated amounts of notes and coins in circulation.

Provisions

Provisions were \$16.9 million more than the budgeted expectations of \$17.8 million, mainly due to provisions for the environmental liability; that is the landfill remediation costs. Compared to prior year these provisions have declined due to utilization of medical claims and ongoing works on the landfill.

See also Note 46 Principles of Responsible Financial Management for key performance indicators.

Note 35: Commitments

Type	One Year or Less	One to Five Years	Over Five Years	31 December 2022	31 December 2021
	CI\$000	CI\$000	CI\$000	CI\$000	CI\$000
Capital Commitments					
John Gray High School	7,349	7,698	-	15,047	63,001
Landfill	46	137	-	183	18,295
Long term residential mental health facility	2,142	-	-	2,142	5,000
Other property, plant and equipment	6,585	8,101	-	14,686	9,244
Total Capital Commitments	16,122	15,936	-	32,058	95,540
Operating Commitments					
Non-Cancellable Accommodation Leases					
Accommodation leases	7,159	9,987	5,421	22,568	18,229
Other Non-Cancellable Leases					
Land Lease	12,395	49,353	24,670	86,418	98,720
Premises Lease	82	188	-	269	300
Aircraft Leases	7,921	18,004	-	25,926	32,607
Licensing Agreement	299	147	-	446	-
Other Operating Lease	8	-	-	8	4,680
Other Operating Commitments					
Other Operating Commitments	10,399	13,659	584	24,642	17,920
Total Operating Commitments	38,263	91,338	30,675	160,277	172,457
Total Commitments	54,385	107,274	30,675	192,335	267,997

Capital Commitments

The largest capital commitments are held by the Ministry of Education, the Ministry of Health and Wellness and the Ministry of District Administration & Lands.

Operating Commitments

Operating commitments relate to leases held by several SAGCs. The Aircraft leases are held by Cayman Airways Limited, which has entered into lease agreements in connection with the leasing of aircraft. Effective 30 June 2016 the Company entered into various new lease arrangements in relation to multiple Boeing 737-8Max aircrafts.

Other operating commitments are mainly held by the Ministry of Finance and Economic Development.

Note 36: Contingent Liabilities

Environmental Remediation

An environmental remediation liability results from the normal operation of a long-lived asset and is associated with the retirement of that asset. The Government currently operates waste landfill sites in all three of the Cayman Islands. The Integrated Solid Waste Management System (ISWMS) – now ReGen Project agreement was signed in March 2021. The initial stage of the approved Early Works involving the capping and remediation of the George Town Landfill, has commenced. Once the project reaches financial close, works will commence on a Waste to Energy facility which is estimated to be completed in 3 years. The facility is expected to revolutionize how the Country's waste is handled and to provide a sustainable solution for well into the future.

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 2022, the Government has estimated contingent liabilities of \$12.443 million (2021: \$3.5 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 \$1,320,000 and nil (2021: \$1,070,000 and nil), respectively are less than probable to be successful and are covered by insurance in excess of deductible; accordingly, no provisions were recognized for possible losses.

Note 36: Contingent Liabilities (continued)

Health Services Authority (continued)

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 & Housing.

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.

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;

- (a) Require an unpredictable level of budgetary support from the Governor in Cabinet are given an 80% weighting;

Note 36: Contingent Liabilities (continued)

Guarantees (continued)

- (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 2022	Loan Balance as at 31 December 2022
		CI\$'000	CI\$'000
Cayman Airways Limited	80%	13,762	17,202
Cayman Islands Development Bank	50%	1,773	3,545
National Housing Development Trust	80%	1,431	1,788
		16,966	22,535

Government Guaranteed Home Assistance Mortgage (GGHAM) Program

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

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

The current GGHAM approved amount is \$65.0 million; however, this agreement expired on November 2012. The GGHAM drawn balance is currently \$10.7 million of total approved mortgages which on face value indicates that Central Government is committed to a contingent liability of 35% which equates to \$3.7 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 2022 the reserve balance was adjusted to \$142,503 (2021: \$199,229).

