



Government of the Cayman Islands

PRE-ELECTION ECONOMIC AND FINANCIAL UPDATE

For the financial periods ending 31 December 2017 and 2018

26th April 2017

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1. INTRODUCTION

Purpose and Content

Section 26 of the Public Management and Finance Law (2013 Revision) (the PMFL), as amended, provides for the Chief Officer of the Ministry responsible for Finance to Gazette a Pre-Election Economic and Financial Update (PREFU) not more than forty-two days, nor less than twenty-eight days before the date of a General Election. The Cayman Islands' next General Election will be held on 24 May 2017.

The purpose of the PREFU is to provide updated information on the economic and financial outlook of the Government of the Cayman Islands (Government). The information in this report takes into account, to the fullest extent possible, all Government decisions made by 24 April 2017, and all other circumstances that may have a material effect on the financial and economic outlook.

The PMFL requires that the PREFU provide:

- Economic forecasts for the current 18-month financial period and for the next financial year;
- Forecast financial statements for the Core Government and the Entire Public Sector for the 18 month financial period and for the next financial year;
- A statement specifying the date on which the economic forecasts and forecast financial statements were prepared (see table on page 3); and
- An explanation of how the Core Government forecast financial statements accord with the Principles of Responsible Financial Management.

The PREFU for the current financial period covers 18-months: 1 July 2016 – 31 December 2017 (2016/17). This is consistent with the provisions of the Public Management and Finance (Amendment) Law, 2015 which reflects Government's policy-decision to transition the Government's financial year from the previous 1 July - 30 June period to a 1 January – 31 December period. This 18-month financial year provides a transitional period in order to change the Government's financial year from the previous 1 July - 30 June to a 1 January – 31 December period.

Therefore the 2016/17 financial forecasts (for an 18 month period) are not directly comparable with those of a usual forecast period of 12 months - e.g. the forecast 12-month financial year ending 31 December 2018.

Dates on which the Forecasts and Information were Finalised

| | |
|-----------------------|---------------|
| Economic Forecasts | 25 April 2017 |
| Economic Data | 25 April 2017 |
| Financial Forecasts | 24 April 2017 |
| Specific Fiscal Risks | 24 April 2017 |
| Text finalised | 26 April 2017 |

The current 18-month financial period ends on 31 December 2017, and is referred to in this document as *2016/17*.

The PREFU allows for the assessment of the Government's financial performance against the financial policy objectives and strategies set out in the Plan and Estimates document for 2016/17.

Information in the PREFU is based on the year-to-date actual results, the representations and judgements provided by Chief Financial Officers of Ministries, Portfolios, Offices, Statutory Authorities and Government Owned Companies (Public Authorities), and the professional judgement of staff in the Ministry of Finance and Economic Development, using the most recent information available on economic conditions, financial performance and estimated outturn.

The PREFU also contains forward-looking information which is based on a number of factors and assumptions. Such information involves known risks. However, unknown risks and uncertainties could cause actual results to differ materially from those forecasted.

2. STATEMENT OF RESPONSIBILITY

This Pre-Election Economic and Financial Update (PREFU) was prepared in accordance with the provisions of Section 26 of the Public Management and Finance Law (2013 Revision), as amended. We accept overall responsibility for the integrity of the disclosures contained in this PREFU, and the consistency and completeness of the information in accordance with the requirements of this Law.

We attest that, to the fullest extent possible, the information contained herein reflects the best professional judgment of the Ministry of Finance and Economic Development and takes into account all Government decisions and available economic and financial information as at 25 April 2017.

To the best of our knowledge, these forecast financial statements are:

- (a) complete and reliable;
- (b) fairly reflect the forecast financial positions and performance for the financial periods ending 31 December 2017 and 2018;
- (c) include all policy decisions and other circumstances that have, or may have, a material effect on the forecast statements; and
- (d) comply with generally accepted accounting practices as defined by International Public Sector Accounting Standards (IPSAS), except for IPSAS 25, Employee Benefits, as it relates to the accounting for post-retirement benefits and IPSAS 6, Consolidated and Separate Financial Statements, as it relates to the non-consolidation of the Public Service Pensions Board.



Kenneth Jefferson, JP
Financial Secretary & Chief Officer of the Ministry of Finance and Economic Development



Matthew Tibbetts
Accountant General, Ministry of Finance and Economic Development

26 April 2017

3. EXECUTIVE SUMMARY

Real economic growth of 2.5 percent is forecast for the 18-month financial period ending 31 December 2017. Thereafter, the economy is expected to grow of 2.6 percent in 2018. Inflation is expected to increase from 0.6 percent in 2016/17 to 2.3 percent in 2018. Over the corresponding period, the unemployment rate is estimated to fall from 4.2 percent in 2016/17 to 3.6 percent by December 2018.

For the 18-month period ending 31 December 2017, Government's Operating Surplus is forecast to be \$48.1 million. This amount is \$1.5 million more than the \$46.6 million originally budgeted. The Operating Surplus is forecast to improve to \$75.3 million for 2018.

Core Government is forecast to have closing bank account balances totalling \$353.5 million for the year ending 31 December 2017. This amount is \$12.3 million more than the \$341.2 million shown in the 2016/17 original budget. Thereafter, closing bank account balances are forecast to be \$334.4 million at the end of financial year 2018.

For the Entire Public Sector (EPS), closing bank balance for financial year 2016/17 is forecast to be \$465.1 million; this amount is \$37.8 million more than the \$427.3 million shown in the 2016/17 budget. For financial year 2018, EPS closing bank balances are forecast to be \$436.1 million.

Core Government debt is forecast to be \$451.1 million at the end of financial year 2016/17. This amount is expected to further decrease to \$420.7 million at the end of financial year 2018.

For the EPS, the closing debt balance for 2016/17 is forecast to be \$506.7 million, thereafter, this balance is forecast to decrease to \$462.9 million at the end of 2018.

The Government is forecast to be in full compliance with the Principles of Responsible Financial Management throughout the forecast period.

Table 1 below shows the key economic and financial indicators over the forecast period. These are discussed in further detail throughout this document.

Table 1- Summary of the Main Economic and Financial Forecasts

| | 2016/17 Forecast | 2018 Forecast |
|------------------------------------|-----------------------------|--------------------------|
| Economic (%) | % | % |
| Real GDP Growth | 2.5 | 2.6 |
| Consumer Price Index (Inflation) | 0.6 | 2.3 |
| Overall Unemployment Rate | 4.2 | 3.6 |
| Financial (\$ millions) | | |
| EPS Net Operating Surplus | 48.1 | 75.3 |
| EPS Closing Bank Account Balances | 465.1 | 436.1 |
| EPS Government Debt | 506.7 | 462.9 |

4. ECONOMIC OUTLOOK

This economic update reports on the Islands' macroeconomic performance in the current 2016/17 financial year and the forecasts and assumptions for 2018. It focuses on four core indicators:

- Gross domestic product (GDP) growth;
- Consumer price inflation;
- Employment; and
- Current account of the balance of payments.

Macro-economic Performance

GDP Growth: The Islands' Gross Domestic Product (GDP) is estimated to have grown by 2.7 percent in 2016. This is based on actual indicators for 2016 which point to a stable level of activity in hotels and restaurants, and expansion across all other industrial sectors.

The construction industry remained robust with an estimated expansion of 4.5 percent in 2016, sustaining the growth trend observed since 2012, albeit it was weaker than the recorded growth of 6.1 percent in 2015 due to the completion of major development projects in the second half of 2016. The estimated expansion rate for 2016 reflects the growth of imported building materials during the period.

Real estate, renting and business activity had an estimated growth of 4.6 percent for 2016, as the increased population supported economic activity. The increase was boosted by a 6.0 percent increase in the volume of property transfers.

Other industries that showed healthy rates of economic expansion are electricity and water supply, and transport, storage and communication with growth of 5.6 percent and 1.5 percent, respectively. These performances may be partly associated with the higher level of population in the Islands, as well as the increase in economic activity across most sectors.

Wholesale and retail trade expanded by 2.0 percent, as indicated by a rise in the importation of non-oil products during 2016. This sector benefitted from the multiplier effects of the performance of the construction sector as well as other sectors which altogether generated higher employment in 2016 compared to 2015.

Indicators for the financial services sector which accounts for approximately 40 percent of GDP point to a slightly improved performance in 2016, with growth estimated at 1.8 percent, compared to a 1.7 percent growth in 2015. This is traced mainly to a stronger domestic lending activity by commercial banks, as the listing and licensing activities for all services fell, except for captive insurance which recorded a modest growth of 0.4 percent.

The economic performance of the hotels and restaurants industry was impacted by a slowdown in the growth of arrivals in the fourth quarter in 2016. During the latter period, arrivals from both the air and cruise segments fell by 12.6 percent compared to the same period in 2015, after a strong growth of 4.7 percent in the first three quarters of 2016.

Table 1: Key Economic Variables

| | 2015 | 2016 | 2017 | 2018 |
|--|---------|---------|----------|---------|
| | | | Forecast | |
| Real Gross Domestic Product (GDP) | | | | |
| Growth % ^P | 2.8 | 2.7 | 2.3 | 2.6 |
| Consumer Price Index (CPI) % | (2.3) | (0.6) | 1.8 | 2.3 |
| Number of Employed | 39,139 | 40,411 | 40,860 | 41,807 |
| Unemployment Rate % | 4.2 | 4.2 | 4.2 | 3.6 |
| Caymanian | 6.2 | 7.1 | 6.1 | 4.9 |
| Permanent Residents (WRW) | 6.6 | 3.8 | 6.9 | 6.7 |
| Non-Caymanian | 1.4 | 1.2 | 1.3 | 1.2 |
| Current A/C Balance (\$M) ^P | (626.9) | (644.5) | (687.3) | (744.3) |
| Current A/C (% of GDP) ^P | (22.0) | (22.2) | (22.8) | (23.4) |

P - The GDP growth for 2016 is a preliminary estimate based on actual indicators as of December 2016. The current account balance for 2016 takes into account actual trade data as of December 2016, and projections of the other current account components.

Source: Cayman Islands Government's Economics and Statistics Office

Inflation: In the calendar year 2016, the deflation observed in 2015 continued but at a slower pace of 0.6 percent compared to 2.3 percent in 2015. Several price indices directly contributed to the overall deflation, particularly housing and utilities which was affected mainly by the lower average rates for electricity and water associated with the downtrend in oil prices. The latter also cut average prices for transportation.

However, there were inflationary pressures during 2016 which emanated mainly from restaurants, recreation and culture, education and communication. These price uptrends may be generally associated with the growth in local demand resulting from higher population and employment levels.

Employment¹: Economic growth in 2016 was supported by growth in labour supply. The total labor force strengthened to 42,196, an expansion of 3.2 percent over the previous year. The increase in supply emanated from both local and foreign markets. The former was made up of the Caymanian labour force and Permanent Residents (with rights to work); these together comprised 24,508 persons or 58.1 percent of the total labour force. The Non-Caymanian labour force, which includes persons married to Caymanians and awaiting Permanent Residence and persons working by operation of law, was estimated at 17,688 or 41.9 percent of the total labour force.

The robust growth of the domestic economy spurred an increase in demand for labour as total employment improved by 3.2 percent from a year ago and reached 40,411 in 2016. The wholesale and retail trade industry remained the top employer among all industries, followed by construction. With the growth in labor demand almost at pace with the growth in labour supply, the overall unemployment rate was stable at 4.2 percent in 2016.

Current Account of the Balance of Payments²: The growth in local economic activity was accompanied by higher demand for goods from abroad, which consequently increased the deficit on the current account of the balance of payments.

During 2016, total merchandise imports increased by 2.8 percent to \$854.2 million from a year ago. This increase reflected higher imports of non-fuel products. The importation of passenger motor vehicles recorded the highest surge of 47.9 percent. In contrast, the total value of petroleum and related products continued to fall, this time by 14.3 percent, as the total quantity and average prices of oil imports declined.

In addition to the higher payments for merchandize imports, the current account deficit in 2016 was also impacted by a slowdown in the two major sources of current account receipts: tourist arrivals and financial services. Total arrival of tourists from abroad fell by 0.2 percent by end 2016 to settle at 2.1 million, with stay-over arrivals experiencing almost no growth. All categories of financial services also showed lower activity except for the registration of captive insurance entities which had a slight improvement of 0.4 percent in 2016 compared to 2015.

The Islands' current account deficit on the balance of payments in 2016 is projected at \$644.5 million or 22.2 percent of GDP.

¹ The labour force indicators are taken from the Labour Force Survey Fall (October) 2016, with the comparable indicators taken from the Labour Force Survey in Fall (October) 2015.

² The current account of the balance of payments measures the total value of the Islands' transactions against the rest of the world in terms of trade in goods and services, income and transfers. A deficit in the current account means that the Cayman Islands made more payments to the rest of the world compared to its receipts from these transactions.

Forecasts and Assumptions for 2017 and 2018

GDP Growth: Barring major disruptions from the external environment, the economic growth of the Cayman Islands in 2017 and 2018 is expected to remain higher than the average growth over the last five years of 1.8 percent, driven largely by private investments.

The construction sector is expected to continue leading the economic expansion, with an acceleration in activity foreseen starting in the second half of 2017 from private sector investment projects such as the Ironwood Golf course, expansion of the Esterley Tibbetts highway and the planned construction of a new five-star hotel. Additionally, approved public sector projects such as the George Town Cruise Berthing project and continuation of the Linford Pierson highway and the Owen Roberts airport expansion projects are also expected to contribute to growth over the medium-term.

The recently completed and forthcoming projects aimed at increasing the accommodation capacity for tourist arrivals are assumed to boost growth in hotels and restaurants, and recreation and culture. This forecast is also conditional on improving markets particularly the United States of America (USA) which remains the dominant market of the Islands' tourist services. Based on forecasts as of April 2017, the USA is expected to turn-in improved economic performance, with growth of 2.3 percent and 2.5 percent in 2017 and 2018 respectively³. The forecast for tourism-related services further assumes continued product enhancements and diversification of source markets.

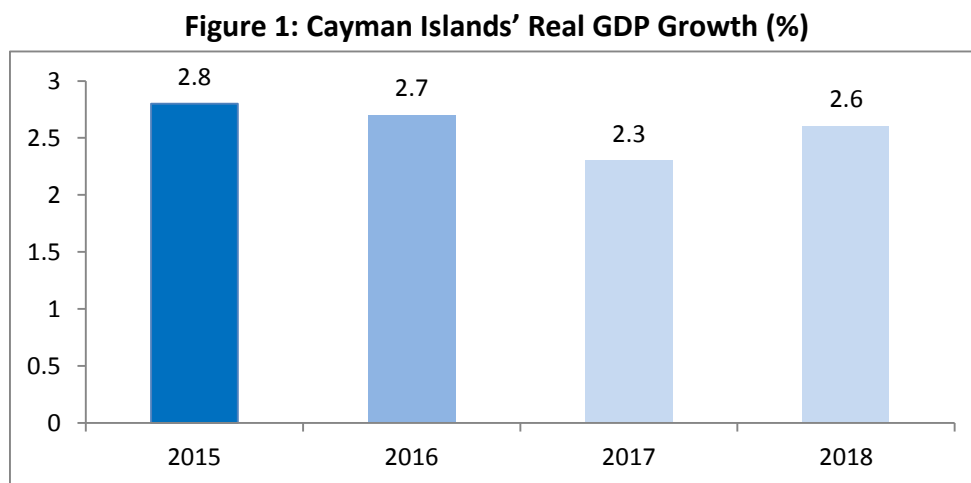
The above-cited sectors are expected to boost employment and stimulate growth in domestic demand for services in several sectors such as wholesale and retail trade; transport, storage and communication; real estate, renting and business activities; and electricity and water supply.

The financial services sector is assumed to sustain its recent performance over the medium-term, conditional mainly on continuing growth in domestic lending and a rebound in the financial listing and licensing business. A downside risk is posed by the current monetary stance of the US Federal Reserve Bank to gradually increase interest rates which is likely to impact domestic lending rates and may dampen demand for borrowings.

In view of the Framework for Financial Responsibility, the Government's direct expenditure is not expected to increase its contribution to economic growth.

³ All forecast indicators for the USA and other countries, and international commodity prices assumed in this PREFU are based on the *World Economic Outlook* (International Monetary Fund, April 2017 Update).

