



GOVERNMENT OF THE
TURKS AND CAICOS ISLANDS

SUMMARY FINANCIAL REPORT

DECEMBER 2017

Prepared by the Office of the Accountant General

The Turks and Caicos Islands were seriously affected by the passage of two storms during the month of September – Irma and Maria on the 7th and 22nd respectively. Consequently, economic activity was severely curtailed and this continues to be reflected in the operating results for the month of December.

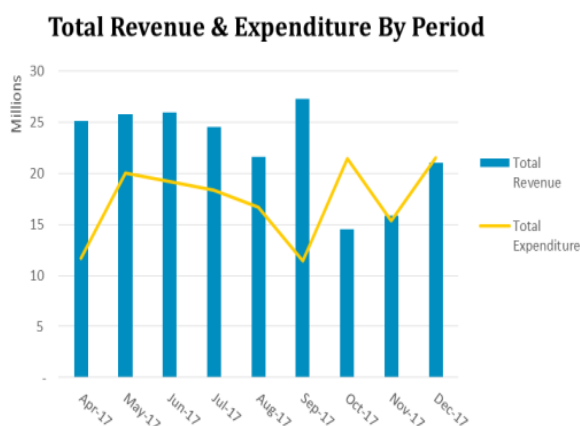
The overall fiscal impact of these natural disasters is still being determined.

OPERATING SURPLUS

| | Month | | | Variance | | | | Year to Date | | | Variance | | | |
|------------------------------|----------------|----------------|----------------|------------------|---------------|------------------|---------------|-----------------|-----------------|-----------------|-------------------|-------------|-------------------|--------------|
| | Actual | Budget | Prior Year | Budget | | Prior Year | | Actual | Budget | Prior Year | Budget | | Prior Year | |
| | \$ 000's | \$ 000's | \$ 000's | \$ 000's | % | \$ 000's | % | \$ 000's | \$ 000's | \$ 000's | \$ 000's | % | \$ 000's | % |
| Recurrent Revenue | 21,004.5 | 22,377.6 | 21,182.9 | (1,373.1) | (6%) | (178.4) | (1%) | 182,016.3 | 198,349.5 | 191,596.8 | (16,333.2) | (8%) | (9,580.6) | -5% |
| Recurrent Expenditure | 20,724.2 | 16,807.9 | 17,000.9 | (3,916.4) | (23%) | (3,723.3) | (22%) | 151,222.9 | 156,387.8 | 145,151.0 | 5,165.0 | 3% | (6,071.8) | (4%) |
| Net Recurrent Surplus | 280.3 | 5,569.7 | 4,182.0 | (5,289.4) | (95%) | (3,901.7) | (93%) | 30,793.4 | 41,961.6 | 46,445.8 | (11,168.2) | -27% | (15,652.4) | (34%) |
| Non-Recurrent Revenue | 23.1 | 39.9 | 68.6 | (16.8) | - | (45.5) | - | 20,505.0 | 399.3 | 776.6 | 20,105.6 | 5035% | 19,728.4 | 2540% |
| Non-Recurrent Expenditure | 764.4 | 395.5 | - | (368.9) | (93%) | (764.4) | - | 4,967.3 | 8,203.6 | 4,816.6 | 3,236.2 | 39% | (150.7) | (3%) |
| Operating Surplus | (461.0) | 5,214.1 | 4,250.6 | (5,675.1) | (109%) | (4,711.6) | (111%) | 46,331.0 | 34,157.4 | 42,405.8 | 12,173.6 | 36% | 3,925.3 | 9% |

The Consolidated Fund recorded an overall deficit of \$0.5 million during December, when compared to the budgeted surplus of \$5.2 million. The overall year to date operating surplus of \$46.3 million was \$12.2 million (36%) ahead of budget. This amount, when adjusted for the net effects of the extraordinary item of the insurance claim receipt, the early receipt of the EDF Grant as well as the non-recurrent expenditure results is a net recurrent surplus of \$30.8 million, 27% behind the budgeted amount.

On a year-over-year basis, the Consolidated Fund decreased, when compared to December of the previous year, by \$0.2 million and year to date results showed a decrease of \$9.6 million (5%) .



Recurrent Revenues for the month amounted to \$21.0 million compared to the budgeted revenues of \$22.4 million, representing a shortfall of \$1.4 million. Year to date recurrent revenue totaled \$182.0 million. This performance was less than the budgeted amount by \$16.3 million. On a year-over-year basis recurrent revenues had a decrease of \$0.2 million (1%) when compared to the outturn as at December of the prior year.

Non-recurrent Revenue totaled \$20.5 million for the year to date, consisting of the first tranche of the European Development Fund (EDF 11) Grant of \$4.8 million as well as \$15.3 million settlement in relation to insurance claims from the Caribbean Catastrophic Risk Insurance Facility. These amounts were received in September and October.

Recurrent Expenditure for December totaled \$20.7 million, which was \$3.9 million (23%) above the budgeted amount and up 22% from the previous year's outturn. Year to date expenditure totaled \$151.2 million, underperforming against the budgeted amount by \$5.2 million (3%) while being above the previous year's expenditure by 4%. It should be noted that expenditure estimates were revised downwards via a withdrawal warrant which was approved and processed during November.