As at 31 December 2022, for the life of the program, 4 local banks have called in the guarantees of 23 GGHAM loans totalling \$0.9 million (2022: \$0.9 million). The claims are at

Note 36: Contingent Liabilities (continued)

GGHAM Program (continued)

various stages of the claims process ranging from discussions with the banks to awaiting approval for payment. These amounts include interest and other related costs and have been included as an amount payable as at 31 December 2022. Based on the delinquency as at 31 December 2022 a provision of \$0.9 million (2021: \$0.9 million) 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 program to offer and provide new credit facilities (NCFs) to qualifying MSBs and LSBs that are under financial duress for the purpose of providing critical working capital, critical capital expenditures and loan restructuring necessary for the economic viability of the eligible borrowers.

The amounts guaranteed by the Government equal 50% of the aggregate of the outstanding principal, unpaid interest and other NCF costs of the eligible borrowers, provided that at no time shall the guaranteed amount exceed \$375,000 for a MSB and \$1,500,000 for a LSB.

Eligible borrowers are to be approved by the respective five local banks under the GLP. The period of repayment for a 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 2022, Ten (10) borrowers have been approved for NCF's under the GLP amounting to \$5.6 million. No provisions have been made for these loan amounts.

Other Contingent Liabilities

Pursuant to the agreement with a local bank, Cayman Airways Limited must comply with certain covenants, namely ensuring that all scheduled repayments are current and the provision of audited financial statements and other financial data of both the Company and the Government (as guarantor). In the event of default, the local bank may, by written

Note 36: Contingent Liabilities (continued)

Other Contingent Liabilities (continued)

notice to the Company, declare all borrowings under the agreements to be immediately due and payable. At 31 December 2018 the local banks provided waivers of such covenants to the Company.

Letters of Credit

A local bank has issued a number of letters of credit on behalf of Cayman Airways Limited in the amount of \$1,103,325 (2021: \$911,586). These are used as collateral for United States Customs bonds and credit account support. The letters of credit bear interest at a rate of 1% per annum.

Note 37: Financial Risk Management

Credit Risk

Credit and counterparty risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation or commitment.

Core Government

Financial instruments potentially expose the government to credit risk. Concentrations of credit risk relate to groups of customers or counter- parties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

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

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

The Government generally operates a no credit policy however, where credit is allowed such customers have to be pre-approved and are required to place assessed deposits with the Government from which such credit is being requested. Sales to retail customers are settled in cash or credit cards.

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

Cayman Islands Development Bank

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

Health Services Authority

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

Note 37: Financial Risk Management (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.

Utility Regulation and Competition Office

The Utility Regulation and Competition Office is exposed to credit risk primarily from its receivables from licensees, and from its various deposits in its bank. The Office does not have the flexibility in refusing to transact with licensees in accordance with the laws. At year-end, the Office evaluates the financial capability of its licensees to determine any issues with collectability that can result in a financial loss. The Office also continues to monitor the financial soundness of its banking institution, and currently believes that there are no issues impacting the bank’s ability to repay amounts in accordance with the respective terms of various deposits. The Office’s accounts receivable balance does not have any significant credit risk exposure to any single licensee, but is inherently exposed in its entirety to the telecommunications industry in the Cayman Islands. The Office’s licensees include well-established local telecommunication and media companies and, at 31 December 2022, there have been no indications of any insolvency in those entities that impacts their ability to pay the Office. On the other hand, the Office’s deposits are concentrated in a single accredited banking institution based locally.

Civil Aviation Authority

Financial assets that potentially subject the Authority to credit risk consist principally of bank current accounts, fixed deposits, trade and other receivables. The Authority’s fixed deposits are placed with accredited financial institutions and due diligence conducted on clients before they are accepted on the register. Local credit clients are sufficiently regulated. The Authority is responsible for managing and analysing the credit risk for each of their new customers before standard payment terms and conditions are offered. The Authority’s clients with the largest outstanding balances as at 31 December 2022 are Cayman Islands Airport Authority (CIAA) with approximately 24% (2021: 0%) of total

Note 37: Financial Risk Management (continued)

outstanding balances and Cayman Airways 6% (2021: 6%) are considered significant concentrations of credit risk. The Cayman Islands Government accounts are considered medium exposure risks due to possible CIG policy changes when new governments are elected.

