



MINISTRY OF
FINANCE & ECONOMIC
DEVELOPMENT
CAYMAN ISLANDS GOVERNMENT

Entire Public Sector (EPS) Accounts Annual Report

For the Financial Year ended
31 December 2023



INTRODUCTION

These financial statements contain the results and position for the financial year ended 31 December 2023. Accordingly, the comparative figures in the financial statements are for the financial year ended 31 December 2022.

Also, included in the information presented are:

- The original budget for the year as published in the 2022-2023 Plan & Estimates;
- The unaudited actuals for the prior year, 2022.

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

GOVERNMENT STRUCTURE

The Cayman Islands is an Overseas Territory of the United Kingdom, a foreign sovereign territory. His Majesty the King of 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 Governments’ organisational structure is broken into Core Government and Statutory Authorities and Government Companies (SAGC), and is collectively referred to as the Entire Public Sector (EPS). Core Government is made up of the Parliament, the Governor in Cabinet, Ministries, Portfolios, and Offices (M/P/O’s) and includes the equity investment in Statutory Authorities and Government Companies.

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

BROAD OUTCOMES FOR 2023

As outlined in the 2022 and 2023 Plan and Estimates, the Government has established the following ten broad outcomes to guide its policy actions:

1. Improving education to promote lifelong learning and greater economic mobility;
2. Ensuring an equitable, sustainable and successful healthcare system;
3. Providing solutions to improve the well-being of our people so they can achieve their full potential;
4. Strengthening good governance for more effective government;
5. Supporting climate change resilience and sustainable development;
6. Increasing social justice in the workforce;
7. Utilising sports to enhance the lives of our people;
8. Building a modern infrastructure to ensure a successful future for our Islands;
9. Improve our financial services as an industry, product and economic driver for our islands;
10. Improve our tourism, as an industry, product and economic driver.

KEY FINANCIAL HIGHLIGHTS

The financial results for the Entire Public Sector (EPS) for the year ending 31 December 2023 show a Surplus of \$34.5 million. For the prior 12-month period ending 31 December 2022 the EPS achieved a Surplus of \$58.6 million.

Actual EPS Surplus results were \$25.8 million more than the EPS original budget surplus of \$8.7 million; but \$24.2 million or 41% (unfavorable variance) less than the EPS Surplus of 2022. This was due to a higher rate of increased government expenditure than the growth in revenue. Mainly in Personnel costs, offset by lesser expenditure in Transfer Payments (due to the cessation of the Ex-gratia “Tourism Stipend”) and Other Executive Expenses (retracted spending by SAGCs).

Total Operating Revenues for the twelve-month period to 31 December 2023 were \$1.4 billion, which was \$183.9 million more than the full year projection of \$1.2 billion. While Total Operating, Financing and Non-Operating Expenses of the Government for the twelve-month period ended 31 December 2023 were \$1.3 billion; this amount was \$163.6 million more than the 2023 budget of \$1.2 billion.

The Government’s financial position remains strong as:

Net Assets (total Assets less all recognised Liabilities) were \$2.2 billion as at 31 December 2023. Cash and Cash Equivalents (including fixed deposits with maturity durations not exceeding 90 days) were \$513.0 million. EPS debt declined by 11% to stand at \$469.8 million as at 31 December 2023.

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.

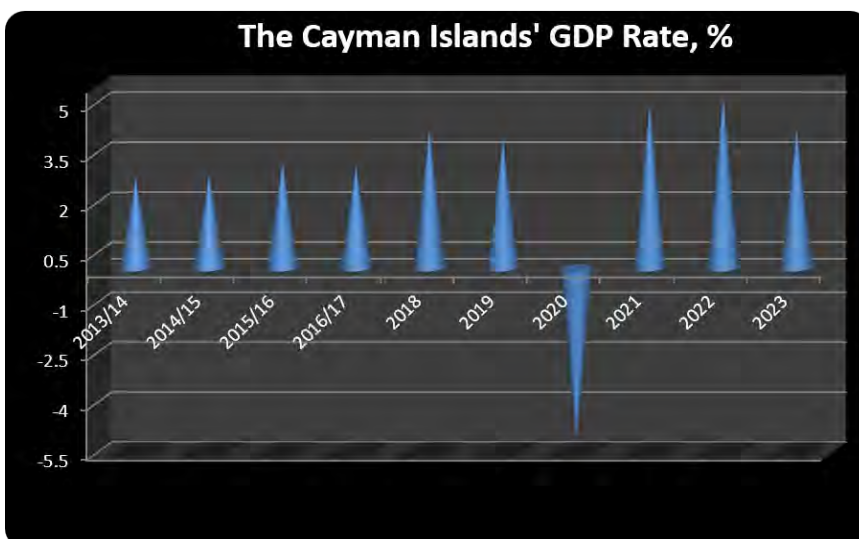
During 2023 the members of the current administration formed a new Government, following the departure of two previous members. This change resulted in a reshuffled Cabinet portfolio as of 15 November 2023.

ECONOMIC OVERVIEW BASED ON ANNUAL ECONOMIC REPORT 2023

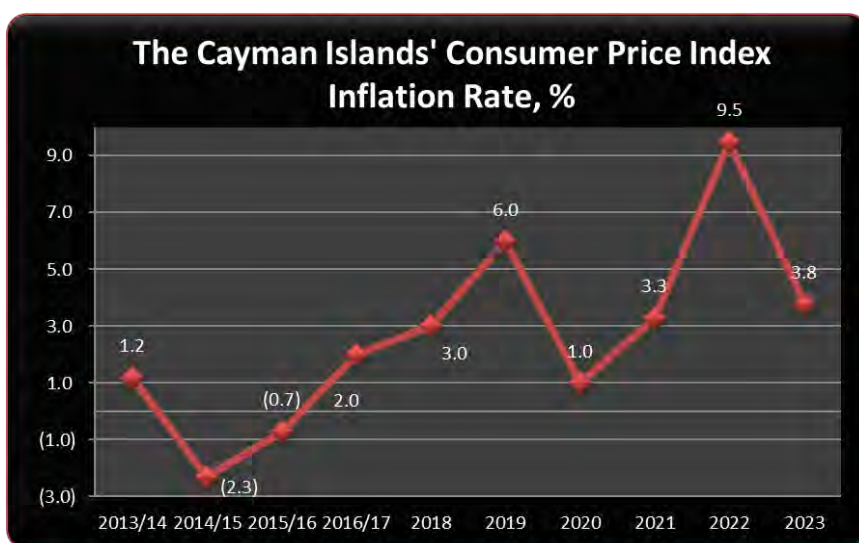
- The world economy expanded in 2023, supported by consumer and government spending. Global inflation moderated relative to 2022 as lower energy prices integrated with tighter monetary policy.
- The Cayman Islands' real gross domestic product (GDP) expanded by an estimated rate of 4.2 percent in 2023, relative to 5.2 percent in 2022.
- Growth is estimated for most sectors, led by hotels & restaurants, utilities and other supporting sectors.
- Nominal GDP per capita income was estimated at \$70,985 for 2023, higher than the \$70,024 recorded for 2022.
- The average inflation rate in 2023 was 3.8 percent, compared to 9.5 percent in the previous year. Inflationary pressures emanated mainly from rising food prices and increased domestic demand, particularly housing and supplies.
- Total employment increased by 3.8 percent to 58,504 in 2023. The rise in employment lagged behind the expansion in the labour force, which resulted in the unemployment rate rising to 3.3 per cent. The unemployment rate among Caymanians was estimated at 5.0 percent.
- Merchandise imports rose by 2.0 percent to reach \$1,526.6 million, reflecting a 7.1 percent contraction in fuel imports which outweighed a 3.6 percent increase in non-fuel imports.
- Money supply (M2) declined by 0.7 percent to reach \$8.5 billion in 2023. This monetary contraction was due to a 2.3 percent reduction in foreign currency-denominated deposits. Local currency funding rose by 2.8 percent.
- Domestic credit from commercial banks expanded by 4.4 percent to settle at \$4,235.8 million. Credit to the private sector rose by 4.7 percent, while loans to the public sector surged by 1.9 percent.
- Indicators of financial services were mixed in 2023. Bank and trust licences, mutual funds (i.e. master funds), new company registrations and new partnership registrations contracted while insurance licenses, stock exchange listings and stock market capitalization increased.

- Total visitors to the Islands rose by 65.4 percent to 1,700,265 with stayover arrivals and cruise arrivals rising by 50.1 percent and 71.0 percent to 429,284 from 1,270,981, respectively
- Indicators of construction intentions were mixed in 2023. The value of project approvals and certificates of occupancy in Grand Cayman rose by 27.0 percent and 13.6 percent, respectively. In contrast, the value of building permits declined by 10.7 percent.
- Real estate activity contract, with the total value of property transfers falling by 8.9 percent to \$1,155.6 million. Both freehold and leasehold transfers declined.
- Electricity consumption rose by 7.8 percent for the year while water consumption rose by 11.9 percent.
- The central government recorded an overall fiscal deficit of \$62.8 million in 2023, compared to a deficit of \$8.2 million in 2022. At the end of 2023, the government's total outstanding debt fell to \$453.2 million (7.6 percent of GDP).
- GDP is projected to expand in 2024 by 2.8 percent, primarily due to expected growth in the tourism and auxiliary sectors. The inflation rate is expected at 2.1 percent arising mainly from external pressures. The overall unemployment rate is projected at 2.9 percent.

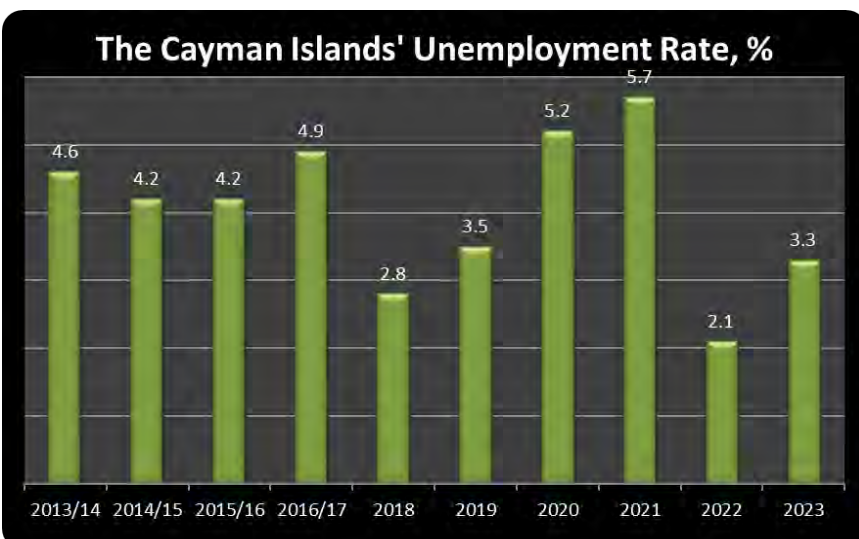
Source: Economics and Statistics Office



The world economy grew 3.2% in 2023 down from 3.5% in 2022. Advanced economies grew by 1.6% for the year compared with a growth of 2.6% in 2022. Emerging markets and developing economies expanded by 4.3% compared with a growth of 4.1% in the preceding year. The Caribbean recorded an economic growth of 8.3% compared with 13.4% in 2022.



Global inflation slowed in 2023 to 6.8% down from 8.7% in 2022. Inflation in the US and UK declined to 4.1% and 7.3% from 8.0% and 9.1% respectively in 2022. Inflation fell to 8.3% in emerging markets and developing economies from 9.8% in 2022. The Caribbean recorded inflation of 12.8% in 2023 relative to 12.6% in 2022.



The overall unemployment rate rose to 3.3 percent from 2.1 percent in 2022, this while the labour force increased which supported growth in the tourism, construction, and retail trade industries.

Source: Economics and Statistics Office

PERFORMANCE OVERVIEW and ANALYSIS

Government Revenue and Expenditure

Revenue

DESCRIPTION	EPS Actual C\$'000	
	2023	2022
Coercive Revenue	982,620	976,544
Sales of Goods & Services	338,956	300,592
Investment Revenue	41,861	14,144
Donations	1,676	1,931
Other Revenue	1,192	1,921
Total Revenue	1,366,305	1,295,132

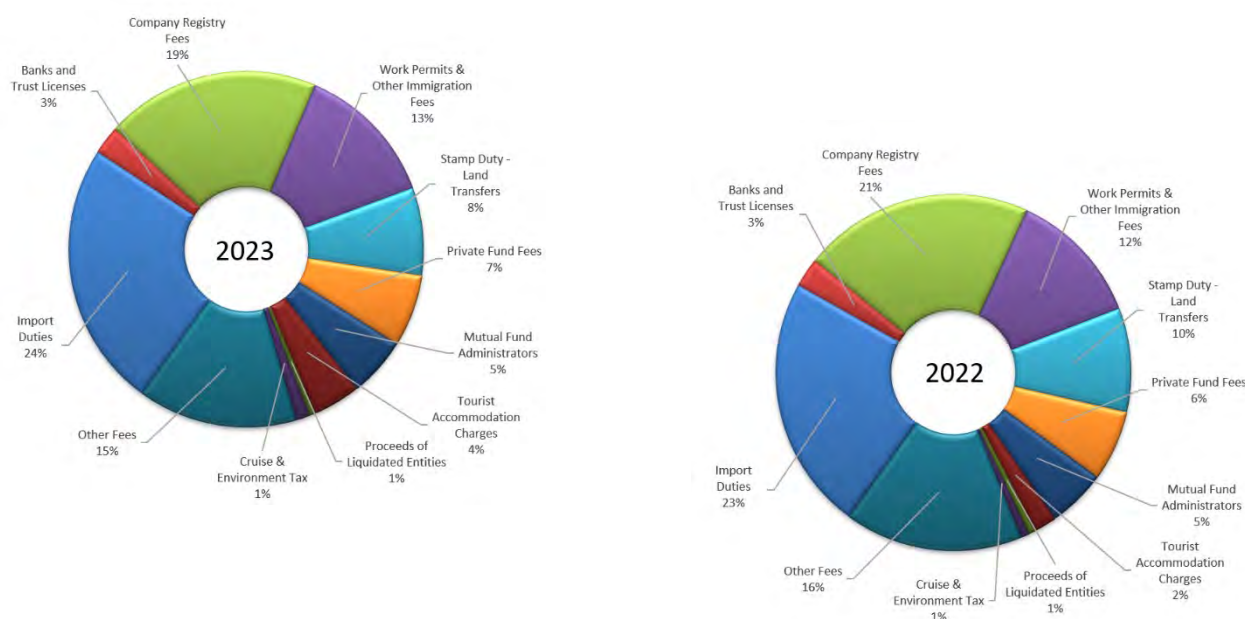
The Total Revenue for the 2023 is \$1.4 billion, which when compared to 2022 indicates that the year ended 31 December 2023 produced \$71.2 million (5%) higher revenues. The Total Revenue earned were also \$183.9 million more than the 2023 Original Budget.



What is the Government's primary source of revenue?

The primary source of revenue is coercive revenue, which was 72% of total public sector revenue in 2023 (2022: 75%). Coercive revenues are those revenues collected by Government under its coercive powers

authorised under various acts passed by the Parliament (e.g. import duties, work permit fees, bank license fees, etc.) and for which there is no direct exchange of any goods or services. The primary type of coercive revenue is import duties, which represents 24% of total coercive revenue in financial year 2023 (2022: 23%).



The preceding chart shows that fees collected from the financial services industry (Bank and Trust Licenses, Company Registry fees, Mutual Fund Administrator Fees, and Private Fund Fees) is a significant portion of Government revenue; these fees represented 27% of total coercive revenue and 20% of total public sector revenue as at 31 December 2023 (2022: 29% and 22%, respectively).

See ten-year trend table on coercive revenue below:

DESCRIPTION	EPS Actual									
	C\$000									
	2013/14	2014/15	2015/16	2016/17	2018	2019	2020	2021	2022	2023
Import Duties	163,432	156,393	159,834	243,239	181,132	193,076	173,361	206,042	226,152	238,186
Company Registry Fees	134,355	140,739	146,863	182,135	165,973	182,110	178,735	191,186	205,008	191,860
Work Permits & Other Immigration Fees	71,278	79,914	79,364	135,145	88,244	100,402	87,209	108,342	120,423	128,213
Stamp Duty - Land Transfers	30,502	38,967	52,987	76,340	80,655	64,544	65,591	104,874	92,137	78,546
Private Fund Fees	-	-	-	-	-	-	5,670	54,875	62,798	64,207
Mutual Fund Administrators	45,140	43,139	44,544	49,213	44,044	43,137	44,601	49,580	51,921	52,599
Tourist Accommodation Charges	18,725	20,643	21,134	33,559	32,671	36,535	10,282	1,009	19,766	42,556
Banks and Trust Licenses	34,225	32,795	31,592	30,074	29,382	28,184	27,479	26,606	25,974	25,443
Cruise & Environment Tax	13,695	15,409	16,494	23,061	17,961	17,810	5,363	319	7,491	12,806
Proceeds of Liquidated Entities	-	-	16,652	3,550	19,054	3,299	31,963	38,398	6,547	5,385
Other Fees	100,265	95,505	103,797	176,518	121,945	125,973	114,033	137,326	158,327	142,819
Total Coercive Revenue	611,617	623,503	673,261	952,834	781,061	795,070	744,287	918,557	976,544	982,620

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

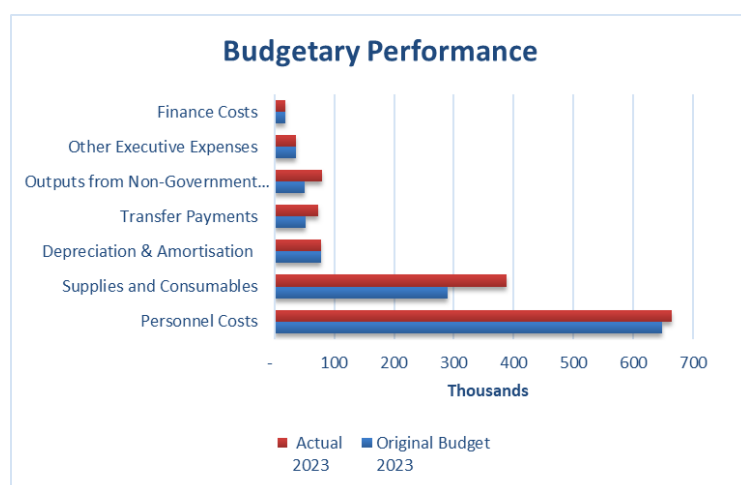
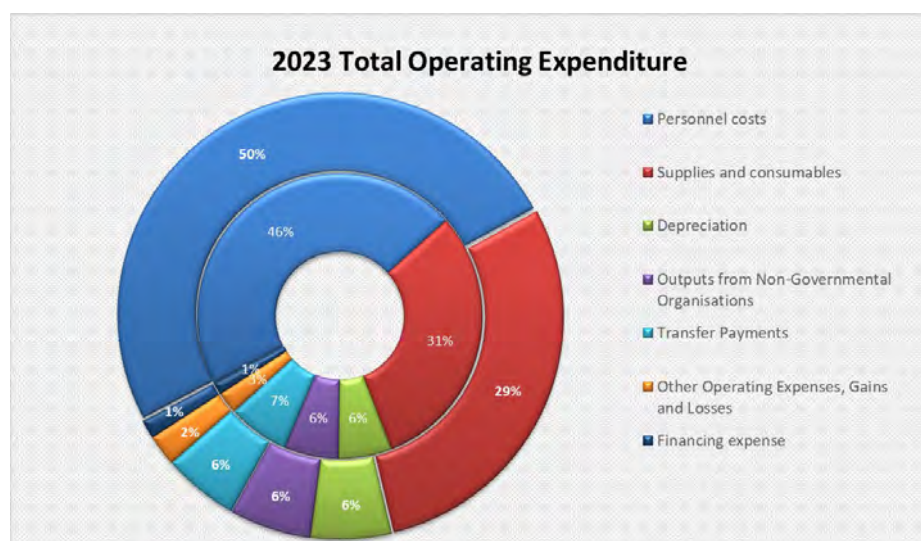
See Note 21 of the EPS Accounts.

EXPENDITURE

What does Government Spend on Providing Services and Operating costs?

DESCRIPTION	EPS Actual CI\$000	
	2023	2022
Personnel costs	663,974	570,524
Supplies and consumables	388,503	380,738
Depreciation	78,548	75,223
Outputs from Non-Governmental Organisations	79,097	75,280
Transfer Payments	73,217	86,575
Other Operating Expenses, Gains and Losses	30,348	30,791
Financing expense	18,166	17,362
Total Expenses	1,331,853	1,236,493

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 50% of total expenditure as at 31 December 2023 (2022: 46%), which is typical for service-based organisations and consistent with prior years.



Total Operating Expenses of the EPS were \$1.3 billion; this amount was \$163.6 million (14%) more than the original budget of \$1.2 billion. Mainly related to Personnel Costs, Supplies and Consumables, Transfer Payments and Outputs from Non-Government Suppliers surpassing original budgets.

Personnel Costs

Personnel Costs are \$93.5 million (16%) more than 2021. Salaries and wages for 2023 are up 11% when compared to the prior year, mostly as a result of a Cost of Living Adjustments awarded in the latter part of 2022. These increases were in effect for the full 12-month period in 2023. 2023 also included a onetime honorarium, awarded to all staff.