The above external and domestic assumptions support a forecasted growth in real GDP for 2017 of 2.3 percent, followed by growth of 2.6 percent for 2018 (see Table 1 on page 8 and Figure 1 below). The forecasted modest slowdown in 2017 is premised primarily on the start of new capital spending projects toward the second half of 2017.



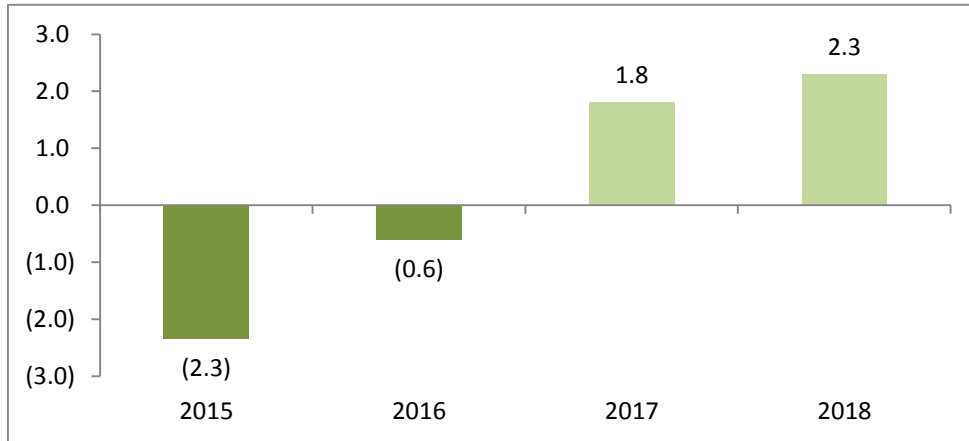
Note: Data for 2015 is an actual estimate; 2016 is a preliminary estimate; 2017-18 are forecasts

Source: Cayman Islands Government's Economics and Statistics Office

Inflation rate⁴: A gradual increase in the population level and higher demand for construction-related goods and services are assumed to push up the general price levels over the medium-term. The forecasted acceleration of consumer prices in the USA from 1.3 percent in 2016 to 2.7 percent in 2017 and 2.4 percent in 2018 is also expected to induce inflationary pressure on local prices, given that majority of merchandise imports are sourced from US markets. In addition, oil prices are foreseen to rise by 28.9 percent in 2017 but will decline marginally by 0.3 percent in 2018. The average inflation rate is forecasted at 0.6 percent for the 2016/17 period and 2.3 percent for 2018 (see Table 1 and Figure 2 on page 8 and page 12, respectively).

⁴ The inflation forecasts are based on the 2008 Consumer Price Index (CPI) basket which will be in use for reporting inflation rates up to the second quarter of 2017. Starting in the third quarter of 2017, the inflation rates to be reported will be based on the 2016 CPI basket. The forecasts will be revised accordingly in future economic updates.

Figure 2: Cayman Islands' Inflation Rates (%)



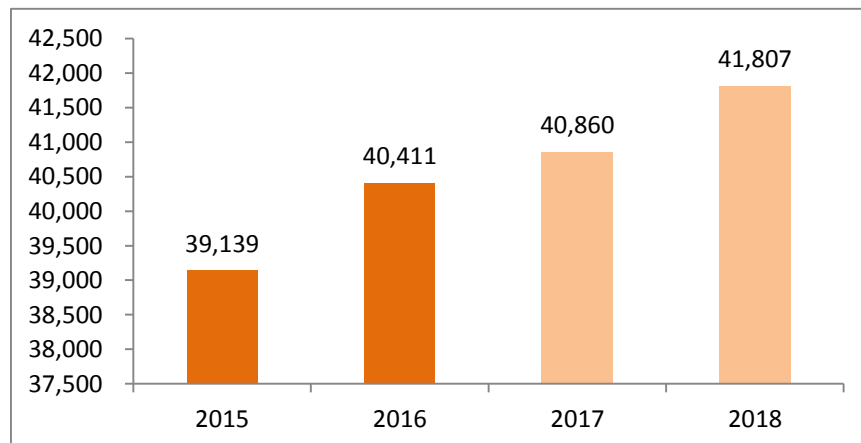
Note: CPI inflation rates for 2015 and 2016 are actual estimates; 2017-18 are forecasts

Source: Cayman Islands Government's Economics and Statistics Office

Employment and labour force: The demand for labour is expected to track the GDP growth forecasts. An increase in employment opportunities is expected from planned development projects including those that are anticipated to start in the second half of 2017. Over the medium-term, new employment is also expected from the Islands' hotel industry with the completion of new facilities and the renovation of existing ones.

The National Pension (Amendment) Law, 2016 is foreseen by some business leaders to impact the employment of Non-Caymanians. It is assumed that a proportion of unemployed Caymanians will replace resigning expatriate workers beginning in the last quarter of 2017 and continuing in 2018 (see Table 1 on page 8 and Figure 3 below).

Figure 3: Cayman Islands' Total Employment



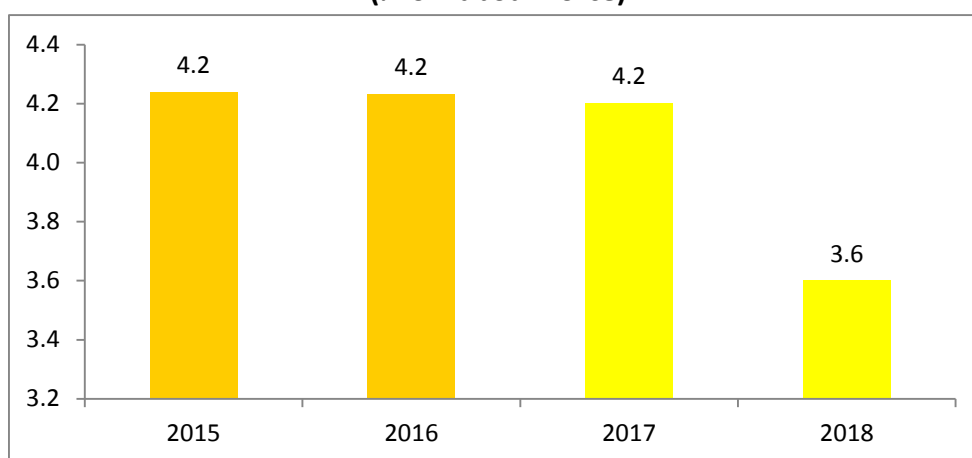
Note: Employment for 2015 and 2016 are actual estimates; 2017-18 are forecasts

Source: Cayman Islands Government's Economics and Statistics Office

The supply of local labour force is assumed to increase at the average historical growth rate of the working age population. The forecasted increase in local labour supply (Caymanians and Permanent Residents with rights to work) stems mainly from the natural increase in the working age population.

Given the projected rise in the labour force and employment, the unemployment rate is forecasted at 4.2 percent of the labour force in 2017. The unemployment rate is then expected to improve to 3.6 percent in 2018 (see Table 1 on page 8 and Figure 4 below).

**Figure 4: Cayman Islands' Unemployment Rates
(% of Labour Force)**

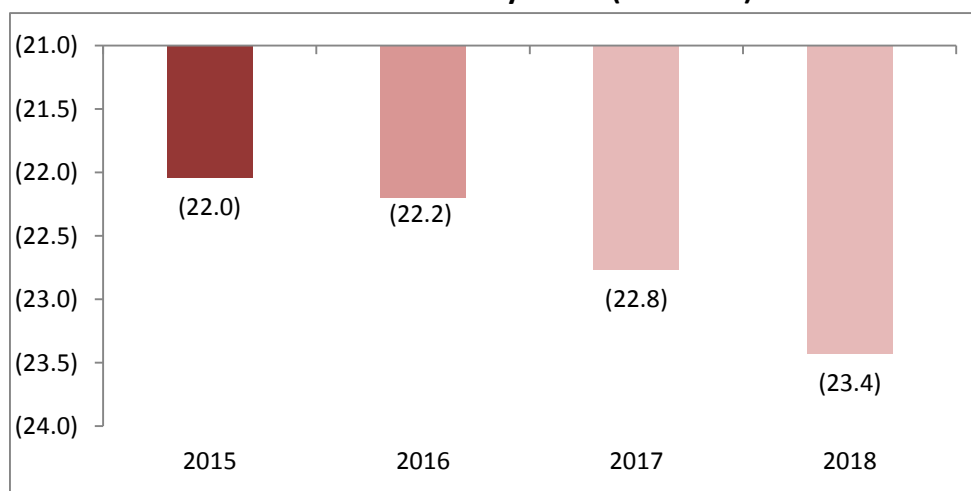


Note: The rates for 2015 and 2016 are actual estimates; 2017-18 are forecasts

Source: Cayman Islands Government's Economics and Statistics Office

Current account of the balance of payments: The current account deficit is forecasted to be higher at 22.8 percent of GDP in 2017, and will further increase to 23.4 percent in 2018 (see Table 1 on page 8 and Figure 5 below). These movements are consistent with assumed increases in payments for the importation of goods for new private sector projects. It is also assumed that improvements in current account receipts from new tourism-related projects will partially offset the impact of higher merchandise imports.

**Figure 5: Cayman Islands' Current Account
of the Balance of Payments (% of GDP)**



Note: Data for 2015 is an actual estimate; 2016 is a preliminary estimate; 2017-18 are forecasts

Source: Cayman Islands Government's Economics and Statistics Office

5. FISCAL OUTLOOK

Introduction

This section provides the Government's financial forecasts for 2016/17 and 2018.

In accordance with the requirements of the Public Management and Finance Law (2013 Revision), as amended, the financial forecasts take the form of a full set of accrual based forecast financial statements. The key forecast financial statements are:

- A Forecast Position Statement, which reports the assets and liabilities Government expects to have at the end of each financial year for the forecast period, and the resulting Net Worth (which is the key measure of the Government's financial position);
- A Forecast Statement of Financial Performance, which reports the forecast Operating Revenues and Operating Expenses measured on an accruals basis and the resulting Net Operating Surplus (which is the key measure of Government's Financial Performance);
- A Forecast Statement of Cash Flows, which reports the Operating, Investing (asset-related) and Financing (borrowing-related) cash flows for the forecast period and the resulting Net Increase/Decrease in cash and cash equivalents (which is the measure of the Government's cash position); and
- A Forecast Statement of Changes in Net Worth, which reports the forecast increase or decrease in Net Worth and its composition (which is the key measure of the amount citizens have invested in the Government).

In accordance with the requirements of the PMFL, the forecast financial statements provide two sets of figures: one for the Core Government; and one for the Entire Public Sector. Both sets include the financial activity (Statement of Financial Performance, Position Statement and Statement of Cash Flows) of Public Authorities (Statutory Authorities and Government Owned Companies).

The Core Government comprises:

- The Legislative Assembly;
- Ministries and Portfolios;
- Judicial Administration; and
- Offices for the Auditor General, Cabinet, the Information Commissioner, the Complaints Commissioner (the latter two offices will be superseded by the Ombudsman), and the Director of Public Prosecution.

Core Government also includes the Operating Surpluses/Deficits of Public Authorities as a single line in the Statement of Financial Performance entitled 'Net (Profit)/Loss in Public Authorities'. Similarly, the Net Worth of Public Authorities is recognised in a single line in the Position Statement entitled 'Net Worth of Public Authorities'.

The Entire Public Sector includes the same information as for the Core Government plus the revenues, expenses, assets and liabilities of Public Authorities on a line-by-line basis by aggregating them with the revenues, expenses, assets and liabilities of the Core Government. Transactions, balances and unrealised gains and losses on transactions between entities are eliminated on combination. The key measures of Government's financial performance (i.e. Net Operating Surplus, Net Worth) are the same for both the Core Government and the Entire Public Sector.

Update on Current Year's Financial Performance

For the 18-month financial period ending 31 December 2017, Government's **Operating Surplus** is forecast to be \$48.1 million. This amount is \$1.5 million more than the \$46.6 million originally budgeted.

The higher than expected operating performance is due to an increase in Operating Revenue.

Key revenue items indicating higher than budgeted amounts include:

- Alcoholic Beverages Duty and Motor Vehicle Duty, Gasoline and Diesel Duty, totaling \$11.1 million more than budgeted, due to growth in the local economy and increased demand for goods and services; and
- Stamp Duty-Land Transfers and Building Permit fees, totaling \$7.3 million more than budgeted, due to robust real estate development and resale markets.

Total Operating Expenses and non-operating expense excluding Profit/Loss in Public Authorities is forecast to be \$881.4 million for the financial year ending 31 December 2017 compared to that shown in the 2016/17 original budget of \$861.5 million. The following are material variances which have occurred during the year:

- **Personnel Costs** are forecast to be \$406.4 million, this amount is \$4.2 million higher than the original budget and is mainly due to increased funding required to address the pay stagnation of Civil Servants, and increases in the staff complement of the Department of Education Services, Commissions Secretariat and the Mosquito Research and Control Unit;
- **Supplies and Consumables Costs** are forecast to be \$7.0 million higher than the original budget. This is mainly due to increased costs for larvicide to prevent the spread of mosquito-borne diseases;
- **Outputs from Public Authorities** are forecast to be \$0.7 million higher than the original budget due to increased utilization at the Health Services Authority;
- **Outputs from Non-Governmental Organisations** are forecast to be \$7.2 million higher than the original budget due to an increase in the cost of providing medical care at overseas institutions for indigents and services for refugees; and
- **Transfer Payments** are forecast to be \$2.6 million higher than the original 2016/17 budget primarily due to increased scholarships awarded.

In addition, **Gains on Foreign Exchange Transactions** are forecast to be less than budget by \$1.0 million.

As a sector, Statutory Authorities and Government Owned Companies, collectively called **Public Authorities**, are forecast to make a Net Loss of \$1.2 million in 2016/17. This performance is \$1.7 million below than the budgeted profit of \$0.5 million.

Core Government is forecast to have closing **bank account balances** totalling \$353.5 million for the financial year ending 31 December 2017. This amount is \$12.3 million more than the \$341.2 million shown in the 2016/17 original budget and is directly related to the higher than expected revenue performance. For the Entire Public Sector (EPS), closing bank balance for financial year 2016/17 is forecast to be \$465.1 million; this amount is \$37.8 million more than the \$427.3 million shown in the 2016/17 budget.

Core Government **debt** is forecast to be \$451.1 million at the end of financial year 2016/17. For the Entire Public Sector, the closing debt balance for 2016/17 is forecast to be \$506.7 million. It is expected that Core Government will fund Public Authorities \$10.0 million for the voluntary additional repayment of debt in the financial year 2016/17.

Core Government initially budgeted to spend \$100.0 million on **investing activities** (the purchase of property, plant and equipment, Equity Investments and granting of loans, placement of fixed deposits (with maturities in excess of 90 days) less investment receipts for financial year 2016/17; however, the 2016/17 forecast shows \$104.1 million which is approximately \$4.1 million more than budgeted.

During the 2016/17 financial year, Cabinet approved changes to various appropriations under Section 11(5) of the Public Management and Finance Law (2013 Revision), see Appendix 2 (page 65).

These approvals amended the appropriations shown in the original 2016/17 Plan and Estimates. The approvals transferred underspends in certain budgetary allocations to compensate for over expenditures in other areas, where practical.

Forecast Financial Performance for Financial Year 2018

For financial years 2018 Government's **Net Surplus** is forecast to be \$75.3 million. Specific details associated with the change in operating performance are outlined in the forecast assumptions, in Appendix 1 (starting at page 30).

The **Public Authorities** are forecast to improve in their operating performance: forecasting a surplus of \$2.7 million in 2018 (see page 41).

Core Government closing **cash balances** are forecast to be \$334.4 million at the end of financial year 2018 (see page 40).

For financial year 2018, the EPS closing cash balances are forecast to be \$436.1 million (see page 40).

Core Government **debt** is forecast to be \$420.7 million at the end of financial year 2018 (see page 44).

For the Entire Public Sector, the forecast debt is \$462.9 million at the end of 2018 (see page 44).

Equity Investments made by Government into Public Authorities are expected to remain at similar levels over the forecast period as those shown in the 2016/17 budget (see page 67).

The Government's **capital expenditure program** is determined by the specific policies of the Government. Appendix 3 indicates Equity Investments by Government into Public Authorities, Ministries and Portfolios and Government's and planned Executive Assets: totals of \$80.3 million for financial year 2018. This forecast takes into account, to the fullest extent possible, all Government decisions made before the issue of the PREFU. Therefore, there is a risk of variations to the forecasts by any policy decisions taken after the finalisation of the PREFU.