Liquidity Risk

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

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

Insurance Risk

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

Cayman Islands National Insurance Company

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

CINICO uses several techniques to mitigate risk surrounding potential high claim losses. For its largest group (Group 30100 - Civil, Servants, Pensioners and Government Entities), reinsurance has been purchased that covers overseas claim losses which exceed US\$700,000, up to US\$5,000,000 in respect of any one covered person during the policy year, with an aggregate cap of US\$10,500,000 per year. The Company's Standard Health Insurance Contracts ("SHIC" plans) use a combination of pre-existing condition exclusions, and annual limits to mitigate risk. The Company uses United Healthcare for the provision of overseas network access. These entities have pre-negotiated contracts with many

Note 37: Financial Risk Management (continued)

overseas providers which would allow the Company to realise significant savings. During the current fiscal year on a monthly basis, the Risk and Appeals Committee met to discuss large claims and any disputed claims.

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

Interest Rate Risk

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

Core Government

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

Cayman Islands Development Bank

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

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

Cayman Airways Ltd

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

Note 37: Financial Risk Management (continued)

Health Services Authority

The Health Services Authority is exposed to interest rate risk for the \$4 million credit facility with CIBC First Caribbean International Bank (Cayman) Ltd ("CIBC") at a prime rate plus 0.25% per annum. This interest rate will fluctuate from time to time in line with the general level of interest rates. The risk is managed by the Health Authority by maintaining a short-term credit agreement that is renewable every year to have a negotiable and preferred rate. In addition, the Health Services Authority is limiting the usage of the credit facility by continuously monitoring the daily cash position which management views as likely to result into a bank preferred interest rate on the renewal of the agreement. The Health Authority has a minimal exposure on interest rate risk as no other financial instruments are exposed to this type of risk.

Port Authority

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Port Authority holds 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 38: 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 39: Related Parties

The Government is comprised of 21 Ministries, Portfolios and Offices (each with an Entity and Executive organisation) and 24 Statutory Authorities and Government Companies. While inter-agency charges between central governments agencies have been suspended generally these entities and their key management personnel, transact business amongst them and with the Government reporting entity on a regular basis. Transactions between Ministries, Portfolios, Offices and Statutory Authorities and Government Agencies include health care, purchasing airline tickets, audit services, water, sewage and registration of vehicles. The Public Management and Finance Act (2020 Revision), as amended, requires that each Ministry, Portfolio, Office and Statutory Authority and Government Company report their financial activities separately and submit them for auditing, both at the entity and executive level, including the disclosure of all transactions with the Central Government and other related parties as appropriate in these individual financial statements.

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

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.

EPS Actual 2021 CI\$'000	Description	EPS Actual 2022 CI\$'000
47,300	Salaries & other short term employee benefits	53,557
4,919	Other long term benefits	4,031
52,218	Total Remuneration	57,587

307	Number of Key Management Personnel	383
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Note 39: Related Parties (continued)

As at December 31, 2022, Senior Management of the Cayman Islands Development Bank held loans totalling \$412,236 (2021: \$6,616); 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, 2022 amounted \$20,413 (2021: \$527). Loans given to key management personnel includes mortgage, debt consolidation at average interest rate of 4.75%.

Compensation of Board Members

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

EPS Actual 2021 CI\$'000	Description	EPS Actual 2022 CI\$'000
977	Directors Fees	1,707
-	Other fees	-
977	Total Remuneration	1,707
107	Number of Board Members	101