Description	EPS Actual C\$000	
	2023	2022
Salaries, Wages and Allowances	546,615	490,754
Health Care	13,928	12,588
Pension	34,263	30,328
Leave	456	895
Defined Benefit Pension Liability	22,793	3,428
Post Retirement Health Care Liability	30,735	24,007
Other Personnel Costs	15,184	8,524
Total Personnel Costs	663,974	570,524

See Note 25 of the EPS Accounts.

Supplies and Consumables

Supplies and consumables for the 2023 period is \$388.5 million. For 2023 there was a 2% increase in cost for supplies and consumables, mainly due to increased spend mostly by SAGCs in some areas such as supplies for health services, professional fees, fuel prices and maintenance costs. See detailed table below.

Description	EPS Actual C\$000	
	2023	2022
Supplies and Materials	65,830	97,972
Purchase of services	167,377	143,834
Utilities	36,841	32,933
General Insurance	17,430	16,648
Travel and Subsistence	7,948	5,168
Recruitment & Training	5,628	4,285
Leases	19,214	17,582
Other	68,235	62,316
Total Supplies & Consumables	388,503	380,738

See Notes 26 and 27 of the EPS Accounts.

Financing Expenses

What does Government Pay to Finance its Liabilities?

The most significant element of financing costs for the year ended 31 December 2023 was debt financing expense of \$17.8 million (2022: \$16.1 million). This consists of interest paid on bank borrowings and to bond holders.

Net Surplus or Net Deficit

The surplus for the year ended 31 December 2023 was \$34.5 million (2022: \$58.6 million). See table and chart of revenue and expenditure summary for ten years below:

DESCRIPTION	EPS Actual C\$'000									
	2013/14	2014/15	2015/16	2016/17	2018	2019	2020	2021	2022	2023
Coercive Revenue	611,617	623,503	673,261	952,834	781,061	795,070	744,287	918,557	976,544	982,620
Sales of Goods & Services	234,165	261,478	261,344	384,809	290,918	311,499	216,503	243,809	300,592	338,956
Investment Revenue	2,336	4,700	5,669	15,631	17,230	26,306	14,087	5,319	14,144	41,861
Donations	1,203	1,081	931	2,405	2,517	1,742	4,008	1,411	1,931	1,676
Other Revenue	101	300	2,817	71	606	1,187	4,827	633	1,921	1,192
Total Revenue	849,422	891,062	944,022	1,355,750	1,092,332	1,135,804	983,712	1,169,729	1,295,132	1,366,305
Personnel costs	352,316	352,795	400,116	610,718	421,173	517,833	614,823	557,033	570,524	663,974
Supplies and consumables	236,842	231,567	223,896	346,418	265,702	309,341	265,653	329,842	380,738	388,503
Depreciation	43,734	50,846	53,851	88,098	56,022	59,368	64,769	69,706	75,223	78,548
Outputs from Non-Governmental Organisations	26,464	29,445	32,538	51,585	48,159	50,028	43,360	56,394	75,280	79,097
Transfer Payments	31,130	27,274	30,251	48,556	36,476	39,458	69,706	139,401	86,575	73,217
Other Operating Expenses, Gains and Losses	18,306	19,165	23,831	26,457	12,813	17,125	35,030	45,149	30,791	30,348
Financing expense	35,816	33,280	31,007	43,540	26,852	24,947	14,297	12,556	17,362	18,166
Total Expenses	744,608	744,372	795,490	1,215,372	867,197	1,018,100	1,107,638	1,210,081	1,236,493	1,331,853
Net Surplus/(Deficit)	104,814	146,690	148,532	140,378	225,135	117,704	(123,926)	(40,352)	58,639	34,452

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

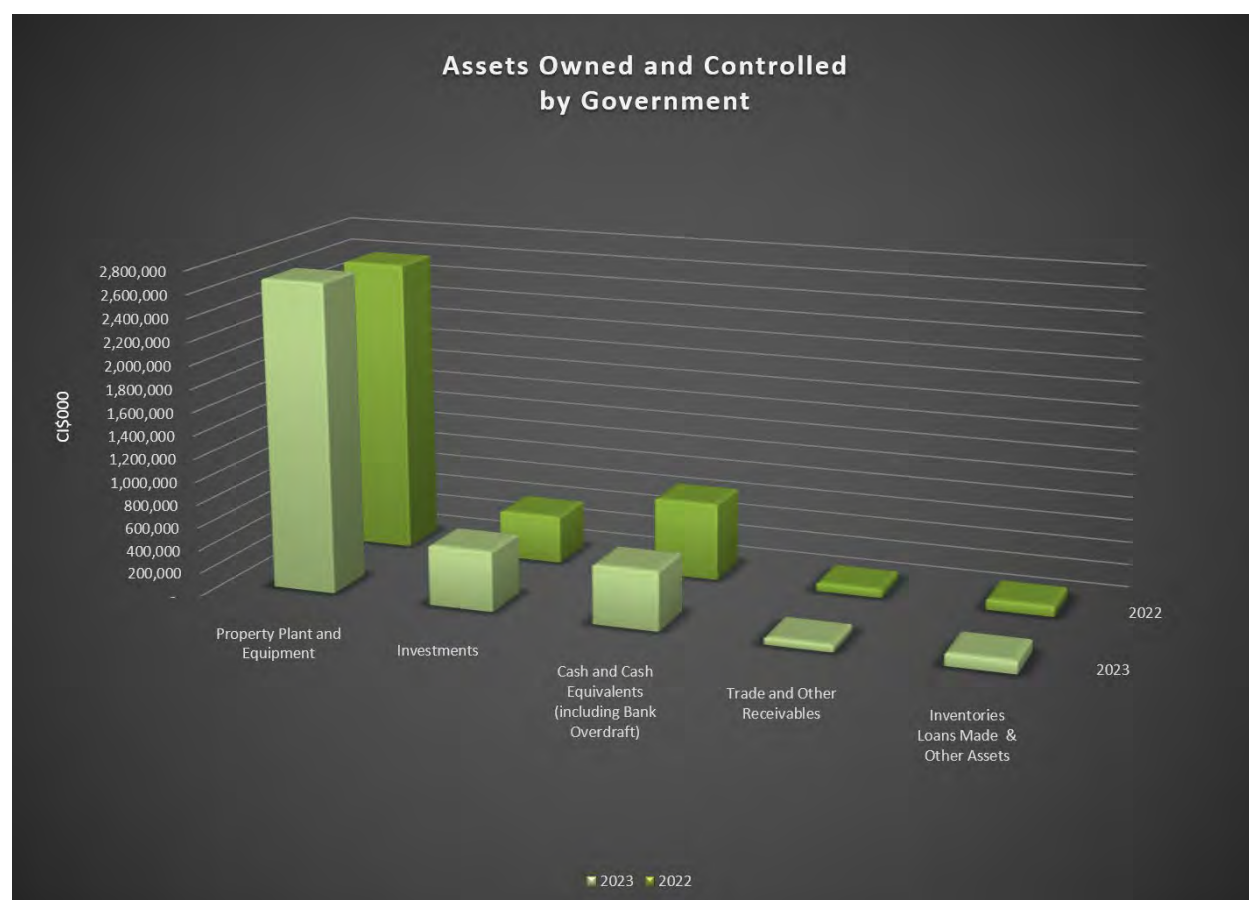
The Government maintained positive operating margins over the ten-year period, with revenue consistently exceeding expenses except for 2020 and 2021 (primarily due the impact of COVID-19), culminating in both metrics reaching their highest levels by 2023.



Government Assets and Liabilities

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

	EPS Actual CI\$000	
Assets	2023	2022
Property Plant and Equipment	2,690,328	2,587,226
Investments	523,269	420,281
Cash and Cash Equivalents (including Bank Overdraft)	512,955	679,585
Trade Receivables	49,190	41,237
Inventories	41,754	28,484
Loans Made	28,214	23,372

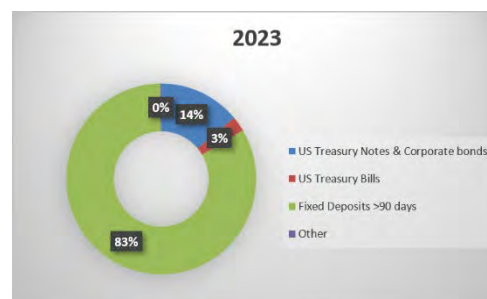


Property, Plant and Equipment

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

Investments

Over 80% of investments consist of fixed deposits (over 90 days but less than 365 days). Core Government investments of \$418.8 million as at 31 December 2023 represents approximately 80% of total investments, with the SAGCs holding the remaining 20%. Majority of the \$104.5 million investments held by SAGCs form part of the Currency Reserve Assets of the Cayman Islands Monetary Authority. These assets are to be used to fund the Authority's currency redemption obligations. See Note 7 of the EPS accounts.



Cash and Cash Equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash on hand, cash in transit, deposits held on call with banks and other short term highly liquid investments. See Note 2 of the EPS accounts.

Trade Receivables

The majority of the trade receivables (89%) are held by SAGCs as at 31 December 2023. See Note 3 of the EPS accounts.

The table below shows gross trade receivables of \$105.3 million (2022: \$94.4 million) as at 31 December 2023 less provision for doubtful debts \$56.1 million (2022: \$53.1 million) resulting in net trade receivables of \$49.2 million (2022: \$41.2 million).

Description	EPS Actual C\$'000	
	2023	2022
Coercive revenue Receivable	19,395	18,685
non-Coercive Receivable	85,937	75,673
Total Trade Recievables	105,332	94,358
Provisions	(56,142)	(53,121)
Net Trade Receivables	49,190	41,237

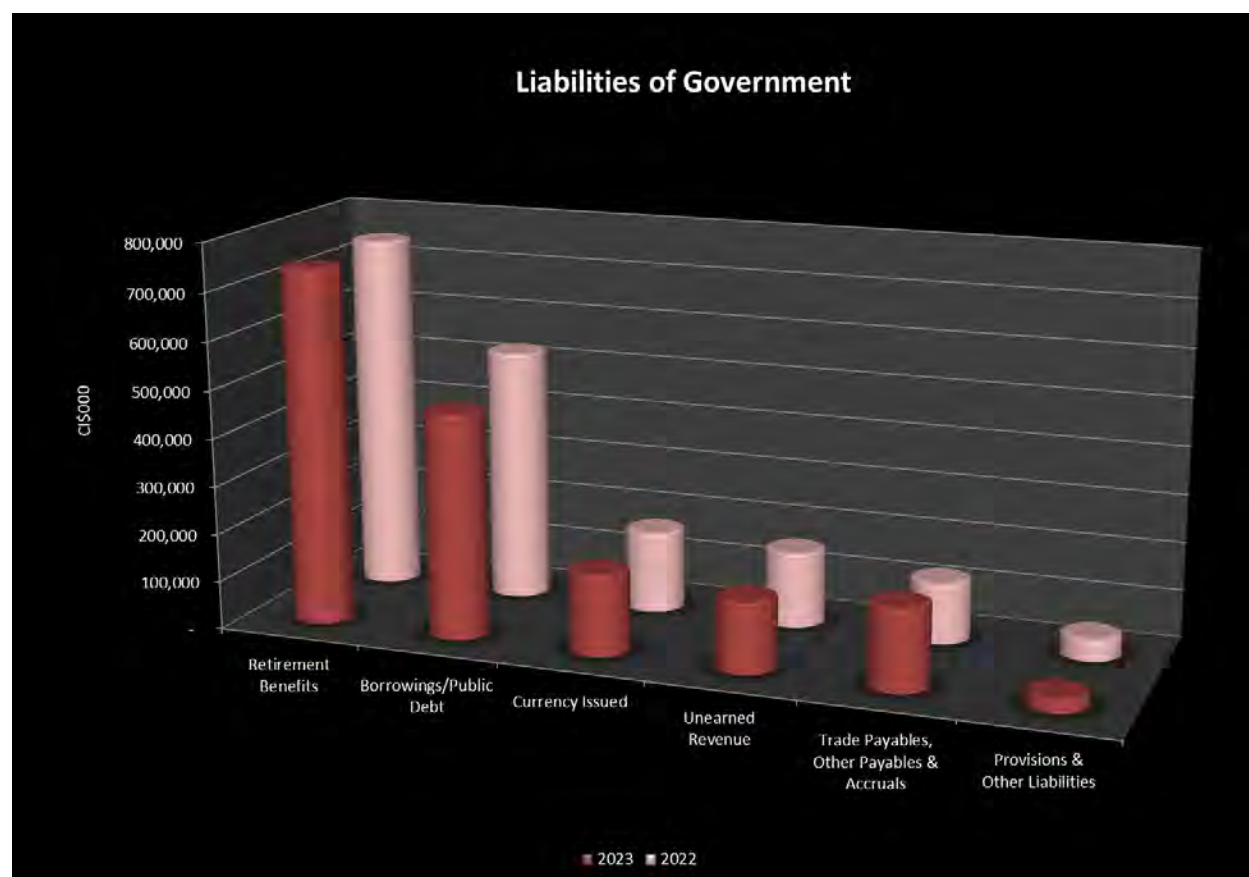
Loans Made

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

What are the Main Liabilities of Government?

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

Liabilities	EPS Actual Ct\$000	
	2023	2022
Retirement Benefits	740,719	746,593
Borrowings/Public Debt	469,771	528,893
Currency Issued	169,515	171,117
Unearned Revenue	148,328	158,817
Trade Payables, Other Payables & Accruals	171,152	127,750
Provisions & Other Liabilities	29,216	46,221



Retirement Benefits

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

The following tables present the pension liability at fair value as at 31 December 2023:

Description	2023	2022
	CI\$000	CI\$000
Core Government	313,540	418,533
Parliamentarian Pensions	15,480	16,726
Judicial Pensions	(1,364)	(440)
Central Government Pension Liability Fair Value	327,656	434,819
Statutory Authorities and Government Companies	9,869	14,852
Entire Public Sector Pension Liability Fair Value	337,525	449,671

	Public Service Pensions Plan	Parliamentary Pensions Plan	Judiciary Pensions Plan	Total Central Government Pension Plans	Statutory Authorities Pension Plan	Entire Public Sector Pension Plans
	2023	2023	2023	2023	2023	2023
	CI\$000	CI\$000	CI\$000	CI\$000	CI\$000	CI\$000
Present value benefit obligation	778,965	26,341	4,416	809,722	64,441	874,163
Fair Value of plan assets	465,425	10,861	5,780	482,066	54,572	536,638
Net liability/(asset)	313,540	15,480	(1,364)	327,656	9,869	337,525

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 May 2024, estimated the post-retirement healthcare obligation as at 31 December 2023 to be \$2.4 billion. The post-retirement healthcare obligation and any related expenditure has not been recognised on the Statements of Financial Position and Performance for Central Government.

There are some SAGCs who have accrued a post-retirement healthcare liability as at 31 December 2023 of \$402.8 million.

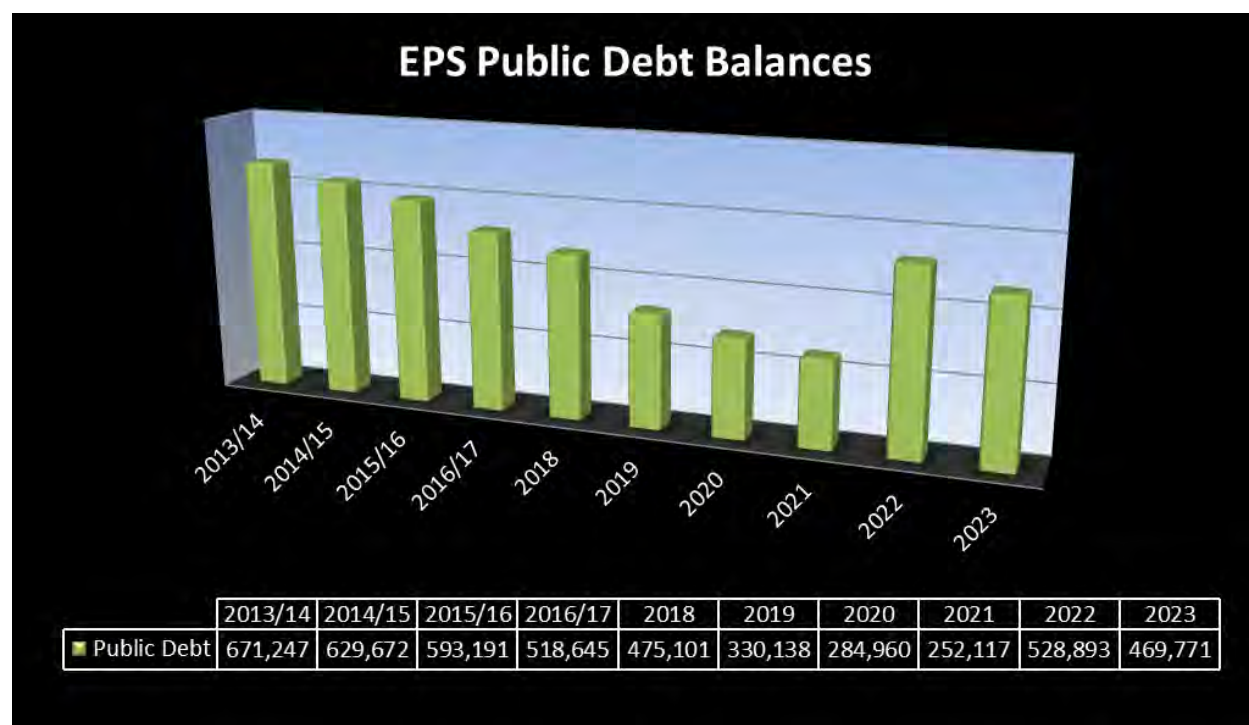
Public Sector Debt

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.

See tables of public sector debt below:

Description	Opening Balance 1 January 2023	Drawdowns/ Additions	Repayments	Closing Balance 31 December 2023
	CI\$000	CI\$000	CI\$000	CI\$000
Core	506,357	-	53,270	453,087
Cayman Islands Development Bank	3,545	-	3,545	-
National Housing Development Trust	1,788	-	839	950
Cayman Airways Limited	17,202	-	1,468	15,734
Total	528,893	-	59,122	469,771

See Note 17 of the EPS Accounts.

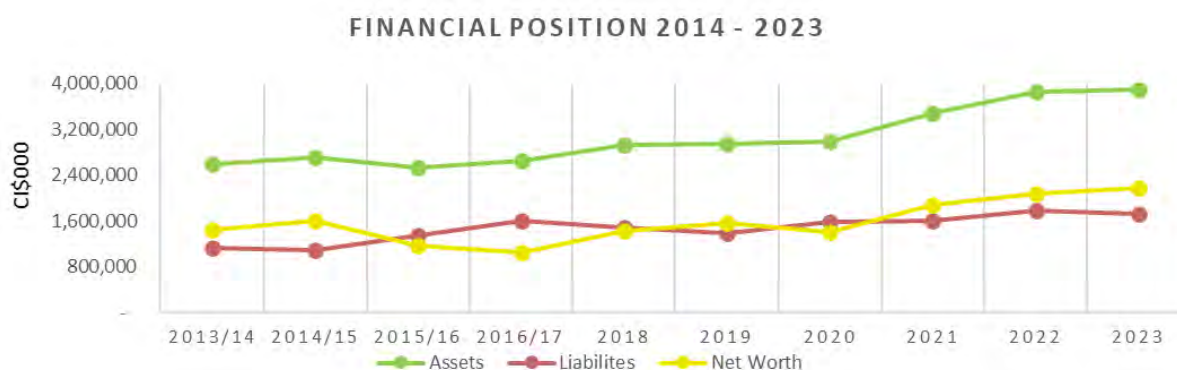


The Debt balance increased in June 2022 as a result of the draw-down of US\$393.0 million of loan funds. Public debt declined in 2023, from \$528.9 million to \$469.8 million, as principal repayments of \$59.1 million were applied. No new loans were drawn down during the financial year. The Debt balance will decline with scheduled principal repayments being made.

Net Assets and Liabilities

Net Assets increased from \$2.1 billion in 2022 to \$2.2 billion (see page 10 of the EPS accounts), an increase of 5%. The ten-year trend in key assets and liabilities is presented in the tables below. The 2016/17 period was an 18-month period commencing 1 July 2016 to 31 December 2017 and is not comparable to the other periods as these periods represent results for 12 months:

DESCRIPTION	EPS Actual Ct\$000									
Assets	2013/14	2014/15	2015/16	2016/17	2018	2019	2020	2021	2022	2023
Cash and Cash Equivalents (including Bank Overdraft)	281,182	406,435	231,415	220,281	377,156	356,476	441,216	439,137	679,585	512,955
Trade Receivables	36,421	31,707	32,165	31,044	54,008	38,314	28,291	39,542	41,237	49,190
Other Receivables	4,109	13,301	14,384	23,642	14,335	18,299	9,747	8,678	34,725	14,813
Inventories	19,334	16,718	18,781	15,239	18,385	19,003	25,178	31,150	28,484	41,754
Investments	99,582	102,077	438,511	554,591	500,056	523,383	402,101	380,327	420,281	523,269
Loans Made	32,774	30,470	30,285	26,243	33,907	19,342	19,518	18,084	23,372	28,214
Property Plant and Equipment	2,078,619	2,068,405	1,732,843	1,752,736	1,893,541	1,942,426	2,028,000	2,522,149	2,587,226	2,690,328
Liabilities										
Borrowings/Public Debt	671,247	629,672	593,191	518,645	475,101	330,138	284,960	252,117	528,893	469,771
Retirement Benefits	225,519	227,048	481,283	709,833	678,491	729,719	906,840	821,808	746,593	740,719
Currency Issued	91,720	94,887	106,876	119,544	126,609	140,369	164,426	173,504	171,117	169,515
Unearned Revenue	37,313	40,238	65,282	86,929	100,412	83,682	108,907	162,323	158,817	148,328
Other Payables & Accruals	63,942	49,717	62,830	121,635	58,341	56,839	40,882	106,484	98,414	130,701
Provisions	10,159	11,657	12,877	12,696	12,348	10,353	41,174	45,029	34,710	16,614
Trade Payables	27,369	30,163	20,213	27,779	29,447	24,646	25,473	22,242	29,336	40,451



The financial position demonstrates continuous growth in total assets over the past ten years. Total liabilities increased by 52% over the ten-year period, alongside the notably 51% increase in Total Assets.

