



2017-18

ANNUAL PUBLIC ACCOUNTS

Republic of South Africa

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# STATEMENT OF RESPONSIBILITY

## STATEMENT OF RESPONSIBILITY

The Annual Statement of Public Accounts has been prepared by the Accountant General in accordance with the provisions of the Public Financial Management (PFM) Ordinance (as amended 2016).

The Minister of Finance under the PFM Ordinance is responsible for the control and direction over public finance including the management of public moneys, debts and other liabilities of the Turks and Caicos Islands Government (TCIG), ensuring that they are regulated, controlled and supervised in accordance with the law. The Minister who is accountable to the House of Assembly (HOA) also has the responsibility to develop and implement macroeconomic and fiscal policy to achieve the objectives of the government as well as stability for the TCIG. To this end the Minister may make regulations, give instructions and issue directives for better implementing the intent and purposes of the HOA, and for the safety, economy and advantage of the public revenue and public property.

The Permanent Secretary, Finance, provides support to the Minister of Finance in carrying out his or her duties under the law and is responsible for the effective application of the PFM Ordinance and any regulations made or any instructions given or any directives issued under that Ordinance.

The Accountant General is responsible for the compilation and management of the accounts of TCIG, and for the custody and safety of public moneys and other resources of TCIG. He or she is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance that the transactions recorded are within the specified authority and the use of all public funds by TCIG are appropriately recorded.

In preparing these Annual Statements of Public Accounts, the most appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgments and estimates. To the best of my knowledge, the Report and Annual Statements of Public Accounts give a true and fair view of the state of affairs of the TCIG as at 31st March 2018 and of the surplus for the financial year then ended.

Millicent Hughes  
Accountant General  
Ministry of Finance, Investments and Trade  
July 31, 2018

# MANAGEMENT REPRESENTATION LETTER

## MANAGEMENT REPRESENTATION LETTER

### **MINISTRY OF FINANCE, TRADE AND INVESTMENT**

**NJS Francis Building**

**Grand Turk, Turks and Caicos Islands**

**Telephone: (649) 946 1587, Fax : ( 649) 946 1498**

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July 31, 2018

Auditor General  
National Audit Office  
South Base, Grand Turk  
Turks & Caicos Islands

We are providing this letter in connection with your audit of the annual statement of public accounts of the Turks and Caicos Islands Government for the year ended March 31, 2018 for the purpose of expressing an opinion as to whether the annual statement of public accounts present fairly, in all material respects, the financial position, results of operations, and cash flows in conformity with the International Public Sector Accounting Standards (IPSAS) cash basis of accounting. We confirm that we are responsible for the fair presentation in the annual statement of public accounts of financial position, results of operations, and cash flows in conformity with the IPSAS cash basis of accounting.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of July 31, 2018 the following representations made to you during your audit;

1. The annual statement of public accounts referred to above have prepared in accordance with the IPSAS cash basis of accounting including additional disclosures to comply with Schedule 2 of the Public Finance Management (PFM) Ordinance (as amended 2016).
2. We have made available to you all financial records and related data except for those not received or where no documentation is available;
3. There have been no communications from regulatory agencies concerning non- compliance with or deficiencies in financial reporting practices;
4. There are no material transactions that have not been properly recorded in the accounting records underlying the annual statement of public accounts;
6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud;

## MANAGEMENT REPRESENTATION LETTER

7. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the annual statement of public accounts.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting these accounts nor have we received any communication from employees (current and former) or any other individuals in this regard.
9. There are no plans or intentions that may materially affect the carrying value or classification of any assets and liabilities;
10. The transactions, material issues known to management and other significant estimates during April 1, 2017 – March 31, 2018 have been properly recorded or disclosed in the Annual Statement of Public Accounts;
11. There are no known violations or possible violations of laws or regulations whose effects should be considered for disclosure in the annual statement of public accounts except for those identified by the National Audit Office; and
12. There has been compliance with all aspects of contractual agreements that would have a material effect on the annual statement of public accounts in the event of noncompliance, except for those identified by the National Audit Office.

To the best of our knowledge and belief, no events have occurred subsequent to March 31, 2018 and through the date of this letter that would require adjustment to or disclosure in the aforementioned annual statement of public accounts.

Athenee Harvey  
Permanent Secretary  
Ministry of Finance, Investment and Trade

Millicent Hughes  
Accountant General  
Ministry of Finance, Trade and Investment

# REPORT OF THE ACCOUNTANT GENERAL

## REPORT OF THE ACCOUNTANT GENERAL

The Public Finance Management Ordinance (PFMO), mandates the Accountant General to prepare, for each financial year, general purpose financial statements. This Report presents the Turks and Caicos Islands' financial result for the year ended March 31, 2018 and financial position at that date.

The Annual Report is a key element of the Public Accounts of the country and is essential in illustrating Turks and Caicos Islands Government's (TCIG) commitment to transparency and accountability for financial resources. It is intended to provide useful information to the general public as well as specific users including taxpayers, members of the legislature, investors and creditors, on the country's activities and financial performance.

### PUBLIC FINANCIAL MANAGEMENT

Public financial management (PFM) has been recognized as the essential element by which available resources and delivery of services achieve government policy objectives as revenue is collected efficiently and used sustainably. The TCIG is committed to continuous improvement in PFM and is also moving to the adoption of accrual accounting. During fiscal year 2017-2018 Ordinances were amended or enacted in improving PFM within the Islands:

- i. Finance Order 2017 abolished the position of the Chief Financial Officer and instead, made provision for a Financial Advisor to the Governor.
- ii. PFMO addressed the duration of Appropriation and provided for unexpended balances to revert to the Consolidated Fund. There were also consequential amendments to the Ordinances of Statutory Bodies to give effect to the applicability of the Ordinance to their operations - Ordinance 10 of 2017
- iii. Amendments to the Hotel, Restaurant and Tourism (Taxation) (Amendment) Ordinance 2017 to improve the record keeping and disclosures required by operators – Ordinance 6 of 2017
- iv. National Wealth Fund Ordinance 2017 enacted – Ordinance 7 of 2017
- v. Dormant Accounts (Amendment) Ordinance 2017 set the limitation period of a claim to 6 years – Ordinance 12 of 2017



# REPORT OF THE ACCOUNTANT GENERAL

- vi. Public Finance Management (Salary Advance) (Temporary Provisions) Bill 2017 repayment period extended from 3 months to 6 months, to assist in mitigating the effects of Hurricanes Irma and Maria. This extension expired on March 31, 2018 – Ordinance 14 of 2017
- vii. Insolvency Ordinance 2017 reformed the law relating to the liquidation of companies and foreign companies and to provide for the administration, receivership and liquidation of companies and the bankruptcy of individuals to enter into arrangements and agreements with their creditors. The Ordinance also provides for the licensing of insolvency practitioners and to provide redress for malpractice in relation to insolvent persons, for the avoidance of certain transactions, cross-border insolvency and connected issues – Ordinance 20 of 2017
- viii. Public Finance Management (Amendment) Ordinance 2018 addressed the operations of the board of a statutory body and the power to appoint an examiner – Ordinance 4 of 2018

In seeking to improve the accountability of statutory bodies which are currently not consolidated in these Reports, directives were issued by the Accountant General for all constitutional and statutory bodies currently using the cash accounting basis of accounting to use the accrual basis of accounting commencing fiscal year 2018-2019. This is one of the steps in TCIG's move to producing consolidated accounts or "whole of government accounts". While it is not possible to produce consolidated accounts at this time because of the two bases of accounting currently in use (central government using the cash basis of accounting, while some constitutional and statutory bodies use the accrual basis), the reports include a consolidated cash position shown at Table 10.1

## FISCAL OVERVIEW

The Fiscal and Strategic Policy Statement (FSPS) was instituted in the 2012 Framework Document between the Governments of the United Kingdom (UK) and the Turks and Caicos Islands (TCI). It establishes the parameters for a rolling five year period, and may be accessed on the TCIG website. The performance of the last 5 years is shown in the following table.

# REPORT OF THE ACCOUNTANT GENERAL

	FY2013-14		FY2014-15		FY2015-16		2016-17		2017-18	
<i>figures in US\$'000</i>	%GDP		%GDP		%GDP		%GDP		%GDP	
Recurrent Revenue	200,494	37%	246,462	42%	258,346	42%	262,951	41%	261,416	41%
Recurrent Expenses	162,357	30%	168,549	29%	191,762	31%	202,146	31%	213,409	34%
Total Revenue	206,802	38%	252,954	43%	263,884	43%	267,100	41%	282,172	44%
Total Expenses	173,093	32%	175,421	30%	196,582	32%	207,874	32%	218,858	34%
<b>Net Operating balance</b>	<b>33,709</b>	<b>6%</b>	<b>77,533</b>	<b>13%</b>	<b>67,303</b>	<b>11%</b>	<b>59,226</b>	<b>9%</b>	<b>63,314</b>	<b>10%</b>
Capital Investment	9,712	2%	7,900	1%	11,459	2%	23,509	4%	16,058	3%
<b>Fiscal Balance</b>	<b>23,997</b>	<b>4%</b>	<b>69,632</b>	<b>12%</b>	<b>55,843</b>	<b>9%</b>	<b>35,717</b>	<b>6%</b>	<b>47,256</b>	<b>7%</b>
Net Debt	207,568	38%	191,738	33%	44,281	7%	32,376	5%	19,783	3%
Finance Cost	7,421	1%	7,015	1%	6,634	1%	1,260	0%	984	0%
<b>Underlying Cash Balance</b>	<b>6,401</b>	<b>1%</b>	<b>2,939</b>	<b>1%</b>	<b>15,728</b>	<b>3%</b>	<b>17,655</b>	<b>3%</b>	<b>36,255</b>	<b>6%</b>
*GDP at constant Market prices	545,685		582,266		616,860		644,000		634,436	
GDP at constant Market prices	740,777		823,968		893,502		950,358		962,526	

TABLE 1: FISCAL PERFORMANCE AGAINST GDP AT \*CONSTANT MARKET PRICES

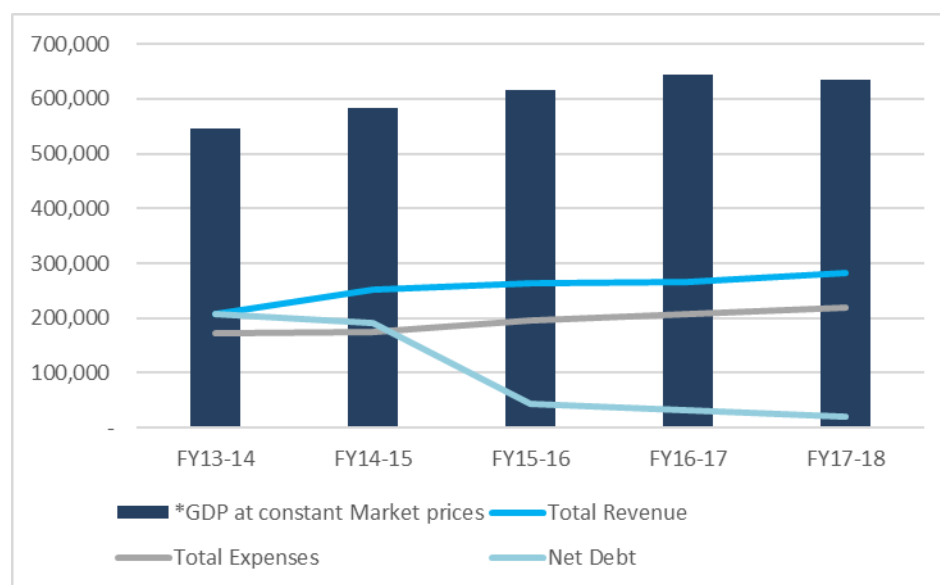


FIGURE 1: PERFORMANCE AGAINST GDP AT CONSTANT MARKET PRICES

The TCIG's fiscal strategy as articulated in the FSPS is composed of the following five components:

- i. Controlling Government Expenditure
- ii. Management of Public Debt
- iii. Revenue Enhancement
- iv. Financial Improvement of Statutory Authorities and Government Companies
- v. Public Private Partnerships

## REPORT OF THE ACCOUNTANT GENERAL

The 2017 - 18 Appropriation Ordinance, was approved by Parliament on April 24, 2017 with budgeted revenue of \$273.5 million. Planned expenditure was \$267.9 million of which recurrent expenditure was \$223.5 million, non-recurrent expenditure at \$6 million and capital expenditure at \$38.3 million. The Estimates were revised downwards during November to \$220.2 million, \$8.5 million and \$20.3 million respectively after the impact of the two (2) major tropical cyclones in September. This net reduction of \$18.9 million to \$249.0 million reflected not only downward revisions in some expenditure categories but also reallocations of expenditure to accommodate necessary recovery efforts. Additional details are included in Note 6.1 of the financial statements.

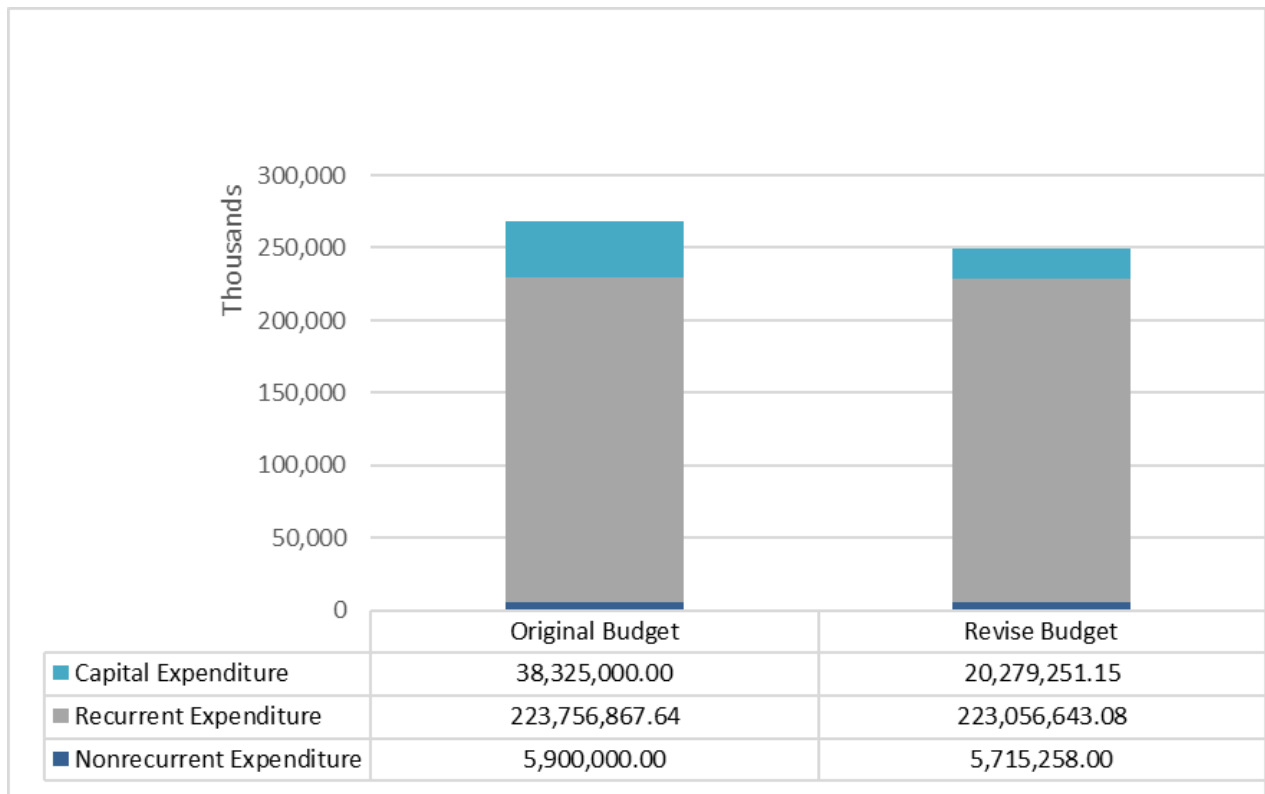


FIGURE 2: ORIGINAL VS. REVISED BUDGET

The Budget was formulated to trigger further growth in the economy with focus on job creation, national security, healthcare, youth and infrastructure. Understanding that long-term growth requires continuous, concerted effort to create an environment conducive to private sector investment, the government had identified the following areas on which additional emphasis would be placed:

- i. Simplifying the investment approval process and the removal of other barriers to investment and profitability

# REPORT OF THE ACCOUNTANT GENERAL

- ii. Improving the labour market
- iii. Friendlier business environment in a diversified economy
- iv. Sustainable and beneficial growth

## REVIEW AND ANALYSIS OF FINANCIAL PERFORMANCE

The Financial Statements for the financial year ended March 31, 2018 have been prepared in accordance with IPSAS Cash Basis of accounting and includes additional disclosures to comply with Schedule 2 of the Public Finance Management (Amendment) Ordinance 2016. The Financial Statements comprise the Statement of Financial Position (Balance Sheet), Statement of Cash Receipts and Payments and Notes to the Annual Public Accounts.

