

ANNUAL PUBLIC ACCOUNTS

2016-17

*Jordan and
Cairns
Belanda*



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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 2017 and of the surplus for the financial year then ended.

Millicent Hughes

Accountant General
Ministry of Finance, Investments and Trade
July 31, 2017

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

July 31, 2017

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, 2017 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, 2017 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, 2016 – March 31, 2017 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, 2017 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

This Annual Report presents TCIG's financial result, and financial position for the year ended March 31, 2017. The Annual Report is a key element of the Public Accounts of the country and is essential in illustrating TCIG's commitment to transparency and accountability for financial resources. They are designed to provide useful information to the public and it is envisioned that it will meet the needs of stakeholders including taxpayers, members of the legislature, investors and creditors.

BUDGETARY PERFORMANCE

The 2016 - 17 Budget was formulated to ensure continued compliance with the principles of Responsible Financial Management, the major components of which are:

- 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

The Budget was approved by Parliament with an allocation of \$252,241.2 million to implement the strategies, development programmes and projects, concentrating on the well-being of the people of these Turks and Caicos Islands, national transformation and economic development. Recurrent expenditure was budgeted at \$207,219.6 million, non-recurrent expenditure at \$8,542.7 and capital expenditure at \$36,479.0 million. The Estimates were later revised upwards to \$255,201.3 million primarily to accommodate healthcare and other operating expenses with a marginal increase in capital contribution. Additional details are included in Note 6.1

REVIEW AND ANALYSIS OF FINANCIAL PERFORMANCE

The Financial Statements for the financial year ended March 31, 2017 has been prepared in accordance with IPSAS Cash Basis of accounting and includes additional disclosures to comply with Schedule 2 of

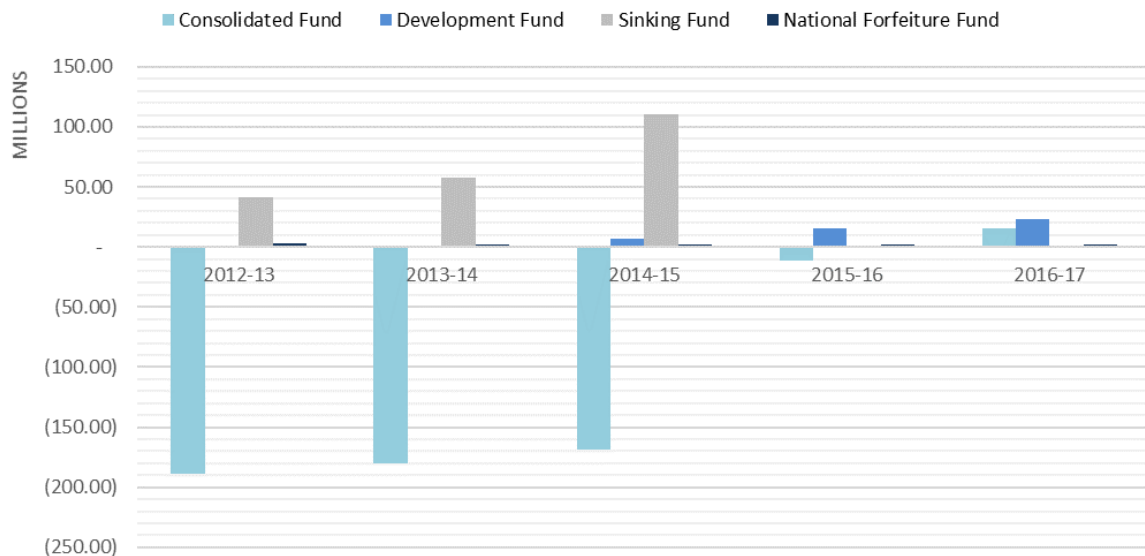
REPORT OF THE ACCOUNTANT GENERAL

the Public Finance Management (Amendment) Ordinance 2016. The Financial Statements comprise the Statement of Financial Position, Statement of Cash Receipts and Payments and Notes to the Accounts.

STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position shows the amount of cash and investments held in respect of the Consolidated Fund, the Development Fund and the National Forfeiture Fund. While provision has been made for a Sinking Fund to be established for the purpose of paying down the public debt, no current fund exists as the major debt was repaid in the previous financial year. Figure 1 summarizes the Fund balances over the last 5 years.

FUND BALANCES 2012-2016



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 73% over the prior year primarily due to the surplus recorded in that year. Additional details are included in Note 2 to the Financial Statements.

REPORT OF THE ACCOUNTANT GENERAL

<i>figures in US\$'000</i>	FY2016-17	FY2016-17	FY2015-16	Actual vs Rev. Budget		Actual vs Prior Year	
	Actual	Rev. Budget	Actual				
Cash Flow from Operations	59,227	35,962	67,303	23,265	65%	(8,076)	(12%)
<i>Less:</i>							
Capital Contributions	(31,544)	(37,455)	(19,908)	(5,911)	16%	11,636	(58%)
Debt Repayments	(11,905)	(11,905)	(180,458)	-	-	(168,552)	93%
Borrowing	-	-	33,000	-	-	33,000	100%
Bond Inflows	581	769	3,579	(188)	(24%)	(2,998)	(84%)
Transfer from/(to) NFF	-	-	(141)	-	-	(141)	100%
Transfer from/(to) Sinking Fund	-	-	110,026	-	-	110,026	100%
Net Working Capital	1,297	-	2,248	(1,297)	-	950	42%
Net Cash Flows	17,656	(12,630)	15,649	30,286	(240%)	2,008	13%

Receivables from exchange transactions comprises staff loan and advances. The balance at the end of the year is \$2.7 million of which \$2.6 million is deemed to be irrecoverable. The House of Assembly has been requested to approve the write-off of this amount.

Non-current Assets include investments of \$3.1 million comprising investments in shares of the Caribbean Development Bank (CDB) as a member of the Bank (\$0.7 million) as well as receivables arising from the repurchase of TCIG bonds of \$2.4 million. Note 13 of the Financial Statements contains additional details.

Receivable balances arising from the former TCInvest loan portfolio of \$10.3 million are disclosed as **non-current receivables from exchange transaction**. At the end of the financial year TCIG was in negotiations to repurchase the TOLCO portfolio, but this was not finalised until after the year-end and so are not reflected in these financial statements.

Current Liabilities comprise refundable deposits and payables from exchange transactions totalling \$5.5 million as well as the principal payments of the debt which is due within FY 2017-2018.

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 comparative balances at FY 2015-16 have been restated to reflect this amendment.

The total amount spent on capital projects for the fiscal year was 23.5 million which was funded primarily by capital contributions totalling the same amount provided by the Consolidated Fund. The total budgeted expense for capital projects was \$37.5 million of which \$31.5 million was utilised in the fiscal year. Of the amount utilised, \$29.2 million related to projects which were committed during the financial year; expenditure related to committed projects was \$21.0 million.

<i>figures in US\$'000</i>	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
Opening Balance FY 2016-17	14,637	45	33	34	117	404	15,271	
Consolidated Fund Contribution	31,544	-	-	-	-	-	31,544	37,455
Grants Received	-	-	-	-	-	-	-	
Expenditure not requiring commitment	(2,451)						(2,451)	
Other Expenditure	(21,033)					(26)	(21,059)	
Capital Expenditure	(23,484)		-	-	-	(26)	(23,509)	
	8,060	-	-	-	-	(26)	8,035	
Closing Balance	22,697	45	33	34	117	378	23,305	37,455

The Fund has unused allocations of \$23.3 million available for use in the 2017/18 fiscal year of which \$22.7 million has been contributed from the Consolidated Fund.