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	Loan Balance as at 31
		31 December 2023	December 2023
		CI\$000	CI\$000
Cayman Airways Limited	80%	12,587	15,734
National Housing Development Trust	80%	760	950
		13,347	16,684

See Note 35 of the EPS Accounts

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.

Government Guaranteed Loan Programme (GGLP) for Medium Size Businesses (MSBs) and Large Size Businesses (LSBs)

On 7 December 2020, the Government entered into an agreement with five (5) participating local banks to guarantee a loan programme to offer and provide new credit facilities (NCFs) to qualifying MSBs and LSBs under financial duress to provide critical working capital, critical capital funding and loan restructuring necessary for the economic viability of the eligible borrowers. The amounts guaranteed by the Government equal 50% of the aggregate of the outstanding principal, unpaid interest and other NCF costs of the eligible borrowers, provided that at no time shall the guaranteed amount exceed \$375,000 for an MSB and \$1,500,000 for an LSB. As at 31 December 2023, 10 loans amounting to \$5.6 million have been approved for NCFs under the GGLP. The GGLP was closed on 30 November 2021 and thus Government's exposure will not increase. The outstanding principal on these 10 loans 31 December 2023 was \$4.8 million; and the maximum Government exposure on these GGLP loans is \$2.4 million. A provision of \$20.7 thousand has been made in these financial results for the possibility of a default payment for a demand notice received.

Commitments

Commitments are future expenses, liabilities and capital outlay to be incurred on contracts that have been entered into as at 31 December 2023. 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 2023 CI\$000	31 December 2022 CI\$000
Capital Commitments					
John Gray High School	1,662	-	-	1,662	15,047
New Cayman Brac High School	27,627	22,373	-	50,000	-
Long Term Residential Mental Health Facility	4,125	8,455	-	12,580	2,142
Landfill	842	-	-	842	183
Other property, plant and equipment	5,464	2,091	-	7,555	14,686
Total Capital Commitments	39,720	32,919	-	72,639	32,058
Operating Commitments					
Non-Cancellable Accommodation Leases					
Accommodation leases	10,275	17,938	5,395	33,608	22,568
Other Non-Cancellable Leases					
Land Lease	12,340	49,340	12,335	74,015	86,418
Premises Lease	861	177	-	1,038	269
Aircraft Leases	7,884	14,503	-	22,387	25,926
Licensing Agreement	7	-	-	7	446
Other Operating Lease	1,818	1,192	-	3,010	8
Other Operating Commitments					
Other Operating Commitments	3,808	9,362	596	13,766	24,642
Total Operating Commitments	36,993	92,512	18,326	147,831	160,277
Total Commitments	76,713	125,431	18,326	220,470	192,335

See Note 35 of the EPS Accounts

Core Government

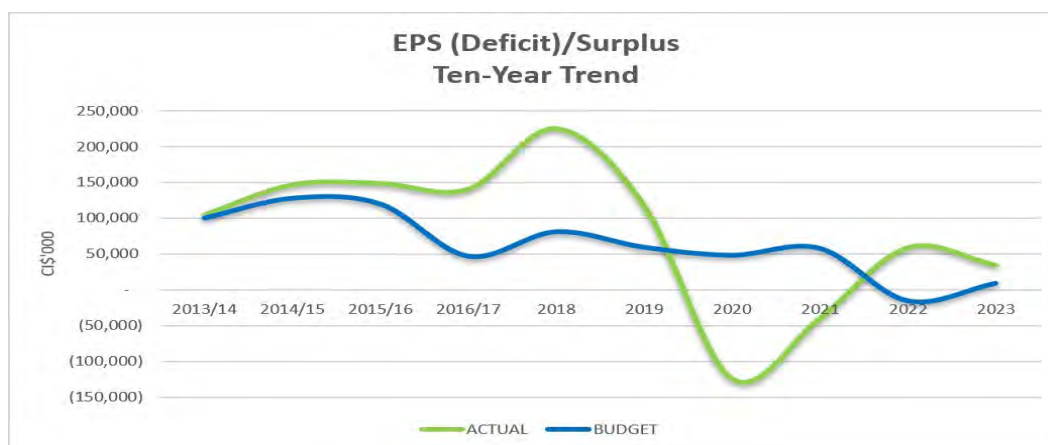
Type	One Year or Less CI\$000	One to Five Years CI\$000	Over Five Years CI\$000	31 December 2023 CI\$000	31 December 2022 CI\$000
Capital Commitments					
John Gray High School	1,662	-	-	1,662	15,047
New Cayman Brac High School	27,627	22,373	-	50,000	-
Long Term Residential Mental Health Facility	4,125	8,455	-	12,580	1,954
Landfill	842	-	-	842	183
Other property, plant and equipment	3,480	91	-	3,571	1,439
Total Capital Commitments	37,736	30,919	-	68,655	18,623
Operating Commitments					
Non-Cancellable Accommodation Leases					
Accommodation leases	9,798	17,285	5,395	32,478	22,653
Other Non-Cancellable Leases					
Premises Lease	610	113	-	723	152
Other Operating Lease	1,283	1,192	-	2,475	340
Other Operating Commitments					
Other Operating Commitments	742	848	596	2,186	15,082
Total Operating Commitments	12,433	19,438	5,991	37,862	38,228
Total Commitments	50,169	50,357	5,991	106,517	56,851

BUDGET ANALYSIS

Actual EPS total surplus of \$34.5 million surpassed the original budget by \$8.7 million; as total revenue exceeded the budget by 16%. Total revenue was \$183.9 million was more than budget, which was offset by expenses surpassing budget expectations by \$163.6 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 2023 ENTIRE PUBLIC SECTOR				
	Original Budget 2023	Actual 2023	Performance Difference Original Budget	% Change Actual vs. Budget
	CI\$'000			
Revenue				
Coercive Revenue	934,655	982,620	47,965	5%
Sales of Goods & Services	234,516	338,956	104,440	45%
Other Revenue	13,260	44,729	31,469	237%
Total Revenue	1,182,431	1,366,305	183,874	16%
Expenses				
Personnel Costs	648,577	663,974	15,397	-2%
Supplies and Consumables	289,343	388,503	99,160	-34%
Depreciation & Amortisation	77,844	78,548	704	-1%
Transfer Payments	52,892	73,217	20,325	-38%
Outputs from Non-Government Organizations	50,822	79,097	28,275	-56%
Other Executive Expenses	36,137	36,603	466	-1%
Finance Costs	18,845	18,166	(679)	4%
Total Expenses	1,174,460	1,338,108	163,648	-14%
Total Other (Gains)/Losses	(706)	(6,255)	(5,549)	-786%
Surplus/(Deficit) for the period	8,677	34,452	25,775	297%

The chart below shows the net (surplus)/surplus over the past ten years compared to budget:



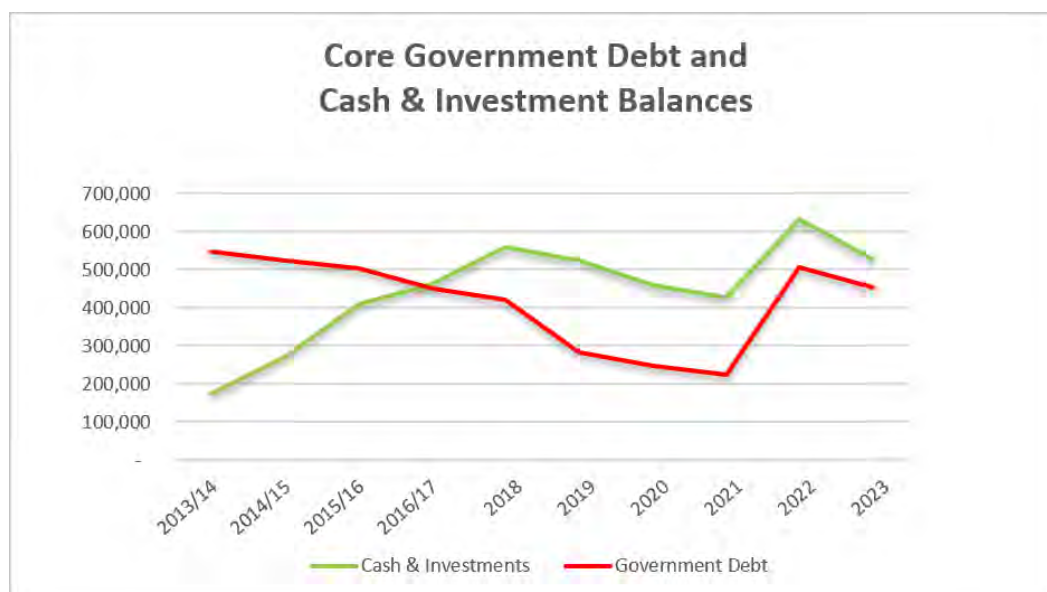
KEY FINANCIAL ACCOMPLISHMENT

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 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 C\$'000										
Indicator	2013/14	2014/15	2015/16	2016/17	2018	2019	2020	2021	2022	2023
Cash & Investments	173,951	271,468	408,619	462,110	559,434	524,426	460,378	427,408	632,970	526,011
Government Debt	548,499	523,322	503,318	451,081	419,964	284,380	248,555	222,704	506,358	453,087

The chart below shows the steady improvement cash and debt balances for Core Government, and highlights that cash exceeded debt as at 31 December 2023.



Investments in fixed deposits with maturity dates greater than 90 days at the time of placement are reflected as Investments on 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 Island's long-term debt securities.

Principles of Responsible Financial Management

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

Principle	Degree of Compliance	
	2023 Unaudited Actuals	2023 Approved 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 = \$29.8 million	Complies Surplus = \$27.8 million
Net Worth: Should be positive (Net worth = Core Government assets – Core Government liabilities)	Complies Net Worth = \$2.2 billion	Complies Net Worth = \$1.4 billion
Borrowing: Debt servicing cost for the year should be no more than 10% of Core Government revenue (Debt servicing = interest + other debt servicing expenses + principal repayments for Core Government debt, Public Authorities debt and self-financing loans)	Complies Debt servicing = 8.1%	Complies Debt servicing = 8.3%
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 = 2.3%	Complies Net debt = 27.6%
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 = 157.0 days	Complies Cash Reserves = 95.9 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 EPS accounts is managed within the Ministry of Finance's overall risk management framework. The Accountant General is responsible on a day-to-day basis for managing risk and for ensuring that the activities necessary for the production of these accounts are properly planned, resourced and performed.

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

The key risks in the preparation of the EPS include:

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

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

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

The EPS Governance Framework

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

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

Ministry of Finance's role in Managing Financial Risk

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

The Public Management and Finance Act (PMFA) and its Regulations and the Public Finance Manual (PFM) - provides Chief Officers with guidance and sets out requirements on how to handle public funds properly. The Ministry of Finance takes the lead in ensuring compliance with the PMFA and bringing about changes to the PMFA and PFM to enhance prudent financial management.

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

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

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

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

The Ministry of Finance monitors agencies' spending on an ongoing basis. The Ministry of Finance also advises Cabinet on the financial impact of requests for supplementary expenditure from Core Government agencies to ensure that the additional spending will not negatively impact the objective to comply with the FFR.

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 annual accounts.

ENTITIES NOT CONSOLIDATED IN THE EPS ACCOUNTS

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

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 (the Ministry).

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

Trust Holdings

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

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

Trust assets are held separately and are not reported as part of these financial statements (see page 121 of the EPS accounts) 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 2023

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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 2023.

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

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.

A handwritten signature in blue ink, appearing to read "Kenneth Jefferson".

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 2023 and the consolidated statement of financial performance, consolidated statement of changes in net worth and consolidated statement of cash flows for the year ended 31 December 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies as set out on pages 18 to 122.

In my opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of my report, the accompanying consolidated financial statements do not present fairly the financial position of the Cayman Islands Government as at 31 December 2023 and its financial performance and its cash flows for the year ended 31 December 2023 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 \$982.6 million on the statement of financial performance for the year ended 31 December 2023. I was also unable to conclude on the fairness of \$339.0 million for the sale of goods and services reported in the statement of consolidated statement of financial performance. This was due to the potential impact 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 \$49.2 million, other receivables of \$14.8 million and unearned revenues of \$148.3 million reported on the consolidated statement of financial position as at 31 December 2023.

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 \$16.6 million as reported in the statement of financial position are materially misstated as at 31 December 2023.

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 the Core government estimated the post-retirement health care net liability to be \$2.4 billion, post-retirement medical expenses to be \$124.1 million, and other comprehensive income to be \$146.0 million as at 31 December 2023.

Based on the above, the total of current and non-current retirement benefits of \$740.7 million presented in the financial statements is materially understated.

Basis for Adverse Opinion (continued)***Understatement of personnel cost***

The personnel costs of \$664.0 million reported in the consolidated statement of financial performance are materially misstated 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 reported value of property, plant and equipment is \$2.7 billion as at 31 December 2023. Of this amount, \$463.2 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 \$17.5 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 2023.

Inaccuracy of depreciation and amortisation expenses

I was unable to conclude on the fairness of the depreciation and amortisation expenses amounting to \$78.5 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 audits that were yet to be completed. As at the date of this report, I have noted over \$149 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 2023 are materially misstated.

Inaccuracy of net worth

The revaluation reserve of \$1,136.0 million presented in the consolidated statement of financial position is affected by valuation and completeness issues related to property, land, and equipment. Also, the current surplus and accumulated surplus amounting to \$45.9 million and \$735 million are impacted by the qualification matters described above. 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 omit several required disclosures under the accounting standards. These include, but are not limited to:

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 that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Other Matters

The combined impact of the issues noted above is material and has 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.

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

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)

- 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 2023

Core Actual 2022	EPS Actual 2022			Core Actual 2023	EPS Actual 2023
Ci\$000	Ci\$000	Note		Ci\$000	Ci\$000
Current Assets					
302,731	680,019	2	Cash and Cash Equivalents	108,057	512,955
12,540	40,810	3	Trade Receivables	5,210	48,913
20,668	34,569	4	Other Receivables	14,670	14,756
3,344	-	4	Dividend Receivable	3,499	-
7,357	28,484	5	Inventories	8,500	41,754
611	1,368	6	Loans Made	579	1,263
330,239	346,273	7	Investments	417,954	450,669
12,845	20,498	8	Prepayments	9,121	16,090
-	465	9	Biological Assets	-	341
690,335	1,152,486		Total Current Assets	567,590	1,086,741
Non-Current Assets					
427	427	3	Trade Receivables	277	277
46,601	22,004	6	Loans Made	60,497	26,951
2,044,234	2,587,226	10	Property, Plant and Equipment	2,091,153	2,690,328
6,125	8,435	11	Intangible Assets	8,581	10,935
-	9,226	12	Investment Property	-	9,000
831	74,008	7	Investments	831	72,600
-	4,197	8	Prepayments	-	4,204
562,507	-	44	Net Worth - Public Entities	573,143	-
92	156	4	Other Non-Current Assets	43	57
2,660,817	2,705,679		Total non-current assets	2,734,525	2,814,352
3,351,152	3,858,165		Total Assets	3,302,115	3,901,093
Current Liabilities					
14,575	29,336	13	Trade Payables	23,102	40,451
148,969	95,971	13	Other Payables & Accruals	180,727	128,024
-	434	2	Bank Overdraft	-	-
129,774	145,630	14	Unearned Revenue	118,660	135,285
10,059	11,511	15	Employee Entitlements	11,166	12,602
30,437	32,944	16	Retirement Benefits	24,312	24,332
53,271	58,843	17	Borrowings/Public Debts	48,091	50,812
481	20,311	18	Provisions	481	14,940
387,566	394,980		Total Current Liabilities	406,539	406,446
Non-Current Liabilities					
191	2,443	13	Other Payables & Accruals	127	2,677
13,187	13,187	14	Unearned Revenue	13,043	13,043
404,382	713,649	16	Retirement Benefits	303,344	716,387
453,087	470,050	17	Borrowings/Public Debts	404,996	418,959
-	171,117	19	Currency Issued	-	169,515
14,399	14,399	18	Provisions	1,674	1,674
885,246	1,384,845		Total Non-Current Liabilities	723,184	1,322,255
1,272,812	1,779,825		Total Liabilities	1,129,723	1,728,701
2,078,340	2,078,340		Net Assets	2,172,392	2,172,392
Net Assets/Equity					
171,949	245,212	20	Reserves	187,393	291,858
893,537	1,079,855	20	Revaluation Reserve	893,554	1,135,983
58,639	58,639		Current Period Surplus/(Deficit)	34,452	34,452
954,215	694,634		Accumulated Surplus/(Deficit)	1,056,993	710,099
2,078,340	2,078,340		Total Net Assets/Equity	2,172,392	2,172,392

Statement of Financial Performance

GOVERNMENT OF THE CAYMAN ISLANDS					
STATEMENT OF FINANCIAL PERFORMANCE					
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023					
Core Actual	EPS Actual			Core Actual	EPS Actual
2022	2022			2023	2023
Ci\$000	Ci\$000			Ci\$000	Ci\$000
			Note		
Revenue					
964,676	976,544	Coercive Revenue	21	982,808	982,620
44,740	300,592	Sales of Goods & Services	22	47,803	338,956
9,083	14,144	Investment Revenue	23	28,221	41,861
942	1,931	Donations	24	559	1,676
1,541	1,921	Other Revenue		704	1,192
1,020,982	1,295,132	Total Revenue		1,060,095	1,366,305
Expenses					
395,876	570,524	Personnel Costs	25	443,971	663,974
136,595	363,156	Supplies and Consumables	26	145,385	369,289
9,290	17,582	Leases	27	10,217	19,214
47,963	75,223	Depreciation/Amortisation	28	49,636	78,548
185,710	-	Outputs from Statutory Authorities and Government Companies	43	190,361	-
75,280	75,280	Outputs from Non-government Organisations	29	79,097	79,097
86,575	86,575	Transfer Payments	30	73,217	73,217
854	1,238	Litigation Costs		1,189	1,762
20,794	25,204	Other Executive Expenses	31	23,615	34,841
15,846	17,362	Finance Costs	32	18,468	18,166
974,783	1,232,144	Total Expenses		1,035,156	1,338,108
Other (Gains)/Losses					
173	173	(Gains)/Losses on Derecognition of Assets/Liabilities		109	109
-	68	Impairment of Property, Plant and Equipment		-	135
(10)	2,213	Impairment of Inventory		92	873
(810)	3,277	(Gains)/Losses on Financial Instruments		(4,925)	(7,019)
237	(962)	(Gains)/Losses on Non-financial Instruments		(89)	(353)
(420)	(420)	(Gains)/Losses on Revaluation of Asset		-	-
(11,610)	-	(Surplus)/Deficit on Statutory Authorities & Government Companies		(4,700)	-
(12,440)	4,349	Total Other (Gains)/Losses		(9,513)	(6,255)
58,639	58,639	Surplus/(Deficit) for the Period		34,452	34,452

Statement of Cash Flows

GOVERNMENT OF THE CAYMAN ISLANDS

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Core Actual 2022	EPS Actual 2022		Core Actual 2023	EPS Actual 2023
	CI\$000		CI\$000	CI\$000
		Note		
		Operating Activities		
		Cash received		
935,500	937,534	Coercive Receipts	952,888	954,827
51,589	621,476	Sales of Goods & Services	43,341	449,423
2,319	-	Outputs to other government agencies	2,343	-
4,766	9,425	Interest received	27,739	41,999
-	21,099	Donations / Grants received	-	1,122
16,827	34,649	Other receipts	19,990	20,143
1,011,001	1,624,183	Total cash received	1,046,301	1,467,514
		Cash used		
(398,916)	(647,644)	Personnel costs	(441,793)	(719,728)
(139,139)	(596,543)	Supplies and consumables	(137,661)	(417,198)
(198,889)	-	Outputs from public authorities	(164,097)	-
(67,608)	(67,608)	Outputs from non-governmental organisations	(106,405)	(106,405)
(89,152)	(89,152)	Transfer payments	(68,220)	(68,220)
(15,263)	(19,364)	Financing/interest payments	(18,317)	(24,186)
(48,362)	(75,587)	Other payments	(35,604)	(34,845)
(957,329)	(1,495,898)	Total cash used	(972,097)	(1,370,582)
53,672	128,285	Net cash flows from (used by) operating activities	33	74,204
		Investing activities		
		Cash received		
-	(253)	Proceeds from sale of property, plant and equipment	-	-
349,186	342,833	Proceeds from the sale of Investments	108,572	115,291
-	-	Proceeds from Sale Investments: US Government Treasury Notes	276,884	276,884
477	477	Loans made	638	638
100	-	Dividends and Capital withdrawal from Public Entities	4,784	-
349,763	343,057	Total cash received	390,879	392,813
		Cash used		
(88,015)	(119,847)	Purchase of property, plant and equipment	(93,531)	(122,896)
(125,334)	(130,838)	Purchase of Investments: Placement of Fixed Deposits	(472,707)	(501,632)
(29,320)	(4,120)	Loans made by Government	(14,458)	(558)
(35,529)	-	Equity injection in public authorities	(30,888)	-
(278,198)	(254,805)	Total cash used	(611,583)	(625,086)
71,565	88,252	Net cash flows from (used by) investing activities	(220,704)	(232,273)
		Financing activities		
329,213	354,413	Proceeds from Borrowing	-	27,800
-	-	Deposits from Public Authorities	5,063	-
335,286	354,413	Total cash received	5,063	27,800
(45,369)	(52,213)	Repayment of Borrowings	(53,271)	(59,123)
(45,370)	(52,213)	Total cash used	(53,271)	(59,123)
289,916	302,200	Net cash flows from (used by) financing activities	(48,208)	(31,323)
138,320	241,904	Net increase/(decrease) in cash and cash equivalents held	(194,708)	(166,664)
164,411	437,681	Cash and cash equivalents at beginning of period	302,765	679,619
302,731	679,585	Cash and cash equivalents at end of period	2	108,057
302,731	680,019	Cash and cash equivalents (excluding bank overdrafts)	108,057	512,955
-	(434)	Less Overdraft	-	-
302,731	679,585	Cash and cash equivalents	108,057	512,955