### OPERATING HIGHLIGHTS

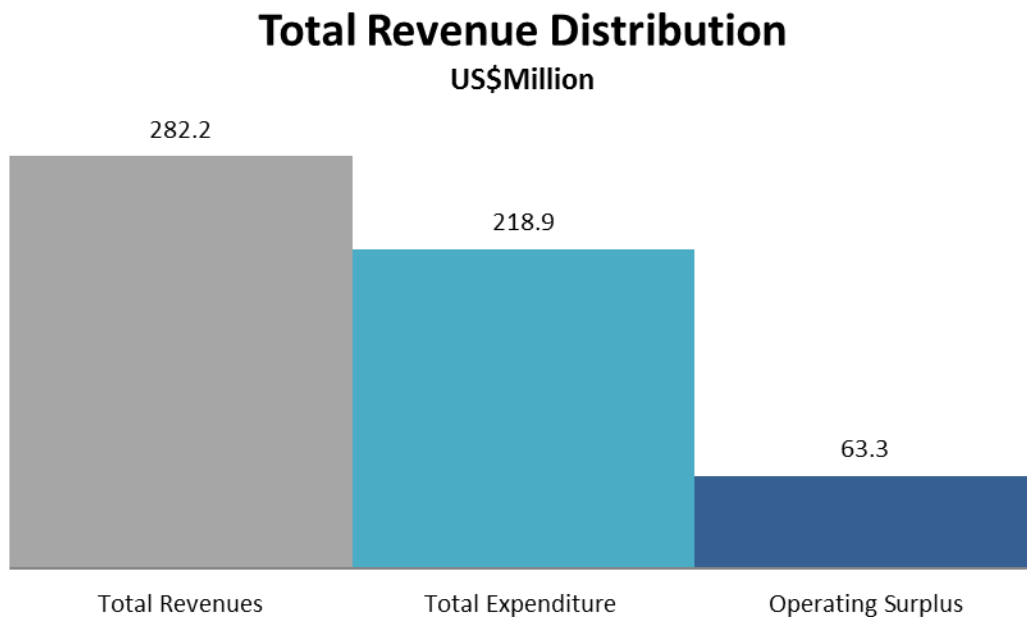


FIGURE 3: REVENUE DISTRIBUTION

# REPORT OF THE ACCOUNTANT GENERAL

## Operating Results

*figures in US\$'000*

	FY2017-18 Actual	FY2017-18 Rev. Budget	FY2016-17 Actual	Actual vs Rev. Budget	Actual vs Prior Year
Recurrent Revenue	261,416	269,471	262,951	(8,055)	-3%
Recurrent Expenditure	213,409	223,057	202,146	9,648	4%
<b>Net Recurrent Surplus</b>	<b>48,007</b>	<b>46,414</b>	<b>60,805</b>	<b>1,593</b>	<b>3%</b>
Non-Recurrent Revenue	20,756	4,500	4,149	16,256	361%
Non-Recurrent Expenditure	5,449	5,715	5,729	266	5%
<b>Operating Surplus</b>	<b>63,314</b>	<b>45,199</b>	<b>59,226</b>	<b>18,115</b>	<b>40%</b>

TABLE 2: OPERATING RESULTS

Note: Number may not add due to rounding.

Expenditure categorization differs from the Management Accounts produced and published monthly in order to conform to the IPSAS cash basis of accounting

The Turks & Caicos Islands experienced two major tropical cyclones Irma and Maria (Category 5 and 3 respectively) during the financial year in September 2017. Despite this impact, the Government posted an operating surplus of \$63.3 million (2017: \$59.2 million), an improvement of \$4.0 million (7%) on the prior year's performance. Compared to the revised budget which was implemented after the passage of the hurricanes, the performance was 40% better than the \$45.2 million projected. Capital expenditure of \$16.1 million (2017: \$23.5 million) and debt repayment of \$12.6 million (2017: \$11.9 million) were also made during the year.

- **Recurrent revenue** outturn for the year was 3% ahead of budget and 1% above the prior year's outturn.
- **Recurrent expenditure** for the year was 4% below budget estimates while being 6% above the prior year's results.

# REPORT OF THE ACCOUNTANT GENERAL

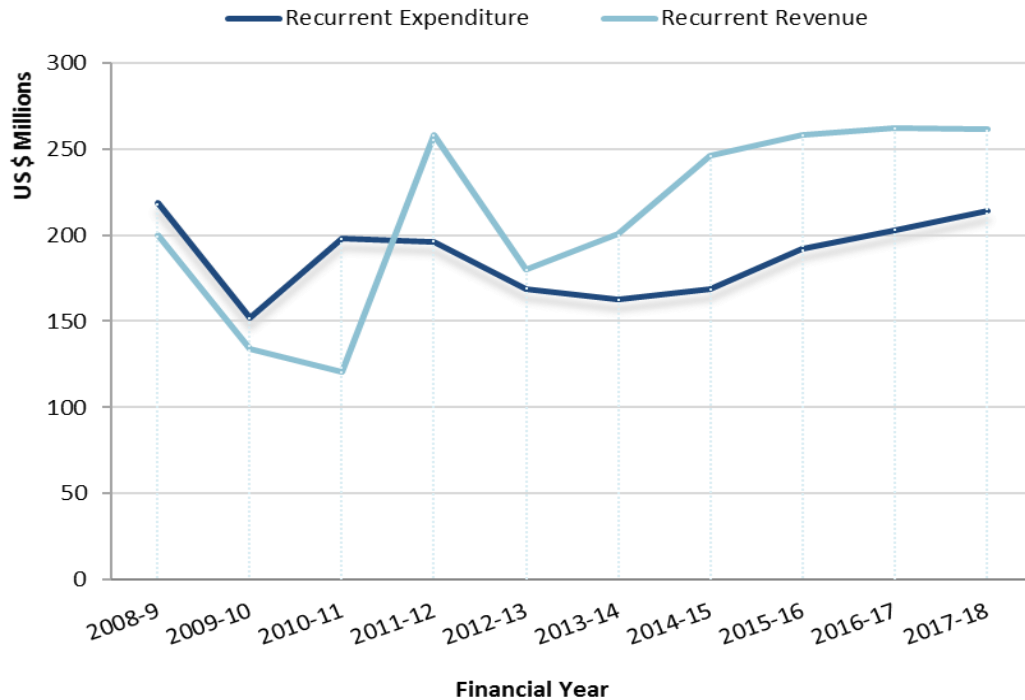


FIGURE 4: RECURRENT REVENUE & EXPENDITURE 2008-2017

Measures implemented by the government which directly impacted revenue collection included:

- i. A Customs Order granting duty free exemptions for a variety of goods, originally until December 31, 2017 and further extended twice to October 2018
- ii. An Emergency Order granting the forfeiture of Customs Processing fees for the period September to November 2017
- iii. Hurricane Relief Waiver on Fuel Tax for the period September to November 30, 2017

The major change in the expenditure is highlighted by a net reduction in capital expenditure which was refocused on the rebuilding of schools.

The lack of normal communication links in the aftermath of the hurricanes resulted in the Treasury having to decentralise its activities in addition to placing reliance on manual processes. Notwithstanding, the Treasury maintained a key role in implementing and monitoring controls to ensure that expenditure remained within budget, while facilitating the recovery process.

## Revenues

# REPORT OF THE ACCOUNTANT GENERAL

## Revenue Distribution

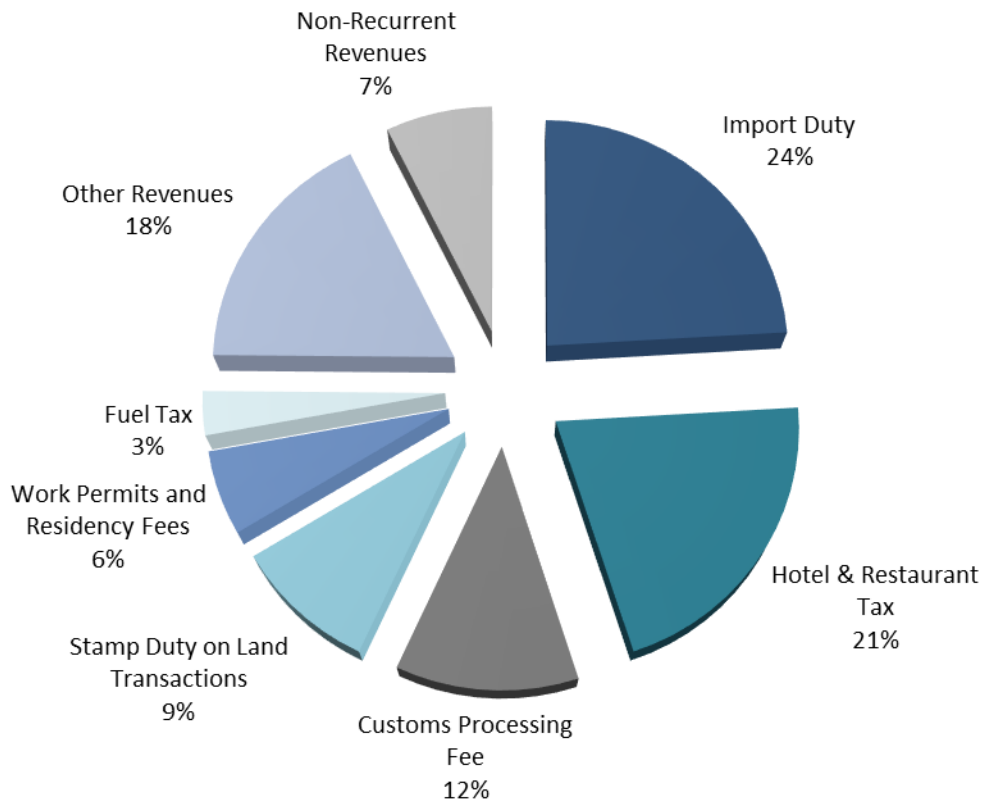


FIGURE 5: REVENUE DISTRIBUTION

TCIG recurrent revenues for the 2017-18 fiscal year totalled \$261.4 million (2017: \$262.9 million). This represented a decrease of \$1.5 million from fiscal year 2016-17 and was \$8.0 million or 3% less than the revised estimates for the year.

Total revenue for the 2017-18 fiscal year included \$67.9 million (24%) derived from import duties; \$59.2 million (21%) from hotel and restaurant tax; while \$33.5 million from customs processing fees, \$26.5 million from stamp duty on land transactions and \$16.4 million from work permits and residency fees together accounted for 27% of revenues.

# REPORT OF THE ACCOUNTANT GENERAL

figures in US\$'000

## RECURRENT REVENUES

	FY2017-18 Actual	FY2017-18 Rev. Budget	FY2016-17 Actual	Actual vs Rev. Budget		Actual vs Prior Year	
Import Duty	67,935	71,475	70,053	(3,540)	-5%	(2,117)	-3%
Hotel and Restaurant Tax	59,152	63,668	61,544	(4,516)	-7%	(2,392)	-4%
Customs Processing Fee	33,464	29,648	29,260	3,816	13%	4,204	14%
Stamp Duty on Land Transactions	26,554	29,409	27,684	(2,854)	-10%	(1,130)	-4%
Work Permits	16,370	18,452	17,650	(2,082)	-11%	(1,280)	-7%
Fuel Tax	8,547	9,672	9,890	(1,125)	-12%	(1,343)	-14%
Other Revenues	49,393	47,147	46,870	2,246	5%	2,523	5%
<b>Total Recurrent Revenues</b>	<b>261,416</b>	<b>269,471</b>	<b>262,951</b>	<b>(8,055)</b>	<b>-3%</b>	<b>(1,535)</b>	<b>-1%</b>

TABLE 3: RECURRENT REVENUES

Total duties (excluding stamp duty) collected for the year were \$111.4 million (2017: \$110.8 million). This represented a marginal increase from last year's results and \$0.7 million less than budget estimates. This was primarily due to the impact of the hurricanes on economic activity in the islands. **Import Duties** and **Fuel Tax** were below both estimates and prior year's outturn due mainly to the revenue foregone as a result of the revenue measures instituted after the Hurricanes. Conversely **Customs Processing Fees** performed above both budget and prior year results as fees were paid on supplies on which import duties were waived.

Taxes on goods and services were \$6.7 million lower than budgeted as well as \$4.4 million below last year's results, largely owing to the shortfall in tourism volumes as a result of the Hurricanes. **Hotel and Restaurant Tax** showed a decrease of 7% and 4% respectively to budget and last year's results, a trend which was also reflected in **Stamp Duty on Land Transactions**, which was also below estimates and prior year's outturn by 10% and 4% respectively.

Fees, fines and permits of \$18.7 million increased by \$3.7 million (25%) when compared to last year's results while showing a shortfall \$1.6 million (8%) in comparison to the budgeted outturn. The major contributor to this performance was **Work Permits** of \$16.4 million. This however, was \$2.1 million (11%) less than budget and \$1.3 million (7%) less than last year's results.



# REPORT OF THE ACCOUNTANT GENERAL

figures in US\$'000

## OTHER RECURRENT REVENUES

	FY2017-18 Actual	FY2017-18 Rev. Budget	FY2016-17 Actual	Actual vs Rev. Budget		Actual vs Prior Year	
Communications Tax	4,820	4,817	5,666	3	0%	(846)	-15%
Gaming Machine Tax	3,782	2,878	3,432	904	31%	351	10%
Vehicle Licence	3,582	3,143	3,776	438	14%	(195)	-5%
Telecommunications licence	3,420	4,202	3,905	(782)	(19%)	(485)	-12%
Seaport Departure Tax	3,133	3,021	3,200	112	4%	(67)	-2%
Overtime Cost recovered	2,982	2,888	3,091	94	3%	(109)	-4%
Financial Services Commission	2,517	-	-	2,517	-	2,517	-
Business Licence Renewal	2,380	2,085	2,498	295	14%	(118)	-5%
Telecommunications Commission	2,063	258	500	1,806	701%	1,563	313%
Permanent Residency Fees	1,933	2,300	2,453	(368)	-16%	(520)	-21%
Revenue heads with values less than \$1.9 million	18,781	21,554	18,349	(2,773)	(13%)	432	2%
<b>Total Other Revenues</b>	<b>49,393</b>	<b>47,147</b>	<b>46,870</b>	<b>2,246</b>	<b>5%</b>	<b>2,523</b>	<b>5%</b>

TABLE 4: OTHER RECURRENT REVENUES

**Other Recurrent Revenues** collected for the year totalled \$49.4 million (2017: \$46.9 million) which was 5% above the budgeted amount as well as last year's outturn.