The table below summarises the financial outlook for the Core Government and the Entire Public Sector during the forecast period.

| Government of the Cayman Islands | | | | | | | |
|---|------------------------|------------------|------------------|-----------------------------|------------------|------------------|--|
| Fiscal Outlook for Core Government and Entire Public Sector | | | | | | | |
| For the Period Ending 31 December 2017 and 2018 | | | | | | | |
| | Core Government | | | Entire Public Sector | | | |
| | 2016/17 | 2016/17 | 2018 | 2016/17 | 2016/17 | 2018 | |
| | Budget | 18-Month | Forecast | Budget | 18-Month | Forecast | |
| | | Forecast | | | Forecast | | |
| Operating Statement | | | | | | | |
| Operating Revenue | 908,634 | 930,679 | 699,168 | 1,233,419 | 1,237,614 | 928,288 | |
| Operating Expenses | 826,967 | 845,969 | 605,431 | 1,147,177 | 1,149,816 | 829,425 | |
| Net (Profit)/Loss in Public Authorities | 526 | 1,184 | (2,680) | | | | |
| Financing Expense & (Gains)/Losses on foreign exchange transactions | 34,517 | 35,458 | 21,159 | 39,618 | 39,731 | 23,605 | |
| Net Surplus | 46,624 | 48,067 | 75,258 | 46,624 | 48,067 | 75,258 | |
| Balance Sheet | | | | | | | |
| Debt Balance at Period-End | 451,114 | 451,088 | 420,682 | 462,430 | 506,702 | 462,905 | |
| Net Assets | 1,192,085 | 1,225,247 | 1,300,505 | 1,192,085 | 1,225,247 | 1,300,505 | |
| Cash Flow | | | | | | | |
| Net Operating Cash Flows | 79,068 | 103,185 | 83,359 | 100,266 | 129,015 | 84,675 | |
| Net Investing Cash Flows | (99,944) | (104,072) | (12,187) | (143,432) | (104,387) | (11,740) | |
| Net Financing Cash Flows | (52,305) | (52,264) | (30,279) | (70,352) | (80,639) | (44,383) | |
| Cash Balance at beginning of period | 414,392 | 89,093 | 35,942 | 540,830 | 203,523 | 149,989 | |
| Net Increase/ (Decrease) in Cash | (73,181) | (53,151) | 40,893 | (113,518) | (56,011) | 28,552 | |
| Cash and cash equivalents at end of period | | | | | | | |
| (Deposits held < 90 Days) | 341,211 | 35,942 | 76,835 | 427,312 | 147,512 | 178,541 | |
| Fixed Deposits (Maturity > 90 Days) | - | 317,546 | 257,546 | - | 317,546 | 257,546 | |
| Total Cash and Deposits | 341,211 | 353,488 | 334,381 | 427,312 | 465,058 | 436,087 | |

6. RISKS AND SCENARIOS

Introduction

Financial and economic forecasting carries certain inherent risks. The constant policy assumption which underpins the PREFU's forecasts do not take into account natural disasters (such as hurricanes), international legislation which may have an adverse impact on the Financial Services Industry, policy measures which may be imposed by the UK Government or other material shocks to the local economy.

The Cayman Islands will hold its next General Elections on 24 May 2017. The financial and economic performance of the Cayman Islands is largely influenced by the policies of the Government of the day. Any changes to Cabinet following the General Election outcome therefore poses some risk to the forecast positions outlined.

The forecasted position in the PREFU outlines the trajectory of the financial outlook under current policy settings. Changes around the economy or future Government policy can have large impacts on projections of the underlying revenues, expenditures and cash balances.

Economic Risks

The PREFU is premised on a constant-policy assumption and does not contemplate any material shocks to the economy. The Cayman Islands' two main economic pillars (Financial Services and Tourism) are dependent on the global economy. Material changes to the global economic landscape could have the potential to materially change the forecast position.

The economic forecast also assumes the continuation/commencement of major private sector construction projects in the Cayman Islands, during the forecast period. If these projects do not come to fruition, it will negatively impact the forecast unemployment rate, GDP growth and other economic indicators.

General Fiscal Risks

Revenue: The revenue forecasts do not reflect any new Revenue Measures; instead the revenue increases reflect growth of the economy. That growth is based on the completion of major development projects and growth in wholesale and retail trade industry. Changes in those economic factors could negatively impact the forecast revenue.

Expenditure: The expenditure forecast takes into account current policies and plans of the Government which may change during the forecast period, and as a result there is a risk that forecast expenditure could be higher or lower than planned.

Borrowing: The Government is not expected to incur any additional conventional borrowings over the forecast period other than the utilisation of small overdraft for operations.

Other Risks

Interest rate risk: The Government utilizes the local banking system for short term deposits at the prevailing interest rate.

There are a number of Public Authorities that have loans with floating/ variable interest rates. As a result, these agencies are subject to risk due to fluctuations in interest for those financial instruments.

Litigation risk: The Government is sometimes engaged in litigation arising in the ordinary course of its business. While it is not believed that any such litigation will individually, or in aggregate, have a material adverse financial effect on the Government, there is a risk that the Courts could rule unfavorably with regards to the Government in any pending matter.

Credit risk: The Government is forecast to have trade receivables of approximately \$25.2 million at the end of financial year 2016/17. The Government is exposed to credit-related losses in the event of non-performance by counter parties to these financial instruments.

The Government extended several loans for overseas medical care, and is exposed to credit-related losses in respect of these instruments due to tenure, nature and purpose associated with this type of loan.

7. OVERVIEW OF FINANCIAL FORECASTS

These forecasts have been prepared using a “constant policy” assumption which means that all Government policies reflected in the 2016/17 Budget, and all Cabinet decisions made up to 24 April 2017, are reflected in these forecasts.

Figure 1 and 2 summarises the 2016/17 and 2018 financial forecasts for the Core Government and the Entire Public Sector respectively.

Figure 1
Core Government Forecast Operating Revenues and Expenses

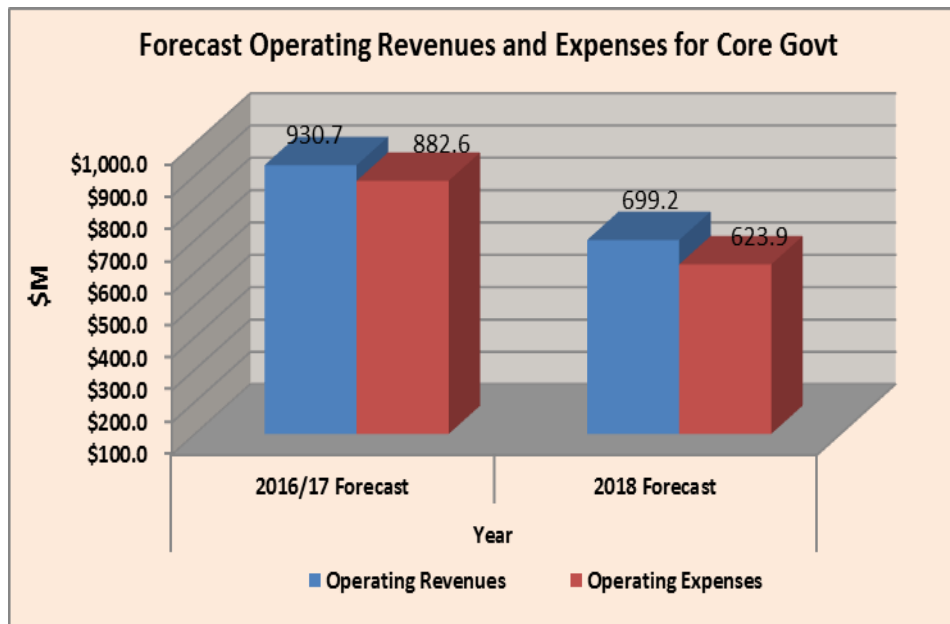
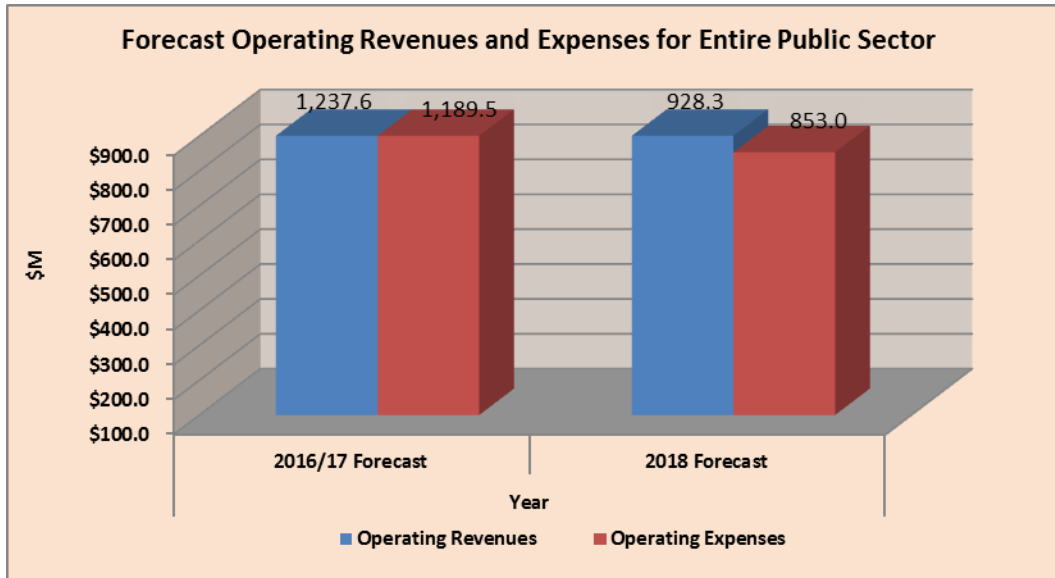


Figure 2
Entire Public Sector Forecast Operating Revenues and Expenses



Compliance with Principles of Responsible Financial Management

The ratios required by the Principles of Responsible Financial Management are all calculated in accordance with the Framework for Financial Responsibility (FFR).

The following definitions accord with the FFR:

Operating Revenue consists of coercive and non-coercive revenue as defined in the PMFL.

Expenditure, unless otherwise specified, refers to all public expenditure (inclusive of grants, capital and recurrent expenditure).

Public Borrowing includes:

- conventional borrowing from commercial and concessional institutions;
- the capitalized value of all alternative financing transactions (including PFI/PPP arrangements) that will place future financial obligations (in terms of increased expenditure or reduced revenue) on the Cayman Islands Government;
- the risk weighted debts and PPP/PFI arrangements of Statutory Authorities, Government Corporations and Companies;
- borrowing that is contracted by the Cayman Islands Government, but then on-lent; and
- any other debt guaranteed by the Cayman Islands Government.

Public borrowing taken out to clear “informal debt” or debt owed by one Public Sector entity or another (including arrears of such debts), will be treated as new debt.

Debt Service is defined as annual payments resulting from public borrowing commitments and finance leases or any other form of borrowing. This includes all borrowings of the Entire Public Sector and not just those of the Core Government. It also includes any other debt guaranteed by the Cayman Islands Government.

With imminent gazettal of the Public Management and Finance (Amendment) (No. 2) Law any additional repayments of debt that are voluntarily made are now excluded for the Debt Service calculation.

Net Debt is defined as the total outstanding value of public borrowing minus liquid assets.

Liquid Assets are defined as the lowest balance of liquid funds at the disposal of the Cayman Islands Government during the financial year. These funds should not be pledged against budgeted expenses or liabilities of any form.

Compliance with Principles of Responsible Financial Management

| Principle | | |
|--|---|---|
| | 2016/17 PREFU Forecast | 2018 PREFU Forecast |
| <p>Operating surplus: should be positive</p> <p>(Operating surplus = core government operating revenue – core government operating expenses)</p> | <p>Complies</p> <p>Surplus = \$48.1 million</p> | <p>Complies</p> <p>Surplus = \$75.3 million</p> |
| <p>Net Worth: should be positive</p> <p>(Net worth = core government assets – core government liabilities)</p> | <p>Complies</p> <p>Net worth = \$1,225.2 million</p> | <p>Complies</p> <p>Net worth = \$1,300.5 million</p> |
| <p>Debt Servicing: Debt servicing cost for the year should be no more than 10% of core government revenue</p> <p>(Debt servicing = interest + principal repayments + other debt servicing expenses of EPS)</p> | <p>Complies</p> <p>Debt Servicing = 9.95%</p> | <p>Complies</p> <p>Debt Servicing = 8.98%</p> |
| <p>Net Debt: should be no more than 80% of core government revenue</p> <p>(Net debt = outstanding balance of core government debt + outstanding balance of self financing loan balance + weighted outstanding balance of statutory authority/government company guaranteed debt - core government unrestricted liquid assets)</p> | <p>Complies</p> <p>Net debt = 30.6%</p> | <p>Complies</p> <p>Net debt = 25.4%</p> |
| <p>Cash Reserves should be no less than 90 days estimated executive expenses</p> <p>(Cash reserves = core government cash and other liquid assets - restricted cash reserves)</p> | <p>Complies</p> <p>Cash reserves = 177 days</p> | <p>Complies</p> <p>Cash reserves = 159 days</p> |
| <p>Financial risks should be managed prudently so as to minimise risk</p> | <p>Complies</p> <p>Adequate fiscal and risk management plans are in place. Hurricane preparedness strategy in place.</p> | <p>Complies</p> <p>Adequate fiscal and risk management plans are in place. Hurricane preparedness strategy in place.</p> |

Statement on Compliance with the Principles of Responsible Financial Management

The forecast financial statements included in this PREFU shows that the Government will maintain full compliance with the Principles of Responsible Financial Management relating to **Operating Surplus, Net Worth, Net Debt Ratio, Debt Servicing Ratio, Cash Reserve days** and the management of **Financial Risks** throughout the forecast period.

8. CONCLUSION

As required by the Public Management and Finance Law (2013 Revision), as amended, this Pre-Election Economic and Financial Update presents the financial and macroeconomic forecasts and assumptions for the current financial year and the succeeding two financial years, and related commentary on the current trajectory of Government finances.

The economic forecast shows positive indicators for growth and reduced unemployment over the forecast period.

The forecasts are contingent on stable international economic conditions, private sector growth and the absence of economic shocks resulting from natural disasters or adverse international legislation.

For the financial year ending 31 December 2017, the Government is forecast to have an Operating Surplus of \$48.1 million. This forecast result is \$1.5 million more than the \$46.6 million originally budgeted, and results from higher than expected Revenue compared to the amount initially budgeted.

Core Government is forecast to have closing bank account balances totalling \$353.5 million for the year ending 31 December 2017. This amount is \$12.3 million more than the \$341.2 million shown in the 2016/17 original budget.

For the Entire Public Sector (EPS), closing bank balances for financial year 2016/17 is forecast to be \$465.1 million; this amount is \$37.8 million more than the \$427.3 million shown in the 2016/17 budget.

Core Government debt is forecast to be \$451.1 million at the end of financial year 2016/17. This accords with the original budget as all debt service obligations are expected to be met. For the wider Entire Public Sector, the closing debt balance is forecast to be \$506.7 million at the end of 2016/17.

The Government is forecast to be in full compliance with the Principles of Responsible Financial Management throughout the forecast period.

The information in this PREFU document is based on the year-to-date actual results, the representations and judgements provided by Chief Financial Officers of Ministries, Portfolios, Offices, Statutory Authorities and Government Owned Companies (Public Authorities), and the professional judgement of staff in Ministry of Finance and Economic Development, using the most recent information available on economic conditions, financial performance and estimated outturn.

9. APPENDIX 1

Government Forecast Financial Statements

For Financial Years Ending 31 December 2017 and 2018

**GOVERNMENT OF THE CAYMAN ISLANDS
FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2017 AND 2018**

Statement of Accounting Policies

General Accounting Policies

Reporting entity

These forecast financial statements are for the Government of the Cayman Islands. They encompass the Core Government and the Entire Public Sector as required by the Public Management and Finance Law (2013 Revision), as amended. The reporting entities comprise:

- Ministries and Portfolios;
- Statutory Authorities;
- Government Owned Companies; and
- The Audit Office, the Office of the Complaints Commissioner, the Office of the Information Commissioner, Cabinet and the Director of Public Prosecution.