Statement of Changes in Net Worth

GOVERNMENT OF THE CAYMAN ISLANDS SCHEDULE OF CHANGES IN NET WORTH

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Attributable to Cayman Islands Government			Total Net Worth C\$000
	Reserves C\$000	Revaluation C\$000	Accumulated Surplus/(Deficits) C\$000	
Balance at 31 December 2021	263,276	695,663	935,361	1,894,300
Changes in net worth for 2022				
Property revaluation adjustments	-	384,192	-	384,192
Post Retirement 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
Balance at 31 December 2022	245,212	1,079,855	753,273	2,078,340
Changes in net worth for 2023				
Post Retirement Benefit remeasurement	-	-	39,117	39,117
Prior Period Adjustments	-	56,128	(35,645)	20,483
Movement in Reserves	46,646	-	(46,646)	-
Net revenue / expenses recognised directly in net worth	46,646	56,128	(43,174)	59,600
Surplus/(deficit) for the period 2023	-	-	34,452	34,452
Total recognised revenues and expenses for the period	46,646	56,128	(8,722)	94,052
Balance at 31 December 2023	291,858	1,135,983	744,551	2,172,392

Statement of Comparison of Budget and Actual Amounts

GOVERNMENT OF THE CAYMAN ISLANDS STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023
ENTIRE PUBLIC SECTOR

	Note	Original Budget 2023 CIS000	Adjustments 2023 CIS000	Final Budget 2023 CIS000	Actual 2023 CIS000	Performance Difference CIS000
Current Assets						
Cash and Cash Equivalents	2	437,951	(244,298)	193,653	512,955	75,004
Trade Receivables	3	26,468	-	26,468	48,913	22,445
Other Receivables	4	21,665	-	21,665	14,756	(6,909)
Inventories	5	26,442	-	26,442	41,754	15,312
Loans Made	6	2,295	-	2,295	1,263	(1,032)
Investments	7	274,933	-	274,933	450,669	175,736
Prepayments	8	13,810	-	13,810	16,090	2,280
Biological Assets	9	-	-	-	341	341
Total Current Assets		803,564	(244,298)	559,266	1,086,741	283,177
Non-Current Assets						
Trade Receivables	3	427	-	427	277	(150)
Other Receivables	4	2,760	-	2,760	-	(2,760)
Loans Made	6	26,309	-	26,309	26,951	642
Property, Plant and Equipment	10	2,335,473	97,695	2,433,168	2,690,328	354,855
Intangible Assets	11	15,446	-	15,446	10,935	(4,511)
Investment Property	12	-	-	-	9,000	9,000
Investments	7	57,948	-	57,948	72,600	14,652
Prepayments	8	-	-	-	4,204	4,204
Other Non-Financial Assets	4	-	-	-	57	57
Total Non-Current Assets		2,438,363	97,695	2,536,058	2,814,352	375,989
Total Assets		3,241,927	(146,604)	3,095,323	3,901,093	659,166
Current Liabilities						
Trade Payables	13	37,904	-	37,904	40,451	2,547
Other Payables & Accruals	13	31,918	-	31,918	128,024	96,106
Bank Overdraft	2	1,206	-	1,206	-	(1,206)
Unearned Revenue	14	82,689	-	82,689	135,285	52,596
Employee Entitlements	15	11,876	-	11,876	12,602	726
Retirement Benefits	16	23,595	-	23,595	24,332	737
Borrowings	17	51,207	-	51,207	50,812	(395)
Provisions	18	14,447	-	14,447	14,940	493
Total Current Liabilities		254,842	-	254,842	406,446	151,604
Non-Current Liabilities						
Trade Payables	13	4,453	-	4,453	-	(4,453)
Other Payables & Accruals	13	9,793	-	9,793	2,677	(7,116)
Unearned Revenue	14	13,425	-	13,425	13,043	(382)
Retirement Benefits	16	954,050	-	954,050	716,387	(237,663)
Borrowings	17	449,687	-	449,687	418,959	(30,728)
Currency Issued	19	205,706	-	205,706	169,515	(36,191)
Provisions	18	-	-	-	1,674	1,674
Total Non-Current Liabilities		1,637,114	-	1,637,114	1,322,255	(314,859)
Total Liabilities		1,891,956	-	1,891,956	1,728,701	(163,255)
Net Assets		1,349,971	(146,604)	1,203,367	2,172,392	822,421
Net Assets/Equity						
Reserves	20	206,988	-	206,988	291,858	84,870
Revaluation Reserve	20	640,884	-	640,884	1,135,983	495,099
Current Period Surplus		8,677	(146,604)	(137,927)	34,452	25,775
Accumulated Surplus/(Deficit)		493,422	-	493,422	710,099	216,677
Total Net Assets/Equity		1,349,971	(146,604)	1,203,367	2,172,392	822,421

Statement of Comparison of Budget and Actual Amounts (continued)

GOVERNMENT OF THE CAYMAN ISLANDS						
STATEMENT OF FINANCIAL POSITION						
AS AT 31 DECEMBER 2023						
CORE GOVERNMENT						
	Note	Original Budget 2023 CIS000	Adjustments 2023 CIS000	Final Budget 2023 CIS000	Actual 2023 CIS000	Performance Difference CIS000
Current Assets						
Cash and Cash Equivalents	2	95,369	(244,298)	(148,929)	108,057	12,688
Trade Receivables	3	17,526	-	17,526	5,210	(12,316)
Other Receivables	4	17,718	-	17,718	14,670	(3,048)
Dividends Receivable	4	-	-	-	3,499	3,499
Inventories	5	5,045	-	5,045	8,500	3,455
Loans Made	6	917	-	917	579	(338)
Investments	7	216,865	-	216,865	417,954	201,089
Prepayments	8	7,427	-	7,427	9,121	1,694
Total Current Assets		360,867	(244,298)	116,569	567,590	206,723
Non-Current Assets						
Trade Receivables	3	427	-	427	277	(150)
Other Receivables	4	860	-	860	-	(860)
Loans Made	6	60,000	-	60,000	60,497	497
Property, Plant and Equipment	10	1,763,447	97,695	1,861,142	2,091,153	327,706
Intangible Assets	11	16,810	-	16,810	8,581	(8,229)
Investments	7	831	-	831	831	-
Net Worth - Public Entities	44	317,487	-	317,487	573,143	255,656
Total Non-Current Assets		2,159,862	97,695	2,257,557	2,734,525	574,663
Total Assets		2,520,729	(146,604)	2,374,125	3,302,115	781,386
Current Liabilities						
Trade Payables	13	43,656	-	43,656	23,102	(20,554)
Other Payables & Accruals	13	58,441	-	58,441	180,727	122,286
Unearned Revenue	14	68,227	-	68,227	118,660	50,433
Employee Entitlements	15	8,705	-	8,705	11,166	2,461
Retirement Benefits	16	23,595	-	23,595	24,312	717
Borrowings	17	48,073	-	48,073	48,091	18
Provisions	18	-	-	-	481	481
Total Current Liabilities		250,697	-	250,697	406,539	155,842
Non-Current Liabilities						
Other Payables & Accruals	13	-	-	-	127	127
Unearned Revenue	14	13,518	-	13,518	13,043	(475)
Retirement Benefits	16	472,501	-	472,501	303,344	(169,157)
Borrowings	17	434,042	-	434,042	404,996	(29,046)
Provisions	18	-	-	-	1,674	1,674
Total Non-Current Liabilities		920,061	-	920,061	723,184	(196,877)
Total Liabilities		1,170,758	-	1,170,758	1,129,723	(41,035)
Net Assets		1,349,971	(146,604)	1,203,367	2,172,392	822,421
Net Assets/Equity						
Reserves	20	168,105	-	168,105	187,393	19,288
Revaluation Reserve	20	491,051	-	491,051	893,554	402,503
Current Period Surplus		8,677	(146,604)	(137,927)	34,452	25,775
Accumulated Surplus/(Deficit)		682,138	-	682,138	1,056,993	374,855
Total Net Assets/Equity		1,349,971	(146,604)	1,203,367	2,172,392	822,421

Statement of Comparison of Budget and Actual Amounts (continued)

GOVERNMENT OF THE CAYMAN ISLANDS						
STATEMENT OF FINANCIAL PERFORMANCE						
FOR THE YEAR ENDED 31 DECEMBER 2023						
ENTIRE PUBLIC SECTOR						
		Original Budget 2023	Adjustments 2023	Final Budget 2023	Actual 2023	Performance Difference
	Note	Ci\$000	Ci\$000	Ci\$000	Ci\$000	Ci\$000
Revenue						
Coercive Revenue	21	934,655	-	934,655	982,620	47,965
Sales of Goods & Services	22	234,516	-	234,516	338,956	104,440
Investment Revenue	23	5,105	-	5,105	41,861	36,756
Donations	24	1,173	-	1,173	1,676	503
Other Revenue		6,982	-	6,982	1,192	(5,790)
Total Revenue		1,182,431	-	1,182,431	1,366,305	183,874
Expenses						
Personnel Costs	25	648,577	28,200	676,777	663,974	15,397
Supplies and Consumables	26	275,377	38,762	314,139	369,289	93,912
Leases	27	13,966	1,679	15,645	19,214	5,248
Depreciation & Amortisation	28	77,844	8,838	86,682	78,548	704
Outputs from Non-Government Organizations	29	50,822	34,153	84,975	79,097	28,275
Transfer Payments	30	52,892	25,739	78,631	73,217	20,325
Litigation Costs		2,006	294	2,300	1,762	(244)
Other Executive Expenses	31	34,131	9,045	43,176	34,841	710
Finance Costs	32	18,845	-	18,845	18,166	(679)
Total Expenses		1,174,460	146,709	1,321,169	1,338,108	163,648
Other (Gains)/Losses						
(Gains)/Losses on Derecognition of Assets/Liabilities		-	-	-	109	109
Impairment of Property, Plant and Equipment		334	-	334	135	(199)
Impairment of Inventory		-	-	-	873	873
(Gains)/Losses on Financial Instruments		-	-	-	(7,019)	(7,019)
(Gains)/Losses on Non-financial Instruments		(1,040)	(105)	(1,145)	(353)	687
Total Other (Gains)/Losses		(706)	(105)	(811)	(6,255)	(5,549)
Surplus/ (Deficit) for the period		8,677	(146,604)	(137,927)	34,452	25,775

Statement of Comparison of Budget and Actual Amounts (continued)

GOVERNMENT OF THE CAYMAN ISLANDS						
STATEMENT OF FINANCIAL PERFORMANCE						
FOR THE YEAR ENDED 31 DECEMBER 2023						
CORE GOVERNMENT						
		Original Budget 2023	Adjustments 2023	Final Budget 2023	Actual 2023	Performance Difference
	Note	Ci\$000	Ci\$000	Ci\$000	Ci\$000	Ci\$000
Revenue						
Coercive Revenue	21	934,655	-	934,655	982,808	48,153
Sales of Goods & Services	22	41,426	-	41,426	47,803	6,377
Investment Revenue	23	1,733	-	1,733	28,221	26,488
Donations	24	203	-	203	559	356
Other Revenue		116	-	116	704	588
Total Revenue		978,133	-	978,133	1,060,095	81,962
Expenses						
Personnel Costs	25	459,331	28,200	487,531	443,971	(15,360)
Supplies and Consumables	26	139,204	5,131	144,335	145,385	6,181
Leases	27	9,957	1,679	11,636	10,217	260
Depreciation & Amortisation	28	47,504	8,838	56,342	49,636	2,132
Outputs to Statutory Authorities and Government Companies	43	164,821	33,631	198,452	190,361	25,540
Outputs from Non-Government Organizations	29	50,822	34,153	84,975	79,097	28,275
Transfer Payments	30	52,892	25,739	78,631	73,217	20,325
Litigation Costs		1,770	294	2,064	1,189	(581)
Other Executive Expenses	31	8,275	9,045	17,320	23,615	15,340
Finance Costs	32	16,962	-	16,962	18,468	1,506
Total Expenses		951,538	146,709	1,098,247	1,035,156	83,618
Other (Gains)/Losses						
(Gains)/Losses on Derecognition of Assets/Liabilities		-	-	-	109	109
Impairment of Inventory		-	-	-	92	92
(Gains)/Losses on Financial Instruments		-	-	-	(4,925)	(4,925)
(Gains)/Losses on Non-financial Instruments		(1,169)	(105)	(1,274)	(89)	1,080
(Surplus)/Deficit on Statutory Authorities & Government Companies		19,087	-	19,087	(4,700)	(23,787)
Total Other (Gains)/Losses		17,918	(105)	17,813	(9,513)	(27,431)
Surplus/(Deficit) for the Period		8,677	(146,604)	(137,927)	34,452	25,775

GOVERNMENT OF THE CAYMAN ISLANDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The Cayman Islands are an Overseas Territory of the United Kingdom, a foreign sovereign territory. His Majesty the King of the United Kingdom, is the head of state of the Cayman Islands and appoints the Governor to administer the Government of the Cayman Islands (the Government) 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 (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 2023 to 31 December 2023.

Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting, unless otherwise stated. The Statement of Cash Flows 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.

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

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.

Note 1: Summary of Accounting Policies (continued)

Judgments and Estimates

The preparation of these financial statements is in conformity with International Public Sector Accounting Standards that requires judgments, estimates, and assumptions affecting the application of policies and reported amounts of assets and liabilities, revenue and expenses. The areas where estimates, assumptions or judgement are significant include, but are not limited to: post-employment benefit obligations, provisions, fair value estimations, contingent assets and liabilities and impairment of non-financial assets.

The estimates and associated assumptions are based on the judgement of management, historical experience, reports from independent experts and various other factors that are believed to be reasonable under the circumstances. Any uncertainties regarding possible outcomes are dealt with by using expected outcomes.

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

Note 1: Summary of Accounting Policies (continued)

Basis of Combination (continued)

- 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

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

Changes in Accounting Policies

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

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

Note 1: Summary of Accounting Policies (continued)

Adoption of issued standards

IPSAS 41: Financial Instruments

The Government has adopted IPSAS 41: Financial Instruments as of the transition date of 1 January 2023, replacing IPSAS 29: Financial Instruments: Recognition and Measurement.

In accordance with the transitional provisions in IPSAS 41, comparative information for the 31 December 2022 period has not been restated. Adjustments arising from adopting IPSAS 41 are recognised in opening equity at 1 January 2023 (the date of initial application).

The accounting policies for the year ended 31 December 2023 have been updated to comply with IPSAS 41. The main changes to the Government's accounting policies are:

- Trade and other receivables - This policy has been updated to reflect that the impairment of receivables is now determined by applying an expected credit loss model.
- Financial instruments and risk management - The policy has been updated to reflect:
 - the new measurement classification categories; and
 - a new impairment model for financial assets based on expected credit losses, which is forward-looking and may result in earlier recognition of impairment losses.

IPSAS 41 also significantly amended the disclosures of financial instruments of IPSAS 30. This has resulted in new or amended disclosures, mostly in relation to the financial instrument categories and to credit risk.

The tables below outline the classification of financial assets and liabilities under IPSAS 41 and IPSAS 29 on the date of initial application of IPSAS 41.

Measurement classification		
Financial assets	IPSAS 29	IPSAS 41
Cash and cash equivalents	Loans & Receivables	Amortised cost
Term Deposits	Loans & Receivables	Amortised cost
Trade and other receivables	Loans & Receivables	Amortised cost
Financial Liabilities	IPSAS 29	IPSAS 41
Accounts Payable	Amortised Cost	Amortised Cost

Note 1: Summary of Accounting Policies (continued)

Adoption of issued standards (continued)

IPSAS 41 has had an immaterial impact on the Government's measurement and recognition of financial instruments, as financial assets that were recognised as loans and receivables are now recognised as amortised cost.

IPSAS 42: Social Benefit

The Government has adopted IPSAS 42, Social Benefit as of the date of transition 1 January 2023. The accounting policies for the year ended 31 December 2023 have been updated to comply with IPSAS 42. Expenditure in respect of social benefit payments should be recognised at the point at which the social benefit claimant meets the eligibility requirements to receive the benefit. Only the expenditure for the period of entitlement that falls within the accounting year should be recognised.

Social benefits are defined as current transfers received by households (including individuals) intended to provide for the needs that arise from certain events or circumstances, for example, sickness, unemployment, retirement, housing, education, or family circumstances.

New IPSAS Issued but not yet effective

- *IPSAS 43, Leases* (effective for period beginning on or after 1 January 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.
- *IPSAS 45, Property, Plant, And Equipment* (effective for periods beginning on or after January 1, 2025) replaces IPSAS 17, Property, Plant, and Equipment by adding current operational value as a measurement basis in the updated current value model for assets within its scope, identifying the characteristics of heritage and infrastructure assets, and adding new guidance on how these important types of public sector assets should be recognized and measured.
- *IPSAS 46, Measurement* (effective for periods beginning on or after January 1, 2025) provides new guidance in a single standard addressing how commonly used measurement bases should be applied in practice.

Note 1: Summary of Accounting Policies (continued)

New IPSAS Issued but not yet effective (continued)

- *IPSAS 47, Revenue* (effective for periods beginning on or after January 1, 2026) replaces IPSAS 9, Revenue from Exchange Transactions, IPSAS 11, Construction Contracts, and
- *IPSAS 23, Revenue from Non-Exchange Transactions* and is a single source for revenue accounting guidance in the public sector, which presents two accounting models based on the existence of a binding arrangement.
- *IPSAS 48, Transfer Expenses* (effective for periods beginning on or after January 1, 2026) provides accounting requirements for transfer expenses, and presents two accounting models based on the existence of a binding arrangement.
- *IPSAS 49, Retirement Benefit Plans* (effective for periods beginning on or after January 1, 2026) establishes comprehensive accounting and reporting requirements for the financial statements of retirement benefit plans, with participants comprising current and former public sector employees and other eligible members.

Amendments to IPSAS issued but not yet effective

- *IPSAS 43, Leases* (effective for periods beginning on or after January 1, 2025)
- *IPSAS 44, Non-Current Assets Held for Sale and Discontinued Operations* aligns the effective date for IPSAS 43, (effective for periods beginning on or after January 1, 2025)
- *IPSAS 45, Property, Plant, And Equipment* (effective for periods beginning on or after January 1, 2025)
- *IPSAS 46, Measurement*, (effective for periods beginning on or after January 1, 2025)
- *IPSAS 47, Revenue*, (effective for periods beginning on or after January 1, 2026)
- *IPSAS 48, Transfer Expenses*, (effective for periods beginning on or after January 1, 2026)
- *Improvements to IPSAS 2023*, related to
 - *IPSAS 1, Presentation of Financial Statements* (effective for period beginning on or after January 1, 2026)
 - *IPSAS 43, Leases* (effective for period beginning on or after January 1, 2025)

Note 1: Summary of Accounting Policies (continued)

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: -

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

Sale of Goods and Services

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

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.

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

Note 1: Summary of Accounting Policies (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.

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 2023;
- 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 2023 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.

Defined Contribution Plan

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

Financial Instruments

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

Classification and Measurement

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 receivables.

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.

Financial assets and liabilities are initially measured at fair value. On initial recognition, transaction costs directly attributable to the acquisition or issue of financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate.

IPSAS 41 requires financial assets to be subsequently measured at fair value through surplus or deficit (FVTSD), amortised cost, or fair value through other comprehensive revenue and expense (FVTOCRE). Additionally, IPSAS 41 requires financial liabilities to be measured at either amortised cost or FVTSD.

This classification is based on the business model for managing financial instruments, and whether the payments are for solely payments of principal or interest on the principal amount outstanding. The Government assessed the business model for holding financial assets at the date of initial application. It determined that all of these are held to collect contractual cash flows that are solely payments of principal and interest. Therefore,

Note 1: Summary of Accounting Policies (continued)

Financial Instruments (continued)

financial assets are subsequently measured at amortised cost. Financial liabilities are subsequently measured at amortised cost.

Cash and cash equivalents, short-term investments, trade receivables and payables are recorded at amortised cost using the effective interest method less any impairment. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Derecognition

Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the Ministry has transferred substantially all risks and rewards of ownership. A financial liability is derecognised 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 calculates the provision for impairment by assessing expected credit losses, considering historical credit loss data, prevailing economic circumstances, and a rational and substantiated forecast of forthcoming developments. This provision undergoes regular review at each reporting date and is modified to mirror alterations in credit risk.