Borrowings

figures in US\$'000

Outstanding Public Debts

Unsecured

	Loan Balances 01-Apr-2016	Repayment During 2016/17	Loan Balances 31-Mar-2017
Caribbean Development Bank	8,170	1,450	6,720
Citibank Trinidad and Tobago	1,458	833	625
RBC Royal Bank	29,111	8,556	20,556
TCI Bank Limited	5,542	1,067	4,475
Total unsecured debts	44,281	11,905	32,376

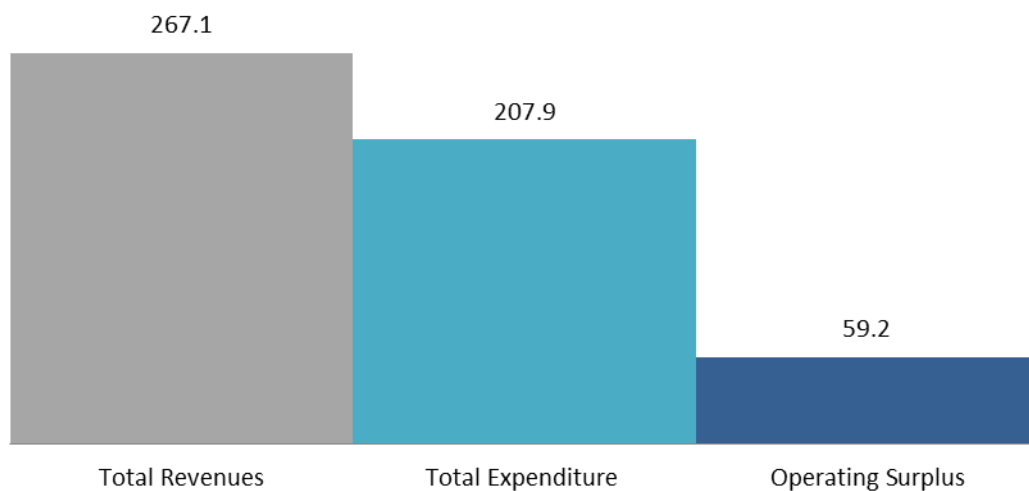
TCIG's outstanding debt as at March 31, 2017 was \$32.4 million (2016: \$44.3 million). Total principal debt repayment for the year was \$11.9 million (2016: \$180.5 million) while total finance costs for the

REPORT OF THE ACCOUNTANT GENERAL

year were \$1.3 million (2016: \$6.6 million). There were no new borrowings during the Financial Year. The reduction in the balances from \$44.2 million to \$32.4 million represents the normal amortization of the loans. TCIG continues to repay its debt on time and expects that all current borrowings will be repaid within the next three years.

OPERATING HIGHLIGHTS

Total Revenue Distribution US\$Million



OPERATING RESULTS

	FY2016-17	FY2016-17	FY2015-16	Actual vs Rev. Budget		Actual vs Prior Year	
	Actual	Rev. Budget	Actual				
<i>figures in US\$'000</i>							
Recurrent Revenue	262,951	250,899	258,346	12,052	5%	4,605	2%
Recurrent Expenditure	202,633	214,224	191,762	11,591	5%	(10,871)	(6%)
Net Recurrent Surplus	60,318	36,675	66,583	23,643	64%	(6,265)	(9%)
Non-Recurrent Revenue	4,149	4,750	5,539	(601)	(13%)	(1,390)	(25%)
Non-Recurrent Expenditure	5,241	5,463	4,820	221	4%	(422)	-9%
Operating Surplus	59,227	35,962	67,303	23,265	65%	(8,077)	-12%

Note numbers may not add due to rounding.

REPORT OF THE ACCOUNTANT GENERAL

The operating performance of The Government of the Turks & Caicos Islands has continued to improve. Operating results for the fiscal year showed an operating surplus of \$59.2 million (2016: \$67.3 million), a \$23.3 million (65%) improvement from the \$36.0 million projected in the 2016-17 budget. This surplus is before capital expenditure of \$23.5 million (2016: \$11.5 million) and debt repayment of \$11.9 million (2016: \$180.5 million) was accounted for.

- **Recurrent revenue** outturn for the year was 5% ahead of budget and 2% above the prior year's outturn.
- **Recurrent expenditure** for the year was 5% below budget estimates while being 6% above the prior year's results.

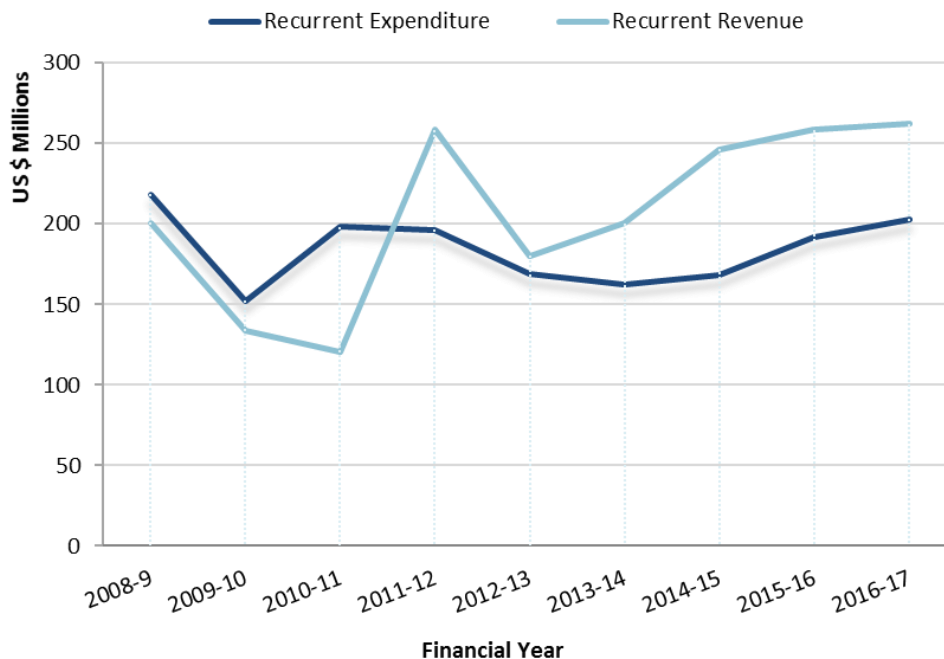


FIGURE 1: RECURRENT REVENUE & EXPENDITURE

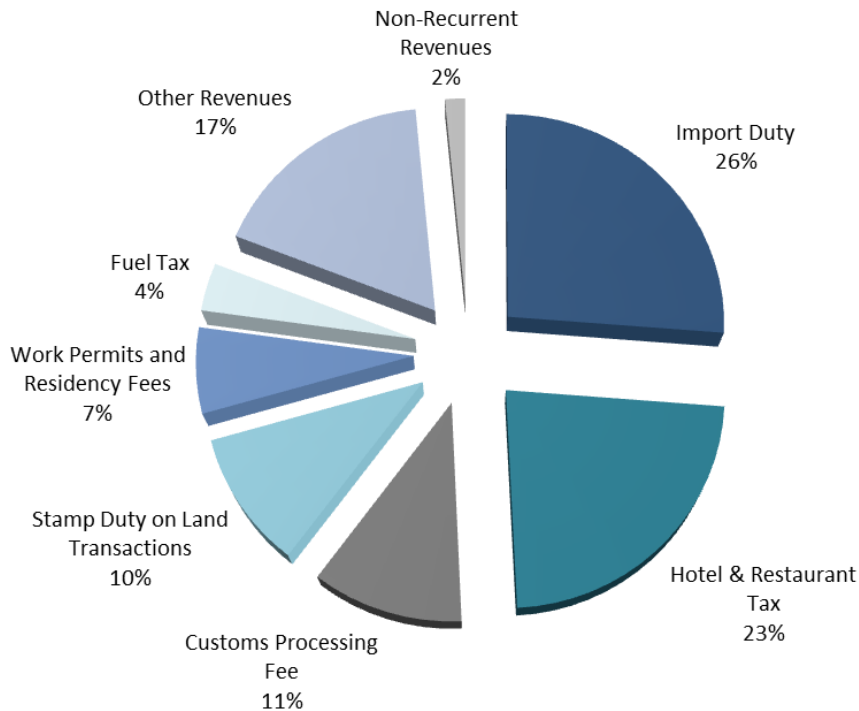
The overall revenue performance was due to increased economic activities, significant improvement in the tourism market as well as improvements in the real estate market. Enhanced compliance and audit review measures employed by the Revenue Department also contributed to the performance.

REPORT OF THE ACCOUNTANT GENERAL

TCIG also continued to provide training to the public sector resulting in increased awareness and reinforcement of the requirements of both the Public Finance Management and the Public Procurement Ordinances. The Treasury maintained a key role in implementing and monitoring expenditure controls to ensure that revenue growth exceeded expenditure growth to support increasing budget surpluses.

Revenues

Revenue Distribution



TCIG recurrent revenues for the 2016-17 fiscal year totalled \$262.9 million (2016: \$258.3 million). This represented an increase of \$4.6 million or 2% over fiscal year 2015-16 and was \$12.1 million or 5% ahead of the budget estimates for the year.