**Telecommunications Licences** receipts of \$3.4 million (2017: \$3.9 million) were below budget by 19% or \$0.8 million primarily due to the disruptions occasioned by the hurricanes, the effects of which are still being felt at the end of the financial year.

figures in US\$'000

## NON-RECURRENT REVENUES

	FY2017-18 Actual	FY2017-18 Rev. Budget	FY2016-17 Actual	Actual vs Rev. Budget		Actual vs Prior Year	
Insurance Proceeds	15,284	-	-	15,284	-	15,284	-
Revenue from Grants	4,780	4,000	3,298	780	19%	1,481	45%
Land Sales	692	500	851	192	38%	(158)	(19%)
<b>Total Non-Recurrent Revenues</b>	<b>20,756</b>	<b>4,500</b>	<b>4,149</b>	<b>16,255</b>	<b>361%</b>	<b>16,607</b>	<b>400%</b>

TABLE 5: NON-RECURRENT REVENUES

Non-recurrent revenue for the year totalled \$20.8 million (2017: \$4.1 million). Disaggregating the catastrophic risk insurance proceeds received in September and October as a result of higher than normal rainfall attributable to the hurricanes, the other non-recurrent revenues were 23% above the budget, and 33% more than the previous year. The major contributor to this amount was **Revenue from Grants** which included the first tranche of the 11<sup>th</sup> European Development Fund grant of \$4.8 million received during the month of September 2017 for budgetary support. **Land Sales** receipts were \$0.7 million, which exceeded the budgeted outturn by 38% reflecting the swift rebound in the economy, even while being 19% below last year's results.

# REPORT OF THE ACCOUNTANT GENERAL

## Expenditure

### Expenditure Distribution

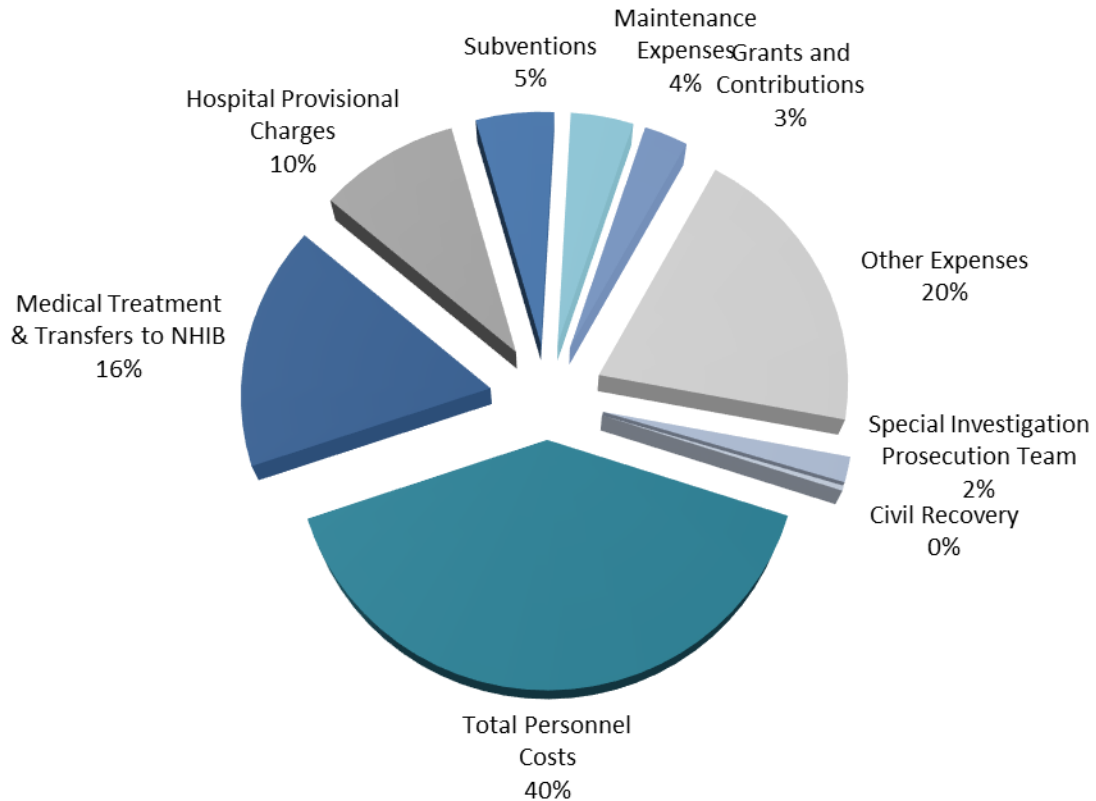


FIGURE 6: EXPENDITURE DISTRIBUTION

TCIG's total expenditure excluding capital for the 2017-18 fiscal year totalled \$218.8 million (2016: \$208.1 million). This represented a reduction in spending for the year of \$9.9 million or 4% from the budget estimates while being \$11.0 million or 5% above the previous year's outturn.

# REPORT OF THE ACCOUNTANT GENERAL

figures in US\$'000

## RECURRENT EXPENDITURE

	FY2017-18 Actual	FY2017-18 Rev. Budget	FY2016-17 Actual	Actual vs Rev. Budget		Actual vs Prior Year	
Total Personnel Costs	87,099	89,538	82,045	2,438	3%	(5,055)	(6%)
Medical Treatment & Transfers to NHIB	35,885	35,885	26,562	( )	0%	(9,323)	(35%)
Hospital Provisional Charges	20,692	20,699	20,171	7	0%	(520)	(3%)
Subventions	11,469	11,874	12,924	405	3%	1,455	11%
Maintenance Expenses	9,178	9,131	8,894	(47)	-1%	(284)	(3%)
Grants and Contributions	6,464	6,660	6,652	196	3%	188	3%
Other Expenses	42,622	49,270	44,898	6,648	13%	2,276	5%
<b>Total Recurrent Expenditure</b>	<b>213,409</b>	<b>223,057</b>	<b>202,146</b>	<b>9,648</b>	<b>5%</b>	<b>(11,263)</b>	<b>(6%)</b>

TABLE 6: RECURRENT EXPENDITURE

With the exception of maintenance, all expenditure heads were below estimates for the year.

The total spend during the current fiscal year included \$87.1 million (40%) for **Personnel Costs**, which was \$2.4 million less than budget as a result of delays in the recruitment process, exacerbated by the passage of the hurricanes. The increase of \$5.1 million (6%) over the prior year results attests to the efforts made in filling vacant positions.

**Medical Treatments and Transfers to NHIB** totalled \$35.9 million and together with **Hospital Provisional Charges** of \$20.7 million accounted for 25% of expenditure. Combined expenditure was 38% more than the prior year's outturn attributable mostly to the Treatment Abroad Programme, the costs of which increased significantly during the year. The Government is actively pursuing measures which it is hoped, will reduce the cost of healthcare for its citizens while maintaining or improving the delivery of care.

**Subventions** totalled \$11.5 million representing an 11% reduction from last year's cost of \$12.9 million, while being 3% below the budget. The year over year decrease is due to budgetary allocations to the newly established Invest Turks and Caicos Agency which were partially offset by reductions to the Tourist Board for advertising the Islands.

**Grants and Contributions** totalled \$6.5 million for the year of which \$3.9 million was spent on Scholarships, \$0.7 million in contributions to Regional Institutions, \$0.5 million on Airline Subsidies, and \$0.4 million in Grants to Private Schools.

# REPORT OF THE ACCOUNTANT GENERAL

figures in US\$'000

## OTHER RECURRENT EXPENDITURE

	FY2017-18 Actual	FY2017-18 Rev. Budget	FY2016-17 Actual	Actual vs Rev. Budget		Actual vs Prior Year	
Rental of Assets	4,690	4,770	5,118	80	2%	429	8%
SIPT Court Cases	4,375	4,644	4,837	269	6%	462	10%
Utilities	3,009	3,223	3,240	214	7%	231	7%
Professional and Consultancy Services	2,996	3,542	3,630	546	15%	634	17%
Local Travel and Subsistence	2,573	3,050	2,696	478	16%	123	5%
Other Recurrent Expenditure	24,980	30,041	25,377	5,061	17%	397	2%
<b>Total Other Recurrent Expenditure</b>	<b>42,622</b>	<b>49,270</b>	<b>44,898</b>	<b>6,648</b>	<b>13%</b>	<b>2,276</b>	<b>5%</b>

TABLE 7: OTHER RECURRENT EXPENDITURE

Other recurrent expenditure for the year totalled \$42.6 million (2017: \$44.9 million) which was a 5% decrease below last year's results, while being \$6.7 million or 13% below the budgeted amount.

Included in **Other Recurrent Expenditure** is **Finance cost** relating to TCIG's public debt. **Finance cost** totalled \$1.0 million for the year, which was 14% and 22% less than the budgeted amount and last year's outturn respectively. A portion of the savings is attributable to the early repayment of loans from the Caribbean Development Bank (CDB) to TCInvest which was done at the beginning of the fiscal year. The result also represents the non-utilisation of approved available borrowing as well as the early repayment of debt during the previous financial year.

## NON-RECURRENT EXPENDITURE

	FY2017-18 Actual	FY2017-18 Rev. Budget	FY2016-17 Actual	Actual vs Rev. Budget		Actual vs Prior Year	
Special Investigation Prosecution Team (SIPT)	3,731	3,942	4,341	211	5%	609	14%
Civil Recovery	729	773	901	44	6%	171	19%
Statutory Land Acquisition	989	1,000	487	11	1%	(501)	-103%
<b>Total Non-Recurrent Expenditure</b>	<b>5,449</b>	<b>5,715</b>	<b>5,729</b>	<b>266</b>	<b>5%</b>	<b>279</b>	<b>5%</b>

TABLE 8: NON-RECURRENT EXPENDITURE

Non-recurrent expenditure for the year of \$5.4 million (2017: \$5.7 million) was down 5% from the budget estimates as well as last year's outturn. Of this amount **SIPT** expenses accounted for \$3.7 million (68%), which was 14% less than last year's results and 5% below the budgeted amount. **Civil Recovery** expenses of \$0.7 million were 19% less than last year's outturn while being 6% below budget estimates. Statutory/compulsory land acquisitions were in line with the budget.

# REPORT OF THE ACCOUNTANT GENERAL

## STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

The Statement of Financial Position (SFP), previously called Balance Sheet (BS), shows the assets and liabilities held in respect of the Consolidated Fund (CF), the Development Fund (DF) and the National Forfeiture Fund (NFF). While provision has been made for a Sinking Fund to be established for the purpose of paying down public debt, no current fund exists.

The Turks and Caicos National Wealth Fund Ordinance 2017 was enacted in June 2017. This Ordinance establishes a National Wealth Fund (NWF) to save and invest surplus revenues and sets out the governance and management of the NWF. The Ordinance has not yet commenced and so no Appropriation was made from the Consolidated Fund (CF) in this fiscal year.

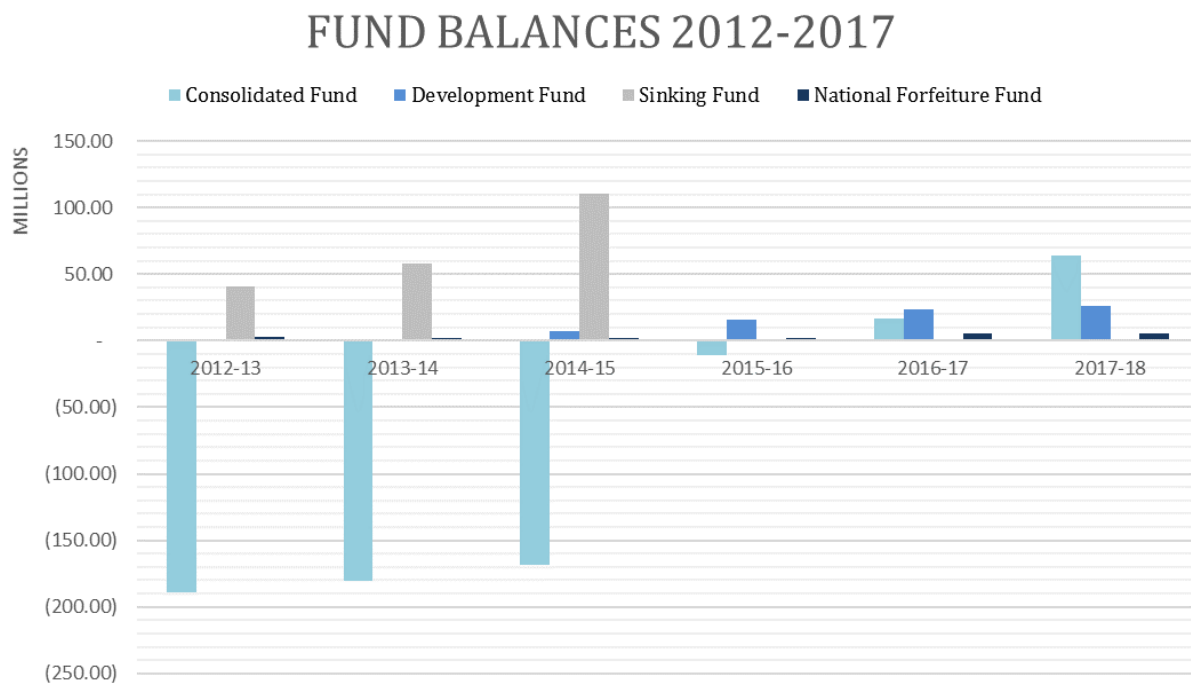


FIGURE 7: FUND BALANCES 2012-2017

As TCIG continues on its move to accrual accounting, incremental changes will be made to disclosing additional information in its SFP. For the first time, the capital assets created from the Development Fund are shown in the SFP (Note 9). The specific categorization of the assets as outlined in the TCIG's Fixed Asset Policy will be shown in subsequent years, as this activity has to be projected.

## REPORT OF THE ACCOUNTANT GENERAL

**Cash and cash equivalents** comprise cash on hand, cash at bank and deposits on call with maturity of three months or less. Excess cash is currently invested in short term deposits pending the finalization of TCIG's investment policy. Cash and its equivalents increased by 25% over the prior year primarily due to the surplus recorded in the year. Additional details are included in Note 2 to the Public Accounts.

*figures in US\$'000*

	FY2017-18 Actual	FY2017-18 Rev. Budget	FY2016-17 Actual	Actual vs Rev. Budget	Actual vs Prior Year
Cash Flow from Operations	63,314	45,199	59,227	18,115 40%	4,087 7%
Less:					
Capital Contributions	(16,058)	(20,279)	(23,509)	(4,221) 21%	(7,451) 32%
Debt Repayments	(12,593)	-	(11,905)	12,593 -	688 (6%)
Bond Inflows	367	367	367	- 0%	- -
Net Working Capital	1,208	-	4,877	(1,208) -	3,669 75%
<b>Net Cash Flows</b>	<b>36,238</b>	<b>25,287</b>	<b>29,057</b>	<b>10,951 43%</b>	<b>7,181 25%</b>

TABLE 9: CASH FLOWS

**Receivables from exchange transactions** comprises staff loan and advances. The balance at the end of the year is \$2.9 million of which \$2.6 million is deemed to be irrecoverable. Subsequent to the year-end Cabinet approved the request for the write-off of this amount and granted approval for the matter to be taken to the House of Assembly for endorsement in accordance with Section 51 of the PFM Ordinance 2012.