The expected credit loss rates for receivables are based on the payment profile of revenue on credit over the previous two years at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the recoverability of receivables. Given the short period of credit risk exposure, the impact of macroeconomic factors is not considered significant.

Borrowing Costs

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

Note 1: Summary of Accounting Policies (continued)

Provisions

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

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

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

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

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

Reward Points

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

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

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

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

Revenue received against the issuance of Sir Turtle Rewards points is deferred as a liability and shown as provision on the Statement of Financial Position until the points are redeemed or the passenger is uplifted in the case of flight redemptions. The frequent flyer provision is measured based on managements' estimates of the fair value of the expected

Note 1: Summary of Accounting Policies (continued)

Reward Points (continued)

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).

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:

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

Note 1: Summary of Accounting Policies (continued)

Foreign Currency (continued)

- 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.
- *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.

Note 1: Summary of Accounting Policies (continued)

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 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 year end, including cash on hand, cash in transit, deposits held on call with banks and other short-term highly liquid investments net of overdraft. Although cash and cash equivalents at 31 December 2023 are subject to the expected credit loss requirements of IPSAS 41, no allowance has been recognised as the estimated allowance is negligible due to the high credit quality of the counterparty banks.

Core Actual 2022	EPS Actual 2022	Description	Core Actual 2023	EPS Actual 2023
CI\$'000	CI\$000		CI\$000	CI\$000
342	7,979	Cash on Hand	461	5,815
24,925	169,641	Operational Accounts - KYD	30,504	164,413
(4,808)	157,007	Operational Accounts - USD	(7,168)	138,571
6	6	Operational Accounts - GBP	7	7
31,205	37,973	Other Bank Accounts	30,289	37,827
251,061	307,413	Fixed Deposits (Less than 90 days)	53,964	166,322
302,731	680,019	Cash and Cash Equivalents (excluding bank overdrafts)	108,057	512,955
-	(434)	Less Overdrafts	-	-
302,731	679,585	Cash and Cash Equivalents	108,057	512,955

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

Core Actual 2022	EPS Actual 2022	Description	Core Actual 2023	EPS Actual 2023
CI\$'000	CI\$000		CI\$000	CI\$000
120,589	497,443	Unrestricted Cash	74,697	479,595
182,142	182,142	Restricted Funds	33,360	33,360
302,731	679,585	Cash and Cash Equivalents	108,057	512,955

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 2022	EPS Actual 2022	Description	Core Actual 2023	EPS Actual 2023
Ci\$'000	Ci\$'000		Ci\$000	Ci\$'000
18,993	18,685	Coercive Revenue Receivable	19,689	19,395
17,306	75,673	Non-Coercive Receivable	4,907	85,937
36,299	94,358	Total Trade Receivables	24,596	105,332
(23,332)	(53,121)	Less: Provision for Doubtful Debts	(19,109)	(56,142)
12,967	41,237	Net Trade Receivables	5,487	49,190

Movement in Provision for Doubtful Debts

Core Actual 2022	EPS Actual 2022	Description	Core Actual 2023	EPS Actual 2023
Ci\$000	Ci\$000		Ci\$000	Ci\$000
(21,488)	(47,649)	Balance at 1 January	(23,332)	(53,121)
(1,844)	(5,472)	Additional provisions made/Write-back of provisions	4,223	(3,474)
-	-	Receivables written off during the period	-	453
(23,332)	(53,121)	Provision for Doubtful Debts	(19,109)	(56,142)

Maturity Profile

Core Actual 2022	EPS Actual 2022	Description	Core Actual 2023	EPS Actual 2023
Ci\$000	Ci\$000		Ci\$000	Ci\$000
12,540	40,810	Trade Receivables due in one year	5,210	48,913
427	427	Trade Receivables due after one year	277	277
12,967	41,237	Total Trade Receivables	5,487	49,190

The provision for doubtful debts has been calculated based on expected losses from a review of specific debtors, and analysis losses in previous periods. An expected credit loss of 100% is recognised for receivables past due, if historical experience has indicated that these receivables are generally not recoverable. Receivables are written off and/ or fully provided for when there is no reasonable expectation of recovery.

Note 4: Other Receivables

Core Actual	EPS Actual	Description	Core Actual	EPS Actual
2022	2022		2023	2023
CI\$000	CI\$000		CI\$000	CI\$000
3,549	803	Advances and Expenditure Reimbursable	12,674	19,023
1,668	1,668	Dishonoured Cheques	1,117	1,118
-	889	Interest Receivable	-	1,197
3,344	-	Dividends Receivable	3,499	-
92	156	Long Term Other Receivables	43	57
16,116	31,921	Other Receivable	1,119	(6,256)
24,769	35,437	Total Other Receivables	18,452	15,139
(665)	(712)	Less: provision for Doubtful Debts	(240)	(326)
24,104	34,725	Net Other Receivables	18,212	14,813

Movement in Provision for Doubtful Debts

Core Actual	EPS Actual	Description	Core Actual	EPS Actual
2022	2022		2023	2023
CI\$000	CI\$000		CI\$000	CI\$000
(328)	(375)	Balance at 1 January	(665)	(712)
(337)	(366)	Additional provisions made/Write-back of provisions	425	386
-	29	Receivables written off during the period	-	-
(665)	(712)	Provision for Doubtful Debts	(240)	(326)

Maturity profile

Core Actual	EPS Actual	Description	Core Actual	EPS Actual
2022	2022		2023	2023
CI\$001	CI\$000		CI\$001	CI\$000
24,012	34,569	Other Receivables due in one year	18,169	14,756
92	156	Other Receivables due after one year	43	57
24,104	34,725	Total Other Receivables	18,212	14,813

The provision for doubtful debts has been calculated based on expected losses from a review of specific debtors, and analysis losses in previous periods. An expected credit loss of 100% is recognised for receivables past due, if historical experience has indicated that these receivables are generally not recoverable. Receivables are written off and/ or fully provided for when there is no reasonable expectation of recovery.

Note 5: Inventories

EPS Actual 2022	Description	EPS Actual 2023
CI\$000		CI\$000
566	Raw Materials (including consumable stores)	565
4,513	Inventory held for use in the provision of goods and services	7,765
4,235	Other Inventories for use within one year	3,046
220	Water Inventory	325
13,705	Pharmaceutical and Medical Supplies	15,757
1,212	Inventory of Unissued Currency Notes and Coins	1,480
1,070	Coins awaiting melt-down, Coins for resale and Bullions	1,081
2,963	Affordable Houses	11,735
28,484	Total Inventories	41,754

EPS Actual 2022	Description	EPS Actual 2023
CI\$000		CI\$000
28,484	Inventories for use in one year	41,754
28,484	Total Inventories	41,754

Managed by:		
CI\$000		CI\$000
7,358	Central Government	8,500
21,126	Statutory Authorities & Government Companies	33,254
28,484	Total Inventories	41,754

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

Note 6: Loans Made

EPS Actual	Description	EPS Actual
2022		2023
CI\$000		CI\$000
91	Mortgage Loans	96
1,832	Loans (due within 12 months)	1,544
22,059	Commercial Loans	26,780
23,982	Total Loans Made	28,420
(610)	Less: Provision for Impairment Losses	(206)
23,372	Net Loans Made	28,214

Movement in Provision for Impairment Losses

EPS Actual	Description	EPS Actual
2022		2023
CI\$000		CI\$000
(13,446)	Balance at 1 January	(610)
12,824	Additional provisions made/Write-back of provisions	404
(610)	Provision for Impairment Losses	(206)

Maturity Profile

EPS Actual	Description	EPS Actual
2022		2023
CI\$000		CI\$000
1,368	Amounts due within 12 months	1,263
22,004	Amounts due after 1 year	26,951
23,372	Total Net Loans Made	28,214

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 2023, the Government had investments amounting to \$523.3million (2022: \$420.3 million).

Short -Term Investments		
EPS Actual 2022	Description	EPS Actual 2023
CI\$000		CI\$000
341,493	Marketable Securities and Deposits	445,425
4,780	Interest Receivable	5,244
346,273	Short-Term Investments	450,669

Long-Term Investments		
EPS Actual 2022	Description	EPS Actual 2023
CI\$000		CI\$000
73,177	Marketable Securities	71,769
591	Caribbean Development Bank	591
240	Cayman First Insurance Limited	240
74,008	Long-Term Investments	72,600
420,281	Total Investments	523,269

Investment Held by:		
331,070	Central Government	418,785
89,211	Statutory Authorities & Government Companies	104,484
420,281	Total Investment	523,269

Short-Term Investments

Short-term investments are held in the form of US Treasury Bills, AAA Corporate Bonds and US Treasury Notes with maturity dates ranging between 7 March and 13 December 2024 and Fixed Deposits with maturity dates over 90 days but within 365 days.

Domestic fixed deposits earned interest at rates averaging between 4.70% to 5.7% during the year ended 31 December 2023.

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

Note 7: Investments (continued)

Short-Term Investments (continued)

EPS 2022 C\$000	Description	EPS 2023 C\$000
277,313	US Treasury Notes	220
-	- AAA Corporate bonds	858
8,817	US Treasury Bills	13,459
55,363	Fixed Deposits (over 90 days but within 365 days)	430,888
4,780	Interest receivable	5,244
346,273	Short-Term Investments	450,669

Short-term deposits represent term deposits with banks with original maturities of greater than three months but less than twelve months. Impairment of short-term deposits has been considered on a 12-month expected credit loss basis and reflects the short maturities of the exposures. Although short-term investments at 31 December 2023 are subject to the expected credit loss requirements of IPSAS 41, no allowance has been recognised as the estimated allowance is negligible due to the high credit quality of the counterparty banks.

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 January 2025 and 20 January 2053.

EPS 2022 C\$000	Description	EPS 2023 C\$000
73,177	1-5 years	66,174
-	- Over 10 years	5,595
73,177	Long-Term Investments	71,769

Debt instruments under IPSAS 41, are classified as hold to collect and sell and measured at FVOCI and amortised cost. The expected credit losses for long-term investments balances were negligible, and as such no allowances have been recognised.

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 2023 Core Government held restricted funds of \$164.3 million in marketable securities.

Note 7: Investments (continued)

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.

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 2023, the value of Currency Reserve Assets was \$203.2 million (31 December 2022: \$195.1 million) representing 119.88% (31 December 2022: 114.04%) of total Demand Liabilities. The value of external assets equated to 115.75% (31 December 2022: 110.42%) while the value of local assets as at 31 December 2023 equated to 4.13% (31 December 2022: 3.62%) of Demand Liabilities.

Caribbean Development Bank

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

Cayman First Insurance Limited

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

Note 8: Prepayments

Core Actual 2022	EPS Actual 2022	Description	Core Actual 2023	EPS Actual 2023
CI\$000	CI\$000		CI\$000	CI\$000
2,306	2,477	Prepaid Insurance	426	701
-	4,197	Cayman Airways Security Deposits	-	4,204
10,539	18,021	Other Prepayments	8,695	15,389
12,845	24,695	Total Prepayments	9,121	20,294

Maturity Profile

Core Actual 2022	EPS Actual 2022	Description	Core Actual 2023	EPS Actual 2023
CI\$000	CI\$000		CI\$000	CI\$000
12,845	20,498	Prepayments due in one year	9,121	16,090
-	4,197	Prepayments due in more than one year	-	4,204
12,845	24,695	Total Prepayments	9,121	20,294

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

At 31 December 2023, 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 2022 CI\$000	Description	EPS Net 2023 CI\$000
	Livestock, at fair values:	
172	Secondary herd	85
292	Breeder herd	255
464	Biological Assets	340
	Held by:	
CI\$000		CI\$000
464	Statutory Authorities & Government Companies	340
464	Total Biological Assets	340

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

EPS Net 2021 CI\$000	Description	EPS Net 2023 CI\$000
112	Carrying value at beginning of year	172
-	Change attributable to differences in prior years fair values	(98)
60	Change attributable to differences in fair values	438
-	Biological transformation	34
-	Sales, at year end fair values	(461)
60	Net change in biological assets included in income	11
172	Carrying value at end of year	85

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, (2022: CI\$Nil).

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

EPS Net 2022 CI\$000	Description	EPS Net 2023 CI\$000
400	Carrying value at beginning of year	293
(47)	Change attributable to differences in prior years fair values	(25)
(60)	Net (decrease)/increase during the year	(13)
293	Carrying value at end of year	255

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 2023, no new breeders (2022: 12) was added to the herd and no turtles (2022: 3) were transferred to the secondary herd or died. As of 31 December 2023, there was CI\$500,000 insurance coverage associated with the livestock (2022: CI\$500,000).

Note 10: Property, Plant and Equipment

Entire Public Sector
 C'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 2022	1,040,246	70,306	775,598	19,311	43,085	8,905	13,588	31,524	45,581	452,946	114,326	65,021	7,281	32,792	173,815	2,894,714
Additions	8,491	40,633	62,343	3,696	614,045	523	1,991	1,814	-	450	1,748	221,719	29	756	741,120	1,702,558
Disposal/ Derecognition	-	-	4,428	(9)	(654,785)	3	-	(8,244)	-	-	(1,794)	(60,788)	-	(11)	(4,554)	(725,272)
Adjustments & Transfers	14,597	(57,907)	(55,572)	(552)	47,149	(135)	486	22,378	(8,836)	35,927	6,822	(158,250)	21	0	(685,112)	(832,964)
Balance as at 31 December 2022	1,063,335	57,955	790,356	22,436	49,494	9,276	16,065	47,872	36,845	485,303	121,602	67,722	7,331	33,537	225,269	3,057,836

	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 2023	1,063,335	57,993	790,156	22,436	49,484	9,276	16,065	47,872	36,845	483,303	121,602	67,722	7,331	33,537	225,269	3,057,836
Additions	24,658	4,378	6,046	4,525	3,435	1,180	2,742	3,753	54	1,342	26	5,043	420	329	93,946	151,757
Disposal/ Derecognition	(1,933)	(810)	(2,150)	(454)	(877)	(236)	(1,217)	(1,544)	(41)	(767)	(224)	(3,162)	-	-	(767)	(13,408)
Adjustments & Transfers	17,090	29,600	56,635	(1,492)	3,220	378	(1,966)	(16,804)	1,656	27	758	(2,081)	259	31	(101,016)	(13,667)
Balance as at 31 December 2023	1,103,150	90,761	850,726	25,015	55,277	10,588	15,628	33,277	36,514	490,672	122,162	67,522	8,010	33,877	217,333	3,162,517

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 2022	-	46,275	91,883	14,948	35,825	7,164	6,190	23,267	16,365	7,420	67,427	43,093	3,325	9,369	-	370,565
Eliminate on Disposal/Derecognition	-	(1,098)	(10)	(1,615)	(651,647)	-	(193)	(9,539)	-	-	-	(61,050)	-	-	-	(724,165)
Adjustments & Transfers	-	(16,201)	5,610	1,547	650,200	12	548	15,041	(232)	5,761	2,064	62,259	83	(360)	-	725,334
Depreciation Expense	-	5,662	43,211	979	5,023	2,963	2,963	1,380	1,937	2,550	4,471	1,469	315	2,498	-	73,042
Impairment	-	-	-	(30)	(13)	-	-	-	-	(176)	-	(42)	-	-	-	(169)
Balance as at 31 December 2022	-	35,627	140,695	15,820	39,380	7,251	9,517	33,157	18,070	15,731	73,886	45,786	3,723	11,507	-	450,630

	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 2023	-	35,627	140,695	15,820	39,390	7,251	9,517	33,157	18,070	15,731	73,886	45,786	3,723	11,507	-	450,630
Eliminate on Disposal/Derecognition	-	(1,432)	-	(329)	(1,074)	(161)	(594)	(265)	(1,693)	-	-	(2,530)	2	(275)	-	(8,451)
Adjustments & Transfers	-	19,195	(54,318)	(124)	161	(286)	(661)	(10,448)	2,920	10,126	(10,369)	(2,949)	614	-	-	(46,079)
Depreciation Expense	-	4,853	45,725	1,125	5,278	594	2,165	1,951	2,686	1,593	3,415	4,360	300	2,322	-	76,368
Impairment	-	(114)	(6)	-	(43)	-	-	-	-	-	(80)	(16)	-	-	-	(259)
Balance as at 31 December 2023	-	58,129	132,096	16,492	43,712	7,868	10,428	24,395	21,983	27,450	66,942	44,511	4,638	13,554	-	472,189

Net Book value 31 December 2021	1,040,246	24,031	683,625	4,365	7,260	1,741	7,389	8,657	29,316	445,295	46,300	21,922	3,957	29,423	173,815	2,322,140
Net Book value 31 December 2022	1,063,335	21,966	649,461	6,616	10,104	1,525	6,548	14,715	18,775	473,572	47,716	21,986	3,808	22,030	225,268	2,487,236
Net Book value 31 December 2023	1,103,150	32,632	718,630	8,523	11,555	2,640	5,195	8,882	16,531	463,222	55,320	23,011	3,371	20,323	217,333	2,690,328

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 2023:

Agency	Description	2023	2022
		CI\$000	CI\$000
Ministry of Education	New John Gray School Project	14,549	69,300
Ministry of Health & Wellness	Long Term Residential Mental Health Facility	21,500	20,000
Ministry of Planning, Agriculture, Housing, and Infrastructure	Major Road Works & Other Infrastructure projects	13,703	15,248
Ministry of Sustainability and Climate Resiliency	Re-Gen (Early Works Agreement - George Town Landfill)	9,000	14,526
Cayman Islands Airport Authority	ORIA Projects	53,293	45,929

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 (RCIS) Professional Standards 2020 and the guidance notes provided by the RCIS. Particular regard should be paid to the following definitions and methodology having been adopted in the assessment of value:

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

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

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

Note 10: Property, Plant and Equipment (continued)

Valuation assumptions

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

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

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

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

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

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

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

Note 10: Property, Plant and Equipment (continued)

Valuation assumptions (continued)

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

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

Buildings are revalued as an entire class of asset.

Note 11: Intangible Assets

Entire Public Sector C'000				
Cost of Intangible Asset				
	Computer Software	Other Intangible Assets	Intangible Assets under construction or development	Total
Balance as at 01 January 2022	28,474	-	50	28,524
Additions	621	3	-	624
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
	Computer Software	Other Intangible Assets	Intangible Assets under construction or development	Total
Balance as at 01 January 2023	34,501	54	582	35,137
Additions	1,550	4	-	1,554
Disposal/ Derecognition	(120)	(14)	-	(134)
Adjustments & Transfers	1,026	17	4,167	5,210
Balance as at 31 December 2023	36,957	55	4,749	41,761
Accumulated Depreciation and impairment losses				
	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
	Computer Software	Other Intangible Assets	Intangible Assets under construction or development	Total
Balance as at 01 January 2023	26,652	50	-	26,702
Eliminate on Disposal/Derecognition	(340)	-	-	(340)
Adjustments & Transfers	2,313	(9)	-	2,304
Depreciation Expense	2,170	10	-	2,180
Impairment	(20)	-	-	(20)
Balance as at 31 December 2023	30,775	51	-	30,826
Net Book value 31 December 2021	7,773	-	50	7,823
Net Book value 31 December 2022	7,849	4	582	8,435
Net Book value 31 December 2023	6,182	4	4,749	10,935

Note 12: Investment Property

EPS Actual 2022 CI\$000	Description	EPS Actual 2023 CI\$000
	Cost	
9,226	Balance as at 1 January	9,226
-	Changes in fair value in prior year	(226)
9,926	Total Cost	9,000
9,926	Net Book Value	9,000
	Managed by:	
CI\$000		CI\$000
9,226	Statutory Authorities & Government Companies	9,000
9,226	Total Investment Property	9,000

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 a decrease of \$226,000 in the fair value of Investment Property upon revaluation by Lands and Survey Department for value date 31 December 2023.

EPS Actual 2022 CI\$000	Description	EPS Actual 2023 CI\$000
201	Rental income from investment properties	1,131
13	Prior Year adjustment	-
616	Direct operating expenses arising from investment property that generated rental revenue during the period	682

Note 13: Trade Payables, Other Payables & Accruals

Core Actual 2022 CIS\$000	EPS Actual 2022 CIS\$000	Description	Core Actual 2023 CIS\$000	EPS Actual 2023 CIS\$000
14,575	29,336	Trade Payables	23,102	40,451
2,512	2,881	Payroll Deductions	2,798	2,939
52,845	54,309	Accruals	82,848	83,541
1	1	Trust liabilities	1	1
254	475	Transfers payable	395	395
-	-	Social Benefits	4,268	4,268
1,001	1,001	Interest	537	537
23,505	-	Core government trade with other public entities	25,179	-
48,666	-	Amounts due to public entities	54,428	-
3,586	3,588	Owing to trusts	3,563	3,566
25	-	Accruals- Equity Injection	45	-
16,765	36,158	Other Payables	6,792	35,453
163,735	127,749	Total Trade Payables, Accruals and Other Payables	203,956	171,151

Maturity Profile

Core Actual 2022 CIS\$000	EPS Actual 2022 CIS\$000	Description	Core Actual 2023 CIS\$000	EPS Actual 2023 CIS\$000
163,544	125,306	Current	203,829	168,472
191	2,443	Non-current	127	2,679
163,735	127,749	Total Trade Payables, Accruals and Other Payables	203,956	171,151

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.