In the accounts of the Core Government, Public Authorities are accounted for on an equity accounting basis. The accounts for the Entire Public Sector show all agencies on a fully consolidated basis.

Basis of preparation

The forecast financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS), using the accrual basis of accounting. Where there is currently no IPSAS, other authoritative pronouncements such as International Accounting Standards (IAS), or the United Kingdom reporting standards applicable to the public sector have been used. The measurement base applied is historical cost adjusted for revaluations of certain assets.

The forecast financial statements have been prepared on a going-concern basis and the accounting policies have been applied consistently throughout the period.

Reporting Period

The reporting periods are the financial periods ending 31 December 2017 and 2018.

Comparability of Forecast Financial Statements

The 2016/17 financial period covers 18-months (1 July 2016 – 31 December 2017) as a transitional period in order to change the Government’s financial year from the previous 1 July - 30 June to a 1 January – 31 December year. Therefore, the 2016/17 financial forecasts are not directly comparable with those of a usual forecast of 12 months – e.g. the forecast financial year ending 31 December 2018.

Basis of Consolidation

These financial statements utilise the equity method of combination at Central Government level for its investment in Statutory Authorities and Government Companies. The Entire Public Sector includes the same information as for the Core Government plus the revenues, expenses, assets and liabilities of Public Authorities on a line-by-line basis by aggregating them with the revenues, expenses, assets and liabilities of the Core Government. Transactions, balances and unrealised gains and losses on transactions between entities are eliminated on combination.

**GOVERNMENT OF THE CAYMAN ISLANDS
FORECAST FINANCIAL STATEMENTS
FOR THE PERIODS ENDING 31 DECEMBER 2017 AND 2018**

Statement of Significant Assumptions

General Forecast Assumptions

These forecast financial statements were finalised on 24 April 2017. They have been prepared under a “constant policy assumption” and take into consideration all of the Assented legislation and Cabinet decisions made up to 24 April 2017.

The forecast uses the most recent estimate for the results of the 18-month financial period 2016/17 as its base.

The forecast excludes measures which are unlikely to come to fruition during the forecast period due to the absence of policies or execution.

Unless stated otherwise in the specific forecast assumptions, revenues are expected to generally increase by 2.5% (a linkage to GDP growth expected) from 2016/17 to 2018.

Unless stated otherwise in the specific forecast assumptions section, expenditure increases are forecast to be in line with general inflation. Those increases exclude certain known costs (such as those paid for subscriptions, interest, court settlements etc.) or areas where specific strategies are forecast to curb the rate of expenditure.

These forecasts combine the realities of inflation and changes in volume, with expected savings from further efficiency measures.

Macroeconomic Assumptions

- Demographic trends remain constant;
- Rates underlying coercive revenue and the application of those rates are unchanged unless otherwise stated;
- Rates underlying user fees and charges and the application of those rates are unchanged;
- Debt servicing assumptions are based on assumed interest rates and current borrowing agreements;
- The exchange rate between the Cayman Dollar and the U.S. Dollar remains fixed; and
- No material contingent liabilities or other claims become actual liabilities.

Specific Forecast Assumptions

The following are specific **revenue assumptions** for the numbers shown in the forecast financial statements:

The revenue forecast does not include any new revenue measures. Revenues are expected to generally increase by 2.5% from 2016/17 to 2018. Revenue items showing an upward trajectory in 2016/17 include:

- Alcoholic Beverages Duty, Motor Vehicle Duty, Gasoline and Diesel Duty, totalling \$11.1 million more than budgeted, due to growth in the local economy and increased demand for goods and services.
- Stamp Duty on Land Transfers and Building Permit fees, totalling \$7.3 million more than budget, due to robust real estate development and resale markets.

The projections established are underpinned by assumptions that growth in the local economy is expected to result in increased demand for goods and services which are expected to drive revenue from import duties and other consumption based revenue items.

The financial services revenues including Banks & Trust Companies Fees and Company Fees show a decline due to lower activity over the forecast period.

Should the jurisdiction experience a significant negative economic shock in these areas, the financial position would be expected to deteriorate and not be consistent with the projections.

The following specific **expense assumptions** were used in producing the expenditure forecasts for the 2016/17 and 2018 financial years:

- Personnel Costs are forecast to be \$4.2 million more per year than budgeted expenditure in 2016/17 due to recent award of increments to address pay stagnation for Civil Servants who demonstrated good performance and who had not received an incremental increase for more than for three years; an increase in the number of teachers; increase staffing costs for the management of and control of mosquito-borne diseases. Staff costs are expected to increase in 2018 to bolster resources for public safety and the roll-out the National Tourism Plan;
- Supplies and Consumables are forecast to increase in 2016/17 due to increases in costs of mosquito larvicide and adulticide and incremental funding for key tourism projects;
- Financing expenses are expected to decrease over the forecast period as the Government's outstanding debt is reduced by repayments and no new borrowings are undertaken until the end of the forecast period;
- Transfer Payments increase by \$2.7 million in 2016/17 due to a higher number of scholarship recipients than budgeted. These costs remain at a comparable level in 2018;
- Outputs from Public Authorities increased throughout the forecast period due to additional service requests from Government; and
- Outputs from Non-Governmental Organisations are \$7.6 million higher than the original budget due to an increase in the cost of providing medical care at overseas institutions for indigents and services for refugees. "Medical Care at Various Overseas Providers" increased by \$4.0 million and, expenditures on for "Services for Irregular Migrants" increased by \$3.6 million. A similar level of costs is expected to continue over the next year.

The following specific assumptions are made with regards to **Borrowings** in the 2016/17 and 2018 financial years:

- Core Government will incur no new borrowings throughout the forecast period; and
- Public Authorities are not expected to incur any additional conventional borrowings over the forecast period other than the utilisation of small overdraft for operations. However, it is assumed that a Public Authority will utilise a temporary overdraft facility of \$8 million in the last quarter of 2017. It is envisaged that this overdraft amount will be fully repaid in 2018.

The following specific assumptions are made with regards to a total of \$80.2 million of **Capital Investments** in the 2018 financial year:

- \$29.5 million of capital investments into Statutory Authorities and Government Owned Companies to allow these agencies to meet their debt service obligations and to assist in the funding of operational losses;
- \$50.7 million will be invested in various Ministries and Portfolios primarily to fund the following major items:
 - Continued improvement to our education infrastructure and completion of the John Gray High School;
 - Continued development of the Islands Road Network infrastructure;
 - Development of a mental health facility;
 - Development of a youth facility;
 - Development of a Cayman Brac Multi-Purpose Centre;
 - Upgrade of sporting facilities;
 - Continued development of the integrated solid waste management system;
 - Purchase of land for conservation; and
 - Revitalization of George Town.

Contingent Liabilities

Environmental Remediation

The Government currently operates waste landfill sites in all three of the Cayman Islands. The capping of these landfills is currently out for bidding.

Legal Proceedings & Disputes

In relation to legal matters, estimates are developed by the Office of the Attorney General using current facts and known circumstances.

The factors considered in developing legal provisions include 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 sometimes 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. 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 its operations or financial position.

Post-Retirement Health Care

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

Prior to 2005, Civil Servants who worked for a minimum of 10 years with the Government were entitled to a health care benefit upon retirement. However, the Public Service Management Law, which was introduced in 2005, requires that the employee puts in the same 10 years of qualifying service and also retires from the Civil Service in order to obtain such benefits in the future.

The results of health care liability actuarial valuation, completed in September 2016, estimated the post-retirement health care obligation as at 30 June 2016 to be \$1.7 billion with the post-retirement medical expense totaling \$141 million for the year ended 30 June 2016. The assumptions of the actuarial valuation have not been accepted by the Government and therefore the post-retirement health care obligation and related expenditure has not been formally recognised on the Statements of Financial Position and Performance.

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 have been established to start offsetting the Government’s post-retirement health care liability.

Forecast Financial Statements

Government of the Cayman Islands
Forecast Position Statement (\$000's)
For the Periods Ending 31 December 2017 and 2018

| | Core Government | | | Entire Public Sector | | |
|---|-------------------|---------------------|------------------|----------------------|---------------------|------------------|
| | 2016/17 Budget | 2016/17 Forecast | 2018 Forecast | 2016/17 Budget | 2016/17 Forecast | 2018 Forecast |
| Current Assets | | | | | | |
| Cash and Cash Equivalents (see Cash Summary on page 40) | 341,211 | 35,942 | 76,835 | 428,901 | 157,062 | 179,112 |
| Marketable Securities and Deposits | - | - | - | - | 174 | 175 |
| Loans Made | 735 | 859 | 916 | 3,079 | 3,873 | 4,080 |
| Trade Receivables | 30,936 | 25,169 | 27,538 | 45,904 | 42,131 | 44,621 |
| Inventories | 3,401 | 4,570 | 4,642 | 21,549 | 15,035 | 20,361 |
| Prepayments | 7,343 | 4,541 | 4,485 | 12,484 | 8,521 | 10,708 |
| Other Receivables | 8,623 | 6,569 | 8,286 | 4,431 | 2,377 | 6,094 |
| Total Current Assets | 392,249 | 77,650 | 122,702 | 516,348 | 229,173 | 265,151 |
| Non-Current Assets | | | | | | |
| Loans | 360 | 370 | 470 | 31,503 | 29,983 | 31,550 |
| Trade Receivables | - | - | - | - | 415 | 394 |
| Other Receivables | - | 150 | 150 | - | 151 | 151 |
| Inventories | - | - | - | - | 2,821 | 2,821 |
| Investments (see Cash Summary on page 40) | 831 | 318,377 | 258,377 | 101,806 | 428,466 | 373,466 |
| Property, plant and equipment | 1,366,904 | 1,392,197 | 1,420,888 | 1,731,585 | 1,739,470 | 1,799,428 |
| Intangible Assets | 3,869 | 4,043 | 2,843 | 5,943 | 6,242 | 4,797 |
| Investment Property | - | - | - | - | 15,046 | 14,609 |
| Net Worth of Public Authorities | 369,261 | 380,036 | 412,297 | - | - | - |
| Total Non-Current Assets | 1,741,225 | 2,095,173 | 2,095,025 | 1,870,837 | 2,222,594 | 2,227,216 |
| Total Assets | 2,133,474 | 2,172,823 | 2,217,727 | 2,387,185 | 2,451,767 | 2,492,367 |
| Current Liabilities | | | | | | |
| Trade Payables | 27,591 | 15,790 | 17,369 | 19,379 | 12,621 | 10,895 |
| Other Payables and Accruals | 39,542 | 25,787 | 27,369 | 49,359 | 37,804 | 37,591 |
| Bank overdraft | - | - | - | 1,589 | 9,550 | 571 |
| Unearned Revenue | 16,332 | 45,671 | 45,231 | 28,077 | 55,080 | 50,264 |
| Employee Benefits | 7,970 | 8,304 | 6,516 | 10,473 | 10,371 | 8,544 |
| Unfunded Pension Liability | 21,400 | 17,100 | 11,400 | - | 23,562 | 15,841 |
| Borrowings | 30,280 | 30,280 | 287,023 | 41,819 | 43,729 | 301,529 |
| Total Current Liabilities | 143,115 | 142,932 | 394,908 | 150,696 | 192,717 | 425,235 |
| Non-Current Liabilities | | | | | | |
| Other Payables and accruals | - | - | - | 268 | 2,048 | 1,633 |
| Unearned Revenue | 10,500 | 13,995 | 13,115 | 10,500 | 23,545 | 22,668 |
| Borrowings | 420,834 | 420,808 | 133,659 | 420,611 | 462,973 | 161,376 |
| Currency Issued | - | - | - | 97,500 | 106,876 | 106,876 |
| Unfunded post retirement health care | - | - | - | 34,231 | 57,034 | 76,620 |
| Unfunded Pension Liability | 366,940 | 369,840 | 375,540 | 481,294 | 381,327 | 397,454 |
| Total Non-Current Liabilities | 798,274 | 804,643 | 522,314 | 1,044,404 | 1,033,803 | 766,627 |
| Total Liabilities | 941,389 | 947,575 | 917,222 | 1,195,100 | 1,226,520 | 1,191,862 |
| Total Assets Less Total Liabilities | 1,192,085 | 1,225,248 | 1,300,505 | 1,192,085 | 1,225,247 | 1,300,505 |
| Net Assets | | | | | | |
| Reserves | 173,851 | 175,695 | 168,937 | 173,849 | 237,118 | 229,478 |

Cash Summary (\$000's)

| Description | Core Government | | | Entire Public Sector | | |
|--|-------------------------------|---------------------------------|------------------|-------------------------------|---------------------------------|------------------|
| | 2016/17 18-Month Budget | 2016/17 18-Month Forecast | 2018 Forecast | 2016/17 18-Month Budget | 2016/17 18-Month Forecast | 2018 Forecast |
| Cash and cash equivalents (Fixed Deposits held with maturity of less than 90 Days) | 341,211 | 35,942 | 76,835 | 428,901 | 157,062 | 179,112 |
| Add: Investments (Fixed Deposits held with maturity of more than 90 Days) | - | 317,546 | 257,546 | - | 317,546 | 257,546 |
| Less: Overdrafts | - | - | - | 1,589 | 9,550 | 571 |
| Total Cash Balances | 341,211 | 353,488 | 334,381 | 427,312 | 465,058 | 436,087 |

Government of the Cayman Islands
Forecast Statement of Financial Performance (\$000's)
For the Periods Ending 31 December 2017 and 2018

| | Note | Core Government | | | Entire Public Sector | | |
|---|------|-----------------------------------|-------------------------------------|-------------------|-----------------------------------|-------------------------------------|-------------------|
| | | Budget for FY 2016/17 (18-Months) | Forecast for FY 2016/17 (18-Months) | Forecast for 2018 | Budget for FY 2016/17 (18-Months) | Forecast for FY 2016/17 (18-Months) | Forecast for 2018 |
| Coercive Revenue | | | | | | | |
| Levies on International trade and transactions | | 244,072 | 255,172 | 175,931 | 244,072 | 255,172 | 175,931 |
| Domestic Levies on Goods and Services | | 543,025 | 542,907 | 425,769 | 543,025 | 542,907 | 425,769 |
| Levies on Property | | 57,387 | 60,387 | 38,385 | 57,387 | 60,387 | 38,385 |
| Fines | | 5,089 | 5,089 | 3,539 | 5,089 | 5,089 | 3,539 |
| Other Executive Revenue | | 2,416 | 2,416 | 13,314 | 2,416 | 2,416 | 13,314 |
| Total Coercive Revenue | 1 | 851,989 | 865,971 | 656,938 | 851,989 | 865,971 | 656,938 |
| Revenue | | | | | | | |
| Sale of Outputs (Goods and Services) to Others | 2 | 51,832 | 57,276 | 36,848 | 367,261 | 361,957 | 269,584 |
| Investment Revenue | 3 | 4,628 | 7,100 | 5,057 | 6,609 | 8,650 | 823 |
| Donations | | 60 | 225 | 225 | 1033 | 536 | 543 |
| Other Revenue | | 25 | 107 | 100 | 6527 | 500 | 400 |
| Total Revenue | | 56,545 | 64,708 | 42,230 | 381,430 | 371,643 | 271,350 |
| Total Operating Revenue | | 908,534 | 930,679 | 699,168 | 1,233,419 | 1,237,614 | 928,288 |
| Operating Expenses | | | | | | | |
| Personnel Costs | 4 | 402,293 | 406,443 | 279,630 | 609,046 | 614,302 | 426,275 |
| Supplies and Consumables | 5 | 134,318 | 140,346 | 104,093 | 332,598 | 279,630 | 201,594 |
| Leases | 5 | 7,949 | 5,677 | 3,591 | 13,190 | 13,910 | 11,085 |
| Depreciation | 6 | 39,674 | 39,400 | 28,562 | 72,159 | 73,246 | 50,089 |
| Litigation Costs | | 722 | 589 | 501 | 3,078 | 589 | 504 |
| Outputs from non-governmental organisations | 7 | 34,365 | 41,560 | 34,010 | 34,365 | 41,560 | 34,010 |
| Outputs from Public Authorities | 8 | 152,574 | 153,239 | 112,675 | - | - | - |
| Transfer payments | 9 | 48,929 | 51,564 | 36,508 | 48,929 | 51,564 | 36,508 |
| Net (Profit)/Loss in Public Authorities | 10 | (520) | 1,184 | (2,680) | - | - | - |
| Other Operating Expenses | | 7,089 | 7,152 | 5,860 | 33,812 | 75,016 | 69,359 |
| Total Operating Expenses | | 827,393 | 847,154 | 602,751 | 1,147,177 | 1,149,816 | 829,425 |
| Surplus from Operating Activities | | 81,141 | 83,525 | 96,417 | 86,242 | 87,798 | 98,863 |
| Non-Operating Revenue and Expenses | | | | | | | |
| Financing expense | 11 | 38,991 | 38,969 | 23,667 | 43,810 | 43,242 | 26,113 |
| (Gains) on foreign exchange transactions | | (4,474) | (3,511) | (2,508) | (4,192) | (3,511) | (2,508) |
| Total Non-Operating Revenue and Expenses | | 34,517 | 35,458 | 21,159 | 39,618 | 39,731 | 23,605 |
| Net Surplus | | 46,624 | 48,067 | 75,258 | 46,624 | 48,067 | 75,258 |