Non-recurrent Expenditure year to date had results totaling \$5.0 million which was 39% less than the budgeted amount while being 3% above the prior year's outturn, due primarily to the timing of the receipt of invoices.

CASH FLOW

| | Month | | | Variance | | | | Year to Date | | | Variance | | | |
|----------------------------------|------------------|--------------|------------------|------------------|----------------|----------------|------------|-----------------|-----------------|-----------------|----------------|------------|----------------|-------------|
| | Actual | Budget | Prior Year | Budget | | Prior Year | | Actual | Budget | Prior Year | Budget | | Prior Year | |
| | \$ 000's | \$ 000's | \$ 000's | \$ 000's | % | \$ 000's | % | \$ 000's | \$ 000's | \$ 000's | \$ 000's | % | \$ 000's | % |
| Cash Flow from Operations | (461.0) | 5,214.1 | 4,250.6 | (5,675.1) | (109%) | (4,711.6) | (111%) | 46,331.0 | 34,157.4 | 42,405.8 | 12,173.6 | 36% | 3,925.3 | 9% |
| Less: | | | | | | | | | | | | | | |
| Capital Contributions | (600.4) | (4,887.5) | (1,617.3) | 4,287.1 | (88%) | 1,016.9 | (63%) | (10,830.8) | (4,537.5) | (13,981.7) | (6,293.3) | 139% | 3,150.9 | (23%) |
| Debt Repayments | - | - | - | - | - | - | - | (9,984.9) | (10,421.3) | (9,056.7) | 436.4 | - | (928.2) | 10% |
| Borrowing | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Bond Inflows | 160.5 | - | 160.5 | 160.5 | - | (.0) | - | 367.2 | - | 367.2 | 367.2 | - | - | - |
| Transfers from/(to) NFF | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Net Working Capital | (2,527.1) | - | (5,321.4) | (2,527.1) | - | 2,794.3 | (53%) | (3,515.5) | - | 2,862.4 | (3,515.5) | - | (6,378.0) | (223%) |
| Net Cash Flow | (3,428.0) | 326.6 | (2,527.6) | (3,754.6) | (1150%) | (900.4) | 36% | 22,367.0 | 19,198.6 | 22,597.1 | 3,168.4 | 17% | (230.0) | (1%) |

The month of December 2017 recorded a net cash deficit of \$3.4 million, comparing unfavorably to the budgeted surplus of \$0.3 million, and was \$0.9 million below the prior year's outturn. Year to Date results however, recorded a positive net cash flow of \$22.4 million, surpassing the budgeted amount by \$3.2 million while being below the prior year's outturn by \$0.2 million (1%).

To enhance the government's treasury management, an amount of \$80.6 million is currently placed in an on-call money market account at Scotiabank (Turks and Caicos), which is currently earning interest at a rate of 0.4% per annum.

OUTSTANDING PUBLIC DEBT

| Public Debt Debt Type | Opening | December 31, 2017 | |
|--------------------------------------|-----------------|------------------------|--------------------------|
| | 01-Apr-17 | Principal Repayment | Outstanding Principal |
| | \$ 000's | \$ 000's | \$ 000's |
| Other TCIG Bank Loans - Unsecured | 31,351.9 | (8,960.9) | 22,391.1 |
| TCInvest Loans - Unsecured | 1,024.1 | (1,024.1) | .0 |
| Total Outstanding Public Debt | 32,376.0 | (9,984.9) | 22,391.1 |

Total year to date loan repayment was \$10.0 million, which reduced Loans and Bonds from a total \$32.4 million at March 31 2017, to \$22.4 million at the end of December 2017. This repayment amount included \$1.0 million in principal repayments to the Caribbean Development Bank (CDB) in the early settlement of loans relating to TCInvest.

DEVELOPMENT FUND

| DEVELOPMENT FUND SUMMARY | EXPENDITURE | APPROVED CONTRACT | AVAILABLE | |
|--------------------------|-----------------|-------------------|----------------|------------|
| | | | FOR YEAR | CUMULATIVE |
| Opening balance | | | 967.2 | 967.2 |
| 2014 | 7,900.3 | 9,876.9 | 1,976.6 | 2,943.9 |
| 2015 | 11,539.0 | 16,830.5 | 5,291.5 | 8,235.3 |
| 2016 | 23,508.5 | 29,226.7 | 5,718.2 | 13,953.5 |
| Dec-17 | 10,830.8 | - | (10,830.8) | 3,122.8 |
| | 53,778.5 | 55,934.1 | 3,122.8 | |

In accordance with the PFM Ordinance Section 18(2) (b), approximately \$14.0 million was retained in the Development Fund to cover the cost of projects that were deemed committed at the end of the previous financial year.

Total year to date Capital Expenditure was \$10.8 million, underperforming against the budgeted amount by \$4.7 million (32%). Of the total expenditure, \$3.9 million was spent on the construction, renovation & upgrading of schools throughout the islands, \$2.0 million on road development and repair and a further \$1.9 million on the purchase of transport equipment, of which \$1.3 million was used to purchase police boats and \$0.3 million on mobile clinics.

Spending on capital projects is expected to increase in the ensuing months. The procurement plan for the current financial year is being reprioritized in response to efforts being carried out to mitigate the effects of the hurricanes.

NATIONAL FORFEITURE FUND

The National Forfeiture Fund had a balance of \$5.1 million at December 31, 2017.