Social Benefits

Description	EPS Actual 2023 CIS\$000
Children and Youth Services Foundation	258
Care of Indigent and Disabled Elderly Persons	160
Community Programmes - Afterschool	7
Foster Care for Children	33
Support for Battered Women and Children	36
Community Programmes - Meals on Wheels	15
Permant Financial Assitance	1,960
Ex-Gratia Benefit Payments to Seamen and Ex-Gratia Service Men	1,113
Children and Family Services Support	50
Housing Assistance	67
Support for Business Initiatives	29
Hope for Today Foundation	8
Ex-Gratia Recipients Plan Payments and Pension Uplift	532
Total Trade Payables, Accruals and Other Payables	4,268

Note 13: Trade Payables, Other Payables & Accruals (continued)

Social Benefits (continued)

Social Benefits are current transfers receivable by households intended to provide for the needs that arise from social risk; for example sickness, unemployment, retirement, housing, education, or family circumstances . These benefits are payable in cash to protect the entire population or specific segments of it against certain social risks. Social risks are events or circumstances that may adversely affect the welfare of the households concerned either by imposing additional demands on their resources or by reducing their income.

Majority of the social benefits liability are for payments for financial assistance given to the elderly and disabled, recipients of Seamen and Ex-Servicemen of Ex-Gratia benefits and retired Caymanian Civil Servants with no retirement benefits.

Note 14: Unearned Revenue

EPS Actual 2022	Description	EPS Actual 2023
Ci\$000		Ci\$000
786	Customer Deposits	534
39,438	Immigration Deposits	41,691
9,439	Cayman Airways Deposits	9,069
80,493	General Registry Deposits	65,518
13,195	Lease of Crown Lands	13,051
15,466	Revenue and Other Deposits Held	18,471
158,817	Total Unearned Revenue	148,334

Held by		
Ci\$000		Ci\$000
142,961	Central Government	131,703
15,856	Statutory Authorities & Government Companies	16,631
158,817	Total Unearned Revenue	148,334

Maturity Profile		
EPS Actual 2022	Description	EPS Actual 2023
Ci\$000		Ci\$000
145,630	Current	135,285
13,187	Non-current	13,043
158,817	Total Unearned Revenue	148,334

Note 15: Employee Entitlements

Core Actual 2022	EPS Actual 2022	Description	Core Actual 2023	EPS Actual 2023
Ci\$000	Ci\$000		Ci\$000	Ci\$000
6,149	6,854	Annual Leave	6,613	7,445
1,532	1,774	Salary & Wages	2,110	2,407
2,378	2,883	Other	2,444	2,749
10,059	11,511	Total Employment Entitlement	11,167	12,601

Maturity Profile

Core Actual 2022	EPS Actual 2022	Description	Core Actual 2023	EPS Actual 2023
Ci\$000	Ci\$000		Ci\$000	Ci\$000
10,059	11,511	Current	11,166	12,601
10,059	11,511	Total Employment Entitlement	11,166	12,601

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.

Included in other is provisions for compensatory time (Comp Time) which are calculated on the current salaries paid to those employees eligible for this benefit.

Note 16: Retirement Benefits

Core Actual	EPS Actual	Description	Core Actual	EPS Actual
2022	2022		2022	2022
Ci\$000	Ci\$000		Ci\$000	Ci\$000
434,819	449,671	Pension Liability	327,656	337,525
-	296,783	Post Retirement Health Care Liability	-	402,832
-	139	Other Post Retirement Liability	-	362
434,819	746,593	Total Retirement Benefits	327,656	740,719

Maturity Profile

Core Actual	EPS Actual	Description	Core Actual	EPS Actual
2022	2023		2022	2021
Ci\$000	Ci\$000		Ci\$000	Ci\$000
22,875	50,082	Current	30,437	63,688
411,944	696,511	Non-current	297,219	677,031
434,819	746,593	Total Retirement Benefits	327,656	740,719

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

Pensions

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

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

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

Note 16: Retirement Benefits (continued)

Pension Liability Fair Value Presentations

IPSAS 39 – requires that the pension liabilities be revalued annually in order to present the fair value of the fund balances. The Government and Statutory Authorities and Government Companies have employed consultants to perform this annual fair value assessment. The result of the 2023 actuarial valuation is a net liability of \$337.5 million (Central Government net liability - \$327.6 million).

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

	2023 CI\$000	2022 CI\$000
Core Government	313,540	418,533
Parliamentarian Pensions	15,480	16,726
Judicial Pensions	(1,364)	(440)
Central Government Pension Liability Fair Value	327,656	434,819
Statutory Authorities and Government Companies	9,869	14,852
Entire Public Sector Pension Liability Fair Value	337,525	449,671

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
	2023	2023	2023	2023	2023	2023
	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	734,390	26,253	4,516	765,159	62,340	827,499
Current service cost	6,362	82	-	6,444	1,783	8,227
Interest cost	38,458	1,353	233	40,044	3,335	43,379
Plan participants contribution	1,932	10	-	1,942	278	2,220
Remeasurements	15,573	699	95	16,367	593	16,960
Benefits paid from plan/company	(35,940)	(2,056)	(428)	(38,424)	(1,199)	(39,623)
Business combination/divestitures/transfers	2,919	-	-	2,919	(2,689)	230
Plan combinations	15,271	-	-	15,271	-	15,271
Benefit obligation at the year end	778,965	26,341	4,416	809,722	64,441	874,163

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	315,857	9,527	4,956	330,340	47,488	377,828
Interest Income	16,685	489	257	17,431	2,602	20,033
Employer contributions	24,210	1,243	-	25,453	1,746	27,199
Plan participants contribution	1,932	10	-	1,942	262	2,204
Benefits paid from plan/company	(35,940)	(2,056)	(428)	(38,424)	(1,333)	(39,757)
Business combination/divestitures/transfers	2,919	-	-	2,919	(2,685)	234
Administrative Expenses	(1,350)	(30)	-	(1,380)	-	(1,380)
Remeasurement - Expected return on plan assets	125,841	1,678	995	128,514	6,492	135,006
Plan combinations	15,271	-	-	15,271	-	15,271
Fair value of plan assets at year end	465,425	10,861	5,780	482,066	54,572	536,638

Amounts recognised in the statement of financial position

Present value benefit obligation	778,965	26,341	4,416	809,722	64,441	874,163
Fair Value of plan assets	465,425	10,861	5,780	482,066	54,572	536,638
Net liability/(asset)	313,540	15,480	(1,364)	327,656	9,869	337,525

Amounts recognised in the Statement of Financial Performance

Current service cost	6,362	82	-	6,444	1,783	8,227
Interest cost	38,458	1,353	233	40,044	3,335	43,379
Interest Income	(16,685)	(489)	(257)	(17,431)	(2,602)	(20,033)
Administrative Expenses	1,350	30	-	1,380	-	1,380
Total defined benefit pension cost recognised in the Statement of Financial Performance	29,485	976	(24)	30,437	2,516	32,953

Amounts recognised in the Statement of Changes in Equity

Effect of changes in financial assumptions	11,430	692	95	12,217	(1,608)	10,609
Effect of experience adjustments	4,143	7	-	4,150	2,201	6,351
Return on plan assets (excluding interest income)	(125,841)	(1,678)	(995)	(128,514)	(6,492)	(135,006)
Total defined benefit pension remeasurements recognised in the Statement of Changes in Equity	(110,268)	(979)	(900)	(112,147)	(5,899)	(118,046)

Total defined benefit pension cost	(80,783)	(3)	(924)	(81,710)	(3,383)	(85,093)
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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 2023 are as follows:

	2023	2022
<i>Weighted average assumptions to determine defined benefit obligation</i>		
Discount rate	5.15%	5.40%
Rate of salary increase	0.5% in 2023, 4.0% in 2024 and 3.7% thereafter	4.5% in 2022, 5.0% in 2023, 4.0% in 2024 and 3.7% thereafter
Rate of price inflation	3.6% in 2023, 2.5% in 2024, 2.4% in 2025 and 2.0% thereafter	9.5% in 2022, 4.0% in 2023, 2.4% in 2024 and 2.0% thereafter
Rate of pension increases	3.6% in 2023, 2.5% in 2024, 2.4% in 2025 and 2.0% thereafter	8.3% in 2022, 4.0% in 2023, 2.4% in 2024 and 2.0% thereafter
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	5.35%	2.65%
Effective discount rate for service cost	5.35%	2.95%
Effective rate for interest on service cost	5.40%	2.85%
Rate of salary increase	4.5% in 2022, 5.0% in 2023, 4.5% in 2024 and 3.7% thereafter	2.00%
Rate of price inflation	9.5% in 2022, 4.0% in 2023, 2.4% in 2024 and 4.0% thereafter	2.00%
Rate of pension increases	8.4% in 2022, 4.0% in 2023, 2.4% in 2024 and 4.0% thereafter	2.00%
Mortality assumption	100% RP-2014 generationally projected using Scale MP-2021	100% RP-2014 generationally projected using Scale MP-2021

Note 16: Retirement Benefits (continued)

Plan Assets

The Defined Benefit assets as well as the Defined Contribution assets of the Plan are held as a part of the Public Service Pension Fund (“the Fund”) and managed by the PSPB. The assets of two other pension plans (Judicial Pension Plan and Parliamentary Pension Plan) are pooled together to constitute the Fund.

The Fund currently has investment policy with a target asset mix of 80% equities and 20% bonds. The Fund was invested as follows:

Percentage of plan assets by asset allocation:

	2023	2022
Global Equity Securities	81%	82%
Debt Securities	18%	18%
Cash	0%	1%
Total invested assets	100%	100%

Post-Retirement Healthcare Benefit

In addition to the Past Service Pension Liability, the Government is also obligated to provide for the future healthcare costs of Civil Servants who earned that benefit based on their prior service with the Government.

Previously Civil Servants who worked for a minimum of 10 years with the Government would be entitled to a healthcare benefit upon retirement. However, the Public Service Management Act now requires that the employee puts in the same 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 May 2024, estimated the post-retirement healthcare obligation as at 31 December 2023 to be \$2.4 billion (2022: \$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.

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 2023 of \$402.8 million (2022: \$296.8 million). The amounts recognised in the Statement of Financial Position represent the present value of unfunded obligations, actuarially determined for 31 December 2023.

Note 16: Retirement Benefits (continued)

Other Post Retirement Benefit

In 1997 the Board of Directors of Cayman Turtle Conservation and Education Centre Limited approved a severance pay package entitling employees with over 25 years of service to a cash payment on retirement and payment of their health insurance premiums after retirement for a period to be determined by the Board of Directors. Employees who have attained age 65 and worked for one year or more are also eligible for a severance package of one week of each full year of work completed. There are 14 eligible employees at 31 December 2023 (2022: 14) for both of these scenarios combined, and the total liability of the Company in respect of past service benefits for retired employees is approximately \$361.6 thousand (2022: \$138.9 thousand).

Note 17: Borrowing /Public Debt

Description	Opening Balance 1 January 2023	Drawdowns/ Additions	Repayments	Closing Balance 31 December 2023
	CI\$000	CI\$000	CI\$000	CI\$000
Core	506,357	-	53,270	453,087
Cayman Islands Development Bank	3,545	-	3,545	-
National Housing Development Trust	1,788	-	839	950
Cayman Airways Limited	17,202	-	1,468	15,734
Total	528,893	-	59,122	469,771

Maturity Profile

Core Net 2022 \$'000	EPS 2022 \$'000		Core Net 2023 \$'000	EPS 2023 \$'000
Local Currency Debt				
-	-	- Not later than one year	-	-
-	-	- Between one and two years	-	-
-	-	- Between two and five years	-	-
-	-	- Later than five Years	-	-
-	-	Total Local Currency Debt	-	-
Foreign Currency Debt (stated in \$CI)				
53,271	58,843	Not later than one year	48,091	49,902
48,091	57,148	Between one and two years	48,091	57,004
121,139	129,045	Between two and five years	105,716	111,675
283,857	283,857	Later than five years	251,189	251,189
506,358	528,893	Total Foreign Currency Debt	453,087	469,771
506,358	528,893	Total Outstanding Debt	453,087	469,771
Local Currency Marketable Securities and Deposits				
140,175	184,243	Not later than one year	122,546	227,289
10,000	10,000	Between one and two years	-	-
-	-	- Between two and five years	-	-
-	-	- Later than five years	-	-
150,175	194,243	Total Local Currency Marketable Securities and Deposits	122,546	227,289
Foreign Currency Marketable Securities and Deposits (stated in CI\$)				
137,759	163,210	Not later than one year	344,127	384,458
-	69,157	Between one and two years	-	66,174
-	-	- Between two and five years	-	-
-	-	- Later than five years	-	5,595
137,759	232,367	Total Foreign Currency Marketable Securities and Deposits	344,127	456,227
287,934	426,610	Less :Total Marketable Securities and Deposits	466,673	683,516
218,424	102,283	Net Public Debt	(13,587)	(213,746)
Core Net 2022 \$'000	EPS 2022 \$'000		Core Net 2023 \$'000	EPS 2023 \$'000
53,271	58,843	Current Portion	48,091	49,902
453,087	470,050	Non-current Portion	404,996	419,869
506,358	528,893	Total Debt	453,087	469,771

Note 18: Provisions

EPS Actual 2022	Description	EPS Actual 2023
CI\$000		CI\$000
14,399	Environmental Remediation – Landfill	1,674
14,453	Health claims incurred but not yet reported	8,713
202	Frequent Flyer Programme	3,414
72	Casualty Investigation Fund	652
1,260	Aircraft Maintenance	1,680
4,324	Other Provisions	481
34,710	Total Provisions	16,614

Movement in Provisions

EPS Actual 2022	Description	EPS Actual 2023
CI\$000		CI\$000
45,029	Balance at 1 January	34,710
3,579	Additional provisions made during the year	2,044
(13,898)	Provisions utilised during the year	(20,140)
34,710	Provision for Impairment Losses	16,614

Maturity Profile

EPS Actual 2022	Description	EPS Actual 2023
CI\$000		CI\$000
20,311	Current	14,940
14,399	Non-current	1,674
34,710	Total Provisions	16,614

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, \$15.3 of which has been accrued. \$1.7 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 in force. The lag between the occurrence of a claim and the final payment is normally short term in nature as providers are required by the Health Insurance Act to submit any claims within 180 days of date of service. Thus, any reserve estimates are normally settled within a year.

Frequent Flyer Programme

Other provisions include a provision in respect of the Cayman Airways Ltd frequent flyer programme. This provision is released when points are used or when they become non-redeemable. Points are redeemable for a maximum of three years in the event of non-activity in dormant accounts. The company uses an estimated value of redeemed travel, based on historical average fares, to determine the value attributed on each mile. The provision is included as a liability of \$3,413,805 (2022: \$3,099,600) on the Statement of Financial Position.

Casualty Investigation Fund

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

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 2022 CI\$000	Description	EPS Actual 2023 CI\$000
156,767	Currency notes in circulation	154,773
14,350	Currency coins in circulation	14,742
<u>171,117</u>	Total Demand Liabilities	<u>169,515</u>

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

Note 20: Reserves

EPS Actual 2022	Description	EPS Actual 2023
Ci\$000		Ci\$000
143	Housing Guarantee Reserve Fund	93
47,351	Environmental Protection Fund	47,591
14,019	Infrastructure Development Fund	20,114
2,850	Student Loan Reserve Fund	3,102
1,339	National Hurricane Disaster Reserve Fund	1,809
-	Sinking Fund	5,000
162,236	General Reserve	189,478
375	Currency Issue Reserve	375
13,415	Capital Expenditure Reserve	20,813
3,485	Restricted Funds and Contingency Reserves	3,483
1,079,854	Asset Revaluation Reserve	1,135,983
1,325,067	Total Reserves	1,427,841

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 2023 was \$189.5 million (2022: \$165.7 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 2023, The General Reserve was \$41.8 million (2022: \$35.4 million) equating to 34.68% (2022: 20.70%) 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

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

Note 20: Reserves (continued)

Capital and Operational Expenditures Reserves (continued)

establishment of such additional reserves as it may consider desirable. The Capital Expenditure Reserve has been established for the implementation and acquisition of key capital 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 \$41.8 million). There was no transfer to the Reserve Fund for year ended 31 December 2023 as the Bank made a net loss of \$(1,531,128) (2022: \$826,630). As of 31 December 2023, the Statutory Reserve Fund has a balance of \$176,923 (2022: \$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 2023 fiscal year, Management maintained the contingency reserve at \$250,000 (2022: \$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.

Sinking Fund

During the financial year ended 31 December 2023, the Government introduced a Debt Sinking Fund. The intent being to set aside a sum in a reserve each year to enable the Government to make a lump sum payment of \$75.0 million in 2026 towards the repayment of the construction costs of the proposed ReGen Facility. (See note 42)

Note 21: Coercive Revenue

Core Actual 2022 CI\$000	EPS Actual 2022 CI\$000	Description	Core Actual 2023 CI\$000	EPS Actual 2023 CI\$000
233,643	233,643	Levies on International Trade and Transactions	250,992	250,992
611,105	622,654	Domestic Levies on Goods and Services	627,790	627,709
103,631	103,631	Levies on Property	89,734	89,734
9,464	9,364	Fines	6,463	6,356
6,833	7,252	Other Executive Revenue	7,829	7,829
964,676	976,544	Total Coercive Revenue	982,808	982,620

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

EPS Actual 2022 CI\$000	Description	EPS Actual 2023 CI\$000	% of Total Coercive %
226,152	Import Duties	238,186	24%
205,008	Company Registry Fees	191,860	20%
120,423	Work Permits & Other Immigration Fees	128,213	13%
92,137	Stamp Duty - Land Transfers	78,546	8%
62,798	Private Fund Fees	64,207	7%
51,921	Mutual Fund Administrators	52,599	5%
25,974	Banks and Trust Licenses	25,443	3%
19,766	Tourist Accommodation Charges	42,556	4%
7,491	Cruise & Environment Tax	12,806	1%
6,547	Proceeds of Liquidated Entities	5,385	1%
158,327	Other Fees	142,819	15%
976,544	Total Coercive Revenue	982,620	100%

Note 21: Coercive Revenue (continued)

Foregone Revenues

During the year ended 31 December 2023, Revenue concessions and waivers were given to business importers, civil groups, non-profit organisations and households handled directly by the Customs Department were valued at \$79.9 million, while foregone revenues handled by The Ministry of Finance and Economic Development were \$5.6 million.

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

Foregone Revenue	Waivers/ Exemptions/ Concessions 2023 CI\$'000
Business Importers	69,898
Civil Groups and Non Profit Organizations	68
Individual Importers	2,234
Government Entities	7,677
Total Revenue Forgone	79,876

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 Forgone in Respect to:	No. of Waivers and Refunds	Foregone Revenue 2023 CI\$000
Stamp Duty <u>Waivers</u> for First-Time Caymanian Property Buyers	172	2,994
Stamp Duty <u>Waivers</u> - Cayman Brac	50	253
<u>Waiver/Refund</u> of Import Duty	279	756
<u>Waiver</u> of Stamp Duty under the Discretion of the Minister of Finance and Economic Development	61	1,480
<u>Refund</u> of Stamp Duty under the Discretion of the Minister of Finance and Economic Development	7	71
<u>Waiver</u> of Planning Fees	2	3
Totals	571	5,557

Note 22: Sales of Goods and Services

Core Actual 2022	EPS Actual 2022	Description	Core Actual 2023	EPS Actual 2023
CI\$'000	CI\$000		CI\$000	CI\$000
35,263	131,508	Fees and Charges	35,861	126,934
4,967	156,046	General Sales	6,755	199,097
1,297	3,874	Rentals	1,368	6,130
2,430	-	Outputs to Other Government Agencies	2,417	-
783	9,164	Other Sales of Goods and Services	1,402	6,795
44,740	300,592	Total Sales of Goods and Services	47,803	338,956

A summary of the entity revenues earned during the period ended 31 December 2023 is provided below:

EPS Actual 2022	Description	EPS Actual 2023	% of Total Sales of Goods and Services
CI\$000		CI\$000	%
51,445	Airline Revenues	66,128	20%
42,787	Health Care Services	47,398	14%
48,620	Water Sales	39,331	12%
21,535	Port Revenues	22,064	7%
51,445	Passenger Revenue	66,128	20%
84,760	Other Miscellaneous fees	97,907	29%
300,592	Total Sales of Goods and Services	338,956	100%

Note 23: Investment Revenue

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

Core Actual 2022	EPS Actual 2022	Description	Core Actual 2023	EPS Actual 2023
Ci\$000	Ci\$000		Ci\$000	Ci\$000
9,079	12,627	Interest on Cash and Deposits	28,204	39,680
-	698	Royalties	-	818
4	819	Other	17	1,363
9,083	14,144	Total Investment Revenue	28,221	41,861

Note 24: Donations

During the year ended 31 December 2023, the Government received donations totalling \$2.4 million (2022: \$1.9 million); for which all obligations relating to these donations have been satisfied and are therefore recognised as revenue.