Note 40: Segment Reporting

GOVERNMENT OF THE CAYMAN ISLANDS STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022					
	Note	Central Government C\$000	Statutory Authorities & Government Companies C\$000	Inter- government trade C\$000	EPS Actual 2022 C\$000
Current Assets					
Cash and Cash Equivalents	2	302,731	377,288	-	680,019
Trade Receivables	3	12,540	57,936	29,666	40,810
Other Receivables	4	20,668	24,124	10,223	34,569
Dividends Receivable	4	3,344	-	3,344	-
Inventories	5	7,357	21,127	-	28,484
Loans Made	6	611	757	-	1,368
Investments	7	330,239	64,672	48,638	346,273
Prepayments	8	12,845	7,770	117	20,498
Biological Assets	9	-	465	-	465
Total Current Assets		690,335	554,139	91,988	1,152,486
Non-Current Assets					
Trade Receivables	3	427	-	-	427
Loans Made	6	46,601	21,503	46,100	22,004
Property, Plant and Equipment	10	2,044,234	542,992	-	2,587,226
Intangible Assets	11	6,125	2,310	-	8,435
Investment Property	12	-	9,226	-	9,226
Investments	7	831	73,177	-	74,008
Prepayments	8	-	4,197	-	4,197
Net Worth - Public Entities	46	562,507	-	562,507	-
Other Non-Current Assets		92	64	-	156
Total Non-Current Assets		2,660,817	653,469	608,607	2,705,679
Total Assets		3,351,152	1,207,608	700,595	3,858,165
Current Liabilities					
Trade Payables	13	14,575	17,231	2,470	29,336
Other Payables & Accruals	13	148,969	33,386	86,384	95,971
Bank Overdraft	2	-	434	-	434
Unearned Revenue	14	129,774	16,165	309	145,630
Employee Entitlements	15	10,059	1,452	-	11,511
Retirement Benefits	16	30,437	2,507	-	32,944
Borrowings/Public Debts	17	53,271	44,572	39,000	58,843
Repayment of Surplus		-	2,826	2,826	-
Provisions	18	481	19,830	-	20,311
Total Current Liabilities		387,566	138,403	130,989	394,980
Non-Current Liabilities					
Other Payables & Accruals	13	191	2,252	-	2,443
Unearned Revenue	14	13,187	-	-	13,187
Retirement Benefits	16	404,382	309,267	-	713,649
Borrowings/Public Debts	17	453,087	24,063	7,100	470,050
Currency Issued	19	-	171,117	-	171,117
Provisions	18	14,399	-	-	14,399
Total Non-Current Liabilities		885,246	506,699	7,100	1,384,845
Total Liabilities		1,272,812	645,102	138,089	1,779,825
Net Assets		2,078,340	562,506	562,506	2,078,340
Net Assets/Equity					
Reserves	20	171,949	73,263	-	245,212
Revaluation Reserve	20	893,537	186,318	-	1,079,855
Current Period Surplus		58,639	11,610	11,610	58,639
Accumulated Surplus/(Deficit)		954,215	291,315	550,896	694,634
Total Net Assets/Equity		2,078,340	562,506	562,506	2,078,340

Note 40: Segment Reporting (continued)

GOVERNMENT OF THE CAYMAN ISLANDS					
STATEMENT OF FINANCIAL POSITION					
AS AT 31 DECEMBER 2021					
	Note	Central Government CI\$000	Statutory Authorities & Government Companies CI\$000	Inter- government trade CI\$000	EPS Actual 2021 CI\$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 40: Segment Reporting (continued)

GOVERNMENT OF THE CAYMAN ISLANDS					
STATEMENT OF FINANCIAL PERFORMANCE					
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022					
	Note	Central Government CI\$000	Statutory Authorities & Government Companies CI\$000	Inter- government Trade CI\$000	EPS Actual 2022 CI\$000
Revenue					
Coercive Revenue	21	964,676	12,439	571	976,544
Sales of Goods & Services	22	44,740	365,703	109,851	300,592
Cabinet Revenue		-	140,697	140,697	-
Investment Revenue	23	9,083	5,426	365	14,144
Donations	24	942	11,044	10,055	1,931
Other Revenue		1,541	380	-	1,921
Total Revenue		1,020,982	535,689	261,539	1,295,132
Expenses					
Personnel Costs	25	395,876	244,177	69,529	570,524
Supplies and Consumables	26	136,595	232,006	5,445	363,156
Leases	27	9,290	8,387	95	17,582
Depreciation/Amortisation	28	47,963	27,260	-	75,223
Outputs from Statutory Authorities and Government Companies	43	185,710	-	185,710	-
Outputs from Non-government Organisations	29	75,280	-	-	75,280
Transfer Payments	30	86,575	-	-	86,575
Litigation Costs		854	484	100	1,238
Other Executive Expenses	31	20,794	4,705	295	25,204
Finance Costs	32	15,846	1,881	365	17,362
Total Expenses		974,783	518,900	261,539	1,232,144
Other (Gains)/Losses					
(Gains)/Losses on Derecognition of Assets/Liabilities		173	-	-	173
Impairment of Inventory		(10)	2,223	-	2,213
(Gains)/Losses on Financial Instruments		(810)	4,087	-	3,277
(Gains)/Losses on Non-financial Instruments		(183)	(1,131)	-	(1,314)
(Surplus)/Deficit on Statutory Authorities & Government Companies	44	(11,610)	-	(11,610)	-
Total Other (Gains)/Losses		(12,440)	5,179	(11,610)	4,349
Surplus/(Deficit) for the Period		58,639	11,610	11,610	58,639