**Non-current Assets** include investments of \$0.7 million in shares of the Caribbean Development Bank (CDB) as a member of the Bank as well as receivables arising from the repurchase of TCIG bonds of \$2.0 million (2017: \$2.4 million). Note 14 of the Financial Statements contains additional details.

For the first time, assets arising from capital expenditure have been disclosed in these financial statements. While the Development Fund expenditure has always been disclosed in the Annual Report, the corresponding assets arising from the expenditure have not been disclosed in the financial statements. The amounts will be shown in the various asset classes in keeping with TCIG's Fixed Asset policy in subsequent Annual Reports.

Receivable balances arising from the former TCInvest loan portfolio of \$10.3 million are disclosed as **non-current receivables from exchange transaction**. Additionally, during the financial year TCIG concluded negotiations to repurchase the TOLCO portfolio from which TCIG was compensated at forty cents out of every dollar collected. The combined value of the portfolio has been recorded along with a

# REPORT OF THE ACCOUNTANT GENERAL

provision for uncollectible accounts of \$2.6 million. A Cabinet Submission has been made with respect to the recognition of the diminution in value of the portfolio and other related matters, however a decision has been deferred pending further actions.

**Current Liabilities** comprise refundable deposits and payables from exchange transactions totalling \$6.9 million as well as the principal payments of the debt which is due within the next twelve months, that is, fiscal year 2018-19.

## Borrowings

*figures in US\$'000*

### Outstanding Public Debts

#### Unsecured

	Loan Balances 01- Apr-2017	Repayment During 2017/18	Loan Balances 31-Mar-2018
Caribbean Development Bank	6,720	2,346	4,375
Citibank Trinidad and Tobago	625	625	-
RBC Royal Bank	20,556	8,556	12,000
TCI Bank Limited	4,475	1,067	3,408
<b>Total unsecured debts</b>	<b>32,376</b>	<b>12,593</b>	<b>19,783</b>

TABLE 10: OUTSTANDING PUBLIC DEBT

TCIG's outstanding debt as at March 31, 2018 was \$19.8 million (2017: \$32.4 million). Total principal debt repayment for the year was \$12.6 million (2017: \$11.9 million) while total finance costs for the year were \$1.0 million (2017: \$1.3 million). There were no new borrowings during the financial year, neither were there any draw-downs of previously approved/negotiated borrowings. The reduction in the balances includes the early repayment of loans from the CDB; this repayment occurred in the first quarter of the fiscal year. TCIG continues to repay its debt on time and expects that all current borrowings will be repaid as scheduled.

## Capital Expenditure

Ordinance 9 of 2016 which commenced on March 24, 2016 included an amendment to the PFM Ordinance to lend additional clarity to the previous amendment in FY 2014-15. The effect of the amendment was to indicate that moneys appropriated for the purposes of the Development Fund would not lapse and that any unexpended balance of moneys withdrawn, would remain in the Fund at the end of

# REPORT OF THE ACCOUNTANT GENERAL

the financial year if the moneys were still required to meet any expenditure or commitment under the Fund.

The total amount spent on capital projects for the fiscal year was \$16.0 million which was funded by capital contributions appropriated from the Consolidated Fund. The total budgeted expense for capital projects was \$20.3 million, reduced from \$38.3 million by supplementary appropriations. Contracts with a value of \$17.7 million were committed during the year and will be available for expenditure **over the life** of the specific projects to which they relate. Expenditure will be made from the Development Fund as approved in the Appropriation Ordinance.

*figures in US\$'000*

	TCIG Funded Projects	UK DFID Programme Education & Health	UK/TCI Development Aid No 2 Account	Other UK Development Programmes	CDB Basic Needs Trust Fund Programmes	Grants from Other Private Sources	Total	Estimates
<b>DEVELOPMENT FUND</b>								
<b>Opening Balance</b>	<b>21,501</b>	<b>45</b>	<b>33</b>	<b>34</b>	<b>117</b>	<b>378</b>	<b>22,109</b>	
<b>FY 2017-18</b>								
Consolidated Fund Contribution	17,762	-	-	-	-	-	17,762	20,279
Funds Reverting to the CF	(420)	-	-	-	-	-	(420)	
National Forfeiture Fund Transfer	-	-	-	-	-	-	-	
Grants Received	-	-	-	-	-	-	-	
Expenditure not requiring commitment	(54)	-	-	-	-	-	(54)	
Other Expenditure	(16,005)	-	-	-	-	-	(16,005)	
Capital Expenditure	(16,059)	-	-	-	-	-	(16,059)	
	1,282	-	-	-	-	-	1,282	
<b>Closing Balance</b>	<b>22,783</b>	<b>45</b>	<b>33</b>	<b>34</b>	<b>117</b>	<b>378</b>	<b>23,391</b>	<b>20,279</b>

TABLE 11: DEVELOPMENT FUND MOVEMENT

The Fund has unused allocations of \$23.4 million available for use in the 2018-19 fiscal year of which \$22.8 million has been contributed from the Consolidated Fund.

Over the years, Development Fund projects have been funded from the Consolidated Fund. However, these projects have never been disclosed on the SFP. In the continued effort to improve public financial management, the assets created through the Development Fund have now been disclosed in the SFP. Consequently, the prior year balances of the Consolidated Fund have been restated to recognise the assets valuing \$72.6 million, which were created for the period 2010 – 2016.



# REPORT OF THE ACCOUNTANT GENERAL

	Consolidated Fund	Development Fund	Sinking Fund	National Forfeiture Fund	Total Net Assets/ Fund Balances
<b>Balance as at 31st March 2017*</b>	<b>90,312</b>	<b>22,109</b>	<b>-</b>	<b>5,129</b>	<b>117,550</b>
<b>Changes in Net Assets/Fund Balances for the financial year ended 31st March 2018</b>					<b>-</b>
Surplus for the year - Statement of Financial Performance (as per Annual Statements)	63,314	(16,058)	-	-	47,255
Transfer to Development Fund	(17,762)	17,762	-	-	-
Purchase of TOLCO Portfolio	1,359				
Funds Reverting to the CF	420	(420)			
Transfer from NFF	-	-	-	(78)	(78)
Transfer from Sinking Fund	-	-		-	-
	<b>47,331</b>	<b>1,283</b>	<b>-</b>	<b>(78)</b>	<b>47,177</b>
<b>Balance as at 31st March 2018</b>	<b>137,643</b>	<b>23,391</b>	<b>-</b>	<b>5,051</b>	<b>166,086</b>

TABLE 12: CHANGES IN FUND BALANCES

\*Restated

## CONCLUSION

While the economy is rebounding post Hurricanes Irma and Maria, slower economic growth and susceptibility to external shocks and challenges remain major challenges for the Turks and Caicos Islands. There is continued uncertainty as to the impact of Brexit on the world economy and specifically on these Islands. Additionally, the proposed opening of the registers of companies incorporated in overseas territories by the British Parliament is seen as potentially damaging to the economy. Within this context, while continuing to provide value for money as well as efficient and effective public services, TCIG continues to focus on prudent expenditure management as well as strengthening the revenue enhancement efforts.

The Annual Statement of Public Accounts for the year ended March 31, 2018 should be read in conjunction with the underlying notes, supplementary disclosures and schedules to the Annual Statement of Public Accounts, for better understanding and interpretation.

## Acknowledgements

My thanks and appreciations go to all who were involved in preparing the Annual Statement of Public Accounts for the fiscal year 2017-18, for providing necessary information and also for their support in completing the Report.

Millicent Hughes  
Accountant General  
Ministry of Finance, Trade and Investment  
July 31, 2018

## ANNUAL PUBLIC ACCOUNTS

## ANNUAL PUBLIC ACCOUNTS

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# ANNUAL PUBLIC ACCOUNTS



## GOVERNMENT OF THE TURKS AND CAICOS ISLANDS

### STATEMENT OF CASH RECEIPTS AND PAYMENTS

For Budgetary Entities Only

For Financial Year Ended March 31, 2018

(All figures in US\$'000)		31-Mar-18		31-Mar-17	
	Notes	Receipts/ Payments by TCIG	Payments by Third Parties	Receipts/ Payments by TCIG	Payments by Third Parties
<b>RECEIPTS</b>					
<i>Government Revenue</i>					
Taxes on goods and services	4.1	100,922		105,359	
Duties (excluding stamp duty)	4.2	111,450		110,807	
Licences	4.3	11,113		11,895	
Fees, fines and permits	4.4	23,682		26,302	
Transfers from controlled entities	4.5	6,100		524	
Finance income	4.6	609		590	
Other receipts	4.8	23,516		8,323	
		277,392		263,800	-
<i>External Assistance</i>					
Grants from Bilateral Agencies				-	
Grants from Multilateral Agencies	4.7	4,780		3,298	
		4,780		3,298	-
<b>Total receipts</b>		<b>282,172</b>		<b>267,100</b>	<b>-</b>
<b>PAYMENTS</b>					
<i>Operations</i>					
Compensation of employees	5.1	80,738		76,153	
Pensions and gratuities	5.2	6,361		5,892	
Finance costs	5.3	984		1,260	
Other operating expenses	5.5	119,306		111,646	
		207,389		194,951	-
<i>Transfers</i>					
Subventions to statutory bodies	5.4	11,469		12,924	
<i>External Assistance from Third Parties</i>					
Bilateral Agencies	5.6		65		2
Multilateral Agencies			1,154		13,456
Other private organisations			1,282		123
			2,500		13,581
<b>Total payments</b>		<b>218,858</b>	<b>2,500</b>	<b>207,874</b>	<b>13,581</b>
<b>Operating surplus</b>		<b>63,314</b>		<b>59,226</b>	
Net cash flows from investing activities *		(15,628)		(22,738)	
Net cash flows from financing activities *		(12,593)		(11,905)	
Net cash and cash equivalents at beginning of the year		66,752		37,695	
Net receipts/(payments) of public accounts		1,146		4,473	
<b>Net cash and cash equivalents at end of the year</b>	2	<b>102,990</b>		<b>66,752</b>	

\* Details available in the Statement of Cash Flows - Combined at Note 10.1

# ANNUAL PUBLIC ACCOUNTS



**GOVERNMENT OF THE TURKS AND CAICOS ISLANDS**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**For Budgetary Entities Only**  
**For Financial Year Ended March 31, 2018**  
*(Budget approved on the Cash Basis)*

	31-Mar-18					31-Mar-17	
	Original Budget US\$'000	Revised Budget US\$'000	Actual Results US\$'000	Variance US\$'000	Percentage Variance %	Revised Budget US\$'000	Actual Results US\$'000
<b>RECEIPTS</b>							
<i>Government Revenue</i>							
Taxes on goods and services	107,882	107,882	100,922	(6,960)	(6%)	99,357	105,359
Duties (excluding stamp duty)	112,152	112,152	111,450	(702)	(1%)	106,631	110,807
Licences	11,197	11,197	11,113	(84)	(1%)	9,772	11,895
Fees, fines and permits	29,708	29,708	23,682	(6,026)	(20%)	28,255	26,302
Finance income	619	619	609	(9)	(2%)	849	590
Transfers from controlled entities	1,758	1,758	6,100	4,342	247%	3,154	524
Other receipts	6,657	6,657	23,516	16,859	253%	3,631	8,323
	269,971	269,971	277,392	7,421	3%	251,649	263,800
<i>External Assistance</i>							
Grants from Bilateral Agencies	-	-	-	-	-	-	-
Grants from Multilateral Agencies	4,000	4,000	4,780	780	19%	4,000	3,298
	4,000	4,000	4,780	780	19%	4,000	3,298
<b>Total receipts</b>	273,971	273,971	282,172	8,201	3%	255,649	267,100
<b>PAYMENTS</b>							
<i>Operations</i>							
Compensation of employees	89,056	83,658	80,738	2,920	3%	80,436	76,153
Pensions and gratuities	5,879	5,879	6,361	(482)	(8%)	5,779	5,892
Finance costs	1,146	1,146	984	162	14%	1,968	1,260
Other operating expenses	120,727	126,214	119,306	6,908	5%	119,067	111,646
	216,809	216,898	207,389	9,508	4%	207,251	194,951
<i>Transfers</i>							
Subventions	12,848	11,874	11,469	405	3%	12,436	12,924
<b>Total payments</b>	229,657	228,772	218,858	9,914	4%	219,687	207,874
<b>Operating surplus</b>	<b>44,314</b>	<b>45,199</b>	<b>63,314</b>	<b>18,115</b>	<b>40%</b>	<b>35,962</b>	<b>59,226</b>

# NOTES TO THE PUBLIC ACCOUNTS

## NOTES TO THE PUBLIC ACCOUNTS

### 1. ACCOUNTING POLICIES

#### 1.1 Basis of preparation

The Annual Statement of Public Accounts of TCIG is governed by the Turks and Caicos Island's Constitution (Part IX) and the Public Financial Management (PFM) Ordinance (as amended 2016). The Financial Statements comprise the Statement of Financial Position, the Statement of Cash Receipts and Payments, the Statement of Comparison of Budget and Actual Amounts and the accompanying notes. The Financial Statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) - Financial Reporting under the Cash Basis of Accounting with the exception of whole of government consolidation. Transactions and events reported under the IPSAS Cash Basis of Accounting are recognised only when cash (including cash equivalents) is received or paid by TCIG.

The Annual Statement of Public Accounts also includes Supplementary Notes to the Public Accounts which are presented to comply with the requirements of Schedule 2 of the PFM Ordinance (as amended 2016).

Accounting policies have been applied consistently throughout the period.

#### 1.2 Reporting entity

The Annual Statement of Public Accounts reflects the financial transactions relating to central government ministries and administrative units of the TCIG. There was no attempt to eliminate intra-governmental transfers, if any. The central government ministries and administrative units are:

- Office of the Governor
- Police
- Attorney General's Chambers
- Judiciary
- Statutory Charges
- Office of the Deputy Premier and Ministry of Border Control & Employment Services
- Ministry of Finance Trade & Investment

# NOTES TO THE PUBLIC ACCOUNTS

- Office of the Deputy Governor
- Ministry Education Youth, Sports & Library Services
- Office of the Director of Public Prosecutions
- Ministry Home Affairs Transportation & Communication
- Ministry of Infrastructure Housing & Planning
- Ministry of Tourism Environment Heritage & Culture
- Ministry of Health Agriculture & Human Services
- House of Assembly
- Office of The Premier & District Administration

## 1.3 Controlled entities

NAME OF ENTITY	Domicile/ Jurisdiction	Classification	Legal Form	TCIG Controlled	Consolidated (Y/N)
Integrity Commission	TCI	Controlled	By Ordinance	100%	N
Complaints Commission	TCI	Controlled	By Ordinance	100%	N
Financial Intelligence Agency	TCI	Controlled	By Ordinance	100%	N
Human Rights Commission	TCI	Controlled	By Ordinance	100%	N
Invest Turks and Caicos	TCI	Controlled	By Ordinance	100%	N
Turks and Caicos Islands Community College	TCI	Controlled	By Ordinance	100%	N
Turks and Caicos Islands National Trust	TCI	Controlled	By Ordinance	100%	N
Turks and Caicos Islands Tourist Board	TCI	Controlled	By Ordinance	100%	N
Turks and Caicos Islands Civil Aviation Authority	TCI	Controlled	By Ordinance	100%	N
National Health Insurance Board	TCI	GBE	By Ordinance	100%	N
National Insurance Board	TCI	GBE	By Ordinance	100%	N
Turks and Caicos Islands Airport Authority	TCI	GBE	By Ordinance	100%	N
Turks and Caicos Islands Financial Services Commission	TCI	GBE	By Ordinance	100%	N
Turks and Caicos Islands Port Authority	TCI	GBE	By Ordinance	100%	N
Turks and Caicos Telecommunication Commission	TCI	GBE	By Ordinance	100%	N

Controlled - Funded by TCIG

GBE - Government Business Entities - Funded by their commercial operations

TCI - Turks and Caicos Islands

These entities are not reported in the Annual Statement of Public Accounts as each entity currently reports under differing accounting policies and bases. These controlled entities will be consolidated once consistent policies and basis of reporting have been applied. The Accountant General, pursuant to S12 of the PFM Ordinance, directed that all Constitutional and Statutory Bodies use the Accrual Basis of Accounting for all financial periods beginning on or after April 1, 2018.