Core Actual 2022	EPS Actual 2022	Description	Core Actual 2023	EPS Actual 2023
Ci\$000	Ci\$000		Ci\$000	Ci\$000
942	1,931	Donation Received	559	1,676
942	1,931	Total Donation Received	559	1,676

Note 25: Personnel Costs

Core Actual 2022	EPS Actual 2022	Description	Core Actual 2023	EPS Actual 2023
Ci\$000	Ci\$000		Ci\$000	Ci\$000
293,979	490,754	Salaries, Wages and Allowances	326,277	546,615
67,268	12,588	Health Care	74,051	13,928
15,410	30,328	Pension	18,317	34,263
948	895	Leave	321	456
15,400	3,428	Defined Benefit Pension Liability	20,278	22,793
-	24,007	Post Retirement Health Care Liability	-	30,735
2,871	8,524	Other Personnel Costs	4,727	15,184
395,876	570,524	Total Personnel Costs	443,971	663,974

As at 31 December 2023 Government total staff complement was 7,608 employees (2022: 7,275 employees):

	2023	2022
Core Government	4,657	4,470
Statutory Authorities & Government Companies	2,951	2,805
Total number of employees	7,608	7,275

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 2022	EPS Actual 2022	Description	Core Actual 2023	EPS Actual 2023
CI\$000	CI\$000		CI\$000	CI\$000
20,462	97,972	Supplies and Materials	20,893	65,830
78,473	143,834	Purchase of services	80,800	167,377
16,265	32,933	Utilities	17,861	36,841
9,829	16,648	General Insurance	10,132	17,430
2,393	5,168	Travel and Subsistence	3,900	7,948
2,863	4,285	Recruitment & Training	3,543	5,628
6,310	62,316	Other	8,256	68,235
136,595	363,156	Total Supplies & Consumables	145,385	369,289

Note 27: Leases

Core Actual 2022	EPS Actual 2022	Description	Core Actual 2023	EPS Actual 2023
CI\$000	CI\$000		CI\$000	CI\$000
9,041	17,082	Lease of Sites or Buildings	10,041	18,588
92	343	Lease of Equipment	129	563
157	157	Lease of Vehicles	47	63
9,290	17,582	Total Lease	10,217	19,214

For the year ended 31 December 2023, the Government spent a total of \$19.2 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 2022	EPS Actual 2022	Description	Core Actual 2023	EPS Actual 2023
CI\$000	CI\$000		CI\$000	CI\$000
46,388	73,042	Property, Plant, and Equipment	48,102	76,368
1,575	2,181	Intangible Assets	1,534	2,180
47,963	75,223	Total Depreciation and Amortization	49,636	78,548

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 2023 was \$79.1 million (2022: \$75.3 million). The largest category of these payments was for the provision of tertiary care to overseas organisations, which totalled \$53.1 million or 67% (2022: \$51.7 million or 69%) of Outputs from Non-Government Organisations.

EPS Actual 2022 C\$000	Description	EPS Actual 2023 C\$000
30	Organize, Administer and Execute the Cayman Islands Fishing Tournament	30
2,696	Legal Aid Services	2,698
39	HIV/AIDS and First Aid Public Education Programmes	39
311	Management of Small Business Development	230
243	Employee Assistance Programme	287
30	Spaying and Neutering of Dogs and Cats	38
250	Teaching of Tertiary Education Courses	250
100	Miss Cayman Committee	63
2,000	Primary and Secondary Education by Private Schools	1,895
2,509	Services for Irregular Migrants	2,297
9	Mentoring Cayman Programme	9
100	Palliative Care Nursing	100
51,658	Tertiary Care at Various Overseas Institutions	53,057
4	Gardening Projects and Landscaping	4
23	Elite Athletes Programme	-
43	Youth Development Programmes	119
1,540	Sports Programmes	1,552
2,035	Care of the Indigent, Elderly and Disabled Persons	1,995
393	Foster Care for Children	393
79	Community Programmes	79
325	Support for Battered Women and Children	430
570	Preservation of Natural Environments and Places of Historic Significance	570
50	K9 Security Services	30
87	Other Sports Programmes	94
40	Other Health and Cultural Programmes	-
186	Cayman Islands Agricultural Society	180
456	Cayman Finance Services	1,041
75	Meals on Wheels	175
7	Gender Equality Cayman	-
1,212	Oversight of Legal Practitioners	909
66	Cayman Islands Cadet Corps Committee	20
8,114	Public School Meals Programme	10,513
75,280	Total Outputs from Non-Government Organisations	79,097

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 2023, the Government of the Cayman Islands made transfer payments of \$73.2 million (2022: \$86.6 million). Included in the amount were \$24.4 million (2022: \$10.0 million) in local and overseas education scholarships, \$21.4 million (2022: \$17.9 million) in Poor Relief Payments, and \$12.3 million (2022: \$10.6 million) in benefit payments to seamen and ex-servicemen.

Note 29: Transfer Payments (continued)

EPS Actual 2022 CIS000	Description	EPS Actual 2023 CIS000
815	Tourism Scholarships	951
6	Miss Cayman Scholarships	26
737	Pre-School Educational Assistance	790
10,000	Local and Overseas Scholarships and Bursaries	24,379
17,927	Poor Relief Payments	21,370
23	Temporary Poor Relief for Young Parents Programme (YPP) Students	14
44	Emergency Relief Payments	30
10,609	Ex-Gratia Benefit Payments to Seamen	12,276
87	Other Educational and Training Assistance	928
450	Children and Family Services Support	514
70	Support for Services at the Red Cross	70
479	Housing Assistance	803
785	Student Enrichment and Support Services	785
49	Support to Local Business Associations	73
262	Sister Islands Home Repairs Assistance	433
547	Sports and Cultural Tourism Programmes Assistance	1,266
155	Support for the Bridge Foundation	155
499	Other Health & Cultural Programme Assistance	251
540	Assistance for Infrastructure Development	2,250
4,214	Support for Business Initiatives	216
1,066	SEN Scholarships	1,417
82	Medical Scholarships	103
84	Grants to farmers	412
56	Support to Local Financial Services Associations	97
608	Sister Islands Beaches and Community Clean Up Programme	708
3	Temporary Financial Assistance	-
145	Assistance to GTR Committee	179
140	Private and Public School Grants	379
150	Health Insurance Increase (CINICO)	150
52	Sister Islands Community Programmes/Projects	82
931	Youth, Sports, Culture and Heritage Programs	1,102
26,658	Ex-gratia Stipend - Wages lost during isolation	-
34	Sustainability Programme Support	28
219	Supporting Sustainability and Climate Resiliency in the Community	384
100	Agricultural Sustainable Production Programme	94
-	Cayman Finance	300
-	Hope for Today Foundation	90
7,949	Electrical Assistance	-
-	Professional Development and Service Projects in the Communities	112
86,575	Total Transfer Payments	73,217

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.

EPS Actual 2022 C\$000	Description	EPS Actual 2023 C\$000
62	Universal Postal Union	50
4,339	Doubtful Debt Expenses	10,774
74	Executive bank Charges	89
1	Debt Write off-Executive Transactions	48
1,862	Judiciary Expenses	1,210
1,140	Constituency Allowance	1,140
53	Contribution to Caribbean Financial Action Task Force	57
162	Caribbean Economic Community (CARICOM) Fees	175
84	Caribbean Regional Technical Assistance Centre (CARTAC) Contribution	84
10	Subscription to Caribbean Examinations Council	10
510	University of the West Indies	400
9	Pan American Health Organisation Subscription	10
883	Caribbean Catastrophe Risk Insurance Facility - Annual Premium	956
950	Court of Appeal Expenses	920
6	United Nations Caribbean Environmental Programme	7
125	Commonwealth Parliamentary Association	125
-	- World Anti-Doping Agency	5
-	- Regional Anti-Doping Organization	8
112	Caribbean Agriculture Research and Development Institute (CARDI)	112
45	Organisation for Economic Co-operation Development (OECD) Global Forum	41
18	Caribbean Public Health Agency (CARPHA)	19
120	Settlement of Claims - Executive	-
415	Project Future	147
76	Regional Security Initiatives	76
178	CIG Core Christmas Stipend	184
54	Second Chances	76
10	Caribbean Telecommunication Union	-
79	CDEMA Membership	79
6	Caribbean Association of Medical Councils	-
52	Oil Spills Tier - Annual Fee	55
13,520	Environmental Remediation	16,738
59	Emerging Talent Development Programme	197
20	Strata Fees for Crown-owned Property	43
74	Lease Payments	17
96	Other	989
25,204	Total Other Operational Expenses	34,841

Note 32 Financing Costs

During the year ended 31 December 2023, the Government incurred financing charges of \$18.2 million (2022: \$17.4 million) in relation to its public debt.

Core Actual 2022	EPS Actual 2022	Description	Core Actual 2023	EPS Actual 2023
CI\$000	CI\$000		CI\$000	CI\$000
14,915	16,090	Interest on borrowings	18,327	17,768
931	1,223	Other borrowing costs	140	389
15,846	17,362	Total Finance Costs	18,467	18,166

GOVERNMENT OF THE CAYMAN ISLANDS
RECONCILIATION OF SURPLUS TO OPERATING CASH FLOW
AS AT 31 DECEMBER 2023

	Actual 2023 C\$'000
Surplus/(deficit) from ordinary activities	34,452
Non-cash movements	
Depreciation expense	78,548
Losses on non-financial instruments	(244)
Impairment of assets	1,008
Gain on foreign exchange transactions	(7,019)
Increase in provision for bad debt	3,021
Changes in assets and liabilities:	
(Increase)/decrease in receivables	11,860
(Increase)/decrease in inventories	(13,270)
(Increase)/decrease in other current assets	4,500
(Increase)/decrease in biological assets	124
Increase/(decrease) in payables and other accruals	35,736
Increase/(decrease) in other liabilities	(19,698)
Increase/(decrease) in provisions relating to employee costs	(54,814)
Net cash flows from operating activities	74,204

Note 34: Explanation of Major Variances to Budget

Statement of Financial Performance

The financial results show a \$34.5 million Operating Surplus for the EPS; this amount is \$25.8 million more than the 2023 original projected Operating Surplus of \$8.7 million.

Revenues

Total Operating Revenues for the twelve-month period to 31 December 2023 were \$1.4 billion, which was \$183.9 million more than the full year projection of \$1.2 billion. This positive variance was mainly due to the favourable variances (of \$48.0 million and \$104.4) in Coercive Revenue and Sales of Goods and Services Revenue, respectively.

Coercive Revenue of \$982.6 million (which generated 72% of total Revenue earned), was \$48.0 million more than the projection for 2023. 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 (\$7.6 million) – due to a higher than expected volume of vehicles being imported;*
- *Mutual Fund Administrators Licence Fees (\$4.7 million) – due to an increase in the volume of funds registered;*
- *Other/Miscellaneous Stamp Duty (\$4.1 million) – due to continued high demand in the real estate market;*
- *Stamp Duty - Land Transfers (\$10.0 million) and Land Holding Companies Share Transfer (\$4.7 million) – there continues to be higher than expected volumes of higher valued property transactions. The revenue earned for Stamp Duty - Land Transfers for the year (\$83.5 million) was 115% more than the projected revenue;*
- *Tourist Accommodation Charges (\$17.0 million) – reflective of the increase in stay over tourism following the reopening of the borders in 2022; and*
- *Work Permit Fees (\$21.6 million) – due to an increase in demand for workers as a result of a stronger economic performance than expected*

Notwithstanding the overall favourable results in revenues, when compared to the 2023 Budget, there were certain areas that fell short of projected expectations. Material negative coercive revenue variances (with the amount of variance shown in brackets in the below section) were recorded for the following:

- *Building Permit Fees (\$5.1 million) – due to delays in construction projects owing to international supply chain issues. Compared to the actual results for the same period in 2022, there is a \$3.1 million negative variance or a 39% decline.*

Note 33: Explanation of Major Variances to Budget (continued)

Revenues (continued)

- *Other Import Duty (\$10.2 million) – due to lesser volume of imports than anticipated. However, when compared to the results of the prior year Other Import Duties earned \$10.2 million more in 2023.*
- *Other Companies Fees – Exempt (11.8 million) – due to a decline in the growth rate of the number of companies in this category. When compared to the results for prior year-to-date, actual results are less than that earned in 2022.*
- *Partnership Fees (\$5.3 million) – due to a decline in the growth anticipated for this for registered partnerships. Compared to the 2022 fees, the 2023 fees of \$68.1 million is \$5.0 million less.*

Sale of Goods and Services earned \$339.0 million, which was \$104.4 million more than the full year anticipated results, mainly due to strong revenue performance against budget targets in some Statutory Authorities and Government Agencies as a result of a stronger economy attracting increased business.

Investment Revenue earned \$41.9 million, which was \$36.8 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 which, in turn, led to more investment income being earned.

Expenses

Total Operating, Financing and Non-Operating Expenses of the Government for the twelve-month period ended 31 December 2023 were \$1.3 billion; this amount was \$163.6 million more than the 2023 budget of \$1.2 billion.

Personnel Costs of \$664.0 million were \$15.4 million more than the budget of \$648.6 million, mainly attributed to a higher than expected rate of recruitment over the projected rate of recruitment and a one-time Honorarium awarded to staff in December 2023.

Supplies and Consumables, excluding Operating Leases, were \$369.3 million for the year and were \$93.9 million more than the 2023 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.

Note 33: Explanation of Major Variances to Budget (continued)

Expenses (continued)

Outputs from Non-Governmental Output Suppliers of \$79.1 million were \$28.3 million more than the budget. The variance is mainly due to “NGS 55 - Tertiary Care at Local and Overseas Institutions” being \$33.9 million more than the 2023 budget. The costs for NGS 55 are \$53.1 million for the year and exceed the 2023 full year budget of \$21.6 million.

Transfer Payments of \$73.2 million were \$20.3 million more than budgeted for the year. This variance is mainly due “Scholarships and Bursaries”, expenditure of \$25.4 million (\$14.4 million negative variance) and Financial Assistance, expenditure of \$21.4 million (\$6.8 million negative variance) exceeding the original budget for 2023.

Gains on Financial Instruments of \$7.0 million, which were not budgeted, were primarily driven by foreign exchange gains arising from increased transaction volumes and higher balances held in foreign currencies.

Statement of Financial Position

As at 31 December 2023, Net Assets of the Government were \$2.2 billion, which was \$822.4 million more than the anticipated budgeted amount of \$1.3 billion.

Assets

Total EPS assets as at 31 December 2023 were \$3.9 billion, \$659.2 million or 20% higher than the anticipated balance of \$3.2 billion. The growth over budget is mainly attributable to investments in marketable securities and an increase over the expected property, plant and equipment held at the year end.

Cash and Cash Equivalents

Total Cash and Deposits balances (held for no longer than 90 days), are significantly higher (approx. \$76.2 million) than anticipated in the 2023 Budget. Due to the significant cash balances on-hand, the Government continues to place funds on fixed deposits.

Investments

Investments which include Deposits balances (held for longer than 90 days but less than a year), are \$190.3 million more than anticipated in the 2023 Budget. Due to the significant cash balances on-hand, the Government continues to place funds on longer-term fixed deposits. US Government Treasury Notes, which matured on 30 June 2023, were previously held at their purchase price of US\$333.6 million or CI\$276.9 million. The funds received from this investment have been reinvested in local US\$ Fixed Deposits.

Note 33: Explanation of Major Variances to Budget (continued)

Assets (continued)

Trade and Other Receivables

Trade and Other Receivables, inclusive of Other Non-Financial Assets, were \$12.7 million above budget expectations. This variance was primarily driven by the timing of collections on outstanding balances, alongside continued growth in business activity associated with the ongoing economic rebound. 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.

Inventories

Inventories of \$41.8 million were \$15.3 million more than the budgeted \$26.4 million mainly due to purchase of insecticides for mosquito control and increased spend by SAGCs in some areas such as supplies for health services and housing inventory.

Prepayments

Prepayments are \$6.5 million above budget, primarily driven by deposits for the acquisition of property, plant and equipment, as well as advance payments for supplies and consumables inclusive of licenses. Additional contributions include deposits related to leased aircraft arrangements and ground handling services.

Investment Property

Investment property at the end of 2023 reflected a \$9.0 million positive variance to budget due to gains as a result of the 2022 revaluation.

Property, Plant and Equipment (PPE)

PPE were \$354.9 million more than the budget expectation of \$2.3 billion, mainly due to the earlier completion of some projects, as well as projects previously delayed being completed in 2023, and major road works undertaken in an effort to alleviate traffic congestion. In addition, the Government acquired land for conservation, which was a new initiative introduced during 2023.

Note 33: Explanation of Major Variances to Budget (continued)

Liabilities

Total EPS liabilities as at 31 December 2023 of \$1.7 billion were 9% less than the anticipated balance of \$1.9 billion, which was mainly due to remeasurements in post-retirement benefits.

Trade Payables, Other Payables and Accruals

Trade Payables, Other Payables, and Accruals were \$87.1 million above budget in 2023. This variance was primarily driven by increased expenditure on ongoing projects carried over from prior years, as well as significantly higher input costs, such as fuel and maintenance, relative to budgeted assumptions. It also includes approximately \$14.0 million in accruals for unbudgeted costs associated with the Regen project.

Unearned Revenues

Unearned Revenues of \$148.3 million were \$52.2 million more than 2023 Budget, due mainly to higher than expected pre-payment of various financial services related fees due in 2024.

Retirement Benefits

Retirement Benefits liability were \$236.9 million less than the budget of \$977.6 million due to the remeasurements of the 2023 pension liability and the SAGCs post-retirement health care liability based on the 2023 actuarial valuations.

Borrowings

Debt Balance which stood at \$469.8 million as at 31 December was \$31.1 million less than budgeted. The debt balance continues to decline as scheduled principal repayments are made. No new loans were drawn down during the financial year.

Currency Issued

Currency Issued was \$36.2 million less than the budget of \$205.7 million due to less than anticipated amounts of notes and coins in circulation.

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 2023	31 December 2022
	CI\$000	CI\$000	CI\$000	CI\$000	CI\$000
Capital Commitments					
John Gray High School	1,662	-	-	1,662	15,047
New Cayman Brac High School	27,627	22,373	-	50,000	-
Long Term Residential Mental Health Facility	4,125	8,455	-	12,580	183
Landfill	842	-	-	842	2,142
Other property, plant and equipment	5,464	2,091	-	7,555	14,686
Total Capital Commitments	39,720	32,919	-	72,639	32,058
Operating Commitments					
Non-Cancellable Accommodation Leases					
Accommodation leases	10,275	17,938	5,395	33,608	22,568
Other Non-Cancellable Leases					
Land Lease	12,340	49,340	12,335	74,015	86,418
Premises Lease	861	177	-	1,038	269
Aircraft Leases	7,884	14,503	-	22,387	25,926
Licensing Agreement	7	-	-	7	47
Other Operating Lease	1,818	1,192	-	3,010	407
Other Operating Commitments					
Other Operating Commitments	3,808	9,362	596	13,766	24,642
Total Operating Commitments	36,993	92,512	18,326	147,831	160,277
Total Commitments	76,713	125,431	18,326	220,470	192,335

Capital Commitments

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

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 737-8 Max aircrafts.

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

Note 36: Contingent Liabilities

Legal Proceedings and Disputes

In relation to legal matters, estimates are developed by the Office of the Attorney General who is charged under the Constitution with the handling of the defence in these matters, using the current facts and known circumstances. The factors considered in developing the legal provisions include the merits and jurisdiction of the litigation, the nature and number of other similar current and past litigation cases, the nature of the subject matter of the litigation, the likelihood of settlement and current state of settlement discussions, if any.

The Government is routinely engaged in litigation arising in the ordinary course of its business. It does not believe that any such litigation will individually or in aggregate, have a material adverse financial effect on the Government. It is Government's policy to rigorously assert its position in such cases. Should the Government be unsuccessful in these matters, it does not expect the outcome to materially affect the results of operations or financial position. As at 31 December 2023, the Government has estimated contingent liabilities of \$30.3 million (2022: \$12.4 million) with respect to Civil/Quasi Civil Matters.

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

Health Services Authority

Contingent Legal Claims

For the year ended 31, December 2023, the Health Authority has assessed and determined that the potential outflow of funds for the malpractice and employee related legal claims amounts to \$1,485,000 (2022: \$1,320,000).

Included in this amount are claims worth \$375,000 which are more likely than not to result in a less than favourable outcome. However, no provision has been made against these claims in the financial statements since these claims are covered by the Health Authority malpractice insurance in excess of deductible, and the potential outflow of funds related to the deductible are deemed immaterial.

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 and Wellness.

Note 35: Contingent Liabilities (continued)

Port Authority of the Cayman Islands

On 4 November 2022 PACI received a letter from attorneys representing a member of staff. This correspondence alleged certain claims against the PACI for various losses arising from the actions taken against the staff in accordance with the internal policy. In October 2023, the Attorneys for the employee and his wife issued a writ making various allegations against PACI as well as the Attorney General and the Anti-Corruption Commission ("ACC"). That Writ was subsequently served on PACI. The Attorneys for the filed an Acknowledgement of service and then a Defence to the Writ action (the Attorney General's department has also filed a Defence on behalf of the Attorney General and the ACC). The PACI's and the Attorneys General's Defences both raise a number of defences to the claims. 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 35: 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 2023	Loan Balance as at 31 December 2023
		CI\$'000	CI\$'000
Cayman Airways Limited	80%	12,587	15,734
National Housing Development Trust	80%	760	950
		13,348	16,684

Government Guaranteed Home Assistance Mortgage (GGHAM) Programme

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

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

The current GGHAM approved amount is \$65.0 million; however, this agreement expired on November 2012. The GGHAM drawn balance is currently \$9.5 million of total approved mortgages which on face value indicates that Central Government is committed to a contingent liability of 35% which equates to \$3.3 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 2023 the reserve balance was adjusted to \$92,666 (2022: \$142,503).

As at 31 December 2023, 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). No additional amount is payable as at 31 December 2023.

Note 35: Contingent Liabilities (continued)

GGHAM Programme (continued)

Based on the delinquency as at 31 December 2023, a provision of \$0.9 million (2022: \$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 2023, ten (10) borrowers have been approved for NCF's under the GLP amounting to \$5.6 million. The GGLP was closed on 31 December 2021 and thus Government's exposure will not increase. The outstanding principal on these 10 loans at 31 December 2023 was \$4.8 million; and the maximum Government exposure on these GGLP loans is \$2.4 million. A provision of \$20.7 thousand has been made in these financial results for the possibility of a default payment for a demand notice received.