Note 40: 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 40: Segment Reporting (continued)

GOVERNMENT OF THE CAYMAN ISLANDS				
STATEMENT OF CASH FLOWS				
FOR THE YEAR FINANCIAL YEAR ENDED 31 DECEMBER 2022				
	Central Government CIS000	Statutory Authorities & Government Companies CIS000	Inter-government trade & Adjustments CIS000	Actual 2022 CIS000
Note				
Operating Activities				
Cash received				
Coercive Receipts	935,500	2,034	-	937,534
Sales of Goods & Services	51,589	404,448	165,439	621,476
Outputs to Cabinet	-	141,436	(141,436)	-
Outputs to other government agencies	2,319	75,116	(77,435)	-
Interest received	4,766	4,333	326	9,425
Donations / Grants received	-	11,045	10,055	21,099
Other receipts	16,827	17,822	-	34,649
Total cash received	1,011,001	656,234	(43,051)	1,624,184
Cash used				
Personnel costs	(398,916)	(244,705)	(4,023)	(647,644)
Supplies and consumables	(139,140)	(282,036)	(175,367)	(596,544)
Outputs from public authorities	(198,889)	(15)	198,904	-
Outputs from non-governmental organisations	(67,608)	-	-	(67,608)
Transfer payments	(89,152)	-	-	(89,152)
Financing/interest payments	(15,263)	(3,774)	(326)	(19,364)
Other payments	(48,362)	(23,686)	(3,539)	(75,587)
Total cash used	(957,330)	(554,217)	15,648	(1,495,898)
Net cash flows from (used by) operating activities	32	53,671	(27,403)	128,286
Investing activities				
Cash received				
Proceeds from sale of property, plant and equipment	-	(253)	-	(253)
Proceeds from the sale of Investments	349,186	(6,353)	-	342,833
Proceeds from the sale of Investments	477	-	-	477
Dividends and Capital withdrawal from Public Entities	100	-	(100)	-
Total cash received	349,763	(6,606)	(100)	343,057
Cash used				
Purchase of property, plant and equipment	(88,015)	(31,832)	-	(119,847)
Purchase of Investments: Placement of Fixed Deposits	(125,334)	(5,504)	-	(130,838)
Purchase of Investments: US Government Treasury Notes	(276,833)	-	-	(276,833)
Loans made by Government	(29,320)	-	25,200	(4,120)
Equity injection in public authorities	(35,529)	-	35,529	-
Total cash used	(555,031)	(37,336)	60,729	(531,638)
Net cash flows from (used by) investing activities	(205,268)	(43,943)	60,629	(188,581)
Financing activities				
Cash received				
Proceeds from Borrowing	329,213	25,200	-	354,413
Deposits from Public Authorities	6,073	-	(6,073)	-
Total cash received	335,286	49,577	(30,450)	354,413
Cash used				
Repayment of Borrowings	(45,369)	(6,844)	-	(52,213)
Total cash used	(45,369)	(6,844)	-	(52,213)
Net cash flows from (used by) financing activities	289,917	42,733	(30,450)	302,200
Net increase/(decrease) in cash and cash equivalents held	138,320	100,808	2,776	241,904
Cash and cash equivalents at beginning of period	164,411	276,046	(2,776)	437,681
Cash and cash equivalents at end of period	2	302,731	376,854	679,585

Note 40: 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	(7,901)	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: Changes to Budget

Changes in circumstances since the preparation of the 2022 and 2023 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 8 June 2023.

Entire Public Sector

	Operating Expenditure	Capital Expenditure	Borrowings
Description	CI\$000	CI\$000	CI\$000
2022 Original Budget	1,149,239	234,192	299,138
Finance Committee adjustments 2022	500	1,000	-
2023 Appropriated Funds used in 2022 (section 9)	24,344	3,923	-
2022 carry forward to 2023	(57,105)	(92,548)	-
Section 11(5)s and Section 12s	95,803	7,641	-
Final Budget	1,212,781	154,208	299,138

Core Government

	Operating Expenditure	Capital Expenditure	Borrowings
Description	CI\$000	CI\$000	CI\$000
2022 Original Budget	921,478	200,519	299,138
Finance Committee adjustments 2022	500	1,000	-
2023 Appropriated Funds used in 2022 (section 9)	24,344	3,923	-
2022 carry forward to 2023	(57,105)	(92,548)	-
Section 11(5)s and Section 12s	95,803	7,641	-
Final Budget	985,020	120,535	299,138

Note 42: Subsequent Event

Management has evaluated the possibility of subsequent events existing in the Government's Financial Statements through to 30 April 2026.