Government of the Cayman Islands
Forecast Statement of Cash Flows (\$'000's)
For the Periods Ending 31 December 2017 and 2018

| | Core Government | | | Entire Public Sector | | |
|---|-------------------------------|---------------------------------|------------------|-------------------------------|---------------------------------|------------------|
| | 2016/17 18-Month Budget | 2016/17 18-Month Forecast | 2018 Forecast | 2016/17 18-Month Budget | 2016/17 18-Month Forecast | 2018 Forecast |
| Cash Flows from Operating Activities | | | | | | |
| Receipts | | | | | | |
| Coercive receipts | 852,991 | 890,544 | 648,767 | 852,988 | 890,544 | 648,767 |
| Sale of Goods and Services | 56,491 | 56,232 | 33,510 | 357,445 | 358,317 | 243,780 |
| Interest received | 4,562 | 4,901 | 4,200 | 5,414 | 5,002 | 4,310 |
| Other receipts/ Donations | 24,311 | 24,886 | 16,685 | 26,430 | 26,701 | 18,387 |
| Payments | | | | | | |
| Personnel Costs | (412,811) | (406,359) | (285,223) | (619,129) | (613,890) | (425,169) |
| Suppliers | (150,080) | (146,570) | (110,006) | (355,462) | (351,959) | (280,818) |
| Outputs from Public Authorities | (150,655) | (156,956) | (112,675) | - | - | - |
| Outputs from Non-Governmental Suppliers | (34,957) | (49,789) | (34,010) | (34,957) | (49,789) | (34,010) |
| Transfer Payments | (48,895) | (50,227) | (36,508) | (48,895) | (50,227) | (36,508) |
| Other payments | (22,430) | (24,018) | (17,180) | (41,357) | (42,050) | (29,293) |
| Interest paid | (39,459) | (39,459) | (24,201) | (42,211) | (43,634) | (24,771) |
| Net cash flows from Operating Activities | 79,068 | 103,185 | 83,359 | 100,266 | 129,015 | 84,675 |
| Cash Flows from Investing Activities | | | | | | |
| Receipts | | | | | | |
| Capital withdrawal/Dividends from Public Authorities | 3,077 | 2,851 | 3,937 | - | - | - |
| Loans Made (LM's) and Maturity of Fixed Deposits | 1,043 | 298,135 | 317,946 | 1,043 | 298,135 | 377,946 |
| Payments | | | | | | |
| Purchase of property, plant and equipment | (67,836) | (70,667) | (46,643) | (141,950) | (106,197) | (71,840) |
| Equity Injection in Public Authorities | (35,208) | (38,066) | (29,581) | - | - | - |
| Loans Made/ Placement of Fixed Deposits | (1,020) | (296,325) | (257,846) | (2,525) | (296,325) | (317,846) |
| Net cash flows from Investing Activities | (99,944) | (104,072) | (12,187) | (143,432) | (104,387) | (11,740) |
| Cash Flows from Financing Activities | | | | | | |
| Proceeds from Borrowings | - | - | - | - | - | - |
| Repayment of Borrowings | (52,305) | (52,264) | (30,279) | (70,352) | (80,639) | (44,383) |
| Net Cashflows from Financing Activities | (52,305) | (52,264) | (30,279) | (70,352) | (80,639) | (44,383) |
| Net increase/(decrease) in cash and cash equivalents | (73,181) | (53,151) | 40,893 | (113,518) | (56,011) | 28,552 |
| Cash and cash equivalents at beginning of period | 414,392 | 89,093 | 35,942 | 540,830 | 203,523 | 149,989 |
| Cash and cash equivalents at end of period (Deposits held with | 341,211 | 35,942 | 76,835 | 427,312 | 147,512 | 178,541 |
| Fixed Deposits (Maturity greater than 90 Days) | - | 317,546 | 257,546 | - | 317,546 | 257,546 |
| Total Cash and Deposits | - | 353,488 | 334,381 | - | 465,058 | 436,087 |
| Restricted Cash Balances | 173,851 | 175,695 | 168,937 | 173,851 | 175,695 | 168,937 |
| Operating Cash Balances | 167,360 | 177,793 | 165,444 | 253,461 | 289,363 | 267,150 |
| Total Cash Balances | 341,211 | 353,488 | 334,381 | 427,312 | 465,058 | 436,087 |

Government of the Cayman Islands
Forecast Statement of Changes in Net Worth (\$'000's)
For the Periods Ending 31 December 2017 and 2018

| | Entire Public Sector | | | Total |
|---|----------------------|---------------------|--------------------------------|------------------|
| | Reserves | Revaluation Reserve | Accumulated Surplus/ (Deficit) | |
| Balance at 30 June 2016 | 183,410 | 522,158 | 471,612 | 655,022 |
| Changes in net worth for 2016/17 | | | | |
| Transfers | 53,708 | - | (53,708) | - |
| Net revenue/ expenses recognised directly in net worth | 53,708 | - | (53,708) | - |
| Surplus/(deficit) for the period 2016/17 | - | - | 48,067 | 48,067 |
| Total recognised revenues and expenses for the period | 53,708 | - | (5,641) | 48,067 |
| Balance at 31 December 2017 carried forward | 237,118 | 522,158 | 465,971 | 1,225,247 |
| | | | | 0 |
| | Reserves | Revaluation Reserve | Accumulated Surplus/ (Deficit) | Total |
| Balance at 31 December 2017 brought forward | 237,118 | 522,158 | 465,971 | 1,225,247 |
| Changes in net worth for 2018 | | | | |
| Transfers | (7,640) | - | 7,640 | - |
| Net revenue/ expenses recognised directly in net worth | (7,640) | - | 7,640 | - |
| Surplus/(deficit) for the period 2018 | - | - | 75,258 | 75,258 |
| Total recognised revenues and expenses for the period | (7,640) | - | 82,898 | 75,258 |
| Balance at 31 December 2018 | 229,478 | 522,158 | 548,869 | 1,300,505 |

Government of the Cayman Islands
Statement of Borrowings - Core Government
For the Periods Ending 31 December 2017 and 2018

| | Forecast 2016/17 | Forecast 2018 |
|---|---------------------|------------------|
| Foreign Currency Debt (\$CI 000's) | | |
| Not later than one year | 30,280 | 287,023 |
| Between one and two years | 312,752 | 25,724 |
| Between two and five years | 68,908 | 69,100 |
| Later than five years | 39,148 | 38,835 |
| Total Foreign Currency - Core Govt. Debt | 451,088 | 420,682 |

Government of the Cayman Islands
Statement of Borrowings - Entire Public Sector
For the Periods Ending 31 December 2017 and 2018

| | Forecast 2016/17 | Forecast 2018 |
|--|---------------------|------------------|
| Local Currency Debt (000's) | | |
| Not later than one year | 2,430 | 740 |
| Between one and two years | 740 | 779 |
| Between two and five years | 2,463 | 2,593 |
| Later than five Years | 1,867 | 958 |
| Total Local Currency Debt | 7,500 | 5,070 |
| Foreign Currency Debt (\$CI 000s) | | |
| Not later than one year | 40,552 | 300,787 |
| Between one and two years | 325,094 | 28,206 |
| Between two and five years | 85,952 | 85,834 |
| Later than five years | 47,604 | 43,008 |
| Total Foreign Currency Debt | 499,202 | 457,835 |
| Total Public Debt | 506,702 | 462,905 |

Notes to the Forecast Financial Statements

Notes to Forecast Financial Statements

Government of the Cayman Islands Forecast Statement of Financial Performance (\$'000's) For the Periods Ending 31 December 2017 and 2018

| | Core Government | | | Entire Public Sector | | |
|--|---|---|----------------------|---|---|----------------------|
| | Budget for FY 2016/17 (18-Months) | Forecast for FY 2016/17 (18-Months) | Forecast for 2018 | Budget for FY 2016/17 (18-Months) | Forecast for FY 2016/17 (18-Months) | Forecast for 2018 |
| NOTE 1: COERCIVE REVENUE | | | | | | |
| Levies on International Trade and Transactions | | | | | | |
| Import Duties | | | | | | |
| Alcoholic Beverages Duty | 27,444 | 29,044 | 19,429 | 27,444 | 29,044 | 19,429 |
| Gasoline and Diesel Duty | 13,587 | 19,587 | 17,275 | 13,587 | 19,587 | 17,275 |
| Motor Vehicle Duty | 17,315 | 20,815 | 14,150 | 17,315 | 20,815 | 14,150 |
| Other Import Duty | 152,146 | 152,147 | 101,114 | 152,146 | 152,147 | 101,114 |
| Tobacco Products Duty | 11,676 | 11,676 | 7,931 | 11,676 | 11,676 | 7,931 |
| Other Levies on International Trade and Transactions | | | | | | |
| Cruise Ship Departure Charges | 13,934 | 13,934 | 10,114 | 13,934 | 13,934 | 10,114 |
| Environmental Protection Fund Fees | 7,970 | 7,970 | 5,918 | 7,970 | 7,970 | 5,918 |
| Total Levies on International Trade and Transactions | 244,072 | 255,172 | 175,931 | 244,072 | 255,172 | 175,931 |
| Domestic Levies on Goods and Services | | | | | | |
| Accreditation Grant | 153 | - | - | 153 | - | - |
| Annual fee for Certificate of Direct Investment - Fee equivalent to that payable for a work permit | - | - | 28 | - | - | 28 |
| Annual Permanent Resident Work Permit Fee | 20,387 | 20,387 | 13,565 | 20,387 | 20,387 | 13,565 |
| Banks and Trust Licenses | 31,242 | 29,497 | 29,007 | 31,242 | 29,497 | 29,007 |
| Birth, Deaths & Marriages Registration | 162 | 151 | 106 | 162 | 151 | 106 |
| Broadcasting Licenses | - | - | - | - | - | - |
| Building Permit Fees | 2,117 | 6,437 | 1,412 | 2,117 | 6,437 | 1,412 |
| Business Premise Fee | - | - | - | - | - | - |
| Business Staffing Plan Board Fees | 67 | 67 | 62 | 67 | 67 | 62 |
| Business Visitors Permit | 1 | 1 | 1 | 1 | 1 | 1 |
| Caymanian Status Fees | 1,066 | 1,066 | 731 | 1,066 | 1,066 | 731 |
| Cinematographic Licenses | - | 18 | 12 | - | 18 | 12 |

Government of the Cayman Islands
Forecast Statement of Financial Performance (\$000's)
For the Periods Ending 31 December 2017 and 2018

| | Core Government | | | Entire Public Sector | | |
|---|--|--|------------------------------|--|--|------------------------------|
| | Budget for FY 2016/17 (18-Months) | Forecast for FY 2016/17 (18-Months) | Forecast for 2018 | Budget for FY 2016/17 (18-Months) | Forecast for FY 2016/17 (18-Months) | Forecast for 2018 |
| NOTE 1: COERCIVE REVENUE | | | | | | |
| Domestic Levies on Goods and Services (continued) | | | | | | |
| CUC - License | 2,363 | 2,363 | 1,575 | 2,363 | 2,363 | 1,575 |
| Debit Transaction Fees | 4,303 | 4,303 | 3,152 | 4,303 | 4,303 | 3,152 |
| Dependant of Caymanian Grant Fee | 3 | 3 | 1 | 3 | 3 | 1 |
| EZG- Special Economic Zone Employment Certificate Grant Fee | 425 | 425 | 289 | 425 | 425 | 289 |
| Firearms Licenses | 69 | 69 | 32 | 69 | 69 | 32 |
| FPW - Final WP Non-renewal (90days) - Grant | 11 | 11 | 2 | 11 | 11 | 2 |
| General Search Fees | 533 | 547 | 289 | 533 | 547 | 289 |
| Grant of Temporary Work Permit - Seasonal Worker | 46 | 46 | 41 | 46 | 46 | 41 |
| Grant of Temporary Work Permit - Entertainer | - | - | 2 | - | - | 2 |
| Health Practitioners' Board Fee | 722 | 722 | 632 | 722 | 722 | 632 |
| Hotel Licenses | 323 | 323 | 193 | 323 | 323 | 193 |
| ICTA Licences | 11,443 | 11,443 | 7,629 | 11,443 | 11,443 | 7,629 |
| Immigration Non-Refundable Repatriation Fee | 2,148 | 2,148 | 1,276 | 2,148 | 2,148 | 1,276 |
| Insurance Licenses | 10,116 | 9,450 | 10,382 | 10,116 | 9,450 | 10,382 |
| Insurance Stamp Duty | 1,843 | 1,843 | 1,263 | 1,843 | 1,843 | 1,263 |
| Issue Fee for Certificate of Direct Investment | - | - | 20 | - | - | 20 |
| Issue Fee for Specialist Caregiver Certificate | 39 | 39 | 33 | 39 | 39 | 33 |
| Key Employee Designation | - | - | - | - | - | - |
| Land Registry Fees | 1,733 | 1,733 | 1,155 | 1,733 | 1,733 | 1,155 |
| Law Firm Operational | 3,280 | 3,650 | 2,500 | 3,280 | 3,650 | 2,500 |
| Lease of Crown Lands | - | - | - | - | - | - |
| Legal Practitioner Fee | 2,175 | 2,175 | 1,400 | 2,175 | 2,175 | 1,400 |
| Liquor Licenses | 1,233 | 1,192 | 616 | 1,233 | 1,192 | 616 |
| Local Co. and Corp. Mgmt. Fees | 2,627 | 3,057 | 2,629 | 2,627 | 3,057 | 2,629 |
| Local Company Control License Grants/Renewals | - | 550 | 385 | - | 550 | 385 |
| Local Vessel Licenses | 530 | - | 37 | 530 | - | 37 |

Government of the Cayman Islands

Forecast Statement of Financial Performance (\$'000's)