# NOTES TO THE PUBLIC ACCOUNTS

Controlled entities prepare their own separate annual statement of public accounts which are subject to audit. Current audited financial statements are not available nonetheless; the unaudited consolidated cash position is presented for the first time in these Reports and is shown at Note 10.3

## **1.4 Reporting period**

The reporting and budget period for these Annual Statements of Public Accounts is the financial year 2017-18 which spans April 1, 2017 to March 31, 2018. The prior period refers to financial year 2016-17 (2017).

## **1.5 Restatement**

Where there is a change in the presentation or classification of items the comparative amounts have been restated unless otherwise indicated.

## **1.6 Reporting currency**

The Annual Statement of Public Accounts are presented in United States Dollars (USD), which is the legal tender of the Turks and Caicos Islands (TCI) and the functional and reporting currency.

Figures in these Annual Statement of Public Accounts have been rounded off to the nearest thousands of USD, unless otherwise stated.

## **1.7 Foreign currency transactions**

Transactions in currencies other than the USD are initially recorded at the rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than USD are recognized in the Statement of Cash Receipts and Payments, but are not disclosed separately.

# NOTES TO THE PUBLIC ACCOUNTS

## **1.8 Classification of accounts**

The Statement of Public Accounts are classified in the same format as the National Budget and in accordance with the approved Chart of Accounts.

## **1.9 External assistance**

TCIG received external assistance in the form of grants from multilateral and bilateral donor agencies under agreements specifying the purposes for which the assistance will be utilized. External assistance received in cash is recorded in the Statement of Cash Receipts and Payments.

## **1.10 Payments by third parties**

Payments made by third parties and technical assistance provided by third parties do not constitute cash receipts or payments controlled by TCIG. However TCIG benefits from goods and services purchased on its behalf as a result of cash payments and contribution of services made by external third parties during the reporting period. Payments by third parties are disclosed on the face of the Statement of Cash Receipts and Payments if during the reporting period there has been notification that such payment has been made or the entity has otherwise been able to verify the payment.

## **1.11 Compensation of Employees**

Compensation of employees includes salaries and wages for all TCIG employees including the members of the House of Assembly (HOA). It also includes employee benefits such as National Health Insurance Plan (NHIP) and National Insurance Board (NIB) contributions, allowances and other related-employment costs. All payments are reflected in the Statement of Receipts and Payments, when paid (Note 5.1).

TCIG operates a discretionary non-contributory pension scheme for staff employed before the 5th April 1992 under the Pensions Ordinance. The costs for this scheme are recorded as statutory charges against the revenues of TCIG. Staff eligible under the scheme may be entitled to receive a pension based on salary and length of service of which a proportion can be converted to a lump sum gratuity payment, which is being phased out. Eligibility to the scheme ceased following the



# NOTES TO THE PUBLIC ACCOUNTS

introduction of the National Insurance Ordinance on the 5th April 1992 when all new employee pension entitlements are to be met from the NIB scheme. Under the NIB Scheme TCIG and employees both contribute to the Fund.

In 2012 there was an amendment to the Pension Ordinance which allowed for a five-year transitional period after which persons would no longer be eligible to receive a TCIG pension. However there will still exist a liability for pensions relating to legislators as it is not affected by the aforementioned amendment.

The Retiring Allowances (Legislative Service) Ordinance provides for retiring allowances to be paid to persons who have served a legislators, and for allowances to be paid to their widows and children. Annual provisions are made in the Approved Budget to meet these payments as they will fall due.

The most recent actuarial valuation (2017) is included in the Statement of Contingent Liabilities at Note 18.2. The next actuarial valuation is due by March 31, 2019. No further provision has been made in the annual statement of public accounts for the current or future liabilities incurred under the pension ordinances. Pension payments made during the year are recorded in the Statement of Cash Receipts and Payments.

## **1.12 Borrowing**

Borrowings comprise cash inflows from banks, similar lending agencies and commercial institutions.

## **1.13 Contingent Liabilities**

Contingent liabilities are recorded in the Statement of Contingent Liabilities (on memorandum basis) when the contingency becomes evident and under the cash accounting method. They are recognized only when the contingent event occurs and payment is made or the likelihood of the event can be reasonably foreseen. (Note 18).

# NOTES TO THE PUBLIC ACCOUNTS

## 2. CASH AND CASH EQUIVALENTS

		<b>31-Mar-18</b>	<b>31-Mar-17</b>
<b>Cash and Cash Equivalents</b>		<b>US\$'000</b>	<b>US\$'000</b>
<b><u>Cash &amp; Domestic Banks</u></b>			
Cash Accounts		314	1,619
CIBC First Caribbean International Bank (Bahamas) Limited		11,931	8,200
Scotiabank (Turks and Caicos) Limited		89,792	55,976
TCI Bank Limited		724	724
<b>Total Cash and Domestic Bank balances</b>		<b>102,761</b>	<b>66,520</b>
<b><u>International Bank Accounts</u></b>			
Crown Agents Bank - Pounds Sterling		222	226
Crown Agents Bank - USD		6	6
<b>Total International Bank Accounts</b>		<b>228</b>	<b>232</b>
<b>Total Cash and Cash Equivalents</b>		<b>102,990</b>	<b>66,752</b>
<b>Attributable to:</b>			
Consolidated Fund	10.2	74,548	39,514
Development Fund	10.4	23,391	22,109
National Forfeiture Fund	10.5	5,051	5,129
<b>Total Cash and Cash Equivalents</b>		<b>102,990</b>	<b>66,752</b>

Cash and cash equivalents comprise cash on hand, cash at bank and deposits on call with maturity of three months or less from the date of acquisition. The funds which are held in local and international bank accounts are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purpose of the Statement of Cash Receipts and Payments, cash and cash equivalents consist of cash and short term deposits as defined above.

TCIG's bank balances totaling \$103.0 million (2017: \$66.8 million) include cash that is not available for use by TCIG or subject to external restrictions and cannot be used by TCIG in pursuit of its own objectives:

- Other deposits and funds held in trust for third parties amounting to \$5.3 million (2016: \$3.8 million) are designated for specific purposes and cannot be used otherwise.

# NOTES TO THE PUBLIC ACCOUNTS

- Deposits in the National Forfeiture Funds (NFF) bank account of \$5.1 million (2017: \$5.1 million) which can only be used in accordance with the Proceeds of Crime Ordinance 2009. (Note 10.5).

TCIG also holds deposits at the TCI Bank Limited which was placed in provisional liquidation on April 9, 2010 and liquidation on October 29, 2010. The balances held at TCI Bank Limited are shown at cost without a provision for impairment although, based on reports published by the liquidator, TCIG does not expect to recover the full amounts shown. To date, 40% of the full amounts have been repaid.

## 3. UNDRAWN BORROWINGS FACILITIES

The TCIG has approved undrawn facilities of \$15.4 million (2017: \$15.0 million).

## 4. RECEIPTS

Receipts represent cash received by the Government. All receipts are paid into the Consolidated Fund during the financial year, and comprise taxes on goods and services, duties and non-tax receipts such as fees fines & permits, licenses, transfers from controlled entities and finance income.

### 4.1 Taxes on goods and services

	31-Mar-18 US\$'000	31-Mar-17 US\$'000
Hotel and Restaurant Tax	59,152	61,544
Stamp Duty on Land Transactions	26,554	27,684
Communications Tax	4,820	5,666
Gaming Machine Tax	3,782	3,432
Seaport Departure Tax	3,133	3,200
Stamp Duty - Vehicle Hire	1,351	1,424
Insurance Premium Tax	814	795
Bank Services Tax	756	706
Other Taxes	560	907
<b>Total taxes on goods and services</b>	<b>100,922</b>	<b>105,359</b>

# NOTES TO THE PUBLIC ACCOUNTS

## 4.2 Duties (excluding stamp duty)

	31-Mar-18 US\$'000	31-Mar-17 US\$'000
Import Duties	67,935	70,053
Customs Processing Fees	33,464	29,260
Fuel Tax	8,547	9,890
Duty Free Shops Royalties	932	939
Aviation Fuel Royalties	571	665
<b>Total duties (excluding stamp duty)</b>	<b>111,450</b>	<b>110,807</b>

## 4.3 Licences

	31-Mar-18 US\$'000	31-Mar-17 US\$'000
Vehicle Licence	3,582	3,776
Telecommunications Licences	3,420	3,905
Business Licence Renewals	2,380	2,498
Drivers Licences	837	773
Fishing Licences	292	329
Gaming Location Licences	244	207
Liquor Licences	185	194
Gun Licence	101	103
Casino Licences	50	75
Other Licences	23	35
<b>Total licences</b>	<b>11,113</b>	<b>11,895</b>

## NOTES TO THE PUBLIC ACCOUNTS

### 4.4 Fees, fines and permits

	31-Mar-18 US\$'000	31-Mar-17 US\$'000
Work Permits	16,370	17,650
Permanent Residency Fees	1,933	2,453
Temporary Work Permits	1,117	1,377
Labour Clearance Fees	857	766
PDA application fees	716	852
Work Permits Repatriation Program	456	1,056
Fines and forfeitures	348	526
Audit fees	320	-
National Parks Fees	253	261
Migrant Processing Fee	204	183
Registration fees	197	171
Fees for Official Searches and Inspections	166	188
Naturalisation Fees	147	186
Court and Office fees	138	149
Other Fees and Charges	462	484
<b>Total fees, fines and permits</b>	<b>23,682</b>	<b>26,302</b>

### 4.5 Transfers from controlled entities

	31-Mar-18 US\$'000	31-Mar-17 US\$'000
Turks and Caicos Islands Financial Services Commission	2,517	-
Turks and Caicos Islands Telecommunications Commission	2,063	500
Turks and Caicos Islands Port Authority	1,519	24
<b>Total transfers from controlled entities</b>	<b>6,100</b>	<b>524</b>

### 4.6 Finance Income

	31-Mar-18 US\$'000	31-Mar-17 US\$'000
Interest Income	532	486
Bond Interest	77	104
<b>Total finance income</b>	<b>609</b>	<b>590</b>

# NOTES TO THE PUBLIC ACCOUNTS

Interest income is primarily related to earnings on TCIG's loan portfolio, included in the Statement of Loans Receivable, (Note 14). Bond interest relates to interest on the bond repurchase programme included in the Statement of Investments Held by TCIG (Note 13).

## 4.7 External assistance

	31-Mar-18 US\$'000	31-Mar-17 US\$'000
European Union (EU) Grant - Budgetary support	4,780	3,298
Other Grants and External Assistance	-	-
<b>Total grants from multilateral agencies</b>	<b>4,780</b>	<b>3,298</b>

## 4.8 Other receipts

	31-Mar-18 US\$'000	31-Mar-17 US\$'000
Insurance Proceeds	15,284	-
Overtime Costs Recovered	2,982	3,091
Sale of Water	784	712
Crown Land Rents	698	659
Land Sales	692	851
Visas	537	395
Legal Fees Recovered	296	334
Warehouse Rents	264	183
Scholarship Contributions	261	127
Sale of Text Book	167	133
Travel Documents	160	153
Sale of Stamps	136	144
Printing for Third Parties	110	165
Revenue Heads with Totals less than \$110 thousand	1,143	1,376
<b>Total other revenue</b>	<b>23,516</b>	<b>8,323</b>

## 5. PAYMENTS

All expenses are recognized in the statement of Cash Receipts and Payments when paid.

Under the cash basis of accounting, consumable supplies as well as purchases of property, plant and equipment are expensed in the period in which they are paid.

# NOTES TO THE PUBLIC ACCOUNTS

## 5.1 Compensation of employees

	31-Mar-18 US\$'000	31-Mar-17 US\$'000
Salaries and Wages	62,723	59,699
Contribution to Pension and Health Plans	4,980	4,623
Housing Allowances	3,987	3,380
Transport Allowances	892	808
Telephone Allowances	684	557
Other Allowances	5,408	5,150
<b>Total compensation of employees</b>	<b>78,673</b>	<b>74,217</b>
<b>Compensation to Members of the House of Assembly</b>	31-Mar-18 US\$'000	31-Mar-17 US\$'000
Salaries - Ministers and Members	1,743	1,640
Contribution to Pension and Health Plans for Ministers and Members	82	72
Allowances for Ministers and Members	240	225
<b>Total compensation of members of the House of Assembly</b>	<b>2,065</b>	<b>1,937</b>
<b>Total compensation of employees</b>	<b>80,738</b>	<b>76,153</b>

## 5.2 Pensions and gratuities

	31-Mar-18 US\$'000	31-Mar-17 US\$'000
Pensions	5,425	4,628
Gratuities	937	1,264
<b>Total pensions and gratuities</b>	<b>6,361</b>	<b>5,892</b>

## 5.3 Finance Costs

	31-Mar-18 US\$'000	31-Mar-17 US\$'000
<b>Finance Cost</b>	<b>984</b>	<b>1,260</b>

## NOTES TO THE PUBLIC ACCOUNTS

### 5.4 Subventions

	31-Mar-18 US\$'000	31-Mar-17 US\$'000
TCI Tourist Board	2,849	3,432
TCI Community College	2,717	2,392
Invest Turks and Caicos	2,220	2,912
Integrity Commission	1,493	1,230
TCI Civil Aviation Authority	1,126	1,293
National Audit Office	-	636
Human Rights Commission Expenses	387	385
Financial Intelligence Agency	284	275
Complaints Commissioner's Office	242	218
TCI National Trust	150	150
<b>Total subventions</b>	<b>11,469</b>	<b>12,924</b>



# NOTES TO THE PUBLIC ACCOUNTS

## 5.5 Other operating expenses

	31-Mar-18 US\$'000	31-Mar-17 US\$'000
Medical Treatment - Transfers to NHIB	35,885	26,562
Hospital Provisional Charges	20,692	20,171
Maintenance Expenses	9,178	8,894
Grants and Contributions	6,464	6,652
Rental of Assets	4,690	5,118
SIPT Court Cases	4,375	4,837
Special Investigation and Prosecution Team (SIPT)	3,731	4,341
Utilities	3,009	3,240
Professional and Consultancy Services	2,996	2,497
Local Travel and Subsistence	2,573	2,696
Claims Against Government	2,141	1,210
Recurrent Sub Programmes and Projects	2,041	2,371
Social Welfare	1,864	1,643
Communications Expenses	1,390	1,565
International Travel and Subsistence	1,369	1,708
Security Expenses	1,257	1,309
Insurance	1,185	954
Other Supplies Materials and Equip	1,183	708
Repatriation and Exportation Expens	1,137	832
Data Communication	1,106	1,651
Office Expenses	1,099	2,509
Fuel	1,078	925
Bank Charges	1,168	1,419
Statutory Land Acquisition	989	487
Civil Recovery Costs	729	901
Hosting and Entertainment	583	888
Computer Licence Software and Hardware Maintenance	577	1,135
Expenditure Accounts less than \$500 thousand	4,819	4,424
<b>Total other operating expenditure</b>	<b>119,306</b>	<b>111,646</b>

# NOTES TO THE PUBLIC ACCOUNTS

## 5.6 External Assistance from Third Parties

STATEMENT OF EXTERNAL ASSISTANCE PROVIDED BY THIRD PARTIES				31-Mar-18 US\$'000	31-Mar-17 US\$'000
	Multilateral	Bilateral	Other	Total	Total
Office of the Governor	7	2		8	-
Ministry of Finance, Trade and Investment		63		63	13,400
Ministry of Education Youth Culture and Library Services	34		36	70	27
Ministry of Home Affairs, Transportation & Communication	940		1,052	1,992	43
Ministry of Infrastructure, Housing & Planning			20	20	2
Ministry of Tourism, Environment & Heritage			9	9	
Ministry of Health, Agriculture, Human Services & Sports	173		165	338	105
Office of the Premier and District Administration				-	3
<b>Total External Assistance From Third Parties</b>	<b>1,154</b>	<b>65</b>	<b>1,282</b>	<b>2,500</b>	<b>13,581</b>

External assistance provided by third parties includes payments from multilateral agencies such as the United Nations Children's Fund (UNICEF), Caribbean Development Bank (CDB), Caribbean Regional Technical Assistance Centre (CARTAC) and the Department for International Development (DFID). Assistance included hurricane relief supplies and relief related activities as well as sponsoring workshops and seminars both locally and internationally.