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

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. In May 2023, the Government announced that its negotiations with Dart were nearing completion and financial close was expected before 31 July 2023. However, this date was not met and negotiations continue.

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. 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 site.

Note 42: Subsequent Event (continued)

Strategic Policy Statement

In April 2023, the Government presented its 2024 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.

Borrowings

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)

Note 42: Subsequent Event (continued)

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:

Civil Aviation Authority of the Cayman Islands (CAACI)

Governor's Review - George Town Heliport Recertification

In 2024, 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 43: 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 (2020 Revision). 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 2022, the Government provided subsidies amounting to \$185.7 million (2021: \$159.1 million).

Core Actual 2021 C\$000	Description	Core Actual 2022 C\$000
360	Auditors Oversight Authority	314
23,917	Cayman Airways Limited	20,338
567	Cayman Islands Development Bank	567
24,710	Cayman Islands Monetary Authority	31,857
45,757	Cayman Islands National Insurance Company	52,994
1,101	Cayman National Cultural Foundation	1,260
3,100	Children & Youth Services Foundation	3,100
45,551	Health Services Authority	61,475
237	Maritime Authority of the Cayman Islands	264
689	National Drug Council	715
736	National Gallery of the Cayman Islands	750
675	National Housing Development Trust	675
855	Cayman Islands National Museum	892
45	Sister Islands Affordable Housing Development Corporation	43
2,200	Tourism Attractions Board	1,980
6,919	University College of the Cayman Islands	6,878
1,714	Utility Regulation and Competition Office	1,608
159,133	Total Outputs from Public Entities	185,710

Note 44: Investment in Statutory Authorities & Government Companies

EPS Actual 2021 C\$000	Description	Equity Injection C\$000	Prior Period Adjustments C\$000	Withdrawals C\$000	Revaluation Surplus C\$000	Surplus/ (Deficit) C\$000	EPS Actual 2022 C\$000
472	Auditors Oversight Authority	-	(54)	-	-	98	516
1,352	Sister Islands Affordable Housing Development Corporation	-	(92)	-	73	-	1,333
43,125	Cayman Islands Monetary Authority	-	2,233	-	-	10,743	56,101
61,311	Water Authority Cayman	-	7,545	(250)	-	3,381	71,987
40,644	Cayman Islands Port Authority	-	8,146	-	10,370	(435)	58,725
31,850	Cayman Islands Development Bank	4,500	(513)	-	495	(837)	35,495
5,877	National Gallery of the Cayman Islands	-	(3)	-	-	88	5,962
1,838	Cayman Islands National Museum	78	193	-	-	9	2,118
16,262	University College of the Cayman Islands	470	(5,584)	-	6,085	371	17,604
10,212	Civil Aviation Authority	-	2,283	(2,276)	-	4,420	14,639
648	National Drug Council	-	3	-	-	161	812
16,694	Cayman National Cultural Foundation	-	(5,608)	-	5,358	152	16,596
(8,331)	Health Services Authority	-	38,728	-	14,708	(3,444)	41,661
11,349	Tourism Attractions Board	-	(4,677)	-	4,590	86	11,348
(1,236)	Public Service Pension Board	-	5,554	-	-	(5,373)	(1,055)
4,401	Utility Regulation and Competition Office	-	501	-	-	656	5,558
2,029	Maritime Authority of the Cayman Islands	-	2,628	-	-	645	5,302
1,937	Children & Youth Services Foundation	-	64	-	-	128	2,129
27,474	National Housing Development Trust	5,000	(828)	-	(33)	(1,776)	29,837
(20,307)	Cayman Airways Limited	3,758	2,649	-	-	(6,899)	(20,799)
5,819	Cayman Islands Stock Exchange	-	704	(1,267)	-	1,825	7,081
9,958	Cayman Turtle Conservation and Education Centre Limited	6,110	(4,699)	-	-	(7,803)	3,566
(14,423)	National Roads Authority	-	6,507	-	-	1,996	(5,920)
159,054	Cayman Islands Airports Authority	10,000	(11,634)	-	-	2,242	159,662
25,612	Cayman Islands National Insurance Company	-	5,462	-	-	11,175	42,249
433,622	Total	29,916	49,507	(3,793)	41,646	11,610	562,507