For the Periods Ending 31 December 2017 and 2018

| | Core Government | | | Entire Public Sector | | |
|--|---|---|----------------------|---|---|----------------------|
| | Budget for FY 2016/17 (18-Months) | Forecast for FY 2016/17 (18-Months) | Forecast for 2018 | Budget for FY 2016/17 (18-Months) | Forecast for FY 2016/17 (18-Months) | Forecast for 2018 |
| NOTE 1: COERCIVE REVENUE | | | | | | |
| Domestic Levies on Goods and Services (continued) | | | | | | |
| Miscellaneous Licenses | 86 | 86 | 64 | 86 | 86 | 64 |
| Money Services Licence | 40 | 66 | 25 | 40 | 66 | 25 |
| Money Transfer Fees | 3,743 | 3,743 | - | 3,743 | 3,743 | - |
| Motor Vehicle Charges | 3,115 | 3,115 | 2,076 | 3,115 | 3,115 | 2,076 |
| Motor Vehicle Drivers Licences | 770 | 770 | 528 | 770 | 770 | 528 |
| Limited Liability Companies | 2,401 | 1,166 | 1,166 | 2,401 | 1,166 | 1,166 |
| Motor Vehicle Environmental Tax | 1,203 | 1,203 | 819 | 1,203 | 1,203 | 819 |
| Mutual Fund Administrators | 47,615 | 49,159 | 46,758 | 47,615 | 49,159 | 46,758 |
| Notary Public Fees | 412 | 462 | 317 | 412 | 462 | 317 |
| Other Company Fees - Exempt | 110,937 | 108,725 | 93,398 | 110,937 | 108,725 | 93,398 |
| Other Company Fees - Foreign | 8,896 | 8,330 | 7,709 | 8,896 | 8,330 | 7,709 |
| Other Company Fees - Non-Resident | 2,179 | 2,727 | 1,909 | 2,179 | 2,727 | 1,909 |
| Other Company Fees - Resident | 3,369 | 3,095 | 2,869 | 3,369 | 3,095 | 2,869 |
| Other Stamp Duty | 12,920 | 12,920 | 8,373 | 12,920 | 12,920 | 8,373 |
| Package Charges | 1,759 | 1,759 | 1,196 | 1,759 | 1,759 | 1,196 |
| Partnership Fees | 52,361 | 52,111 | 41,127 | 52,361 | 52,111 | 41,127 |
| Patents and Trademarks | 2,167 | 1,562 | 1,727 | 2,167 | 1,562 | 1,727 |
| PCW - Provision for continuation of work permit - Grant | 2,401 | 2,401 | 1,634 | 2,401 | 2,401 | 1,634 |
| Planning Fees | 1,039 | 1,039 | 692 | 1,039 | 1,039 | 692 |
| Public Records | 176 | 212 | 106 | 176 | 212 | 106 |
| Public Transport - Drivers Licenses | - | - | 18 | - | - | 18 |
| Public Transport - Operator Licenses | - | - | 15 | - | - | 15 |
| Residency & Employ. Rights Cert.- Surviving Spouse of a Caymanian | 2,862 | 2,862 | 6 | 2,862 | 2,862 | 6 |
| Residency & Employment Rights Certificate by Dependent of a P. | 4 | 4 | 172 | 4 | 4 | 172 |
| Residency & Employment Rights Certificate Issue Fee | 127 | 127 | 1,956 | 127 | 127 | 1,956 |
| Residency and Employment Rights Certificate by Spouse of a Caymanian | 248 | 248 | 184 | 248 | 248 | 184 |
| Residency Certificate for Persons of Independent Means Grant Fee | 585 | 585 | 462 | 585 | 585 | 462 |
| RFI - Permanent Residence - Persons of Independent Means | 949 | 949 | 602 | 949 | 949 | 602 |

Government of the Cayman Islands
Forecast Statement of Financial Performance (\$000's)
For the Periods Ending 31 December 2017 and 2018

| | Core Government | | | Entire Public Sector | | |
|---|--|--|------------------------------|--|--|------------------------------|
| | Budget for FY 2016/17 (18-Months) | Forecast for FY 2016/17 (18-Months) | Forecast for 2018 | Budget for FY 2016/17 (18-Months) | Forecast for FY 2016/17 (18-Months) | Forecast for 2018 |
| NOTE 1: COERCIVE REVENUE | | | | | | |
| Domestic Levies on Goods and Services (continued) | | | | | | |
| Roads Development Fund Fee | 12,488 | 12,488 | 8,000 | 12,488 | 12,488 | 8,000 |
| Security Investments | 17,632 | 17,632 | 16,842 | 17,632 | 17,632 | 16,842 |
| Ship Registration Fees | 194 | 194 | - | 194 | 194 | - |
| Spear Gun Licenses | 9 | 9 | 6 | 9 | 9 | 6 |
| Special Marriage Licenses | 98 | 98 | 70 | 98 | 98 | 70 |
| Stamp Duty - Online Meter (Executive) | 500 | 500 | 333 | 500 | 500 | 333 |
| Tax and Trust Undertakings | 15,597 | 15,597 | 10,000 | 15,597 | 15,597 | 10,000 |
| Temporary Residency and Employment Rights Certificate to Spouse of a Caymanian | - | - | 2 | - | - | 2 |
| Tobacco Dealer Registration fees | 164 | 206 | 82 | 164 | 206 | 82 |
| Tourism Fines | - | - | - | - | - | - |
| Tourist Accommodation Charges | 24,779 | 24,779 | 20,216 | 24,779 | 24,779 | 20,216 |
| Tower Licence Fees | - | - | - | - | - | - |
| Traders Licenses | 6,770 | 6,836 | 4,750 | 6,770 | 6,836 | 4,750 |
| Trust Registration Fees | 985 | 1,036 | 698 | 985 | 1,036 | 698 |
| W.I.Z. - Boat Licensing | 5 | 5 | 3 | 5 | 5 | 3 |
| Work Permits Fees | 99,758 | 99,758 | 67,940 | 99,758 | 99,758 | 67,940 |
| Working Under Operation of Law Fees | 162 | 162 | 151 | 162 | 162 | 151 |
| Website - Recovery Fees | 360 | 317 | 250 | 360 | 317 | 250 |
| HRS-Administrative Fines for Health Insurance Offences | - | 150 | 60 | - | 150 | 60 |
| Total Domestic Levies on Goods and Services | 543,025 | 542,907 | 425,769 | 543,025 | 542,907 | 425,769 |

Government of the Cayman Islands
Forecast Statement of Financial Performance (\$000's)
For the Periods Ending 31 December 2017 and 2018

| | <u>Core Government</u> | | | <u>Entire Public Sector</u> | | |
|---|---|---|----------------------|---|---|----------------------|
| | Budget for FY 2016/17 (18-Months) | Forecast for FY 2016/17 (18-Months) | Forecast for 2018 | Budget for FY 2016/17 (18-Months) | Forecast for FY 2016/17 (18-Months) | Forecast for 2018 |
| NOTE 1: COERCIVE REVENUE (continued) | | | | | | |
| Levies on Property | | | | | | |
| Infrastructure Fund Fees | 1,000 | 1,000 | 667 | 1,000 | 1,000 | 667 |
| Land Holding Companies Share Transfer Charges | 300 | 300 | 288 | 300 | 300 | 288 |
| Stamp Duty - Land Transfer | 55,000 | 58,000 | 36,667 | 55,000 | 58,000 | 36,667 |
| Timeshare Ownership Charges | 1,087 | 1,087 | 764 | 1,087 | 1,087 | 764 |
| Total Levies on Property | 57,387 | 60,387 | 38,385 | 57,387 | 60,387 | 38,385 |
| Fines | | | | | | |
| Compounded Penalties | 57 | 57 | 38 | 57 | 57 | 38 |
| Court Fines | 4,000 | 4,000 | 2,800 | 4,000 | 4,000 | 2,800 |
| Customs Fines | 42 | 42 | 28 | 42 | 42 | 28 |
| Immigration Fines | 654 | 654 | 445 | 654 | 654 | 445 |
| Procedural Fines | 336 | 336 | 228 | 336 | 336 | 228 |
| Total Fines | 5,089 | 5,089 | 3,539 | 5,089 | 5,089 | 3,539 |
| Other Executive Revenue | | | | | | |
| Proceeds of Crime Law (PoCL) | 2,416 | 2,416 | 13,314 | 2,416 | 2,416 | 13,314 |
| Total Other Executive Revenue | 2,416 | 2,416 | 13,314 | 2,416 | 2,416 | 13,314 |
| TOTAL COERCIVE REVENUE | 851,989 | 865,971 | 656,938 | 851,989 | 865,971 | 656,938 |

Government of the Cayman Islands
Forecast Statement of Financial Performance (\$000's)
For the Periods Ending 31 December 2017 and 2018

| | <u>Core Government</u> | | | <u>Entire Public Sector</u> | | |
|--|---|---|----------------------|---|---|----------------------|
| | Budget for FY 2016/17 (18-Months) | Forecast for FY 2016/17 (18-Months) | Forecast for 2018 | Budget for FY 2016/17 (18-Months) | Forecast for FY 2016/17 (18-Months) | Forecast for 2018 |
| NOTE 2: SALE OF GOODS AND SERVICES | | | | | | |
| Fees and Charges | | | | | | |
| Agricultural Department Fees | 394 | 394 | 263 | 394 | 394 | 263 |
| Annual Work Permit Application Fees (Entity) | 1,733 | 1,733 | 1,197 | 1,733 | 1,733 | 1,197 |
| APA - Appeal to Board against decision made by an Immigration Officer Application Fee | 17 | 17 | 11 | 17 | 17 | 11 |
| Application Fee for Specialist Caregiver Certificate | 8 | 8 | 6 | 8 | 8 | 6 |
| Authentication and Apostille of Documents Fees | 3,229 | 3,229 | 2,256 | 3,229 | 3,229 | 2,256 |
| Bailiff Fees | - | 1 | - | - | 1 | - |
| Business Staffing Plan Application Fees (Entity) | 27 | 27 | 18 | 27 | 27 | 18 |
| BVX - Business Visitors Permit - Express Determination Fee | 56 | 56 | 43 | 56 | 56 | 43 |
| Cabinet Appeal Fees (formerly Executive Council Appeal Fees) | 99 | 99 | 56 | 99 | 99 | 56 |
| Cayman angel Investors Network | - | - | - | - | - | - |
| Caymanian Status Application Fees (Entity) | 300 | 300 | 205 | 300 | 300 | 205 |
| Customised Motor Vehicle Licence Plate Fees | 45 | 45 | 30 | 45 | 45 | 30 |
| Customs Special Attendance Fees | 1,154 | 1,154 | 702 | 1,154 | 1,154 | 702 |
| Dependant of a Caymanian Admin Fee | 3 | 3 | 2 | 3 | 3 | 2 |
| Disinsection Fees | 4 | 4 | - | 4 | 4 | - |
| Drivers Examination Fees | 303 | 303 | 202 | 303 | 303 | 202 |
| Duplicate Vehicle Log Books | 57 | 57 | 38 | 57 | 57 | 38 |
| Environmental Service Fees | | 29 | 21 | | 29 | 21 |
| Examination Fees | 2,901 | 2,901 | 1,934 | 2,901 | 2,901 | 1,934 |
| Express Fee - Work Permits | 1,804 | 1,804 | 1,213 | 1,804 | 1,804 | 1,213 |
| External Training | 25 | 25 | 17 | 25 | 25 | 17 |

Government of the Cayman Islands
Forecast Statement of Financial Performance (\$'000's)
For the Periods Ending 31 December 2017 and 2018

| | Core Government | | | Entire Public Sector | | |
|--|--|--|------------------------------|--|--|------------------------------|
| | Budget for FY 2016/17 (18-Months) | Forecast for FY 2016/17 (18-Months) | Forecast for 2018 | Budget for FY 2016/17 (18-Months) | Forecast for FY 2016/17 (18-Months) | Forecast for 2018 |
| NOTE 2: SALE OF GOODS AND SERVICES | | | | | | |
| Fees and Charges (continued) | | | | | | |
| FPA - Final WP Non-renewal (90days) - Admin | | 3 | 2 | | 3 | 2 |
| Freedom of Information Fees | 2 | 2 | 1 | 2 | 2 | 1 |
| Funds Received From Department of Tourism (DOT) Events | - | - | 5 | - | - | 5 |
| Funds Received from RCY Events | 17 | 17 | 5 | 17 | 17 | 5 |
| Garbage Fees | 2,568 | 3,345 | 2,972 | 2,568 | 3,345 | 2,972 |
| Heavy Equipment Application Fees | 3 | 3 | 2 | 3 | 3 | 2 |
| IT Consultancy | 3 | 3 | - | 3 | 3 | - |
| Land Survey Fees | 168 | 168 | 112 | 168 | 168 | 112 |
| Law School Fees | 779 | 779 | 665 | 779 | 779 | 665 |
| Legal Practitioner Fees | 2,175 | 2,175 | 1,500 | 2,175 | 2,175 | 1,500 |
| Local Companies Administration Fees | 5 | 16 | 8 | 5 | 16 | 8 |
| Mail Terminal Credits | 550 | 500 | 333 | 550 | 500 | 333 |
| Maintenance of Buildings (Labour) | 9 | 9 | 6 | 9 | 9 | 6 |
| Mapping Services | | 165 | 110 | | 165 | 110 |
| Motor Vehicle Inspection Fees | 2,028 | 2,028 | 1,352 | 2,028 | 2,028 | 1,352 |

Government of the Cayman Islands

Forecast Statement of Financial Performance (\$000's)

For the Periods Ending 31 December 2017 and 2018

| | Core Government | | | Entire Public Sector | | |
|--|-----------------------------------|-------------------------------------|-------------------|-----------------------------------|-------------------------------------|-------------------|
| | Budget for FY 2016/17 (18-Months) | Forecast for FY 2016/17 (18-Months) | Forecast for 2018 | Budget for FY 2016/17 (18-Months) | Forecast for FY 2016/17 (18-Months) | Forecast for 2018 |
| NOTE 2: SALE OF GOODS AND SERVICES | | | | | | |
| Fees and Charges Contd. | | | | | | |
| Naturalisation and Registration Fees | 712 | 713 | 470 | 712 | 713 | 470 |
| Online Planning System Fees | - | - | - | - | - | - |
| Other Company Fees - Exempt (Entity) | 223 | 303 | 159 | 223 | 303 | 159 |
| Other Immigration Fees | 2,074 | 2,074 | 1,375 | 2,074 | 2,074 | 1,375 |
| Other Labour Charges - PWD (Cayman Brac) | | 2 | 20 | | 2 | 20 |
| Passport Fees | 906 | 906 | 608 | 906 | 906 | 608 |
| PCA - Provision for Continuation of WP - Amendment - Admin | - | 3 | 1 | - | 3 | 1 |
| PCG - Provision for Continuation of WP - Amend | - | 2 | 1 | - | 2 | 1 |
| Pension Plan Registration Fees | 136 | 1,364 | 909 | 136 | 1,364 | 909 |
| Permanent Residence Application Fees (Entity) | | 0 | 0 | | 0 | 0 |
| Permanent Residence/Residency & Employment Rights Certificate | 126 | 126 | 83 | 126 | 126 | 83 |
| Private Sector Computing Fees | 5,392 | 5,809 | 2,800 | 5,392 | 5,809 | 2,800 |
| Professional Legal Fees | 158 | 150 | 100 | 158 | 150 | 100 |
| Public Library Fees | 30 | 30 | 20 | 30 | 30 | 20 |
| PWA - Provision for continuation of work permit - Admin | - | 158 | 47 | - | 158 | 47 |
| Recycling Fees | 30 | 40 | 30 | 30 | 40 | 30 |
| Refund Processing Fees | 3 | 4 | 2 | 3 | 4 | 2 |
| Residency & Employment Rights Cert. - Surviving spouse of a Caym | 2 | 2 | 3 | 2 | 2 | 3 |
| Residency & Employment Rights Certificate Admin Fee | 435 | 435 | 283 | 435 | 435 | 283 |
| Residency and Employment Rights Certificate by the Dependant of | 42 | 42 | 35 | 42 | 42 | 35 |
| Residency and Employment Rights Certificate by the Spouse of a C | 234 | 234 | 154 | 234 | 234 | 154 |
| Residency Certificate for Persons of Independent Means Admin Fe | 20 | 20 | - | 20 | 20 | - |
| Restoration of Seized Goods | 3 | 3 | 2 | 3 | 3 | 2 |
| RFA - Permanent Residence - Persons of Independent Means - Ren | 2 | 2 | 1 | 2 | 2 | 1 |
| RGA - Variation of Permanent Residence - Person of Independent | 3 | 3 | 2 | 3 | 3 | 2 |

Government of the Cayman Islands

Forecast Statement of Financial Performance (\$000's)