Total revenue for the 2016-17 fiscal year included \$70.1 million (26%) derived from import duties; \$61.5 million (23%) from hotel and restaurant tax; while \$29.2 million from customs processing fees, \$27.7

REPORT OF THE ACCOUNTANT GENERAL

million from stamp duty on land transactions and \$17.6 million from work permits and residency fees together accounted for 28% of revenues.

figures in US\$'000

RECURRENT REVENUES	FY2016-17	FY2016-17	FY2015-16	Actual vs Rev. Budget		Actual vs Prior Year	
	Actual	Rev. Budget	Actual				
Import Duty	70,053	67,590	67,317	2,463	4%	2,736	4%
Hotel and Restaurant Tax	61,544	61,277	58,187	268	0%	3,357	6%
Customs Processing Fee	29,260	28,889	27,988	371	1%	1,272	5%
Stamp Duty on Land Transactions	27,684	23,776	26,850	3,908	16%	834	3%
Work Permits and Residency Fees	17,650	17,097	18,132	553	3%	(482)	-3%
Fuel Tax	9,890	8,415	9,030	1,475	18%	861	10%
Other Revenues	46,870	43,855	50,842	3,015	7%	(3,972)	-8%
Total Recurrent Revenues	262,951	250,899	258,346	12,052	5%	4,605	2%

Total duties (excluding stamp duty) collected for the year were \$110.8 million (2016: \$106.1 million). This represented an increase of \$4.7 million or 4% over last year's results and \$3.0 million over budget estimates. This was due to increased activity in the economy. Total duties include **Import Duties** of \$70.0 million; a \$2.7 million or 4% increase from last year which was \$2.4 million, or 4%, above budget. **Fuel Tax** increased by 10% when compared to last year and was 18% over budget. **Customs Processing Fees** also increased over the previous year by 5% or \$1.3 million but was in line with the budgeted allocation.

Taxes on goods and services were \$2.6 million higher than budgeted and \$2.2 million above last year's results, largely owing to better than expected tourism volumes for the year and positive movements in the real estate industry. **Hotel and Restaurant Tax** increased marginally over budget and over last year's results by \$3.4 million. **Stamp Duty on Land Transactions** was \$4.0 million or 16% above budgeted outturn and \$1.0 million or 3% over last year's outturn of \$26.9 million.

Fees, fines and permits of \$26.3 million decreased marginally when compared to last year's results; \$2.0 million below budget. Permits and residency fees of \$22.5 million accounted for 86% of the revenue with the major contributor being **Work Permits and Residency Fees** of \$17.6 million. This was \$0.6 million or 3% more than budget and 3% greater than last year's results. This outturn is attributed to higher demand and a major effort to collect overdue amounts.

REPORT OF THE ACCOUNTANT GENERAL

figures in US\$'000

OTHER RECURRENT REVENUES	FY2016-17	FY2016-17	FY2015-16	Actual vs Rev. Budget		Actual vs Prior Year	
	Actual	Rev. Budget	Actual				
Communications Tax	5,666	4,057	7,678	1,609	40%	(2,012)	-26%
Telecommunications licence	3,905	3,792	2,879	113	3%	1,026	36%
Vehicle Licence	3,776	3,011	3,407	766	25%	369	11%
Gaming Machine Tax	3,432	3,193	2,963	239	7%	469	16%
Seaport Departure Tax	3,200	3,365	3,360	(165)	-5%	(160)	-5%
Overtime Cost recovered	3,091	2,892	2,858	199	7%	233	8%
Business Licence Renewal	2,498	1,622	2,142	877	54%	356	17%
Permanent Residency Fees	2,453	1,768	2,324	685	39%	129	6%
Stamp Duty - Vehicle Hire	1,424	1,314	1,323	110	8%	101	8%
Other Revenue	17,425	18,841	21,908	(1,416)	(8%)	(4,483)	-20%
Total Other Revenues	46,870	43,855	50,842	3,015	6%	(3,972)	-8%

Other Revenues collected for the year totalled \$46.9 million (2016: \$50.8 million) which was 6% above the budgeted amount, or 8% below last year's outturn.

Communication Tax receipts of \$5.7 million (2016:\$0.00) were above budget by 40% or \$1.6 million. The additional \$2.0 million collected in the previous year is attributed mainly to assessments collected after audit reviews by the Revenue Department's Compliance and Audit Unit.

figures in US\$'000

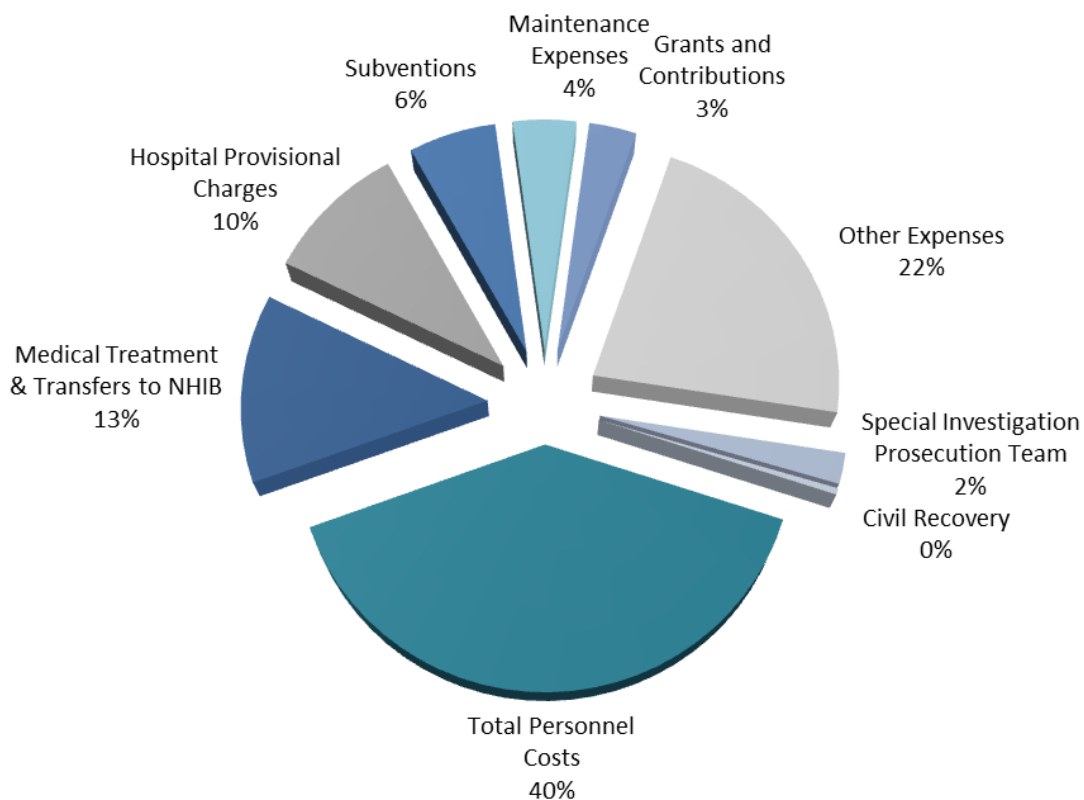
NON-RECURRENT REVENUES	FY2016-17	FY2016-17	FY2015-16	Actual vs Rev. Budget		Actual vs Prior Year	
	Actual	Rev. Budget	Actual				
Revenue from Grants	3,298	4,000	4,953	(702)	(18%)	(1,655)	(33%)
Land Sales	851	750	586	101	13%	265	45%
Total Non-Recurrent Revenues	4,149	4,750	5,539	(602)	(13%)	(1,390)	-25%

Non-recurrent revenue for the year totalled \$4.1 million (2016: \$5.5 million), 13% below budget, and 25% less than the previous year. The major contributor to this amount was **Revenue from Grants** which included the final tranche of the 10th European Development Fund grant of \$3.3 million received during the month of March 2017 for budgetary support. **Land Sales** receipts were \$0.8 million, which was above the budgeted outturn and last year's results by 13% and 45% respectively.

REPORT OF THE ACCOUNTANT GENERAL

Expenditure

Expenditure Distribution



TCIG's expenditure before capital for the 2016-17 fiscal year totalled \$208.1 million (2016: \$196.5 million). This represented an increase of \$11.6 million or 5% above the budget estimates for the year while being \$11.5 million or 6% below the previous year's outturn.

The total spent during the current fiscal year included \$82.0 million (40%) for **Personnel Costs**. **Medical Treatments and Transfers to NHIB** totalled \$26.6 million accounting for an additional 13% while **Hospital Provisional Charges** totalled \$20.1 million and made up 10% of expenditure.