Note 45: Details of Borrowings

Central Government

CAYMAN ISLANDS GOVERNMENT DETAILS OF BORROWINGS AS AT 31 DECEMBER 2022					
	Type of Debt	Managed By	Original Borrowing \$'000	Balance as at 31 December 2022 CI\$'000	Balance as at 31 December 2021 CI\$'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	2,625	6,125
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	1,900	4,433
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	655	3,275
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	53,980	69,403
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	120,945	131,094
FCIB Convertible Loan US403 M Facility in the amount of US\$403 million, (first tranche on 31 Jul 2021 for US\$10,000,00, 2nd tranche of US\$393,000,000 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 403,000	326,253	8,375
TOTAL DEBTS MANAGED BY CENTRAL GOVERNMENT				506,358	222,705

Note 45: Details of Borrowings (continued)

Statutory Authorities and Government Companies

STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES DETAILS OF BORROWINGS AS AT 31 DECEMBER 2022					
	Type of Debt	Managed By	Original Borrowing \$'000	Balance as at 31 December 2022 CIS'000	Balance as at 31 December 2021 CIS'000
RBC Royal Bank of Canada	Foreign Currency - USD	Cayman Airways Ltd	US 23,800	17,202	19,018
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	3,545	7,622
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	1,788	2,772
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				22,535	29,412
TOTAL BORROWINGS				528,893	252,117

Summary of Borrowings

SUMMARY OF BORROWINGS AS AT 31 DECEMBER 2022				
		Original Borrowing US\$/CIS'000	Balance as at 31 December 2022 CIS'000	Balance as at 31 December 2021 CIS'000
Summary by Type	Number of Debts			
Total USD Debt	9	936,810	528,893	252,117
Total KYD Debt	0	-	-	-
Total Public Debt	9		528,893	252,117
Summary by assignment				
Central Government - USD Debt	6	864,320	506,358	222,705
Central Government - KYD Debt	0	-	-	-
Statutory Authorities & Government Companies - USD Debt	3	72,490	22,535	29,412
Statutory Authorities & Government Companies - KYD Debt	0	-	-	-
Total Public Debt	9		528,893	252,117

Note 46: Principles of Responsible Financial Management

The Government of the Cayman Islands manages its day-to-day operation without direct intervention by the Foreign Commonwealth Office (FCO) provided that the policies implemented are in keeping with the agreed direction/guidelines of the FCO. These guidelines are referred to under the Public Management and Finance Law as Principles of Responsible Financial Management. Per section 34 of the PMFL, 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 Commonwealth Office.

Principle	Degree of Compliance	
	2022 Unaudited Actuals	Approved 2022 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 2022)	Complies Surplus = \$47.0 million	Complies Surplus = \$19.4 million
Net Worth: Should be positive (Net worth = Core Government assets – Core Government liabilities)	Complies Net Worth = \$2.1 billion	Complies Net Worth = \$1.3 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 = 7.0%	Complies Debt servicing = 7.4%
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 = 16.4%	Complies Net debt = 18.6%
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 = 107.0 days	Complies Cash Reserves = 137.9 days
Financial risks should be managed prudently so as to minimise risk	Complies Insurance cover exists for all government buildings, vehicles and major potential liabilities. Hurricane Preparedness Strategy in place.	Complies Insurance cover exists for all government buildings, vehicles and major potential liabilities. Hurricane Preparedness Strategy in place.

Note 47: Statement of Trust Holdings

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

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

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

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

As at 31 December 2022, the Government held \$64.6 million (2021: \$112.5 million) in trust assets as shown below.

GOVERNMENT OF THE CAYMAN ISLANDS				
Statement of Trust Assets				
As at 31 December 2022				
	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	271	13	(11)	272
Asset Forfeiture	422	58	(39)	441
Defunct Companies	16,983	9,478	(5,628)	20,834
Court Fund Trusts	76,480	11,188	(63,186)	24,482
Dormant Trusts Account	12,783	2,521	(2,258)	13,045
Immigration Bail Bonds	19	5	(5)	19
Other Trusts	50	-	-	50
Total Trust Assets	112,506	23,263	(71,127)	64,642

Note 48: Government Reporting Entities as at 31 December 2022

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
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CAYMAN ISLANDS GOVERNMENT

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END