Other third party payments were mostly made by local private organizations that provided various forms of social assistance, primarily in the aftermath of the tropical cyclones.

## 6. COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### 6.1 Changes from original to final budget

The approved budget was developed on the cash basis of accounting and using classifications for the same period (from April 1, 2017 to March 31, 2018) as the Annual Statement of Public Accounts. The approved budget includes the entities listed at Note 1.3.

The original budget was approved by the House of Assembly on 24<sup>th</sup> April 2017. Two supplemental appropriations were approved by the House of Assembly on 17<sup>th</sup> February 2018 and 28<sup>th</sup> March

# NOTES TO THE PUBLIC ACCOUNTS

2018 respectively. These resulted in an overall decrease in budgeted expenditure of \$36.9 million for the fiscal year.

## **6.2 Comparison of budget and actual amounts**

### **6.2.1 Comparison of receipts**

Revenue for the fiscal year was \$8.2 million (3%) above budget despite the impact of two tropical cyclones. There was no revision of the revenue estimates. While taxes on goods and services performed below budget as a result of the hurricanes, duties (excluding stamp duty) again performed above budget and was bolstered by insurance pay-outs, receipts of the first tranche of the 11<sup>th</sup> EDF grant as well as transfers from controlled entities.

### **6.2.2 Comparison of payments**

Enforcement of expenditure control measures and improved financial management resulted in actual payments being \$9.9 million (4%) below budget for the fiscal year. The main contributors to this outturn were the reduction in compensation to employees and other operating expenses. In the case of compensation of employees, expenditure for the year was \$2.4 million (3%) below budget, due to delays in the recruitment of new staff, while other operating expenses, recorded savings of \$6.6 million (13%).

# NOTES TO THE PUBLIC ACCOUNTS

## 6.3 Statement of Comparison of Budget and Actual Amounts by Budgetary Entity



**GOVERNMENT OF THE TURKS AND CAICOS ISLANDS**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS BY FUNCTION**  
**For Budgetary Entities Only**  
**For Financial Year Ended March 31, 2018**  
*(Budget approved on the Cash Basis)*

	31-Mar-18					31-Mar-17
	Original Budget US\$'000	Revised Budget US\$'000	Actual Results US\$'000	Variance US\$'000	Percentage Variance %	Actual Results US\$'000
<b>RECEIPTS</b>						
Office of the Governor	1,193,528	1,193,528	320,163	(873)	(73%)	-
Police	112	112	101	(11)	(10%)	103
Attorney General's Chambers	30,446	30,446	27,683	(2,763)	(9%)	28,779
Judiciary	944	944	670	(274)	(29%)	870
Statutory Charges	500	500	692	192	38%	4,149
Ministry Border Control & Employment	27,556	27,556	23,245	(4,311)	(16%)	25,910
Ministry of Finance Trade & Investment	201,578	201,578	217,013	15,436	8%	194,825
Ministry Education Youth, Sports & Library Services	417	417	490	74	18%	361
Ministry Home Affairs Transportation & Communication	4,283	4,283	4,739	456	11%	5,022
Ministry of Infrastructure Housing & Planning	1,431	1,431	1,537	106	7%	1,604
Ministry of Tourism Environment Heritage & Culture	5,158	5,158	5,343	185	4%	5,146
Ministry of Health Agriculture & Human Services	353	353	338	(16)	(4%)	330
<b>Total receipts</b>	<b>273,971</b>	<b>273,971</b>	<b>282,172</b>	<b>8,201</b>	<b>3%</b>	<b>267,100</b>
<b>PAYMENTS</b>						
Office of the Governor	6,364	5,255	4,727	528	10%	4,669
Police	25,174	25,064	23,909	1,155	5%	24,283
Attorney General's Chambers	6,407	5,888	5,357	530	9%	5,878
Judiciary	9,451	8,597	7,950	647	8%	8,669
Statutory Charges	18,143	14,429	12,693	1,736	12%	10,609
Ministry Border Control & Employment	8,204	8,170	7,844	326	4%	6,854
Ministry of Finance Trade & Investment	19,085	17,392	15,343	2,049	12%	16,585
Office of the Deputy Governor	2,393	2,144	2,009	136	6%	2,174
Ministry Education Youth, Sports & Library Services	29,579	28,744	28,295	449	2%	27,390
Office of the Director of Public Prosecutions	1,566	1,517	1,290	227	15%	1,229
Ministry Home Affairs Transportation & Communication	11,353	10,505	10,391	114	1%	10,121
Ministry of Infrastructure Housing & Planning	16,510	16,615	16,573	42	0%	16,460
Ministry of Tourism Environment Heritage & Culture	7,478	6,890	6,256	634	9%	6,716
Ministry of Health Agriculture & Human Services	62,305	72,489	71,498	991	1%	61,271
House of Assembly	3,125	2,890	2,763	126	4%	2,799
Office of The Premier & District Administration	2,461	2,183	1,960	224	10%	2,167
<b>Total payments</b>	<b>229,599</b>	<b>228,772</b>	<b>218,858</b>	<b>9,914</b>	<b>4%</b>	<b>207,874</b>
<b>Operating surplus</b>	<b>44,372</b>	<b>45,199</b>	<b>63,314</b>	<b>18,115</b>	<b>40%</b>	<b>59,226</b>

# NOTES TO THE PUBLIC ACCOUNTS

## **7. PRIOR PERIOD ADJUSTMENTS**

Prior period adjustments relate mainly to the recording of assets acquired through the Development Fund. (Note 15)

## **8. AUTHORISATION DATE**

These Annual Statement of Public Accounts have been authorized for submission to the Auditor General on 31<sup>st</sup> July 2018 by the Accountant General, through the Permanent Secretary, Ministry of Finance Trade and Investment.

The Statement shall be published as soon as possible after it has been audited by the Auditor General, but within nine months of the end of the financial year. The Auditor General has the power to amend the Annual Statement Public Accounts, if deemed necessary, during the course of the audit.

## SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

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# SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

## 9. Statement of Financial Position



### GOVERNMENT OF THE TURKS AND CAICOS ISLANDS STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2018

	Notes	31-Mar-18 US\$'000	31-Mar-17 US\$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	102,990	66,752
Receivables from exchange transactions	12	2,897	2,746
<b>Total current assets</b>		<b>105,887</b>	<b>69,498</b>
<b>Non-current assets</b>			
Financial assets - investments	13	2,703	3,069
Receivables from exchange transactions	14	14,169	10,269
Development Fund Assets		72,625	72,625
<b>Total non-current assets</b>		<b>89,497</b>	<b>85,964</b>
<b>Total assets</b>		<b>195,383</b>	<b>155,462</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables from exchange transactions	16	6,912	5,536
Current portion of borrowings	17	10,389	11,697
<b>Total current liabilities</b>		<b>17,301</b>	<b>17,233</b>
<b>Non-current liabilities</b>			
Provision for Uncollectible Accounts	14	2,602	
Borrowings	16	9,394	20,679
<b>Total non-current liabilities</b>		<b>11,997</b>	<b>20,679</b>
<b>Total liabilities</b>		<b>29,297</b>	<b>37,912</b>
<b>Net Assets</b>		<b>166,086</b>	<b>117,550</b>
Supported by:			
<b>FUND BALANCES</b>			
Consolidated Fund		137,644	90,312
Development Fund	10.4	23,391	22,109
National Forfeiture Fund	10.5	5,051	5,129
<b>Total fund balances</b>		<b>166,086</b>	<b>117,550</b>

# SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

## 10. Cash Flow Statements

### 10.1 Statement of Cash Flows – Combined



#### GOVERNMENT OF THE TURKS AND CAICOS ISLANDS

#### STATEMENT OF CASH FLOWS

#### For Budgetary Entities Only

For Financial Year Ended March 31, 2018

	Notes	31-Mar-18 US\$'000	31-Mar-17 US\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS</b>			
Taxes on goods and services	4.1	100,922	105,359
Duties (excluding stamp duty)	4.2	111,450	110,807
Licences	4.3	11,113	11,895
Fees, fines and permits	4.4	23,682	26,302
Transfers from controlled entities	4.5	6,100	524
Finance income	4.6	609	590
Grants and aid	4.7	4,780	3,298
Other receipts	4.8	23,516	8,323
<b>Total receipts</b>		<b>282,172</b>	<b>267,100</b>
<b>PAYMENTS</b>			
Compensation of employees	5.1	80,738	76,153
Pensions and gratuities	5.2	6,361	5,892
Finance cost	5.3	984	1,260
Subventions to statutory bodies	5.4	11,469	12,924
Other operating expenses	5.5	119,306	111,646
<b>Total payments</b>		<b>218,858</b>	<b>207,873</b>
<b>Cash flows from operating activities</b>		<b>63,314</b>	<b>59,227</b>
Net Increase in accounts Receivable	12	(151)	(15)
Net Increase in Accounts Payable	16	1,375	1,313
Net Increase/(decrease) in National Forfeiture Fund	10.5	(78)	3,175
<b>Net cash flows from operating activities</b>		<b>64,460</b>	<b>63,699</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure	10.4	(16,058)	(23,509)
Investment in Financial Assets	13	1,359	-
Held-to-maturity investment			-
Proceeds from principal loan repayments	14	(1,297)	404
Proceeds from financial assets - investments	13	367	367
<b>Net cash flows from investing activities</b>		<b>(15,628)</b>	<b>(22,738)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New borrowing			
Repayment of borrowings	17	(12,593)	(11,905)
<b>Net cash flows from financing activities</b>		<b>(12,593)</b>	<b>(11,905)</b>
<b>Net increase in cash and cash equivalents</b>		<b>36,238</b>	<b>29,057</b>
Cash and cash equivalents at the beginning of the year		66,752	37,695
<b>Cash and cash equivalents at the end of the year</b>	2	<b>102,990</b>	<b>66,752</b>



## SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

### 10.2 Statement of Cash flows – Consolidated Fund



#### GOVERNMENT OF THE TURKS AND CAICOS ISLANDS STATEMENT OF CASH FLOWS - CONSOLIDATED FUND For Financial Year Ended March 31, 2018

(All figures in US\$'000)			31-Mar-18	31-Mar-17
	Notes		Receipts/ Payments	Receipts/ Payments
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
<i>Government Revenue</i>				
Taxes on goods and services	4.1		100,922	105,359
Duties (excluding stamp duty)	4.2		111,450	110,807
Licences	4.3		11,113	11,895
Fees, fines and permits	4.4		23,682	26,302
Transfers from controlled entities	4.5		6,100	524
Finance income	4.6		609	590
Grants and aid	4.7		4,780	3,298
Other receipts	4.8		23,516	8,323
<b>Total receipts from operating activities</b>			<b>282,172</b>	<b>267,098</b>
<b>Payments</b>				
Compensation of employees	5.1		80,738	76,153
Pensions and gratuities	5.2		6,361	5,892
Finance cost	5.3		984	1,260
Subventions to statutory bodies	5.4		11,469	12,924
Other operating expenses	5.5		119,306	111,646
<b>Total payments</b>			<b>218,858</b>	<b>207,873</b>
<b>Cash flows from operating activities</b>			<b>63,314</b>	<b>59,225</b>
Net Increase in accounts Receivable	12		(151)	(15)
Net Increase in Accounts Payable	16		1,376	1,313
<b>Net cash flows from operating activities</b>			<b>64,538</b>	<b>60,522</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Capital expenditure	10.4		(16,058)	23,509
Transfer to the development fund			(1,282)	(30,348)
Investment in Financial Assets	14		1,359	
Held-to-maturity investment			-	-
Proceeds from principal loan repayments	14		(1,297)	404
Proceeds from financial assets - investments	13		367	367
<b>Net cash flows from investing activities</b>			<b>(16,911)</b>	<b>(6,067)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
New borrowing				
Repayment of borrowings	17		(12,593)	(11,905)
<b>Net cash flows from financing activities</b>			<b>(12,593)</b>	<b>(11,905)</b>
<b>Net increase in the Consolidated Cash &amp; Cash Equivalents</b>			<b>35,034</b>	<b>42,550</b>
<b>Consolidated Fund Cash and Cash Equivalents at the beginning of the year</b>			<b>39,514</b>	<b>(3,036)</b>
<b>Consolidated cash and cash equivalents at the end of the year</b>	2		<b>74,548</b>	<b>39,514</b>

# SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

## 10.3 Statement of Cash flows – Consolidated Government-wide



### GOVERNMENT OF THE TURKS AND CAICOS ISLANDS STATEMENT OF CASH FLOWS - GOVERNMENT-WIDE For Financial Year Ended March 31, 2018

		TCIG	STATUTORY BODIES	CONSOLIDATED
		31-Mar-18	31-Mar-18	31-Mar-18
	Notes	US\$'000	US\$'000	US\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>RECEIPTS</b>				
Taxes on goods and services	4.1	100,922		100,922
Duties (excluding stamp duty)	4.2	111,450		111,450
Licences	4.3	11,113		11,113
Fees, fines and permits	4.4	23,682		23,682
Transfers from controlled entities	4.6	6,100		-
Finance income	4.5	609		609
Grants and aid	4.8	4,780		4,780
Other receipts	4.7	23,516	175,223	187,513
<b>Total receipts</b>		<b>282,172</b>	<b>175,223</b>	<b>440,069</b>
<b>PAYMENTS</b>				
Compensation of employees	5.1	80,738	16,959	97,697
Pensions and gratuities	5.2	6,361		6,361
Finance cost	5.3	984		984
Subventions to statutory bodies	5.4	11,469		242
Other operating expenses	5.5	119,306	87,353	206,658
Transfer to TCIG		-	6,100	-
<b>Total payments</b>		<b>218,858</b>	<b>110,411</b>	<b>311,943</b>
<b>Cash flows from operating activities</b>		<b>63,314</b>	<b>64,812</b>	<b>128,126</b>
Net Increase in accounts Receivable	12	(151)	(1,366)	(1,517)
Net Increase in Accounts Payable	16	1,375	(1,465)	(90)
Net Movement in Prepayments		-	217	217
Net Movement in Accruals		-	5,304	5,304
Net Increase/(decrease) in National Forfeiture Fund	10.5	(78)		(78)
<b>Net cash flows from operating activities</b>		<b>64,460</b>	<b>67,502</b>	<b>131,961</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Capital expenditure	10.4	(16,058)	(6,697)	(22,755)
Disposal of Property, Plant & Equipment			(35)	(35)
Investment in Financial Assets	14	1,359		1,359
Held-to-maturity investment				-
Proceeds from principal loan repayments	14	(1,297)		(1,297)
Proceeds from financial assets - investments	13	367	(33,573)	(33,206)
<b>Net cash flows from investing activities</b>		<b>(15,628)</b>	<b>(40,305)</b>	<b>(55,934)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Related Party Financing			(45)	(45)
Deferred Revenue			(68)	(68)
Repayment of borrowings	16	(12,593)	(8,895)	(21,489)
<b>Net cash flows from financing activities</b>		<b>(12,593)</b>	<b>(9,009)</b>	<b>(21,602)</b>
<b>Net increase in cash and cash equivalents</b>		<b>36,238</b>	<b>18,188</b>	<b>54,425</b>
Cash and cash equivalents at the beginning of the year		66,752	62,779	129,531
<b>Cash and cash equivalents at the end of the year</b>	2	<b>102,990</b>	<b>80,966</b>	<b>183,956</b>

## SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

### 10.4 Statement of Cash Flows - Development Fund



GOVERNMENT OF THE TURKS AND CAICOS ISLANDS  
STATEMENT OF DEVELOPMENT FUND CASH FLOWS  
For the Financial Year Ended March 31, 2018

	TCIG Funded Projects	UK DFID Programme Education & Health	UK/TCI Development Aid No 2 Account	Other UK Development Programmes	CDB Basic Needs Trust Fund Programmes	Grants from Other Private Sources	31-Mar-18 \$'000	31-Mar-17 \$'000	Estimates
<i>figures in US\$'000</i>									
<b>Development Fund Balance at the beginning of the year</b>	<b>21,501</b>	<b>45</b>	<b>33</b>	<b>34</b>	<b>117</b>	<b>378</b>	<b>22,109</b>	<b>15,271</b>	
Consolidated Fund Contribution	17,762						17,762	31,544	20,279
Grants Received							-	-	
<b>Total Capital Receipts</b>	<b>17,762</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,762</b>	<b>31,544</b>	<b>20,279</b>
Funds Reverting to the CF	420						420		
Expenditure not requiring commitment	54						54	2,451	
Other Expenditure	16,005						16,005	21,059	20,279
<b>Total Capital Expenditure</b>	<b>16,480</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,480</b>	<b>23,509</b>	<b>20,279</b>
<b>Surplus/ (Deficit)</b>	<b>1,282</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,282</b>	<b>8,035</b>	<b>-</b>
<b>Development Fund Balance at the end of the year</b>	<b>22,783</b>	<b>45</b>	<b>33</b>	<b>34</b>	<b>117</b>	<b>378</b>	<b>23,391</b>	<b>23,305</b>	<b>-</b>

The Development Fund contains such monies that have been appropriated from the Consolidated Fund for the specific purpose of funding TCIG capital development programmes each year. It also contains cash received by way of grants as external development aid and funds received from the proceeds of loans raised by TCIG for any scheme, project or programme or generally for the purpose of the Development Fund.

The PFM Ordinance governing the Fund was amended in 2016 to allow for any unexpended moneys to remain in the Fund at the end of the financial year if the moneys were still required to meet any expenditure or commitment under the Fund. The prior year balances have been restated to reflect this amendment.

At the end of the year, the Fund had a balance of \$23.4 million available for use in the new financial year.

## SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

### 10.5 Statement of Cash Flows - National Forfeiture Fund



**GOVERNMENT OF THE TURKS AND CAICOS ISLANDS**  
**STATEMENT OF CASH FLOWS - NATIONAL FORFEITURE FUND**  
**For Financial Year Ended March 31, 2018**

(All figures in US\$'000)	31-Mar-18 Receipts/ Payments	31-Mar-17 Receipts/ Payments
<b>Receipts</b>		
Transfer from Money Laundering Authority Account	-	3,300
Other Receipts	37	-
<b>Total receipts</b>	<b>37</b>	<b>3,300</b>
<b>Payments</b>		
<i>Transfer to Consolidated fund</i>		
<i>Other Payments</i>	116	125
<b>Total payments</b>	<b>116</b>	<b>125</b>
<b>Net (decrease) in National Forfeiture Fund balance</b>	<b>(78)</b>	<b>3,175</b>
National Forfeiture Fund balance at the beginning of the financial year	5,129	1,954
<b>National Forfeiture Fund balance at the end of the financial year</b>	<b>5,051</b>	<b>5,129</b>

The National Forfeiture Fund (NFF) was established to hold monies recovered under confiscation or forfeiture orders. The funds may only be withdrawn for purposes defined by the Proceeds of Crime Ordinance 2009. The NFF is accounted for separately and held in a special bank account at First Caribbean International Bank. The bank account balance as at March 31, 2018 was \$5.1 million (2017: \$5.1 million).

The Fiscal Framework Document (FFD) requires that the NFF transfers to the Consolidated Fund all amounts over and above \$2.0 million not being held in escrow at the end of each financial year. No amount is to be transferred from the NFF to the Consolidated Fund for the year ended March 31, 2018 (2017: nil).

## SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

### 11.STATEMENT OF AMOUNTS GUARANTEED BY TCIG

There are currently no guarantees given by TCIG.

### 12.STATEMENT OF OUTSTANDING ADVANCES

	31-Mar-18 US\$'000	31-Mar-17 US\$'000
Staff loans and advances	38	30
Other receivables and advances	285	142
Loans and advances recommended for write-off	2,574	2,574
<b>Total outstanding advances</b>	<b>2,897</b>	<b>2,746</b>

Receivables from exchange transactions include staff loans and advances to provide assistance with emergency support. These receivables are recorded on the historical cost basis when issued, with irrecoverable amounts written off, when approved by the House of Assembly.

The receivables balance at March 31, 2018 was \$2.9 million (2017: \$2.7 million), which include an amount of \$2.6 million that is considered irrecoverable. Cabinet approval was obtained subsequent to the year-end for the amount to be written-off; and now awaits assent from the House of Assembly. No provision for impairment has been made under the IPSAS Cash Basis of Accounting.

### 13.STATEMENT OF INVESTMENTS HELD BY TCIG

	31-Mar-18 US\$'000	31-Mar-17 US\$'000
Paid Up Shares of the Caribbean Development Bank (CDB)	706	706
Bond Repurchase programme	1,997	2,364
<b>Total financial assets - investment</b>	<b>2,703</b>	<b>3,070</b>

#### 13.1 Paid up shares of CDB

Investments include shares allocated to TCIG by the CDB as one of its member countries. There are 117 shares allocated to TCIG and paid up at March 31, 2018 (2017: 117 shares) with a paid up

## SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

value of \$0.7 million (2017: \$0.7 million). In addition, there are 416 callable shares allocated to TCIG as at March 31, 2018 which have a par value of \$2.5 million, (2017: 416 callable shares with a value of \$2.5 million).

### 13.2 Bond Repurchase Programme

Bond Purchasers	Bond Details	Currency	Purchase Dates	Maturity Dates	Nominal Interest Rate	Original Cost US\$'000	Current Value US\$'000	31-Mar-17 US\$'000
Sagicor Financials	TCIB \$6.5m 8%	US \$	7/22/11	11/1/20	8.00%	3,000	983	1,304
NIS Barbados	RBTT \$15m 7.25%	US \$	5/26/11	1/29/14	7.25%	2,514		
United Reinsurance	RBTT \$15m 7.25%/TCIB 8%	US \$	7/1/11	4/29/14	7.25%	1,812		
United Reinsurance	Citi \$10m 8.75%	US \$	7/1/11	2/8/16	8.75%	1,042	896	896
United Reinsurance	TCIB \$5m 7.5%	US \$	7/1/11	11/1/20	7.50%	417	118	164
<b>Grand Total</b>						<b>\$ 8,785</b>	<b>\$ 1,997</b>	<b>\$ 2,363</b>

TCIG bonds originally issued through Royal Bank of Trinidad and Tobago (RBTT) in 2011 for \$8.8 million with nominal interest rates ranging from 7.25% to 8.75% per annum and with maturity dates ranging from January 2014 to September 2020. For the year ended March 31, 2018 TCIG received \$0.4 million (2017: \$0.4 million) in bond principal repayments.

Based on the cash value of the principal amount outstanding, the current value of these bonds at March 31, 2018 is \$2.0 million (2017: \$2.4 million).

### 14.STATEMENT OF NON-CURRENT LOANS RECEIVABLE FROM EXCHANGE TRANSACTIONS

	31-Mar-18 US\$'000	31-Mar-17 US\$'000
Loans receivable - TCIG	8,236	8,253
Loans receivable - TOLCO	5,932	2,016
<b>Total non-current receivables from exchange transactions</b>	<b>14,169</b>	<b>10,269</b>

Included in loan receivables are outstanding balances due to TCIG in regards to the former TCInvest loan portfolio, which is now being managed by the Office of the Accountant General. These are primarily consumer and mortgage loans, some of which are secured by real estate assets.

## SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

TCIG maintains a life insurance policy for each borrower and the properties used as collateral are insured by reputable insurance carriers, with TCIG being the primary beneficiary on both policies.

The Total Outstanding Loan Company (TOLCO) acquired the non-performing loan portfolio of the former TCInvest as at September 30, 2012 for future consideration. TCIG is compensated at forty cents out of every dollar collected from that portfolio, until it is fully liquidated. These loans were recorded at 40% of their historical cost at the date of the sale, which was the maximum amount which could have been payable to TCIG by TOLCO, under the terms of the sales agreement with TCIG.

	<b>31-Mar-18</b>	<b>31-Mar-17</b>
	<b>US \$</b>	<b>US \$</b>
Provisions for Uncollectable Accounts	2,602	-
<b>Total Provisions</b>	<b>2,602</b>	<b>-</b>

During the financial year TCIG concluded negotiations to repurchase the TOLCO portfolio. The additional portfolio which was purchased at a cost of \$1.4 million has been recorded. However, given the quality of some of these loans TCIG does not expect to recover the full amounts shown; a provision for uncollectible accounts of \$2.6 million has therefore been made. A Cabinet Submission has been made with respect to the recognition of the diminution in value of the portfolio and other related matters, however this matter has not yet been approved.

### 15. STATEMENT OF DEVELOPMENT FUND ASSETS

<b>Financial Year</b>	<b>Asset created during Year</b>	<b>Assets Balance</b>
	<b>US\$'000</b>	<b>US\$'000</b>
FY2010-11	7,274	7,274
FY2011-12	4,230	11,504
FY2012-13	13,967	25,470
FY2013-14	9,116	34,586
FY2014-15	5,805	40,392
FY2015-16	10,521	50,912
FY2016-17	21,713	72,625
FY2017-18	-	72,625
<b>Total Capital Investment</b>		<b>72,625</b>

## SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

### 16. PAYABLES FROM EXCHANGE TRANSACTIONS

	31-Mar-18 US \$	31-Mar-17 US \$
Accounts payable & accruals	1,516	1,520
Refundable deposits	5,396	4,016
<b>Total payables from exchange transactions</b>	<b>6,912</b>	<b>5,537</b>

Payables from exchange transactions are non-interest bearing and are normally settled within a maximum of one year. The balances at March 31, 2018 and March 31, 2017 primarily includes accruals for liabilities relating to claims against TCIG, payments for property related transactions and refundable deposits.

### 17. BORROWINGS

Statement of Outstanding Public Debt	Interest Rates	Outstanding Balance 01-Apr-17 US\$'000	Repayment During 2017/18 US\$'000	Outstanding Balance 31-Mar-18 US\$'000	Finance Cost 2017/18 US\$'000	Current Portion 2017/18 US\$'000	Non-current Borrowings 2017/18 US\$'000
<b>Financial Liabilities - Borrowings</b>	<b>%</b>						
<b>Unsecured</b>							
Caribbean Development Bank	Various	6,720	2,346	4,375	183	1,322	3,053
Citibank Trinidad and Tobago	Various	625	625	-	27	-	-
RBC Royal Bank	7.98	20,556	8,556	12,000	448	8,000	4,000
TCI Bank Limited	Various	4,475	1,067	3,408	326	1,067	2,342
<b>Total unsecured debts</b>		<b>32,376</b>	<b>12,593</b>	<b>19,783</b>	<b>984</b>	<b>10,389</b>	<b>9,394</b>
<b>Total outstanding public debts</b>		<b>32,376</b>	<b>12,593</b>	<b>19,783</b>	<b>984</b>	<b>10,389</b>	<b>9,394</b>

Public debt is comprised of unsecured loans from commercial and development banks, other financial institutions and fixed term bonds.

Total outstanding debts at March 31, 2018 were \$19.8 million (2016: \$32.4 million) after principal debt repayments for the year of \$12.6 million (2017: \$11.9 million). The repayment amount included \$1.0 million paid to Caribbean Development Bank in the early settlement of loans related



## SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

to TCInvest. Total finance costs for the year ended March 31, 2018 were \$1.0 million (2017: \$1.3 million). Non-current borrowings at March 31, 2018 were \$9.4 million (2017: \$20.7 million).

No new borrowing was negotiated or drawn down during this financial year.

### 18.STATEMENT OF CONTINGENT LIABILITIES

The information below is compiled from returns provided by Accounting Officers.		
BY MINISTRY	30-Mar-18 US\$'000	31-Mar-17 US\$'000
Attorney General's Chambers	5,319	15,149
Statutory Charges	426,700	426,700
Ministry of Finance, Trade and Investment	1,121	1,031
Ministry of Education Youth Sports and Library Services	3,316	2,227
Ministry of Home Affairs, Transportation & Communication	151	
Infrastructure, Housing & Planning	5,298	8,913
Ministry of Health and Human Services	-	897,268
<b>Total Contingent Liabilities</b>	<b>441,904</b>	<b>1,351,289</b>

#### 18.1 Attorney General Chambers

TCIG is subject to claims and potential claims related to damages to persons and property, breach of contract and similar items. The value of such claims at the reporting date is \$5.3 million. The effect of legal claims cannot be determined until they are settled or dismissed. No liability has been admitted or is reasonably foreseen. Consequently no provision for claims has been included in the Annual Statement of Public Accounts. Any resulting costs to TCIG will be recorded in the year when ordered or an amount can reasonably be determined.

#### 18.2 Statutory Charges

Statutory charges are the estimated liability for providing pension benefits attributable to years of past service for the TCIG public service as at March 31, 2018. An independent actuarial valuation was conducted and these amounts were assessed to be \$94.4 million as at March 31, 2017. Additionally, the unfunded pension liability totaling \$332.3 million relating to the National Insurance Board at March 31, 2017 has also been reflected. Actuarial assessments are expected to be completed by March 2019; no additional provision has been deemed necessary at this time.

## SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

### 18.3 Ministry of Education, Youth, Sports and Library Services

These sums are in respect of on-going contracts, which are mainly related to infrastructure development.

### 18.4 Ministry of Infrastructure, Housing and Planning

These sums are in respect of on-going contracts, which are mainly related to infrastructure development.