For the Periods Ending 31 December 2017 and 2018

| | <u>Core Government</u> | | | <u>Entire Public Sector</u> | | |
|---|---|---|----------------------|---|---|----------------------|
| | Budget for FY 2016/17 (18-Months) | Forecast for FY 2016/17 (18-Months) | Forecast for 2018 | Budget for FY 2016/17 (18-Months) | Forecast for FY 2016/17 (18-Months) | Forecast for 2018 |
| NOTE 2: SALE OF GOODS AND SERVICES | | | | | | |
| Fees and Charges Contd. | | | | | | |
| Sale of Custom Forms | 8 | 40 | 26 | 8 | 40 | 26 |
| School Fees | 227 | 227 | 151 | 227 | 227 | 151 |
| Special Econ. Zone – Trade Certificate Renewal Fee | 23 | 26 | 27 | 23 | 26 | 27 |
| Special Marriage License Application Fee | 33 | 33 | 23 | 33 | 33 | 23 |
| Temporary Work Permit Application Fees (Entity) | 1,515 | 1,515 | 992 | 1,515 | 1,515 | 992 |
| Tourist Reservation Fees | - | - | 2 | - | - | 2 |
| Tower Licence Fees | | 248 | 140 | | 248 | 140 |
| Trade and Business Administration Fees | 526 | 712 | 369 | 526 | 712 | 369 |
| Transcript Fees | 3 | 3 | 2 | 3 | 3 | 2 |
| TWP Entertainer Application Fee | 1 | 1 | - | 1 | 1 | - |
| Variation/Amendment Fee for BSP | 73 | 73 | 50 | 73 | 73 | 50 |
| Vault Sales (Cemetery Fees) | - | 238 | 172 | - | 238 | 172 |
| Vehicle And Equip. Maintenance Fees | 53 | 53 | 35 | 53 | 53 | 35 |
| Vehicle Bank Liens | 77 | 77 | 51 | 77 | 77 | 51 |
| Vehicle Change of Ownership | 281 | 281 | 188 | 281 | 281 | 188 |
| Vehicle Disposal Fees | 1,279 | 2,179 | 1,000 | 1,279 | 2,179 | 1,000 |
| VWA - Visitor's Work Visa Application Fee | 298 | 298 | 201 | 298 | 298 | 201 |
| Warehousing | 1,369 | 1,369 | 952 | 1,369 | 1,369 | 952 |
| Web Receipts | 700 | 700 | 467 | 700 | 700 | 467 |
| Work Under Operation of Law Fees | 15 | 15 | 17 | 15 | 15 | 17 |
| RJA - Residency Certificate (Substantial Business Presence) Application Fee | 6 | 6 | - | 6 | 6 | - |
| Fees and Charges - SAGC | - | - | - | 120,380 | 106,892 | 85,229 |
| Total Fees and Charges | 38,017 | 42,450 | 27,614 | 158,160 | 149,342 | 112,843 |

Government of the Cayman Islands
Forecast Statement of Financial Performance (\$000's)
For the Periods Ending 31 December 2017 and 2018

| | Core Government | | | Entire Public Sector | | |
|---|---|---|----------------------|---|---|----------------------|
| | Budget for FY 2016/17 (18-Months) | Forecast for FY 2016/17 (18-Months) | Forecast for 2018 | Budget for FY 2016/17 (18-Months) | Forecast for FY 2016/17 (18-Months) | Forecast for 2018 |
| NOTE 2: SALE OF GOODS AND SERVICES (continued) | | | | | | |
| General Sales | | | | | | |
| Auction Receipts | - | 3 | - | - | 3 | - |
| Canteen Sales | 135 | 135 | - | 135 | 135 | - |
| Inventory Spare Parts | - | 83 | 55 | - | 83 | 55 |
| Miscellaneous Sales | - | 9 | 9 | - | 9 | 9 |
| Other Postal Business | 84 | 84 | 56 | 84 | 84 | 56 |
| Philatelic Sales | 30 | 30 | 20 | 30 | 30 | 20 |
| Police Clearances | 1,309 | 1,309 | 844 | 1,309 | 1,309 | 844 |
| Postal Stamps | 2,407 | 2,250 | 1,500 | 2,407 | 2,250 | 1,500 |
| Prison Craft Sales | 15 | 15 | - | 15 | 15 | - |
| Prison Sales | 45 | 45 | - | 45 | 45 | - |
| Sale Of Advertising Space | 536 | 536 | 500 | 536 | 536 | 500 |
| Sale of Agric. Supplies/Produce | 2,109 | 2,100 | 1,400 | 2,109 | 2,100 | 1,400 |
| Sale Of Gazettes And Subscriptions | 1,047 | 1,047 | 700 | 1,047 | 1,047 | 700 |
| Sale Of Laws | 30 | 30 | 24 | 30 | 30 | 24 |
| Temporary Work Permit - Seasonal Worker | 2 | 2 | 3 | 2 | 2 | 3 |
| General Sales - SAGC | - | - | - | 146,022 | 97,665 | 69,619 |
| Total General Sales | 7,749 | 7,677 | 5,111 | 153,771 | 105,342 | 74,730 |
| Rentals | | | | | | |
| Equipment Rental - PWD (Cayman Brac) | 15 | 15 | 9 | 15 | 15 | 9 |
| Postal Box Rental Fees | 1522 | 1,522 | 1,015 | 1522 | 1,522 | 1,015 |
| Rental - School Canteens | 81 | 81 | 54 | 81 | 81 | 54 |
| Rentals - Craft Market | 90 | 90 | 60 | 90 | 90 | 60 |
| Rentals - Government Housing | 38 | 38 | 26 | 38 | 38 | 26 |
| Rentals - Marco Giglioili | - | - | - | 0 | - | - |
| Rentals - Other (Formely Tower Building) | 27 | 27 | 18 | 27 | 27 | 18 |
| Rentals - Other Properties | 94 | 94 | 60 | 94 | 94 | 60 |
| Rentals - Town Halls | 39 | 39 | 26 | 39 | 39 | 26 |
| Rentals - SAGC | - | - | - | 3,539 | 3,476 | 2,298 |
| Total Rentals | 1,906 | 1,906 | 1,268 | 5,445 | 5,382 | 3,566 |
| Other Goods and Services Revenue | | | | | | |
| Births, Deaths and Marriages | - | - | - | - | - | - |
| GIS Applications | 251 | 251 | 167 | 251 | 251 | 167 |
| GPS Licences | 32 | 32 | 21 | 32 | 32 | 21 |
| Internal Audit Service Fees | - | 44 | 30 | - | - | - |
| Miscellaneous Licencing Receipts | 84 | 84 | 71 | 84 | 84 | 71 |
| Miscellaneous Receipts | 252 | 795 | 248 | 252 | 795 | 248 |
| Other Goods and Services Revenue - SAGC | - | - | - | 49,266 | 100,729 | 77,939 |
| Total Other Goods and Services Revenue | 619 | 1,206 | 537 | 49,885 | 101,891 | 78,446 |
| Sales of Services to Public Entities | 3,541 | 4,036 | 2,318 | - | - | - |
| TOTAL SALES OF GOODS AND SERVICES | 51,832 | 57,275 | 36,848 | 367,261 | 361,957 | 269,584 |

Government of the Cayman Islands

Forecast Statement of Financial Performance (\$000's)

For the Periods Ending 31 December 2017 and 2018

| | Core Government | | | Entire Public Sector | | |
|--|--|--|------------------------------|--|--|------------------------------|
| | Budget for FY 2016/17 (18-Months) | Forecast for FY 2016/17 (18-Months) | Forecast for 2018 | Budget for FY 2016/17 (18-Months) | Forecast for FY 2016/17 (18-Months) | Forecast for 2018 |
| NOTE 6: DEPRECIATION | | | | | | |
| Depreciation of aeroplanes | 64 | 64 | 43 | 2,590 | 2,590 | 2,646 |
| Depreciation of boats | 445 | 503 | 335 | 445 | 503 | 335 |
| Depreciation of buildings | 16,523 | 15,838 | 11,029 | 29,395 | 31,980 | 22,335 |
| Depreciation of computer | 2,657 | 2,500 | 3,080 | 4,408 | 3,683 | 2,785 |
| Depreciation of computer software | 1,767 | 1,694 | 1,194 | 2,953 | 2,776 | 2,143 |
| Depreciation of furniture and fittings | 1,007 | 994 | 679 | 1,890 | 1,868 | 1,393 |
| Depreciation of leasehold | 257 | 259 | 225 | 670 | 623 | 494 |
| Depreciation of office equipment | 601 | 576 | 410 | 1,108 | 1,061 | 877 |
| Depreciation of other assets | 862 | 912 | 581 | 2,414 | 1,026 | 594 |
| Depreciation of other infrastructure assets | 1,543 | 1,540 | 1,240 | 2,871 | 1,540 | 1,240 |
| Depreciation of other plant and equipment | 2,976 | 2,959 | 2,006 | 7,527 | 7,258 | 4,586 |
| Depreciation Water Reticulation and Sewerage | 7 | 7 | 4 | 4,046 | 6,048 | 2,584 |
| Depreciation of roads and sidewalks | 8,138 | 8,138 | 5,425 | 8,138 | 8,138 | 5,425 |
| Depreciation of vehicle | 2,827 | 3,417 | 2,311 | 3,704 | 4,153 | 2,654 |
| Total Depreciation | 39,674 | 39,400 | 28,562 | 72,159 | 73,246 | 50,089 |

Government of the Cayman Islands

Forecast Statement of Financial Performance (\$000's)

For the Periods Ending 31 December 2017 and 2018

| | Core Government | | | Entire Public Sector | | |
|--|--|--|------------------------------|--|--|------------------------------|
| | Budget for FY 2016/17 (18-Months) | Forecast for FY 2016/17 (18-Months) | Forecast for 2018 | Budget for FY 2016/17 (18-Months) | Forecast for FY 2016/17 (18-Months) | Forecast for 2018 |
| NOTE 7: OUTPUTS FROM NON-GOVERNMENT OUTPUT SUPPLIERS | | | | | | |
| NGS 1 - Organize, Administer and Execute the Cayman Islands Fishing Tournament | 30 | 30 | 30 | 30 | 30 | 30 |
| NGS 2- Legal Aid | 3,990 | 3,990 | 2,700 | 3,990 | 3,990 | 2,700 |
| NGS 3 - Organization of Batabano Festival | 45 | 45 | 30 | 45 | 45 | 30 |
| NGS 4 - Aids and First Aid Education Program | 33 | 33 | 22 | 33 | 33 | 22 |
| NGS 7 - Management of Small Business Development | 345 | 345 | 230 | 345 | 345 | 230 |
| NGS20 - Employee Assistance Programme | 218 | 218 | 145 | 218 | 218 | 145 |
| NGS 24 - Spaying and Neutering of Dogs and Cats | 65 | 65 | 43 | 65 | 65 | 43 |
| NGS 25 - Teaching of Tertiary Education Course (ICCI) | 135 | 135 | 90 | 135 | 135 | 90 |
| NGS 26 - Organization of the Miss Cayman Committee Pageant | 75 | 75 | 50 | 75 | 75 | 50 |
| NGS 34 - Primary and Secondary Education by Private Schools | 2,295 | 2,295 | 1,530 | 2,295 | 2,295 | 1,530 |
| NGS 38-Services for Refugees | 405 | 3,600 | 3,600 | 405 | 3,600 | 3,600 |
| NGS 47 Mentoring Cayman Programme | 9 | 9 | 6 | 9 | 9 | 6 |
| NGS 53 - Palliative Care Nursing - Hospice Care | 120 | 120 | 71 | 120 | 120 | 71 |
| NGS 54 - Social Marketing for Prevention of HIV/AIDS - Cayman Aids Foundation | 68 | 68 | 45 | 68 | 68 | 45 |
| NGS 55 - Tertiary Medical Care at Various Overseas and Local Providers | 17,166 | 21,166 | 19,000 | 17,166 | 21,166 | 19,000 |
| NGS 57 - Gardening Projects and Landscaping | 5 | 5 | 3 | 5 | 5 | 3 |
| NGS 58 Elite Athletes Programme | 118 | 118 | 79 | 118 | 118 | 79 |
| NGS 59 Youth Development Programme | 290 | 290 | 193 | 290 | 290 | 193 |
| NGS 60 Sports Programmes | 1,058 | 1,058 | 705 | 1,058 | 1,058 | 705 |
| NGS 62 Community Development, Prevention and Beautification Programmes | 50 | 50 | 33 | 50 | 50 | 33 |
| NGS 63 School Lunch and Uniform Programmes | 186 | 186 | 124 | 186 | 186 | 124 |

Government of the Cayman Islands
Forecast Statement of Financial Performance (\$000's)
For the Periods Ending 31 December 2017 and 2018

| | <u>Core Government</u> | | | <u>Entire Public Sector</u> | | |
|--|---|---|----------------------|---|---|----------------------|
| | Budget for FY 2016/17 (18-Months) | Forecast for FY 2016/17 (18-Months) | Forecast for 2018 | Budget for FY 2016/17 (18-Months) | Forecast for FY 2016/17 (18-Months) | Forecast for 2018 |
| NOTE 7: OUTPUTS FROM NON-GOVERNMENT OUTPUT SUPPLIERS (continued) | | | | | | |
| NGS 64 Care of the Indigent, Elderly and Disabled Persons | 2,100 | 2,100 | 1,400 | 2,100 | 2,100 | 1,400 |
| NGS 65 National Council of Voluntary Organization and Children Services | 176 | 230 | 117 | 176 | 230 | 117 |
| NGS 66 Foster Care for Children | 338 | 338 | 225 | 338 | 338 | 225 |
| NGS 67 Community Programmes | 226 | 226 | 151 | 226 | 226 | 151 |
| NGS 68 Rental Accomodation for Persons in Need | 2,920 | 2,920 | 1,947 | 2,920 | 2,920 | 1,947 |
| NGS 70 Burial Assistance for Indigents | 225 | 225 | 150 | 225 | 225 | 150 |
| NGS 71 Support for Battered Women and Children | 482 | 482 | 321 | 482 | 482 | 321 |
| NGS 72 Therapeutic Services for Young Persons | 38 | 38 | 25 | 38 | 38 | 25 |
| NGS 74 - Preservation of Natural Environments and Places of Historic Significance | 855 | 855 | 770 | 855 | 855 | 770 |
| NGS 76 - Sexual Trauma Children & Adolescent Recovery (STAR) | 43 | 43 | 29 | 43 | 43 | 29 |
| NGS 77- Music Therapy Without Borders (Wellness Centre) | 54 | - | - | 54 | - | - |
| NGS 79 - Cayman Islands Protective Services (K9- Security Services) | 44 | 44 | 32 | 44 | 44 | 32 |
| NGS 82 Other Sports Programmes | 137 | 137 | 91 | 137 | 137 | 91 |
| NGS 83 - Other Health & Cultural Programs | 21 | 21 | 21 | 21 | 21 | 21 |
| Total Non-Government Organizations | 34,365 | 41,560 | 34,010 | 34,365 | 41,560 | 34,010 |

Government of the Cayman Islands
Forecast Statement of Financial Performance (\$'000's)
For the Periods Ending 31 December 2017 and 2018

Core Government

Budget for **Forecast for**
FY 2016/17 **FY 2016/17** **Forecast for**
(18-Months) **(18-Months)** **2018**

NOTE 8: OUTPUTS FROM PUBLIC AUTHORITIES

| | | | |
|---|----------------|----------------|----------------|
| Auditors Oversight Authority | 473 | 473 | 315 |
| Cayman Airways Ltd | 24,695 | 24,695 | 17,306 |
| Cayman Islands Development Bank | 850 | 850 | 567 |
| Cayman Islands Monetary Authority | 20,750 | 20,750 | 15,500 |
| Cayman Islands National Insurance Company | 43,310 | 43,310 | 35,234 |
| Cayman Maritime Administration | 539 | 539 | 419 |
| Cayman National Museum | 1,231 | 1,231 | 821 |
| Children and Youth Services Foundation | 3,267 | 3,267 | 2,178 |
| Utility Regulation and Competition Office | 698 | 698 | 733 |
| Health Services Authority | 44,010 | 44,675 | 30,931 |
| Information and Communications Technology Authority | | | |
| National Gallery | 603 | 603 | 443 |
| National Cultural Foundation | 943 | 943 | 660 |
| National Drug Council | 955 | 955 | 645 |
| National Housing Community Development Trust | 871 | 871 | 581 |
| National Roads Authority | - | - | - |
| Sister Island Affordable Housing | 108 | 108 | 150 |
| Tourism Attractions Board | 2,945 | 2,945 | 1,961 |
| University College of the Cayman Islands | 6,325 | 6,325 | 4,231 |
| Total Outputs from Public Authorities | 152,574 | 153,239 | 112,675 |