REPORT OF THE ACCOUNTANT GENERAL

figures in US\$'000

RECURRENT EXPENDITURE

	FY2016-17 Actual	FY2016-17 Rev. Budget	FY2015-16 Actual	Actual vs Rev. Budget		Actual vs Prior Year	
Total Personnel Costs	82,047	86,216	75,252	4,169	5%	(6,795)	(9%)
Medical Treatment & Transfers to NHIB	26,562	26,580	19,516	17	0%	(7,047)	(36%)
Hospital Provisional Charges	20,171	20,171	23,666	-	0%	3,495	15%
Subventions	12,924	12,693	9,664	(231)	-2%	(3,260)	(34%)
Maintenance Expenses	8,894	9,183	8,194	289	3%	(700)	(9%)
Grants and Contributions	6,652	6,694	5,294	42	1%	(1,358)	(26%)
Other Expenses	45,384	52,687	50,177	7,304	14%	4,794	10%
Total Recurrent Expenditure	202,633	214,224	191,762	11,591	6%	(10,871)	(6%)

Almost all expenditure heads were below estimates for the year, the major contributors being **Personnel Costs** of \$82.0 million which were 5% or \$4.2 million below budget. This was due mainly to delays in the recruitment process. It is noted however that there was an increase of \$6.8 million (9%) over the prior year results.

Transfers to NHIB for the year totalled \$26.3 million. **Hospital Provisional Charges** of \$20.2 million was on par with the budgeted amount but \$3.4 million less than the prior year's outturn. Improved monitoring of the contractual arrangements resulted in the reduction in the charges when compared to the prior year, a trend which was identified early enough to be reflected in the budget for the year.

Subventions totalled \$12.3 million representing a \$2.6 million or 27% increase from last year's cost of \$9.7 million, while being 3% below the budget. The year over year increase is due to budgetary allocations to the newly established Invest Turks and Caicos Agency.

Grants and Contributions totalled \$6.6 million for the year of which \$3.8 million was spent on scholarships.

figures in US\$'000

OTHER RECURRENT EXPENDITURE

	FY2016-17 Actual	FY2016-17 Rev. Budget	FY2015-16 Actual	Actual vs Rev. Budget		Actual vs Prior Year	
Rental of Assets	5,118	5,148	5,084	30	1%	(35)	(1%)
SIPT Court Cases	4,837	6,500	2,842	1,663	26%	(1,995)	(70%)
Recurrent Sub Programmes and Projects	3,249	3,775	2,054	526	14%	(1,195)	(58%)
Utilities	3,240	3,695	3,630	455	12%	390	11%
Local Travel and Subsistence	2,696	3,040	2,055	344	11%	(641)	(31%)
Other Recurrent Expenditure	26,243	30,529	34,513	4,286	14%	8,270	24%
Total Other Recurrent Expenditure	45,384	52,687	50,177	7,304	14%	4,794	10%

REPORT OF THE ACCOUNTANT GENERAL

Other recurrent expenditure for the year totalled \$45.4 million (2016: \$50.2 million) which saw an increase of \$4.8 million or 10% from last year's results, while being \$7.3 million or 14% below the budgeted amount.

Finance cost associated with TCIG's public debt totalled \$1.3 million for the year, which was 36% less than the budgeted amount while being \$5.3 million below last year's outturn. The result represents the non-utilisation of additional borrowing during the current year as well as the repayment of debt during the previous financial year.

figures in US\$'000

NON-RECURRENT EXPENDITURE	FY2016-17	FY2016-17	FY2015-16	Actual vs Rev. Budget		Actual vs Prior Year	
	Actual	Rev. Budget	Actual				
Special Investigation Prosecution Team (SIPT)	4,341	4,563	3,718	222	5%	(622)	-17%
Civil Recovery	901	900	1,101	(1)	0%	200	18%
Total Non-Recurrent Expenditure	5,241	5,463	4,820	221	4%	(422)	-9%

Non-recurrent expenditure for the year of \$5.2 million (2016: \$4.8 million) was down 4% from the budget estimates while being 9% above last year's outturn. Of this amount **SIPT** expenses accounted for \$4.3 million, which was 17% more than last year's results and 5% above the budgeted amount. **Civil Recovery** expenses of \$1.0 million were \$0.4 million more than last year's outturn while being on par with budget estimates.

CONCLUSION

The Government faces various challenges in the global environment including slower economic growth and susceptibility to external shocks and challenges. Additionally there is uncertainty as to the impact of Brexit on the world economy and specifically on the Turks and Caicos Islands. Within this context, while continuing to provide value for money as well as efficient and effective public services, TCIG continues to focus on prudent management of spending as well as strengthening the revenue enhancement efforts.

The above measures have contributed to the operating surplus of \$59.2 million in FY 2016-17 and consequent cash surplus of \$17.7 million. It is anticipated that the creation of a national wealth fund as well as a national investment policy will soon be a reality which will guide the treatment of these and future surpluses.

REPORT OF THE ACCOUNTANT GENERAL

The Annual Statement of Public Accounts for the year ended March 31st 2017 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

Producing the Annual Public Accounts of TCIG requires teamwork and collaboration on the part of many officers across the Government. I thank everyone who was involved in preparing the 2016–17 Public Accounts for their indispensable and valuable contributions.

Millicent Hughes

Accountant General
Ministry of Finance, Trade and Investment
July 31, 2017

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, 2017

(All figures in US\$'000)		31-Mar-17		31-Mar-16	
	Notes	Receipts/ Payments by TCIG	Payments by Third Parties	Receipts/ Payments by TCIG	Payments by Third Parties
RECEIPTS					
<i>Government Revenue</i>					
Taxes on goods and services	4.1	105,359		103,069	
Duties (excluding stamp duty)	4.2	110,809		106,098	
Licences	4.3	11,895		10,228	
Fees, fines and permits	4.4	26,302		26,961	
Transfers from controlled entities	4.6	524		3,319	
Finance income	4.5	590		1,677	
Other receipts	4.7	8,323		7,580	
		263,802	-	258,932	-
<i>External Assistance</i>					
Grants from Bilateral Agencies			-		-
Grants from Multilateral Agencies	4.8	3,298		4,953	
		3,298	-	4,953	-
Total receipts		267,100	-	263,885	-
PAYMENTS					
<i>Operations</i>					
Compensation of employees	5.1	76,153		69,769	
Pensions and gratuities	5.2	5,892		5,483	
Finance costs	5.3	1,260		6,634	
Other operating expenses	5.5	111,645		104,849	
		194,950	-	186,734	-
<i>Transfers</i>					
Subventions to statutory bodies	5.4	12,924		9,849	
<i>External Assistance from Third Parties</i>					
Bilateral Agencies	5.6		2		-
Multilateral Agencies			13,456		27
Other private organisations			123		139
			13,581		166
Total payments		207,873	13,581	196,583	166
Operating surplus		59,227		67,303	
Net cash flows from investing activities *		(22,739)		99,476	
Net cash flows from financing activities *		(11,905)		(147,458)	
Net cash and cash equivalents at beginning of the year		37,695		16,127	
Net receipts/(payments) of public accounts		4,473		2,247	
Net cash and cash equivalents at end of the year	2	66,751		37,695	

* 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, 2017
(Budget approved on the Cash Basis)

	31-Mar-17					31-Mar-16	
	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
RECEIPTS							
<i>Government Revenue</i>							
Taxes on goods and services	99,357	99,357	105,359	6,002	6%	90,770	103,069
Duties (excluding stamp duty)	106,631	106,631	110,809	4,178	4%	99,136	106,098
Licences	9,772	9,772	11,895	2,123	22%	9,431	10,228
Fees, fines and permits	28,255	28,255	26,302	(1,952)	(7%)	21,390	26,961
Finance income	849	849	590	(259)	(31%)	1,500	3,319
Transfers from controlled entities	3,154	3,154	524	(2,630)	(83%)	3,250	1,677
Other receipts	3,631	3,631	8,323	4,692	129%	7,532	7,580
	251,649	251,649	263,802	12,153	5%	233,009	258,932
<i>External Assistance</i>							
Grants from Bilateral Agencies	-	-	-	-	-	-	-
Grants from Multilateral Agencies	4,000	4,000	3,298	(702)	(18%)	5,116	4,953
	4,000	4,000	3,298	(702)	(18%)	5,116	4,953
Total receipts	255,649	255,649	267,100	11,451	4%	238,125	263,885
PAYMENTS							
<i>Operations</i>							
Compensation of employees	81,128	80,436	76,153	4,283	5%	74,026	69,769
Pensions and gratuities	5,779	5,779	5,892	(112)	(2%)	5,751	5,483
Finance costs	2,468	1,968	1,260	708	36%	6,660	6,634
Other operating expenses	114,301	119,067	111,645	7,422	6%	111,818	104,849
	203,676	207,251	194,950	12,301	6%	198,255	186,734
<i>Transfers</i>							
Subventions	12,086	12,436	12,924	(488)	(4%)	10,380	9,849
Total payments	215,762	219,687	207,873	11,813	5%	208,635	196,583
Operating surplus	39,886	35,962	59,227	23,265	65%	29,490	67,303

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 Audit Office	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 reports under differing accounting policies and basis. These controlled entities will be consolidated once consistent policies and basis of reporting have been applied. These entities prepare their own separate annual statement of public accounts which are subject to audit.