Note 35: Contingent Liabilities (continued)

Other Contingent Liabilities

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

Letters of Credit

A local bank has issued a number of letters of credit on behalf of Cayman Airways Limited in the amount of \$1,528,798 (2022: \$1,083,291). 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.

Section 47 of The Public Authorities Act (PAA)

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

The exercise to give effect to section 47 of the PAA was not completed by some SACGs at year end.

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 credit risk on cash and cash equivalents and short-term investments is limited as the Core Government primary banker continues to be RBC Royal Bank (Cayman) Limited which is considered to be stable and has an S&P Global Ratings of AA-.

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, considering its financial position, past experience and other factors) on the stability of the customer and their repayment capabilities prior to extending credit.

Ongoing credit risk is managed through review of ageing analysis, together with credit limits per customer.

Maximum exposures to credit risk as at year end are the carrying value of financial assets in the Statement of Financial Position.

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.

Note 37: Financial Risk Management (continued)

Health Services Authority

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

Accounts receivable consist of a large number of customers who would either have health insurance coverage with CINICO or with various commercial insurance companies, or no insurance coverage at all. Concentration of credit risk belongs to the group of customers known as “self-pay”. These amounts are owed by customers who have neither insurance coverage nor sufficient coverage. These are estimated to be 40% - 100% (2022: 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 2023, 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.

Note 37: Financial Risk Management (continued)

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 2023 are Cayman Islands Airports Authority with approximately 53% (2022: 24%) of total outstanding balances and Cayman Airways 3% (2022: 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

Cayman Islands National Insurance Company

Insurance contracts are contracts under which Cayman Islands National Insurance Company (the Company) accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights, and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Company uses judgement to assess whether a contract transfers insurance risk and whether the accepted insurance risk is significant.

All of the Company's insurance contracts transfer significant insurance risk. The Company does not issue insurance contracts with direct or indirect participating features, nor any features that should be accounted for separately in accordance with IFRS 17 requirements.

Note 37: Financial Risk Management (continued)

Insurance Risk (continued)

The Company does, however, issue ASO non-insurance contracts which do not transfer any risk to the Company and, therefore, fall outside the scope of IFRS 17.

In the normal course of business, the Company uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

Also see Note 2.1 of the financial statements of Cayman Islands National Insurance Company.

Interest Rate Risk

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

Core Government

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

Cayman Islands Development Bank

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

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

Cayman Airways Ltd

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

Health Services Authority

The Health Authority is exposed to interest rate risk for the \$4.0 million credit facility with CIBC at a rate of prime 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 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 risk as none of the other financial instruments is 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 2022 CI\$'000	Description	EPS Actual 2023 CI\$'000
53,557	Salaries & other short term employee benefits	56,853
4,031	Other long term benefits	2,031
57,588	Total Remuneration	58,884

383	Number of Key Management Personnel	315
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Note 39: Related Parties (continued)

As at December 31, 2023, Senior Management of the Cayman Islands Development Bank held loans totalling \$0.5 million (2022: \$0.4 million); 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, 2023 amounted to \$20.5 thousand (2022: \$20.4 thousand). 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 2022 CI\$'000	Description	EPS Actual 2023 CI\$'000
1,701	Directors Fees	6,870
-	Other fees	51
1,701	Total Remuneration	6,921
101	Number of Board Members	202

Note 40: Segment Reporting

GOVERNMENT OF THE CAYMAN ISLANDS					
STATEMENT OF FINANCIAL POSITION					
AS AT 31 DECEMBER 2023					
	Note	Central Government C\$000	Statutory Authorities & Government Companies C\$000	Inter- government trade C\$000	EPS Actual 2023 C\$000
Current Assets					
Cash and Cash Equivalents	2	108,057	404,898	-	512,955
Trade Receivables	3	5,210	79,310	35,607	48,913
Other Receivables	4	14,670	12,671	12,585	14,756
Dividends Receivable	4	3,499	-	3,499	-
Inventories	5	8,500	33,254	-	41,754
Loans Made	6	579	684	-	1,263
Investments	7	417,954	87,114	54,399	450,669
Prepayments	8	9,121	6,974	5	16,090
Biological Assets	9	-	341	-	341
Total Current Assets		567,590	625,246	106,095	1,086,741
Non-Current Assets					
Trade Receivables	3	277	-	-	277
Other Receivables	4	-	-	-	-
Loans Made	6	60,497	26,454	60,000	26,951
Property, Plant and Equipment	10	2,091,153	599,175	-	2,690,328
Intangible Assets	11	8,581	2,354	-	10,935
Investment Property	12	-	9,000	-	9,000
Investments	7	831	71,769	-	72,600
Prepayments	8	-	4,204	-	4,204
Net Worth - Public Entities	44	573,143	-	573,143	-
Other Non-Current Assets		43	14	-	57
Total Non-Current Assets		2,734,525	712,970	633,143	2,814,352
Total Assets		3,302,115	1,338,216	739,238	3,901,093
Current Liabilities					
Trade Payables	13	23,102	28,858	11,509	40,451
Other Payables & Accruals	13	180,727	39,429	92,132	128,024
Unearned Revenue	14	118,660	16,942	317	135,285
Employee Entitlements	15	11,166	1,436	-	12,602
Retirement Benefits	16	24,312	20	-	24,332
Borrowings/Public Debts	17	48,091	2,721	-	50,812
Repayment of Surplus		-	2,135	2,135	-
Provisions	18	481	14,459	-	14,940
Total Current Liabilities		406,539	106,000	106,093	406,446
Non-Current Liabilities					
Other Payables & Accruals	13	127	2,550	-	2,677
Unearned Revenue	14	13,043	-	-	13,043
Retirement Benefits	16	303,344	413,043	-	716,387
Borrowings/Public Debts	17	404,996	73,963	60,000	418,959
Currency Issued	19	-	169,515	-	169,515
Provisions	18	1,674	-	-	1,674
Total Non-Current Liabilities		723,184	659,071	60,000	1,322,255
Total Liabilities		1,129,723	765,071	166,093	1,728,701
Net Assets		2,172,392	573,145	573,145	2,172,392
Net Assets/Equity					
Reserves	20	187,393	104,465	-	291,858
Revaluation Reserve	20	893,554	242,429	-	1,135,983
Current Period Surplus		34,452	4,700	4,700	34,452
Accumulated Surplus/(Deficit)		1,056,993	221,551	568,445	710,099
Total Net Assets/Equity		2,172,392	573,145	573,145	2,172,392

Note 40: Segment Reporting (continued)

GOVERNMENT OF THE CAYMAN ISLANDS STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	Central Government CI\$000	Statutory Authorities & Government Companies CI\$000	Inter- government trade CI\$000	EPS Actual 2022 CI\$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 PERFORMANCE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Central Government CIS\$000	Statutory Authorities & Government Companies CIS\$000	Inter- government Trade CIS\$000	EPS Actual 2023 CIS\$000
	Note				
Revenue					
Coercive Revenue	21	982,808	-	187	982,620
Sales of Goods & Services	22	47,803	413,371	122,218	338,956
Cabinet Revenue		-	152,107	152,107	-
Investment Revenue	23	28,221	15,334	1,695	41,861
Donations	24	559	1,454	337	1,676
Other Revenue		704	488	-	1,192
Total Revenue		1,060,095	582,754	276,544	1,366,305
Expenses					
Personnel Costs	25	443,971	295,749	75,746	663,974
Supplies and Consumables	26	145,385	232,416	8,512	369,289
Leases	27	10,217	9,153	156	19,214
Depreciation/Amortisation	28	49,636	28,912	-	78,548
Outputs from Statutory Authorities and Government Companies	43	190,361	-	190,361	-
Outputs from Non-government Organisations	29	79,097	-	-	79,097
Transfer Payments	30	73,217	-	-	73,217
Litigation Costs		1,189	573	-	1,762
Other Executive Expenses	31	23,615	11,232	6	34,841
Finance Costs	32	18,468	1,461	1,763	18,166
Total Expenses		1,035,156	579,496	276,544	1,338,108
Other (Gains)/Losses					
(Gains)/Losses on Derecognition of Assets/Liabilities		109	-	-	109
Impairment of Property, Plant and Equipment		-	135	-	135
Impairment of Inventory		92	781	-	873
(Gains)/Losses on Financial Instruments		(4,925)	(2,093)	-	(7,019)
(Gains)/Losses on Non-financial Instruments		(89)	(265)	-	(353)
(Surplus)/Deficit on Statutory Authorities & Government Companies		(4,700)	-	(4,700)	-
Total Other (Gains)/Losses		(9,513)	(1,442)	(4,700)	(6,255)
Surplus/(Deficit) for the Period		34,452	4,700	4,700	34,452

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 CASH FLOWS				
FOR THE YEAR FINANCIAL YEAR ENDED 31 DECEMBER 2023				
	Central Government C\$000	Statutory Authorities & Government Companies C\$000	Inter-government trade & Adjustments C\$000	Actual 2023 C\$000
Note				
Operating Activities				
Cash received				
Coercive Receipts	952,888	1,940	-	954,827
Sales of Goods & Services	43,341	409,783	(3,701)	449,423
Outputs to Cabinet	-	152,104	(152,104)	-
Outputs to other government agencies	2,343	81,176	(83,519)	-
Interest received	27,739	13,234	1,026	41,999
Donations / Grants received	-	1,458	(336)	1,122
Other receipts	19,990	152	-	20,143
Total cash received	1,046,301	659,846	(238,634)	1,467,513
Cash used				
Personnel costs	(441,793)	(276,242)	(1,692)	(719,728)
Supplies and consumables	(137,662)	(330,103)	50,566	(417,199)
Outputs from public authorities	(164,097)	-	164,097	-
Outputs from non-governmental organisations	(106,405)	-	-	(106,405)
Transfer payments	(68,220)	-	-	(68,220)
Financing/interest payments	(18,317)	(4,843)	(1,026)	(24,186)
Other payments	(35,604)	(30)	789	(34,845)
Total cash used	(972,097)	(611,218)	212,734	(1,370,582)
Net cash flows from (used by) operating activities	33	74,204	(25,900)	96,931
Investing activities				
Cash received				
Proceeds from Sale of Investments: Maturity of Fixed Deposits	108,572.32	6,719	-	115,291
Proceeds from Sale Investments: US Government Treasury Notes	276,883.99	-	-	276,884
Proceeds from the sale of Investments	638.34	-	-	638
Dividends and Capital withdrawal from Public Entities	4,783.91	-	(4,784)	-
Total cash received	390,879	6,719	(4,784)	392,814
Cash used				
Purchase of property, plant and equipment	(93,530.6)	(29,365)	-	(122,896)
Purchase of Investments: Placement of Fixed Deposits	(472,706.8)	(28,925)	-	(501,632)
Loans made by Government	(14,458.1)	-	13,900	(558)
Equity injection in public authorities	(30,887.6)	-	30,888	-
Total cash used	(611,583)	(58,291)	44,788	(625,086)
Net cash flows from (used by) investing activities	(220,704)	(51,572)	40,004	(232,272)
Financing activities				
Cash received				
Proceeds from Borrowing	-	13,900	13,900	27,800
Deposits from Public Authorities	5,063	-	(5,063)	-
Equity injections from Cabinet	-	22,940	(22,940)	-
Total cash received	5,063	36,840	(14,103)	27,800
Cash used				
Repayment of Borrowings	(53,271)	(5,852)	-	(59,123)
Total cash used	(53,271)	(5,852)	-	(59,123)
Net cash flows from (used by) financing activities	(48,207)	30,988	(14,103)	(31,323)
Net increase/(decrease) in cash and cash equivalents held	(194,708)	28,044	-	(166,664)
Cash and cash equivalents at beginning of period	302,765	376,854	-	679,619
Cash and cash equivalents at end of period	2 108,057	404,898	-	512,954

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 C\$000	Statutory Authorities & Government Companies C\$000	Inter-government trade & Adjustments C\$000	Actual 2022 C\$000
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 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 22 August 2024.

Entire Public Sector

	Operating Expenditure	Capital Expenditure	Borrowings
Description	CI\$000	CI\$000	CI\$000
2023 Original Budget	1,173,754	184,978	50,000
Finance Committee adjustments 2023	500	620	-
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	113,342	9,070	-
Final Budget	1,320,358	283,293	50,000

Core Government

	Operating Expenditure	Capital Expenditure	Borrowings
Description	CI\$000	CI\$000	CI\$000
2023 Original Budget	950,369	162,744	50,000
Finance Committee adjustments 2023	500	620	-
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	113,342	9,070	-
Final Budget	1,096,973	261,059	50,000

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)

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.

and 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 2023, the Government provided subsidies amounting to \$190.4 million (2022: \$185.7 million).

Core Actual 2022 C\$000	Description	Core Actual 2023 C\$000
314	Auditors Oversight Authority	318
20,338	Cayman Airways Limited	18,569
567	Cayman Islands Development Bank	567
31,857	Cayman Islands Monetary Authority	33,457
52,994	Cayman Islands National Insurance Company	57,138
1,260	Cayman National Cultural Foundation	1,210
3,100	Children & Youth Services Foundation	3,200
61,475	Health Services Authority	58,676
264	Maritime Authority of the Cayman Islands	333
715	National Drug Council	715
750	National Gallery of the Cayman Islands	750
675	National Housing Development Trust	710
892	Cayman Islands National Museum	892
43	Sister Islands Affordable Housing Development Corporation	31
1,980	Tourism Attractions Board	1,980
6,878	University College of the Cayman Islands	10,135
1,608	Utility Regulation and Competition Office	1,680
185,710	Total Outputs from Public Entities	190,361

Note 44: Investment in Statutory Authorities & Government Companies

EPS Actual 2022 C1\$000	Description	Equity Injection C1\$000	Prior Period Adjustments C1\$000	Remeasurements C1\$000	Withdrawals C1\$000	Surplus/ (Deficit) C1\$000	EPS Actual 2023 C1\$000
516	Auditors Oversight Authority	-	(98)	-	-	-	418
(20,799)	Cayman Airways Limited	12,040	(4,174)	-	-	(5,791)	(18,724)
159,662	Cayman Islands Airports Authority	-	(6,504)	(291)	-	3,573	156,440
35,495	Cayman Islands Development Bank	4,500	10	(14)	-	(1,474)	38,517
56,101	Cayman Islands Monetary Authority	-	(170)	1,415	-	20,507	77,853
42,249	Cayman Islands National Insurance Company	-	(766)	-	-	8,394	49,877
2,118	Cayman Islands National Museum	-	(1)	-	-	16	2,133
58,725	Cayman Islands Port Authority	-	(1,493)	(948)	-	(1,872)	54,412
7,081	Cayman Islands Stock Exchange	-	(464)	-	(518)	1,947	8,046
16,596	Cayman National Cultural Foundation	173	(203)	-	-	(263)	16,303
3,566	Cayman Turtle Conservation and Education Centre Limited	2,500	60,569	232	-	(8,503)	58,364
2,129	Children & Youth Services Foundation	-	(62)	11	-	232	2,310
14,639	Civil Aviation Authority	-	137	707	(2,059)	2,474	15,898
41,661	Health Services Authority	-	2,327	(75,771)	-	(10,097)	(41,880)
5,302	Maritime Authority of the Cayman Islands	-	1,092	671	(788)	763	7,040
812	National Drug Council	-	(106)	-	-	12	718
5,962	National Gallery of the Cayman Islands	-	241	-	-	163	6,366
29,837	National Housing Development Trust	14,061	(8,626)	-	-	(1,281)	33,991
(5,920)	National Roads Authority	-	435	218	-	3,357	(1,910)
(1,055)	Public Service Pension Board	-	5,522	204	-	(5,591)	(920)
1,333	Sister Islands Affordable Housing Development Corporation	1,500	(0)	-	-	-	2,833
11,348	Tourism Attractions Board	-	29	-	-	738	12,115
17,604	University College of the Cayman Islands	1,809	(1,435)	(196)	-	8	17,790
5,558	Utility Regulation and Competition Office	-	(56)	295	-	633	6,430
71,987	Water Authority Cayman	-	(314)	547	(250)	(3,245)	68,725
562,507	Total	36,583	45,887	(72,920)	(3,615)	4,700	573,143

Note 45: Details of Borrowings

Central Government

CAYMAN ISLANDS GOVERNMENT DETAILS OF BORROWINGS as at 31 DECEMBER 2023					
	Type of Debt	Managed By	Original Borrowing \$000	Balance as at 31 December 2023 CIS000	Balance as at 31 December 2022 CIS000
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 pays 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
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
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
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	38,557	53,980
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	110,795	120,945
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\$220,000,000 on 31 December 2021 and 3rd tranche of US\$100,000,000 on 31 Jul 2022), amortised over 15 years with principal payments of US\$1,833,333 plus interest payable monthly commenced 31st Jul 2022 and final repayment due on 30 June 2037. The interest rate was fixed at 3.25% on 31 Jul 2021 for the remaining life of the loan.	Foreign Currency - USD	Central Government	US 403,000	303,734	326,253
TOTAL DEBTS MANAGED BY CENTRAL GOVERNMENT				453,087	506,358

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

Note 45: Details of Borrowings (continued)

Statutory Authorities and Government Companies

STATUTORY AUTHORITIES AND GOVERNMENT OWNED COMPANIES					
DETAILS OF BORROWINGS					
as at 31 DECEMBER 2023					
	Type of Debt	Managed By	Original Borrowing \$'000	Balance as at 31 December 2023 C\$000	Balance as at 31 December 2022 C\$000
RBC Royal Bank of Canada	Foreign Currency - USD	Cayman Airways Ltd	US 28,602	15,734	17,202
During the year ended 30 June 2004, the Company entered into a loan agreement with Royal Bank of Canada (Cayman Islands) ("RBC") to obtain funds to a total value of \$23,602,333, which was to be repaid over a fifteen year period. This funding was obtained in order to provide funds for operational needs. In November 2011, the Company entered in new agreement with RBC covering all existing credit facilities ("Credit Facilities") with RBC at that time, the terms of which supersede all previous borrowing agreements. In June 2013, the agreement was amended to add US\$5 million from the overdraft facility onto the existing loan facility. The Company is required to pay an amount of \$189,825 monthly relating to both principal and interest. The loan bears a floating rate of interest priced at one month Libor plus 2.5% per annum. The loan is secured by way of guarantee from the Government.					
CIBC FirstCaribbean International Bank - Debt Consolidation	Foreign Currency - USD	Cayman Islands Development Bank	US 36,800	-	3,545
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. The credit facility was fully repaid in December 2023.					
Scotia Bank & Trust Bond	Foreign Currency - USD	National Housing Development Trust	US 11,890	950	1,788
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				16,684	22,535
TOTAL BORROWINGS				469,771	528,893

Note 45: Details of Borrowings (continued)

Summary of Borrowings

SUMMARY OF BORROWINGS				
as at 31 DECEMBER 2023				
		Original Borrowing US\$000	Balance as at 31 December 2023 C\$000	Balance as at 31 December 2022 C\$000
Summary by Type				
	Number of Debts			
Total USD Debt	5	811,252	469,771	528,893
Total Public Debt	5		469,771	528,893
Summary by assignment				
Central Government - USD Debt	3	770,760	453,087	506,358
Statutory Authorities & Government Companies - USD Debt	2	40,492	16,684	22,535
Total Public Debt	5		469,771	528,893

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 & 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 Commonwealth Office.

Principle	Degree of Compliance	
	2023 Unaudited Actuals	2023 Approved 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 = \$29.8 million	Complies Surplus = \$27.8 million
Net Worth: Should be positive (Net worth = Core Government assets – Core Government liabilities)	Complies Net Worth = \$2.2 billion	Complies Net Worth = \$1.4 billion
Borrowing: Debt servicing cost for the year should be no more than 10% of Core Government revenue (Debt servicing = interest + other debt servicing expenses + principal repayments for Core Government debt, Public Authorities debt and self-financing loans)	Complies Debt servicing = 8.1%	Complies Debt servicing = 8.3%
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 = 2.3%	Complies Net debt = 27.6%
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 = 157.0 days	Complies Cash Reserves = 95.9 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 2023, the Government held \$111.3 million (2022: \$64.6 million) in trust assets as shown below.

GOVERNMENT OF THE CAYMAN ISLANDS				
STATEMENT OF TRUST ASSETS				
AS AT 31 DECEMBER 2023				
	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	272	76	(31)	318
Asset Forfeiture	441	6	(0)	447
Defunct Companies	20,834	42,419	(2,892)	60,361
Court Fund Trusts	24,482	41,895	(36,384)	29,993
Dormant Trusts Account	13,045	4,955	(3,404)	14,596
Immigration Bail Bonds	19	5	-	24
Other Trusts	50	-	-	50
Total Trust Assets	64,642	89,357	(42,712)	111,287

Note 48: Government Reporting Entities as at 31 December 2023

Entity	Segment
Office of the Auditor General	CORE
Cabinet Office	CORE
Director of Public Prosecutions	CORE
Judicial Administration	CORE
Ministry of Planning, Agriculture, Housing, Infrastructure, Transport & Development	CORE
Ministry of Community Affairs	CORE
Ministry of Youth, Sports and Heritage	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 Border Control, Labour and Culture	CORE
Ministry of Home Affairs	CORE
Ministry of Tourism and Ports	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
Cayman Islands National Attractions Authority	SAGC
University College of the Cayman Islands	SAGC
Utility Regulation and Competition Office	SAGC
Water Authority-Cayman	SAGC



CAYMAN ISLANDS GOVERNMENT

CAYMAN ISLANDS GOVERNMENT

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