Government of the Cayman Islands
Forecast Statement of Financial Performance (\$'000's)
For the Periods Ending 31 December 2017 and 2018

| | <u>Core Government</u> | | | <u>Entire Public Sector</u> | | |
|---|---|---|----------------------|---|---|----------------------|
| | Budget for FY 2016/17 (18-Months) | Forecast for FY 2016/17 (18-Months) | Forecast for 2018 | Budget for FY 2016/17 (18-Months) | Forecast for FY 2016/17 (18-Months) | Forecast for 2018 |
| NOTE 9: TRANSFER PAYMENTS | | | | | | |
| TP 13 - Miss Cayman Scholarship | 75 | 75 | 50 | | 75 | 50 |
| TP 30 - Local, Overseas Scholarships and Bursaries | 17,117 | 19,153 | 14,815 | 75 | 19,153 | 14,815 |
| TP 41 Poor Relief Payments | 9,390 | 9,390 | 6,260 | 17,117 | 9,390 | 6,260 |
| TP 43 Poor Relief Vouchers | 2,325 | 2,325 | 1,550 | 9,390 | 2,325 | 1,550 |
| TP 44 Temporary Poor Relief | 45 | 45 | 30 | 2,325 | 45 | 30 |
| TP 45 Youth After Care Payments | 90 | 90 | 60 | 45 | 90 | 60 |
| TP 46- Emergency Relief Payments | 120 | 120 | 90 | 90 | 120 | 90 |
| TP 47 Ex- Gratia Benefits to Seamen | 9,009 | 9,009 | 6,006 | 120 | 9,009 | 6,006 |
| TP 48 Benefit Payments to Ex-Servicemen | 1,529 | 1,499 | 1,019 | 9,009 | 1,499 | 1,019 |
| TP 49 Youth Programmes | 131 | 141 | 87 | 1,529 | 141 | 87 |
| TP 50 Pre-School Assistance | 1,203 | 1,203 | 1,100 | 131 | 1,203 | 1,100 |
| TP 51 - Other Educational Assistance | 374 | 374 | 249 | 1,203 | 374 | 249 |
| TP 56 - Employment Initiatives | 2,257 | 2,151 | 1,505 | 374 | 2,151 | 1,505 |
| TP 57 Children and Family Services Support | 727 | 727 | 485 | 2,257 | 727 | 485 |
| TP 58-Support for the Cayman Islands Red Cross | 105 | 105 | 70 | 727 | 105 | 70 |
| TP 60 Housing Assistance | 557 | 557 | 371 | 105 | 557 | 371 |
| TP 61 - Student Enrichment & Support Services (formally After School Programmes) | 870 | 870 | 580 | 557 | 870 | 580 |
| TP 63 - Support to Local Business Associations | 168 | 168 | 140 | 870 | 168 | 140 |
| TP 66 - Sister Islands Home Repairs Assistance | 150 | 200 | 100 | 168 | 200 | 100 |
| Assistance | 659 | 719 | 439 | 150 | 719 | 439 |
| TP 69-Support for the Bridge Foundation | 150 | 150 | 100 | 659 | 150 | 100 |
| TP 70 - Athlete Development Programme | 0 | 742 | 501 | 150 | 742 | 501 |
| TP 72 Other Youth and Sports Programmes | 752 | 770 | 500 | - | 770 | 500 |
| TP 73 - Other Health & Cultural Program Assistance | 225 | 205 | 150 | 752 | 205 | 150 |
| Livestock | 113 | 113 | 75 | 225 | 113 | 75 |
| TP 75 Needs Assessment Support | 750 | 0 | 0 | 113 | 0 | 0 |
| TP 76 - Assistance for Infrastructure Development | 38 | 111 | 25 | 750 | 111 | 25 |
| TP 78- Ex-Gratia Compensation | - | 552 | 150 | 38 | 552 | 150 |
| Total Transfer Payments | 48,929 | 51,564 | 36,508 | 48,929 | 51,564 | 36,508 |

Government of the Cayman Islands
Forecast Statement of Financial Performance (\$'000's)
For the Periods Ending 31 December 2017 and 2018

Core Government

| | Budget for FY 2016/17 (18-Months) | Forecast for FY 2016/17 (18-Months) | Forecast for Forecast for 2018 |
|--|--|--|---|
| NOTE 10: NET (PROFIT)/ LOSS OF PUBLIC AUTHORITIES | | | |
| Auditors Oversight Authority | 40 | 41 | 31 |
| Cayman Airways Ltd. | (334) | (334) | (550) |
| Cayman Islands Airport Authority | (13,109) | (13,109) | (9,144) |
| Cayman Islands Development Bank | (160) | (160) | (129) |
| Cayman Islands Monetary Authority | (598) | 0 | 0 |
| Cayman Islands National Insurance Company | 8,585 | 7,690 | 2,030 |
| Cayman National Cultural Foundation | 233 | 233 | 139 |
| Cayman Turtle Farm | 10,834 | 10,418 | 6,688 |
| Children and Youth Services Foundation | 459 | 459 | 80 |
| Civil Aviation Authority | (4,613) | (4,644) | (3,228) |
| Utility Regulation and Competition Office | (84) | (57) | (100) |
| Health Services Authority | (809) | 721 | 330 |
| Information Communications and Technology | | 0 | 0 |
| Maritime Authority of the Cayman Islands | 812 | 507 | (350) |
| National Gallery | 436 | 63 | 266 |
| National Housing and Development Trust | 1,735 | 1,734 | 1,119 |
| National Museum | - | - | - |
| National Roads Authority | - | 1,800 | 1,500 |
| National Drug Council | - | 15 | 0 |
| Port Authority | 874 | 873 | 1,414 |
| Sister Islands Affordable Housing | 39 | (43) | 8 |
| Stock Exchange | (760) | (866) | (638) |
| Tourism Attraction Board | (4) | (16) | (32) |
| University College of the Cayman Islands | - | (45) | (73) |
| Water Authority | (4,096) | (4,096) | (2,041) |
| Total Net (Profit)/Loss of Public Authorities | (520) | 1,184 | (2,680) |

Government of the Cayman Islands

Forecast Statement of Financial Performance (\$000's)

For the Periods Ending 31 December 2017 and 2018

| | Core Government | | | Entire Public Sector | | |
|-----------------------------------|--|--|------------------------------|--|--|------------------------------|
| | Budget for FY 2016/17 (18-Months) | Forecast for FY 2016/17 (18-Months) | Forecast for 2018 | Budget for FY 2016/17 (18-Months) | Forecast for FY 2016/17 (18-Months) | Forecast for 2018 |
| NOTE 11: FINANCING EXPENSE | | | | | | |
| Interest on Borrowings | 38,891 | 38,969 | 23,667 | 43,389 | 42,896 | 26,113 |
| Interest on Bank Overdraft | - | - | - | 47 | - | - |
| Other Borrowing Costs | - | - | - | 377 | 346 | - |
| Total Financing Expense | 38,891 | 38,969 | 23,667 | 43,813 | 43,242 | 26,113 |

10. APPENDIX 2

Schedule of Changes made to the 2016/17 Appropriations

During Financial Period Ending 2016/17

Permitted by Section 11(5) of the Public Management and Finance Law (2013 Revision)

| 2016/17 Exceptional Circumstance Transactions (permitted by 11(5) and 11(6) of the Public Management and Finance Law (2013 Revision)) | | | | |
|--|---|--------------------|------------------------|-------------------------------------|
| Appropriation Code | Description | Original Budget | Changes for FY 2016/17 | Forecast for FY 2016/17 (18 Months) |
| HCA 17 | Aerodrome Fire Services | 6,820,660 | 600,000 | 7,420,660 |
| HCA 31 | Supervision and Support of Children | 3,206,155 | 17,760 | 3,223,915 |
| HCA 30 | Counselling and Support Services | 7,237,462 | 50,000 | 7,287,462 |
| PAH 15 | Administration of Temporary Housing Initiative | 5,034,765 | (17,760) | 5,017,005 |
| PAH 8 | Management of Special Projects | 216,149 | (41,000) | 175,149 |
| EGA 1 | Policy Advice, Governanace | 8,838,424 | (533,000) | 8,305,424 |
| EGA 5 | Primary Education Services | 30,392,872 | 1,201,682 | 31,594,554 |
| EGA 6 | Secondary Education Services | 36,215,891 | (971,825) | 35,244,066 |
| EGA 7 | Education for students with special needs | 10,959,854 | 1,987,784 | 12,947,638 |
| EGA 10 | Education Evaluation and support | 9,185,239 | (400,000) | 8,785,239 |
| HES 11 | Mosquito Control Service | - | 1,260,000 | 1,260,000 |
| HEA 6 | Medical Services in Cayman Brac and Little Cayman | 5,167,737 | 87,500 | 5,255,237 |
| NGS 38 | Irregular Migrants | 405,000 | 3,600,000 | 4,005,000 |
| NGS 55 | Overseas Tertiary Care | 17,165,771 | 4,000,000 | 21,165,771 |
| TP 30 | Local and Overseas scholarship | 15,894,035 | 2,036,620 | 17,930,655 |
| TP 48 | Benefit Payment to Veterans | 1,528,800 | (50,000) | 1,478,800 |
| TP 49 | Youth Programmes and other NGOS | 131,100 | 10,000 | 141,100 |
| TP 66 | Sister Islands Home Repairs Assistance | 150,000 | 50,000 | 200,000 |
| TP 67 | Sports and Cultural Tourism Programmes Assistance | 658,500 | 60,000 | 718,500 |
| TP 72 | Other Youth and Sports Programmes | 751,838 | 20,000 | 771,838 |
| TP 73 | Other Youth and Sports Programme | 225,000 | (30,000) | 195,000 |
| TP 76 | Assistance for Infrastructure Development | 37,500 | 41,000 | 78,500 |
| TP 78 | Ex Gratia Compensation-Linford Pierson expansion | - | 243,553 | 243,553 |
| OE 102 | Settlement of Claims | 200,000 | 625,000 | 825,000 |
| EI 1 | Cayman Airways Limited | 7,650,000 | 6,000,000 | 13,650,000 |
| EI 4 | CI Development Bank - Early repayment of debt | 2,000,000 | 6,280,000 | 8,280,000 |
| EI 29 | Health Services Authority - Early repayment of debt | 1,642,500 | 1,265,000 | 2,907,500 |
| EI 34 | Equity Injection Legal Affairs | 75,000 | (75,000) | - |
| EI 49 | Cayman Turtle Farm - Early repayment of debt | 12,700,000 | 1,412,000 | 14,112,000 |
| EI 53 | Ministry of Health-GMO Mosquito Programme | 11,088,000 | 1,260,000 | 12,348,000 |
| EI 54 | Ministry of Community Affairs, Youth and Sports | 5,500,000 | (1,200,000) | 4,300,000 |
| EI 70 | Enhanced Customs Tariff Support System | 350,000 | 225,534 | 575,534 |
| EI 71 | Ministry of PLAHI | 5,022,293 | (700,000) | 4,322,293 |
| EI 74 | Cayman Islands Airports Authority | 7,500,000 | (5,000,000) | 2,500,000 |
| EA 4 | Land Purchase-Purchase of Smith Cove Public Beach for F | 750,000 | 4,855,362 | 5,605,362 |
| EA 55 | Cayman Brac and Little Cayman Roads | 1,799,500 | (1,050,000) | 749,500 |
| EA 60 | Bluff Playfield-Construction of Swimming Pool | 900,000 | 1,000,000 | 1,900,000 |
| EA 78 | Government Office Accommodation | 375,000 | 75,000 | 450,000 |
| EA 125 | Cayman Brac Emergency Shelter | 2,000,000 | (60,000) | 1,940,000 |
| EA 139 | Little Cayman Boat Ramp | - | 50,000 | 50,000 |
| EA 144 | Public Restrooms | 100,000 | (50,000) | 50,000 |
| EA 142 | George Town Revitalisation | 6,950,000 | 850,000 | 7,800,000 |
| EA 147 | Miscellaneous Infrastructure Development | - | 750,000 | 750,000 |
| TOTALS | | 226,825,045 | 29,735,210 | 256,560,255 |

11. APPENDIX 3

Capital Expenditure Details

for Financial Periods Ending 2016/17 and 2018

GOVERNMENT OF THE CAYMAN ISLANDS

Capital Investments

All figures are stated in 000s and in CI Dollars

| | Original Budget FY 2016/17 | Forecast for FY 2016/17 (18-Months) | Forecast for FY 2018 |
|--|---------------------------------------|--|---------------------------------|
| Equity Investments | | | |
| El 11 - Ministry of Home Affairs, Health and Culture - Home Affairs | 3,983 | 3,983 | 4,000 |
| El 12 - Ministry of Education, Employment and Gender Affairs | 13,663 | 13,663 | 16,169 |
| El 34 - Portfolio of Legal Affairs | 75 | 34 | 34 |
| El 35 - Portfolio of Civil Service | 508 | 508 | 75 |
| El 36 - Cabinet Office | 2,305 | 2,305 | - |
| El 53 - Ministry of Home Affairs, Health and Culture - Health | 11,088 | 12,348 | 4,720 |
| El 54 - Ministry of Community Affairs, Youth and Sports | 5,500 | 4,300 | 2,326 |
| El 65 - Ministry of Home Affairs, Health and Culture - Health-CINICO | 600 | 600 | - |
| El 67 - Ministry of Financial Services, Commerce and Environment | 602 | 814 | 500 |
| El 68 - Ministry of District Administration, Tourism and Transport | 100 | 100 | 100 |
| El 70 - Ministry of Finance and Economic Development | 350 | 350 | 305 |
| El 71 - Ministry of Planning, Lands, Agriculture, Housing and Infrastructure | 5,022 | 4,322 | 3,848 |
| El 72 - Cayman National Cultural Foundation | 50 | 217 | 50 |
| El 47 - Cayman National Gallery | 72 | 72 | 211 |
| El 1 - Cayman Airways Limited | 7,650 | 13,650 | 5,100 |
| El 74 - Cayman Islands Airport Authority | 7,500 | 2,500 | 7,500 |
| El 4 - Cayman Islands Development Bank | 2,000 | 8,280 | 2,250 |
| El 23 - Cayman Islands National Museum | 240 | 240 | 800 |
| El 29 - Health Services Authority | 1,643 | 2,908 | 1,000 |
| El 46 - University College of the Cayman Islands | - | - | 1,282 |
| El 49 - Cayman Turtle Farm (1983) Limited | 12,700 | 14,112 | 8,500 |
| El 57 - National Housing Development Trust | 3,353 | 3,353 | 2,888 |
| Total Equity Investments | 79,004 | 88,658 | 61,658 |
| Executive Assets | | | |
| | Original Budget FY 2016/17 | Forecast for FY 2016/17 (18-Months) | Forecast for FY 2018 |
| Executive Assets | | | |
| EA 4 - Land Purchase: Ongoing | 750 | 5,605 | 500 |
| EA 8 - Repairs to the Abattoir Building | 175 | 175 | 117 |
| EA 9 - Land Purchase: Gazetted Claims | 3,000 | 2,857 | 2,000 |
| EA 30 - Cemetery Vaults - Grand Cayman | 100 | 100 | 100 |
| EA 36 - Miscellaneous Road Surface Upgrades | 1,500 | 1,643 | 1,000 |
| EA 37 - Farm Roads | 75 | 75 | 50 |
| EA 55 - Cayman Brac & Little Cayman Roads | 1,800 | 750 | 1,225 |
| EA 60 - Cayman Brac: Bluff Playfield | 900 | 1,900 | 500 |
| EA 78 - Government Accommodations Project | 375 | 450 | 250 |
| EA 95 - Cemetery Vaults - Cayman Brac and Little Cayman | 26 | 26 | 25 |
| EA 125 - Cayman Brac Emergency Shelter | 2,000 | 1,940 | 1,500 |
| EA 139 - Little Cayman Boat Launch Ramp | - | 50 | - |
| EA 142 - George Town Revitalization | 6,950 | 7,800 | 4,633 |
| EA 143 - Cruise Berthing Facility | 500 | 500 | 350 |
| EA 144 - Public Restrooms | 100 | 50 | - |
| EA 146 - Land Purchases - Conservation | 6,000 | 6,000 | 6,000 |
| EA 147 - Minor District Works | - | 750 | 350 |
| Total Executive Assets | 24,250 | 30,670 | 18,600 |
| Total Equity Investments and Executive Assets | 103,213 | 109,372 | 80,258 |

GOVERNMENT OF THE CAYMAN ISLANDS

Capital Investments

All figures are stated in 000s and in CI Dollars

Summary

| Category | Original Budget FY 2016/17 | Forecast for FY 2016/17 (18-Months) | Forecast for FY 2018 |
|---|---------------------------------------|--|---------------------------------|
| Capital Investments in Ministries and Portfolios | 43,755 | 43,327 | 32,077 |
| Capital Investments in Statutory Authorities and Government Owned Companies | 35,208 | 35,374 | 29,581 |
| Executive Assets | 24,250 | 30,670 | 18,600 |
| | | | |
| Total | 103,213 | 109,372 | 80,258 |