1.4 Reporting period

NOTES TO THE PUBLIC ACCOUNTS

The reporting and budget period for these Annual Statements of Public Accounts is the financial year 2016-17 which spans April 1, 2016 to March 31, 2017. The prior period refers to financial year 2015-16 (2016).

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.

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

NOTES TO THE PUBLIC ACCOUNTS

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 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.

NOTES TO THE PUBLIC ACCOUNTS

However there will still exist a liability for pensions relating to legislators as it is not affected by the aforementioned amendment.

The most recent actuarial valuation is included in the Statement of Contingent Liabilities at Note 17.3. No provision has been made in the annual statement of public accounts for the current or future liabilities incurred under the pension ordinance. 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 17).

NOTES TO THE PUBLIC ACCOUNTS

2. CASH AND CASH EQUIVALENTS

	31-Mar-17	31-Mar-16
	US\$'000	US\$'000
Cash and Cash Equivalents		
<u>Cash & Domestic Banks</u>		
Cash Accounts	1,619	1,453
CIBC First Caribbean International Bank (Bahamas) Limited	8,200	6,031
Scotiabank (Turks and Caicos) Limited	55,976	29,447
TCI Bank Limited	724	724
Total Cash and Domestic Bank balances	66,520	37,655
<u>International Bank Accounts</u>		
Crown Agents Bank - Pounds Sterling	226	34
Crown Agents Bank - USD	6	6
Total International Bank Accounts	232	40
Total Cash and Cash Equivalents	66,752	37,695

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 \$66.8 million (2016: \$37.7 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.
- Deposits in the National Forfeiture Funds (NFF) bank account of \$5.1 million (2016: \$1.9 million) which can only be used in accordance with the Proceeds of Crime Ordinance 2009. (Note 10.4).

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

NOTES TO THE PUBLIC ACCOUNTS

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

There are no undrawn borrowing facilities (2016: None).

4. RECEIPTS

Receipts represent cash received by the Government and paid into the Consolidated Fund during the financial year, comprising 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-17	31-Mar-16
	US\$'000	US\$'000
Hotel and Restaurant Tax	61,544	58,187
Stamp Duty on Land Transactions	27,684	26,850
Communications Tax	5,666	7,678
Gaming Machine Tax	3,432	2,963
Seaport Departure Tax	3,200	3,360
Stamp Duty - Vehicle Hire	1,424	1,323
Insurance Premium Tax	795	862
Bank Services Tax	706	870
Other Taxes	907	976
Total taxes on goods and services	105,359	103,069

NOTES TO THE PUBLIC ACCOUNTS

4.2 Duties (excluding stamp duty)

	31-Mar-17 US\$'000	31-Mar-16 US\$'000
Import Duties	70,053	67,317
Customs Processing Fees	29,260	27,988
Fuel Tax	9,890	9,030
Duty Free Shops Royalties	939	1,189
Aviation Fuel Royalties	665	558
Freight and Insurance Tax	-	16
Total duties (excluding stamp duty)	110,807	106,098

4.3 Licences

	31-Mar-17 US\$'000	31-Mar-16 US\$'000
Telecommunications Licences	3,905	2,879
Vehicle Licences	3,776	3,407
Business Licence Renewals	2,498	2,142
Drivers Licences	773	781
Fishing Licences	329	313
Gaming Location Licences	207	261
Liquor Licences	194	206
Gun Licence	103	101
Casino Licences	75	100
Other Licences	35	37
Total licences	11,895	10,228

NOTES TO THE PUBLIC ACCOUNTS

4.4 Fees, fines and permits

	31-Mar-17 US\$'000	31-Mar-16 US\$'000
Work Permits and Residency Fees	17,650	18,132
Permanent Residency Fees	2,453	2,324
Temporary Work Permit Fees	1,377	1,951
Work Permits Repatriation Program	1,056	883
PDA Application Fees	852	428
Labour Clearance Fees	766	742
Fines and Forfeitures	526	718
National Parks Fees	261	242
Fees for Official Searches and Inspections	188	162
Naturalisation Fees	186	288
Migrant Processing Fee	183	172
Registration Fees	171	177
Court and Office Fees	149	163
Sand and Quarry Royalties	146	241
Other Fees and Charges	338	338
Total fees, fines and permits	26,302	26,961

4.5 Finance income

	31-Mar-17 US\$'000	31-Mar-16 US\$'000
Interest Income	486	1,546
Bond Interest	104	131
Total finance income	590	1,677

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).

NOTES TO THE PUBLIC ACCOUNTS

4.6 Transfers from controlled entities

	31-Mar-17 US\$'000	31-Mar-16 US\$'000
Turks and Caicos Islands Telecommunications Commission	500	-
Turks and Caicos Islands Port Authority	24	21
Turks and Caicos Islands Financial Services Commission	-	3,298
Total transfers from controlled entities	524	3,319

4.7 Other receipts

	31-Mar-17 US\$'000	31-Mar-16 US\$'000
Overtime Costs Recovered	3,091	2,858
Land Sales	851	586
Sale of Water	712	685
Crown Land Rents	659	523
Visas	395	463
Legal Fees Recovered	334	312
Warehouse Rents	183	304
Printing for Third Parties	165	154
Travel Documents	153	188
Sale of Stamps	144	139
Sale of Text Book	133	158
Scholarship Contributions	127	262
Miscellaneous Receipts	1,376	949
Total other revenue	8,323	7,581

4.8 External assistance

	31-Mar-17 US\$'000	31-Mar-16 US\$'000
European Union (EU) Grant - Budgetary support	3,298	4,916
Other Grants and External Assistance		37
Total grants from multilateral agencies	3,298	4,953

NOTES TO THE PUBLIC ACCOUNTS

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.

5.1 Compensation of employees

	31-Mar-17 US\$'000	31-Mar-16 US\$'000
Salaries and Wages	59,699	54,818
Contribution to Pension and Health Plans	4,623	4,098
Housing Allowances	3,380	2,643
Transport Allowances	808	695
Telephone Allowances	557	337
Other Allowances	5,150	5,099
Total compensation of employees	74,217	67,690

	31-Mar-17 US\$'000	31-Mar-16 US\$'000
Compensation to Members of the House of Assembly		
Salaries - Ministers and Members	1,640	1,755
Contribution to Pension and Health Plans for Ministers and Members	72	80
Allowances for Ministers and Members	225	244
Total compensation of members of the House of Assembly	1,937	2,079
Total compensation of employees	76,153	69,769

5.2 Pensions and gratuities

	31-Mar-17 US\$'000	31-Mar-16 US\$'000
Pensions	4,628	4,323
Gratuities	1,264	1,160
Total pensions and gratuities	5,892	5,483

NOTES TO THE PUBLIC ACCOUNTS

5.3 Finance Costs

	31-Mar-17 US\$'000	31-Mar-16 US\$'000
Finance Cost	1,260	6,634

5.4 Subventions

	31-Mar-17 US\$'000	31-Mar-16 US\$'000
TCI Tourist Board	3,432	2,955
TCI Community College	2,392	2,217
Invest Turks and Caicos	2,912	1,300
Integrity Commission	1,230	1,200
TCI Civil Aviation Authority	1,293	969
National Audit Office	636	590
Human Rights Commission Expenses	385	271
Financial Intelligence Agency	275	-
Complaints Commissioner's Office	218	147
TCI National Trust	150	200
Total subventions	12,924	9,849*

*Restated

NOTES TO THE PUBLIC ACCOUNTS

5.5 Other operating expenses

	31-Mar-17	31-Mar-16
	US\$'000	US\$'000
Medical Treatment - Transfers to NHIB	26,562	19,516
Hospital Provisional Charges	20,171	23,666
Maintenance Expenses	8,894	8,194
Grants and Contributions	6,652	5,294
Rental of Assets	5,118	5,084
SIPT Court Cases	4,837	2,842
Special Investigation and Prosecution Team (SIPT)	4,341	3,718
Utilities	3,240	3,630
Local Travel and Subsistence	2,696	2,055
Recurrent Sub Programmes and Projects	2,371	1,636
Office Expenses	2,509	3,537
Professional and Consultancy Services	2,497	7,127
International Travel and Subsistence	1,708	1,378
Data Communication	1,651	1,510
Social Welfare	1,643	1,351
Communications Expenses	1,565	1,361
Bank Charges	1,419	931
Claims Against Government	1,210	2,453
Computer Licence Software and Hardware Maintenance	1,135	741
Insurance	954	652
Fuel	925	947
Civil Recovery Costs	901	1,101
Hosting and Entertainment	888	548
Other Supplies Materials and Equip	708	582
Training	487	485
Miscellaneous Expenses	6,564	4,510
Total other operating expenditure	111,645	104,849*

*Restated

NOTES TO THE PUBLIC ACCOUNTS

5.6 External Assistance from Third Parties

STATEMENT OF EXTERNAL ASSISTANCE PROVIDED BY THIRD PARTIES				31-Mar-17 US\$'000	31-Mar-16 US\$'000
	Multilateral	Bilateral	Other	Total	Total
Office of the Governor				-	5
Ministry of Finance, Trade and Investment	13,400			13,400	
Ministry of Education Youth Sports and Library Services	12		15	27	44
Ministry of Home Affairs, Transportation & Communication	40		3	43	22
Infrastructure, Housing & Planning		2		2	7
Ministry of Health and Human Services	3		102	105	88
Office of the Premier and District Administration			3	3	-
Total External Assistance From Third Parties	13,456	2	123	13,581	166

External assistance made 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) 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.