## 19. Statement of Commitments

The information below is compiled from returns provided by Accounting Officers.		
BY MINISTRY	31-Mar-18 US\$'000	31-Mar-17 US\$'000
Office of the Governor	4	16
Police	91	37
Attorney General's Chambers	171	305
Judiciary	91	169
Office of the Deputy Premier & Ministry of Border Control & Employment	146	27
Ministry of Finance, Trade and Investment	345	884
Deputy Governor's Office	7	19
Ministry of Education, Youth, Culture & Library Services	48	101
Office of the Director of Public Prosecutions	2	2
Ministry of Home Affairs, Transportation & Communication	104	1
Ministry of Infrastructure, Housing & Planning	324	113
Ministry of Tourism, Environment & Heritage	12	1,956
Ministry of Health, Agriculture, Human Services & Sports	83	60
House of Assembly	10	-
Office of the Premier and District Administration	43	63
<b>Total Commitments</b>	<b>1,483</b>	<b>3,752</b>

Commitments reflect the value of purchase orders which have been issued for goods and services as well as unpaid invoices at March 31, 2018.

## SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

### 20.STATEMENT OF LOSSES OF PUBLIC MONEY AND STORES

The information below is compiled from returns provided by Accounting Officers.		
MINISTRY	31-Mar-18 US\$'000	31-Mar-17 US\$'000
Office of the Governor	43	-
Police	42	-
Attorney General's Chambers	2	3
Judiciary	-	23
Office of the Deputy Premier & Ministry of Border Control & Employment	-	4
Ministry of Finance, Trade and Investment	5	23
Deputy Governor's Office	-	-
Ministry of Education Youth Culture and Library Services	88	118
Ministry of Home Affairs, Transportation & Communication	16	6
Ministry of Infrastructure, Housing & Planning	-	5
Ministry of Tourism, Environment & Heritage	2	92
Ministry of Health, Agriculture, Human Services and Sports	46	34
<b>Total Losses of Public Money and Stores</b>	<b>244</b>	<b>308</b>

During the year, the islands experienced two tropical cyclones. The losses noted were primarily sustained as a result of these events. The South Caicos library suffered significant damage to books and furniture valued at seventy five thousand dollars (\$75,000.00) which is 85% of the total loss reported by the Ministry of Education, Youth, Culture and Library Services.

The Government received assistance from the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) in assessing the damage suffered as a result of the cyclones. This has been estimated at \$289.6 million of which approximately 20% is attributable to the public sector.

## SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

Sector	Damage		Losses		Additional costs	
	Public	Private	Public	Private	Public	Private
Social	39,718,692	86,855,091	1,160,299	6,765,024	7,664,134	5,005,440
Housing	33,735,739	85,813,091		6,765,024	7,147,800	5,005,440
Health	1,088,798		67,572		505,518	
Education	4,894,155	1,042,000	1,092,727		10,816	
Infrastructure	8,152,213	25,565,000	10,282,811	16,523,288	1,945,161	17,424,000
Airports	991,013		4,385,559		254,648	
Ports	2,407,000		5,283,367		16,950	
Roads	3,726,800				733,563	
Water and sewerage	997,500	315,000	607,635		940,000	
Power		19,000,000		13,152,735		16,500,000
Telecommunications	29,900	6,250,000	6250	3,370,553		924,000
Productive		127,829,065		195,708,066		6,529,938
Tourism		126,629,575		195,331,736		6,487,338
Fisheries		1,199,490		376,330		42,600
Environment	1,505,665				185,000	
Emergency response					157,700	
	49,376,570	240,249,156	11,443,110	218,996,378	9,951,995	28,959,378

Source: Disaster Assessment Team, 2017.

*Note:* Reprinted from “Assessment of the Effects and Impacts of Hurricanes Irma and Maria - Turks and Caicos Islands” by United Nations Economic Commission for Latin America and the Caribbean, p. 11

No write-offs of public monies and stores or claims abandoned was approved during the year ended March 31, 2018 (2017: None).

## SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

### 21. STATEMENT OF ARREARS OF REVENUE

The information below is compiled from returns provided by Accounting Officers.		
MINISTRY	31-Mar-18 US\$'000	31-Mar-17 US\$'000
Police	11	10
Attorney General's Chambers	13,588	9,523
Judiciary	41	-
Office of the Deputy Premier & Ministry of Border Control and Employment	263	-
Ministry of Finance, Trade and Investment	144,127	52,873
Deputy Governor's Office	-	-
Ministry of Education, Youth, Culture and Library Services	50	50
Ministry of Home Affairs, Transportation & Communication	61	24
Ministry of Infrastructure, Housing & Planning	6,048	5,423
Ministry of Tourism, Environment, & Heritage	311	338
<b>Total Arrears of Revenue</b>	<b>164,501</b>	<b>68,241</b>

Revenue Arrears relate primarily to Crown Land Rental Income, Audit Assessments with respect to Business Licence, Hotel and Restaurant Taxes, as well as Arrears for Sale of Water.

Approval has been received from Cabinet for the write-off of arrears of revenue related to Business Licence and this is to be progressed to the House of Assembly for endorsement. No other submission for the write-off of amounts deemed uncollectible has been approved.

### 22. STATEMENT OF STORES AND OTHER ASSETS

The information below is compiled from returns provided by Accounting Officers.		
BY MINISTRY	31-Mar-18 US\$'000	31-Mar-17 US\$'000
Office of the Governor	77	-
Office of the Deputy Premier & Ministry of Border Control & Employment	212	173
Ministry of Finance, Trade and Investment	242	236
Ministry of Education, Youth, Culture and Library Services	259	263
Ministry of Home Affairs, Transportation & Communication	1,444	1,365
Ministry of Infrastructure, Housing & Planning	1,961	1,948
Ministry of Health, Agriculture, Human Services & Sports	202	161
Office of the Premier and District Administration	3	-
<b>Total Unallocated Stores and Other Assets</b>	<b>4,399</b>	<b>4,146</b>

## SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

Unallocated stores and other assets are consumable items that are expensed at the time of purchase under the cash basis of accounting. The balance of \$4.0 million (2017: \$4.1 million) in stores is primarily items held at Water Undertaking and the Central Purchasing Unit (CPU).

### 23.SCHEDULE OF LONG TERM LIABILITIES

#### 23.1 Long Term Commitment

The information below is compiled from returns provided by Accounting Officer				
Estimates of Long Term Liabilities	Jan 08 - Jan 33 US\$'000	Year 1 to March 31, 2018 US\$'000	1 Year to March 31, 2019 US\$'000	Year 11 to Jan 2033 US\$'000
Unitary	473,503	110,229	17,726	345,548
Equipment	61,842	17,138	2,317	42,387
Clinical Services	676,058	238,382	30,282	407,395
<b>Total Hospital Contract Costs</b>	<b>1,211,403</b>	<b>365,749</b>	<b>50,325</b>	<b>795,329</b>

InterHealth Canada Limited (IHC) provides TCIG a monthly composite invoice for unitary charges and clinical equipment reserves. TCIG pays InterHealth Canada Infrastructure (TCI) Limited (Infracore) the amount relating to unitary charges and InterHealth Canada Clinical Services (TCI) Limited (Clinco) for the clinical equipment component. Unitary charges relate to the capital costs to construct and equip the two hospital facilities in TCI. The original capital cost of the two facilities, including all equipment and capitalized interest was \$1.2 billion.

NHIB pays the clinical costs based on instructions from TCIG, with funds transferred from TCIG each month in addition to funds from their own resources. The clinical cost relates to health care services provided at the two hospital facilities.

All payments relating to the unitary and clinical costs are being paid over the contract term of 25 years which concludes in February 2033.

#### 23.2 Health Services Contract

A Project Agreement was signed on 11th January 2008 with ClinCo and InfraCo. The Agreement involves the provision of primary and secondary health care services through design, construction,

## SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

financing, equipping, staffing, maintenance and operation of the Facilities for a period of 25 years. At the expiry of the agreement in February 2033, the facilities, the ring-fenced equipment and the non-ring fenced equipment shall revert to TCIG and there will be no residual value payment to be made by TCIG to either ClinCo or InfraCo.

ClinCo subcontracted its services to IHC using the ring-fenced service support deed. InfraCo subcontracted its facilities management services contract to InterHealth Canada Construction & Services (TCI) Limited for the provision of various clinical and non-clinical services in TCI, including new hospitals in Grand Turk and Providenciales. The Agreement was established to reduce the cost of treatment abroad under TCIG's Treatment Abroad Programme.

### 24.SCHEDULE OF GOVERNMENT CONCESSIONS

The information below is compiled from returns provided by Accounting Officers.		
	31-Mar-18	31-Mar-17
BY MINISTRY	US\$'000	US\$'000
Ministry of Finance, Trade and Investment	43,133	33,312
Ministry of Education, Youth, Culture and Library Services	140	-
House of Assembly	-	8
<b>Total Concessions</b>	<b>43,273</b>	<b>33,320</b>

Section 70 of the Customs Ordinance allows the Minister in particular cases, upon written application, to grant concessions to persons or a category of persons, subject to conditions and restrictions as he sees fit. The 2010 Customs General Tariff Order further permits the Collector of Customs to approve exemptions for the purpose associated with Government Institutions and personnel. Total Customs Department concessions forgone for the year ended March 31, 2018 amounted to \$43.3 million (2017: \$33.3 million).

The concessions attributable to the Hurricanes has been recorded as \$10.9 million, of which Import Duty was \$7.9 million, Customs Processing Fees of \$1.7 million and Fuel Tax was \$1.3 million.

## SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

Whilst it is very difficult to accurately quantify the long term economic paybacks and GDP contributions from these concession, it is believed that new employment opportunities, small business spinoffs and enhanced TCIG revenues are some of the areas that directly benefit. Additionally, the Government would have sought to improve the general welfare of its citizens in the granting of increased concessions after the Hurricanes.

### 25.SCHEDULE OF ASSOCIATED PARTY TRANSACTIONS

#### 25.1 Associated party transactions – receipts

	31-Mar-18 US\$'000	31-Mar-17 US\$'000
<b>Transfers to TCIG</b>		
Turks and Caicos Islands Financial Services Commission	2,517	-
Turks and Caicos Islands Telecommunications Commission	2,063	500
Turks and Caicos Islands Port Authority	1,519	24
<b>Total receipts from associated parties</b>	<b>6,100</b>	<b>524</b>

Certain statutory bodies are required to transfer their surplus from operations to TCIG each year. The amount and timing of the transfers are stipulated by their respective ordinance. Cabinet has authorised the suspension of transfers from the Port and Airport Authorities, and approved the use of the surpluses in the entities to fund the expansion and renovation of some of the country's airports and seaports.

#### 25.2 Associated party transactions – payments

	31-Mar-18 US\$'000	31-Mar-17 US\$'000
<b>National Health Insurance Board (NHIB)</b>		
TCIG transfer to support payment for the hospital contract	36,435	26,562
TCIG contributions on behalf of civil servants	4,580	2,152
<b>Total NHIB transactions</b>	<b>41,015</b>	<b>28,713,688</b>

	31-Mar-18 US\$'000	31-Mar-17 US\$'000
<b>National Insurance Board (NIB)</b>		
TCIG contributions on behalf of civil servants	4,945	2,590
Rent payments	128	128
<b>Total NIB transactions</b>	<b>5,073</b>	<b>2,717,577</b>



## SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

<b>Subventions</b>	<b>31-Mar-18 US\$'000</b>	<b>31-Mar-17 US\$'000</b>
TCI Tourist Board	2,849	3,432
Invest Turks and Caicos	2,717	2,912
TCI Community College	2,220	2,392
TCI Civil Aviation Authority	1,493	1,293
Integrity Commission	1,126	1,230
TCI Human Rights Commission	387	385
Financial Intelligence Agency	284	275
TCI Complaints Commission	242	218
TCI National Trust	150	150
National Audit Office	-	636
<b>Total subventions</b>	<b>11,469</b>	<b>12,923</b>

Payments to NHIB primarily relate to funds transferred to assist with covering the clinical costs associated with the hospital contract.

Payment to NIB relate to social security contributions on behalf of public sector employees and other expenses in the ordinary course of TCIG's operations.

Subventions to associated parties are appropriated by the House of Assembly (HOA) and paid over to each entity during the course of the year. The payment process for two associated entities were managed by TCIG. For the fiscal year 2017-18 the National Audit Office did not receive any subvention as its finances were managed by the Office of the Governor.

## SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

### 26. SCHEDULE OF PROPERTIES RENTED

The information below is compiled from returns provided by Accounting Officers.		
MINISTRY	31-Mar-18 US\$'000	31-Mar-17 US\$'000
Office of the Governor	102	39
Police	49	839
Attorney General's Chambers	1	-
Judiciary	-	39
Office of the Deputy Premier & Ministry of Border Control & Employment	-	14
Ministry of Finance, Trade and Investment	20	94
Deputy Governor's Office	-	-
Ministry of Education, Youth Culture and Library Services	101	51
Ministry of Infrastructure, Housing & Planning	329	-
Ministry of Health, Agriculture, Human Services and Sports	9	9
House of Assembly	-	112
Office of the Premier and District Administration	-	28
<b>Total Properties Rented</b>	<b>611</b>	<b>1,225</b>

TCIG has entered into rental agreements in order to carry out its normal operations. There has been a policy change to reduce rental costs across TCIG and where contractual arrangements have expired, they have not been renewed. Additionally, subsequent to the Hurricanes abatement clauses were invoked and this was partially offset by the rental of new properties, in cases where the original properties were damaged and uninhabitable.

### 27. SCHEDULE OF GOVERNMENT LEASES

The information below is compiled from returns provided by Accounting Officers.		
MINISTRY	31-Mar-18	31-Mar-17
	US\$'000	US\$'000
Attorney General's Chambers	699	659
Ministry of Tourism, Environment & Heritage	1	-
<b>Total Leases of Government Property</b>	<b>700</b>	<b>659</b>

## SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

TCIG leases certain properties that are not used in its operations under agreements with original terms generally of 2 to 3 years. There are also long term commercial leases which are primarily to international investors that are for up to 99 years. These leases generally contain provisions for renewal options that are specified in each lease agreement.

Lease revenues are recognized when cash payments are received under the IPSAS cash basis of accounting.

### 28. SCHEDULE OF GRAND TURK CRUISE CENTER (GTCC)/TCIG INFRASTRUCTURE ACCOUNT

	31-Mar-18 US\$'000	31-Mar-17 US\$'000
<b>Infrastructure Account</b>		
<b>Receipts</b>		
Contributions from Grand Turk Cruise Center (GTCC)	799	828
Contributions from TCIG	399	414
<b>Total receipts</b>	<b>1,198</b>	<b>1,242</b>
<b>Payments</b>		
Disbursements	159	530
<b>Total payments</b>	<b>159</b>	<b>530</b>
<b>Net increase in infrastructure account balance</b>	<b>1,038</b>	<b>712</b>
Infrastructure account balance at the beginning of the year	5,981	5,269
<b>Infrastructure account balance at the end of the year</b>	<b>7,020</b>	<b>5,981</b>

GTCC and TCIG, in accordance with the Development Agreement between the two parties, agreed to set up an Infrastructure Account (IA) at CIBC First Caribbean International Bank (Bahamas) Limited. The IA was created to fund infrastructure projects that would enhance visitor's experience on Grand Turk. Each year various projects are identified and the budget jointly approved by the parties. This bank account is jointly maintained by GTCC and TCIG and all withdrawals from the account requires dual signatures, from GTCC and TCIG respectively.

## SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

The agreement between the parties provide for GTCC to contribute \$1.50 per PAX to the IA, on arrivals of over 300,000 each year and TCIG is required to contribute \$0.75 per PAX. These are the only deposits made to the IA.

The IA had a bank account balance at March 31, 2018 of \$7.0 million (2017: \$6.0 million), with contributions from GTCC for the financial year of \$1.0 million (2017: \$0.8 million) and contributions from TCIG of \$0.4 million (2017: \$0.4 million). Disbursement for the year amounted to \$0.2 million (2017: \$0.5 million).

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