6. COMPARISON OF BUDGET AND ACTUAL AMOUNTS

6.1 Changes from original to final budget

The approved budget was developed on the same accounting basis (cash basis), same classification basis and for the same period (from April 1, 2016 to March 31, 2017) 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 March 25, 2015. Five supplemental appropriations were approved by the House of Assembly on August 15, 2016, September 14, 2016, October 12, 2016, February 13, 2017 and March 27, 2017 respectively. These resulted in an overall increase in budgeted expenditure of \$6.2 million for the financial year.

6.2 Comparison of budget and actual amounts

NOTES TO THE PUBLIC ACCOUNTS

6.2.1 Comparison of receipts

Gradual improvement in economic activities resulted in revenue that was \$11.5 million (4%) above the budget for the year. This was due primarily to better than expected revenue from taxes on goods and services and duties (excluding stamp duty), which were \$6.0 million (6%) and \$4.2 million (4%) above budget respectively. In the case of the taxes on goods and services the two major revenue items included Hotel and Restaurants Tax and Stamp Duty on Land Transactions. Hotel and Restaurant Tax receipts totalled \$61.5 million which was on par with budget. Stamp Duty on Land Transaction recorded a \$3.9 million (16%) improvement over the budgeted outturn. In the case of duties (excluding stamp duty) the major contributor was Import Duties which had receipts of \$70.1 million and was \$2.5 million (4%) above the budgeted amount.

6.2.2 Comparison of payments

Enforcement of expenditure control measures and improved financial management resulted in actual payments being \$11.6 million (6%) below budget for the financial 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 \$4.2 million (5%) below budget, due to delays in the recruitment of new staff, while other operating expenses, recorded savings of \$6.3 million (5%).

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, 2017
(Budget approved on the Cash Basis)

	31-Mar-17					31-Mar-16
	Original Budget US\$'000	Revised Budget US\$'000	Actual Results US\$'000	Variance US\$'000	Percentage Variance %	Actual Results US\$'000
RECEIPTS						
Police	97	97	103	6	6%	109
Attorney General's Chambers	24,720	24,720	28,779	4,059	16%	27,853
Judiciary	1,133	1,133	870	(263)	(23%)	1,087
Statutory Charges	750	750	4,149	3,399	453%	5,539
Ministry Border Control & Employment	23,506	23,506	25,910	2,405	10%	26,174
Ministry of Finance Trade & Investment	194,516	194,516	194,825	308	0%	191,576
Ministry Education Youth, Sports & Library Services	409	409	361	(48)	(12%)	538
Ministry Home Affairs Transportation & Communication	4,083	4,083	5,022	939	23%	4,646
Ministry of Infrastructure Housing & Planning	1,368	1,368	1,604	237	17%	1,146
Ministry of Tourism Environment Heritage & Culture	4,728	4,728	5,146	418	9%	4,912
Ministry of Health Agriculture & Human Services	339	339	330	(8)	(2%)	305
Office of The Premier & District Administration				-	-	-
Total receipts	255,649	255,649	267,100	11,451	4%	263,885
PAYMENTS						
Office of the Governor	5,369	5,469	4,669	800	15%	3,570
Police	24,854	24,809	24,283	526	2%	23,189
Attorney General's Chambers	6,720	6,492	5,878	614	9%	11,318
Judiciary	7,663	10,552	8,669	1,883	18%	5,847
Statutory Charges	13,891	12,151	10,609	1,543	13%	13,106
Ministry Border Control & Employment	7,634	7,497	6,854	643	9%	5,750
Ministry of Finance Trade & Investment	18,624	17,891	16,585	1,306	7%	14,101
Office of the Deputy Governor	2,257	2,257	2,174	83	4%	1,905
Ministry Education Youth, Sports & Library Services	27,714	28,070	27,390	679	2%	25,125
Office of the Director of Public Prosecutions	1,489	1,433	1,229	204	14%	2,161
Ministry Home Affairs Transportation & Communication	10,179	10,767	10,121	646	6%	8,760
Ministry of Infrastructure Housing & Planning	15,678	16,811	16,460	351	2%	15,347
Ministry of Tourism Environment Heritage & Culture	7,187	7,261	6,716	545	8%	5,651
Ministry of Health Agriculture & Human Services	61,046	62,733	61,271	1,462	2%	55,855
House of Assembly	3,048	3,074	2,799	274	9%	2,737
Office of The Premier & District Administration	2,409	2,418	2,167	252	10%	2,160
Total payments	215,762	219,687	207,874	11,812	5%	196,582
Operating surplus	39,886	35,962	59,226	23,264	65%	67,303

NOTES TO THE PUBLIC ACCOUNTS

7. PRIOR PERIOD ADJUSTMENTS

There were no prior period adjustments.

8. AUTHORISATION DATE

These Annual Statement of Public Accounts have been authorized for submission to the Auditor General on 31st July 2017 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

9. Statement of Assets & Liabilities



GOVERNMENT OF THE TURKS AND CAICOS ISLANDS
STATEMENT OF ASSETS AND LIABILITIES
AS AT MARCH 31, 2017

	Notes	31-Mar-17 US\$'000	31-Mar-16 US\$'000
ASSETS			
Current assets			
Cash and cash equivalents	2	66,752	37,695
Receivables from exchange transactions	12	2,746	2,730
Total current assets		69,498	40,426
Non-current assets			
Financial assets - investments	13	3,070	3,437
Receivables from exchange transactions	14	10,269	10,675
Total non-current assets		13,340	14,112
Total assets		82,838	54,538
LIABILITIES			
Current liabilities			
Payables from exchange transactions	15	5,536	4,224
Current portion of borrowings	16	11,697	11,905
Total current liabilities		17,233	16,129
Non-current liabilities			
Borrowings	16	20,679	32,376
Total non-current liabilities		20,679	32,376
Total liabilities		37,912	48,505
Net Assets		44,926	6,033
Supported by:			
FUND BALANCES			
Consolidated Fund	10.2	16,491	(11,190)
Development Fund	10.3	23,305	15,269
National Forfeiture Fund	10.4	5,129	1,954
Total fund balances		44,925	6,033

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, 2017

Notes	31-Mar-17 US\$'000	31-Mar-16 US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
RECEIPTS		
Taxes on goods and services	4.1 105,359	103,068
Duties (excluding stamp duty)	4.2 110,809	106,098
Licences	4.3 11,895	10,228
Fees, fines and permits	4.4 26,302	26,962
Transfers from controlled entities	4.6 524	3,318
Finance income	4.5 590	1,677
Grants and aid	4.8 3,298	4,953
Other receipts	4.7 8,323	7,580
Total receipts	267,100	263,884
PAYMENTS		
Compensation of employees	5.1 76,153	69,769
Pensions and gratuities	5.2 5,892	5,483
Finance cost	5.3 1,260	6,634
Subventions to statutory bodies	5.4 12,924	9,664
Other operating expenses	5.5 111,645	105,033
Total payments	207,873	196,582
Net cash flows from operating activities	59,227	67,303
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	10.3 (23,509)	(11,539)
Held-to-maturity investment	-	110,000
Proceeds from principal loan repayments	404	647
Proceeds from financial assets - investments	366	367
Net cash flows from investing activities	(22,739)	99,475
CASH FLOWS FROM FINANCING ACTIVITIES		
New borrowing		33,000
Repayment of borrowings	16 (11,905)	(180,457)
Net cash flows from financing activities	(11,905)	(147,457)
Net receipts/(payments) of public accounts	4,473	2,248
Net increase in cash and cash equivalents	29,056	21,568
Cash and cash equivalents at the beginning of the year	37,695	16,127
Cash and cash equivalents at the end of the year	2 66,751	37,695

SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

10.2 Statement of Cash flows – Consolidated Fund

(All figures in US\$'000)		31-Mar-17	31-Mar-16
	Notes	Receipts/ Payments	Receipts/ Payments
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
<i>Government Revenue</i>			
Taxes on goods and services	5.1	105,359	103,068
Duties (excluding stamp duty)	5.2	110,807	106,098
Licences	5.3	11,895	10,228
Fees, fines and permits	5.4	26,302	26,962
Transfers from controlled entities	5.5	524	3,318
Finance income	5.6	590	1,677
Grants and aid	5.7	3,298	4,953
Other receipts	5.8	8,323	7,580
Total receipts from operating activities		267,098	263,884
Payments			
Compensation of employees	6.1	76,153	69,769
Pensions and gratuities	6.2	5,892	5,483
Finance cost	6.3	1,260	6,634
Subventions	6.4	12,924	9,664
Other payments	6.5	111,645	105,033
		207,873	196,582
Net cash flows from operating activities		59,225	67,303
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from principal loan repayments		404	648
Proceeds from other investing activities		366	366
Proceeds from National Forfeiture Fund (NFF)		-	575
Transfers to the NFF		-	(716)
Proceeds from Development fund		23,509	11,539
Transfers to Development Fund	10.3	(31,544)	(19,908)
Net cash flows from investing activities		(7,265)	(7,496)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	16	(11,905)	(180,458)
New Borrowing		-	33,000
Proceeds from Sinking Fund		-	110,026
Transfers to Sinking Fund		-	-
Net cash flows from financing activities		(11,905)	(37,432)
Net receipts/(payments) of public accounts		1,297	2,248
Net increase in the Consolidated Fund balance		41,352	24,623
Consolidated Fund balance at the beginning of the year		(3,037)	(27,659)
Consolidated Fund balance at the end of the year		38,316	(3,037)

SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

10.3 Statement of Cash Flows - Development Fund

<i>figures in US\$'000</i>	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-17 \$'000	31-Mar-16 \$'000	Estimates
Development Fund Balance at the beginning of the year	14,637	45	33	34	117	404	15,271	6,901	
Consolidated Fund Contribution	31,544	-	-	-	-	-	31,544	19,829	37,455
Grants Received	-	-	-	-	-	-	-	-	-
Total Capita Receipts	31,544	-	-	-	-	-	31,544	19,829	37,455
Expenditure not requiring commitment	2,451	-	-	-	-	-	2,451	3,405	-
Other Expenditure	21,033	-	-	-	-	26	21,059	8,054	-
Total Capital Expenditure	23,484	-	-	-	-	26	23,509	11,459	37,455
Surplus/ (Deficit)	8,060	-	-	-	-	(26)	8,035	8,369	-
Development Fund Balance at the end of the year	22,697	45	33	34	117	378	23,305	15,271	-

The Development Fund contains such monies that may be appropriated out of 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 comparative balances at FY 2015-16 have been restated to reflect this amendment.

At the end of the year, the Fund had a balance of \$23.3 million available for use in the new financial year.

SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

10.4 Statement of Cash Flows - National Forfeiture Fund

(All figures in US\$'000)	31-Mar-17	31-Mar-16
	Receipts/ Payments	Receipts/ Payments
Receipts		
Transfer from Money Laundering Authority Account	3,300	-
Other Receipts	-	775
Total receipts	3,300	775
Payments		
<i>Transfer to Consolidated fund</i>		575
<i>Other Payments</i>	125	59
Total payments	125	634
Net (decrease) in National Forfeiture Fund balance	3,175	141
National Forfeiture Fund balance at the beginning of the financial year	1,954	1,813
National Forfeiture Fund balance at the end of the financial year	5,129	1,954

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, 2017 was \$5.1 million (2016: \$2.0 million).

The Fiscal Framework Document (FFD) requires that the NFF transfers to the Consolidated Fund all amounts over and above \$2.0 million in the fund at the end of each financial year. The amount to be transferred from the NFF to the Consolidated Fund for the year ended March 31, 2017 is \$3.1 million (2016: \$0.6 million).

11. STATEMENT OF AMOUNTS GUARANTEED BY TCIG

There are currently no guarantees given by TCIG.

SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

12. STATEMENT OF OUTSTANDING ADVANCES

	31-Mar-17 US\$'000	31-Mar-16 US\$'000
Staff loans and advances	30	28
Other receivables and advances	142	128
Loans and advances recommended for write-off	2,574	2,574
Total outstanding advances	2,746	2,730

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, 2017 was \$2.7 million (2016: \$2.7 million), which include an amount of \$2.6 million that is considered irrecoverable. A request has been submitted to the House of Assembly for approval to write off these receivables. No provision for impairment has been made under the IPSAS Cash Basis of Accounting.

13. STATEMENT OF INVESTMENTS HELD BY TCIG

	31-Mar-17 US\$'000	31-Mar-16 US\$'000
Paid Up Shares of the Caribbean Development Bank (CDB)	706	706
Bond Repurchase programme	2,364	2,731
Total financial assets - investment	3,070	3,436

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, 2017 (2016: 117 shares) with a paid up value of \$0.7 million (2016: \$0.7 million). In addition, there are 416 callable shares allocated to TCIG as at March 31, 2017 which have a par value of \$2.5 million, (2016: 416 callable shares with a value of \$2.5 million).

SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

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-16 US\$'000
Sagicor Financials	TCIB \$6.5m 8%	US \$	7/22/11	11/1/20	8.00%	3,000	1,304	1,625
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	164	211
Grand Total						\$ 8,785	\$ 2,364	\$ 2,731

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, 2017 TCIG received \$0.4 million (2016: \$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, 2017 is \$2.4 million (2016: \$2.7 million).

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

	31-Mar-17 US\$'000	31-Mar-16 US\$'000
Loans receivable - TCIG	8,253	8,431
Loans receivable - TOLCO	2,016	2,243
Total non-current receivables from exchange transactions	10,269	10,674

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 which are secured by real estate assets. 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 are recorded at 40% of their historical cost at the date of the sale, which is the maximum amount

SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

payable to TCIG by TOLCO, under the terms of the sales agreement with TCIG. Given the quality of some of these loans TCIG does not expect to recover the full amounts shown.

At the end of the financial year, the government had not yet concluded negotiations for the repurchase of the TOLCO portfolio. Consequently, no adjustment has been made in these financial statements.

15. PAYABLES FROM EXCHANGE TRANSACTIONS

	31-Mar-17 US \$	31-Mar-16 US \$
Accounts payable & accruals	1,520	1,849
Refundable deposits	4,016	2,375
Total payables from exchange transactions	5,536	4,224

Payables from exchange transactions are non-interest bearing and are normally settled within a maximum of one year. The balances at March 31, 2017 and March 31, 2016 primarily includes accruals for liabilities relating to claims against TCIG, payments for property related transactions and refundable deposits.

16. BORROWINGS

Statement of Outstanding Public Debt	Interest Rates	Outstanding Balance 01-Apr-16 US\$'000	Repayment During 2016/17 US\$'000	Outstanding Balance 31-Mar-17 US\$'000	Finance Cost 2016/17 US\$'000	Current Portion 2016/17 US\$'000	Non-current Borrowings 2016/17 US\$'000
Financial Liabilities - Borrowings	%						
Unsecured							
Caribbean Development Bank	Various	8,170	1,450	6,720	191	1,450	5,271
Citibank Trinidad and Tobago	Various	1,458	833	625	100	625	-
RBC Royal Bank	7.98	29,111	8,556	20,556	559	8,556	12,000
TCI Bank Limited	Various	5,542	1,067	4,475	410	1,067	3,408
Total unsecured debts		44,281	11,905	32,376	1,260	11,697	20,679
Total outstanding public debts		44,281	11,905	32,376	1,260	11,697	20,679

SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

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, 2017 were \$32.4 million (2016: \$44.3 million) after principal debt repayments for the year of \$11.9 million (2016: \$180.5 million). Total finance costs for the year ended March 31, 2017 were \$1.3 million (2016: \$6.6 million). Non-current borrowings at March 31, 2017 were \$20.7 million (2016: \$32.4 million).

There was no new borrowing during this financial year.

17. STATEMENT OF CONTINGENT LIABILITIES

STATEMENT OF CONTINGENT LIABILITIES		
The information below is compiled from returns provided by Accounting Officers.		
BY MINISTRY	31-Mar-17 US\$'000	31-Mar-16 US\$'000
Office of the Governor	-	3
Attorney General's Chambers	15,149	10,119
Statutory Charges	426,700	75,819
Ministry of Finance, Trade and Investment	1,031	349
Ministry of Education Youth Sports and Library Services	2,227	280
Infrastructure, Housing & Planning	8,913	-
Ministry of Health and Human Services	897,268	964,542
Total Commitments and Contingent Liabilities	1,351,288	1,051,112

17.1 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 \$15.1 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 an amount can reasonably be determined or ordered.

SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

17.2 Ministry of Health and Human Services

This amount includes an estimated long term commitment of \$380.6 million (2016: \$393.5 million) based on the terms of the unitary component of the IHC hospital contract as well as estimates for the equipment & clinical portion of the contract which amounts to \$515.6 million (2015: \$571.1 million) (Note 22).

17.3 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, 2017. 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 has also been reflected.

18. Statement of Commitments

The information below is compiled from returns provided by Accounting Officers.		
BY MINISTRY	31-Mar-17 US\$'000	31-Mar-16 US\$'000
Office of the Governor	16	6
Police	37	85
Attorney General's Chambers	305	21
Judiciary	169	65
Ministry of Border Control and Labour	27	1,016
Ministry of Finance, Trade and Investment	884	1,389
Deputy Governor's Office	19	8
Ministry of Education Youth Sports and Library Services	101	1,576
Office of the Director of Public Prosecutions	2	8
Ministry of Home Affairs, Transportation & Communication	1	31
Infrastructure, Housing & Planning	113	5,684
Ministry of Tourism, Environment, Heritage & Culture	1,956	79
Ministry of Health and Human Services	60	165
Office of the Premier and District Administration	63	99
Total Commitments	3,753	10,232

Commitments reflect the value of purchase orders which have been issued for goods and services as well as unpaid invoices at March 31, 2017.

SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

19. STATEMENT OF LOSSES OF PUBLIC MONEY AND STORES

STATEMENT OF LOSSES OF PUBLIC MONEY AND STORES		
The information below is compiled from returns provided by Accounting Officers.		
MINISTRY	31-Mar-17 US\$'000	31-Mar-16 US\$'000
Attorney General's Chambers	3	2
Judiciary	23	23
Ministry of Border Control and Labour	4	-
Ministry of Finance, Trade and Investment	23	12,678
Ministry of Education Youth Sports and Library Services	118	118
Ministry of Home Affairs, Transportation & Communication	6	2
Infrastructure, Housing & Planning	5	-
Ministry of Tourism, Environment, Heritage & Culture	92	92
Ministry of Health Agriculture and Human Services	34	-
Total Losses of Public Money and Stores	308	11,916

During the year, fire destroyed the Victoria Library in Grand Turk. The value of the loss has not been quantified. Fire also destroyed the National HIV Prevention Unit Office Building. The value of the estimated loss is \$34.2 thousand. There were no other losses reported during the financial year ended March 31, 2017, (2016: None).

No write-offs of public monies and stores or claims abandoned was approved during the year ended March 31, 2017 (2016: None).

20. STATEMENT OF ARREARS OF REVENUE

SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

The information below is compiled from returns provided by Accounting Officers.		
MINISTRY	31-Mar-17 US\$'000	31-Mar-16 US\$'000
Police	10	13
Attorney General's Chambers	9,523	2,333
Ministry of Finance, Trade and Investment	52,873	5,984
Ministry of Education Youth Sports and Library Services	50	178
Ministry of Home Affairs, Transportation & Communication	24	39
Infrastructure, Housing & Planning	5,423	3,496
Ministry of Tourism, Environment, Heritage & Culture	338	381
Total Arrears of Revenue	68,240	11,423

Revenue Arrears consists primarily of arrears for Bond Proceeds, Audit Assessments, Telecommunication Licences as well as Arrears for Sale of Water.

Cabinet is to receive a submission for the write-off of amounts deemed uncollectible.

21. STATEMENT OF STORES AND OTHER ASSETS

The information below is compiled from returns provided by Accounting Officers.		
BY MINISTRY	31-Mar-17 US\$'000	31-Mar-16 US\$'000
Ministry of Border Control and Labour	173	-
Ministry of Finance, Trade and Investment	236	-
Ministry of Education Youth Sports and Library Services	263	184
Ministry of Home Affairs, Transportation & Communication	1,365	488
Infrastructure, Housing & Planning	1,948	-
Ministry of Health and Human Services	161	146
Total Unallocated Stores and Other Assets	4,146	818

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 (2016: \$0.8 million) in stores is primarily items held at Water Undertaking and the Central Purchasing Unit (CPU).

22. SCHEDULE OF LONG TERM COMMITMENT

22.1 Long Term Commitment

SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

Estimates of Long Term Liabilities	Jan 08 - Jan 33 US\$'000	Yearr 1 to March 2017 US\$'000	1 Year to March 31, 2018 US\$'000	Year 10 to Jan 2033 US\$'000
Unitary	473,503	92,887	17,342	363,274
Equipment	61,842	14,870	2,267	44,704
Clinical Services	676,058	207,430	29,239	439,389
Total Hospital Contract Costs	1,211,403	315,187	48,849	847,367

*Information provided by Contract Performance Management Unit

InterHealth Canada Limited (IHC) provides TCIG a monthly composite invoice for unitary charges and clinical equipment reserves. TCIG pays InterHealth Canada Infrastructure (TCI) Limited (Infraco) 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.

22.2 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, 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,

SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

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.

23.SCHEDULE OF GOVERNMENT CONCESSIONS

The information below is compiled from returns provided by Accounting Officers.		
BY MINISTRY	31-Mar-17	31-Mar-16
	US\$'000	US\$'000
Ministry of Finance, Trade and Investment	33,312	35,759
Ministry of Home Affairs, Transportation & Communication	-	7
Infrastructure, Housing & Planning	-	10
Ministry of Tourism, Environment, Heritage & Culture	-	7
House of Assembly	8	-
Total Concessions	33,320	35,783

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, 2017 amounted to \$33.3 million (2016: \$35.8 million).

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 enhance TCIG revenues are some of the areas that directly benefit.

24.SCHEDULE OF ASSOCIATED PARTY TRANSACTIONS

24.1 Associated party transactions – receipts

SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

Transfers to TCIG	31-Mar-17 US\$'000	31-Mar-16 US\$'000
Turks and Caicos Islands Telecommunications Commission	500	-
Turks and Caicos Islands Port Authority	24	21
Turks and Caicos Islands Financial Services Commission	-	3,298
Total receipts from associated parties	524	3,319

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.

24.2 Associated party transactions – payments

National Health Insurance Board (NHIB)	31-Mar-16 US\$'000	31-Mar-15 US\$'000
TCIG transfer to support payment for the hospital contract	26,562	19,200
TCIG contributions on behalf of civil servants	2,152	1,972
Total NHIB transactions	28,714	21,172

National Insurance Board (NIB)	31-Mar-16 US\$'000	31-Mar-15 US\$'000
TCIG contributions on behalf of civil servants	2,590	2,295
Rent payments	128	128
Principal loan repayments	-	1,854
Interest payments	-	89
Total NIB transactions	2,718	4,366

SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

Subventions	31-Mar-17 US\$'000	31-Mar-16 US\$'000
TCI Tourist Board	3,432	2,955
Invest Turks and Caicos	2,912	1,300
TCI Community College	2,392	2,217
TCI Civil Aviation Authority	1,293	969
Integrity Commission	1,230	1,200
National Audit Office	636	590
TCI Human Rights Commission	385	271
Financial Intelligence Agency	275	-
TCI Complaints Commission	218	147
TCI National Trust	150	200
Total subventions	12,923	9,849

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 associated entities are managed by TCIG.

25. SCHEDULE OF GOVERNMENT LEASES

Leases of Government Properties	31-Mar-17 US\$'000	31-Mar-16 US\$'000
Leases of government property recognised as rental receipts	659	523

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. Guidance was requested and received

SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

from the Attorney General with respect to certain commercial agreements. This advice is being actioned and any effects will be reflected in future Annual Statements.

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

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

Infrastructure Account	31-Mar-17 US\$'000	31-Mar-16 US\$'000
Receipts		
Contributions from Grand Turk Cruise Center (GTCC)	828	946
Contributions from TCIG	414	482
Total receipts	1,242	1,428
Payments		
Disbursements	530	279
Total payments	530	279
Net increase in infrastructure account balance	712	1,149
Infrastructure account balance at the beginning of the year	5,269	4,120
Infrastructure account balance at the end of the year	5,981	5,269

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.

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.

SUPPLEMENTARY NOTES TO THE PUBLIC ACCOUNTS

The IA had a bank account balance at March 31, 2017 of \$6.0 million (2016: \$5.3 million), with contributions from GTCC for the financial year of \$0.8 million (2016: \$0.9 million) and contributions from TCIG of \$0.4 million (2016: \$0.5 million). Disbursement for the year amounted to \$0.6 million (2016: \$0.3 million).



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