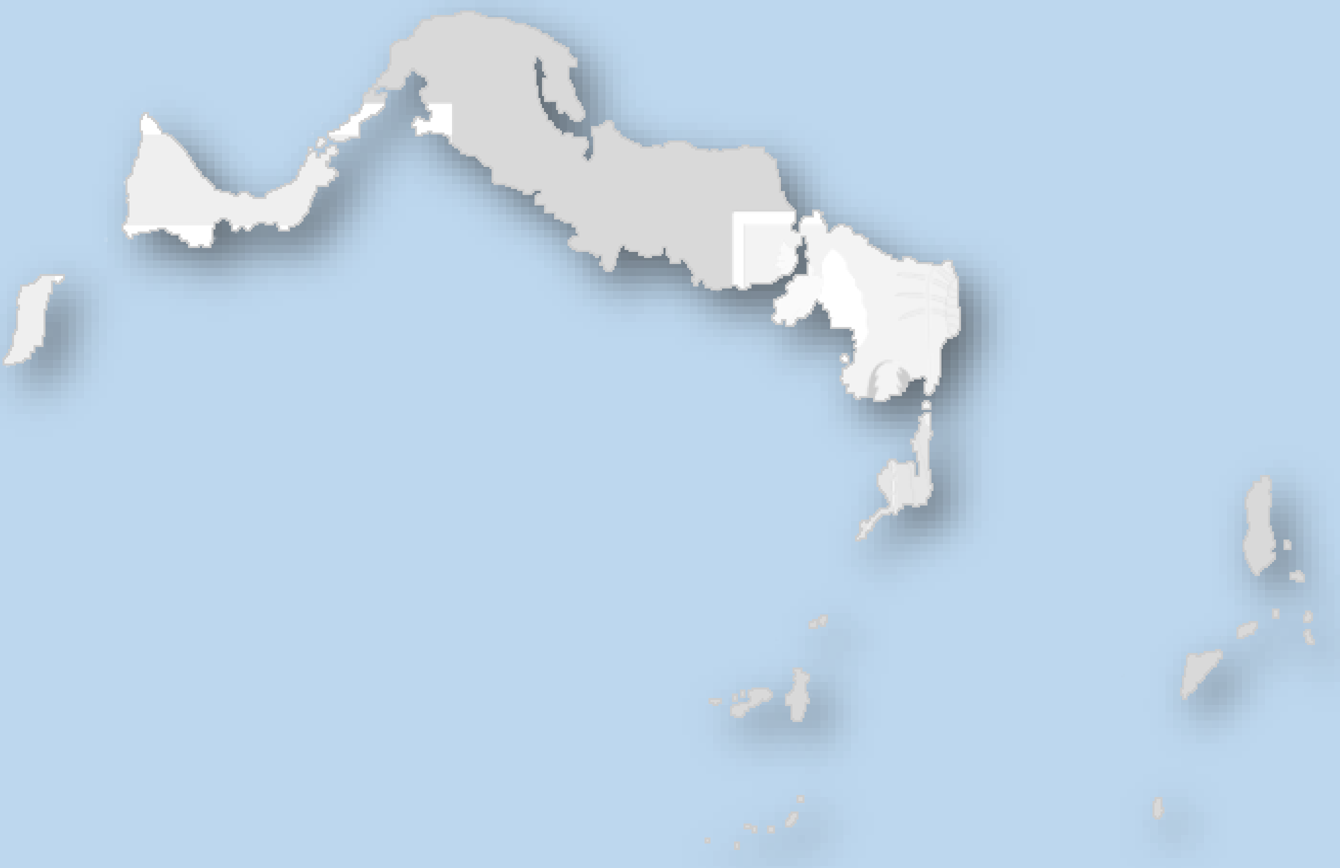
GOVERNMENT OF THE TURKS AND CAICOS ISLANDS

FINANCIAL SERVICES AND SUPPLIES MANAGEMENT DEPARTMENT

FINANCIAL REPORT

For the month ended 31 May, 2026

FY2026/2027



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KEY HIGHLIGHTS

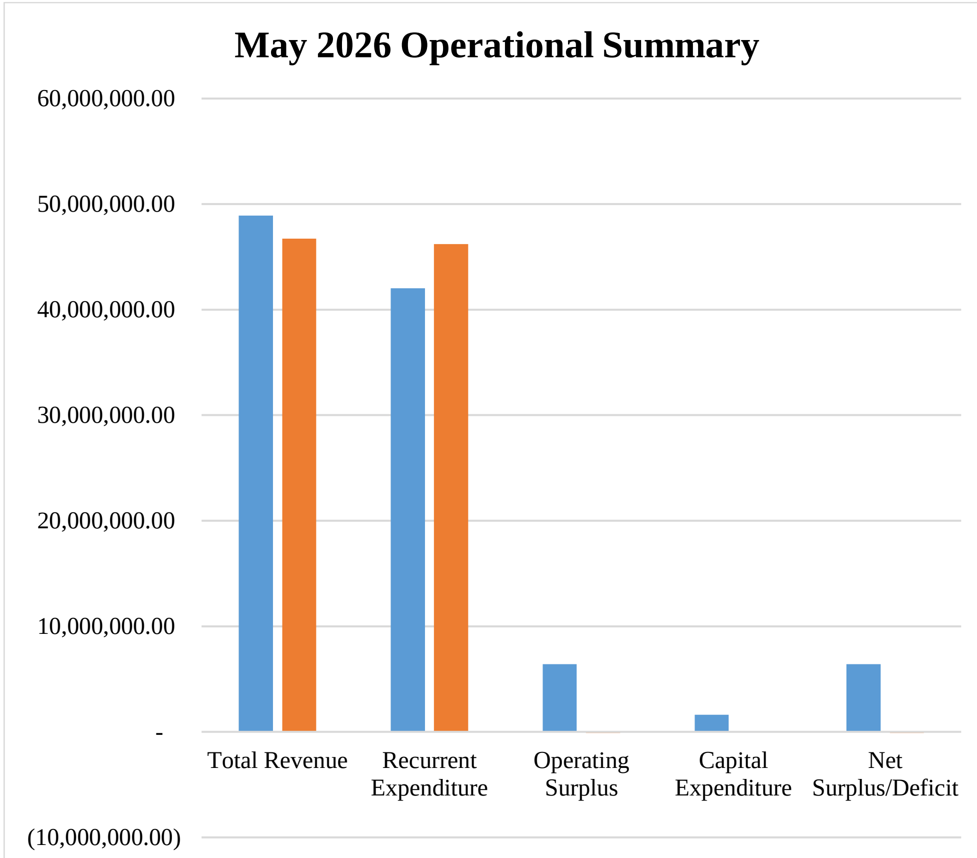
- **49 million revenue for the month.** The aggregate revenue collections for May 2026 were $49.3 million against a budget of $46.6 million, resulting in a favorable variance of $2.8 million (5%).

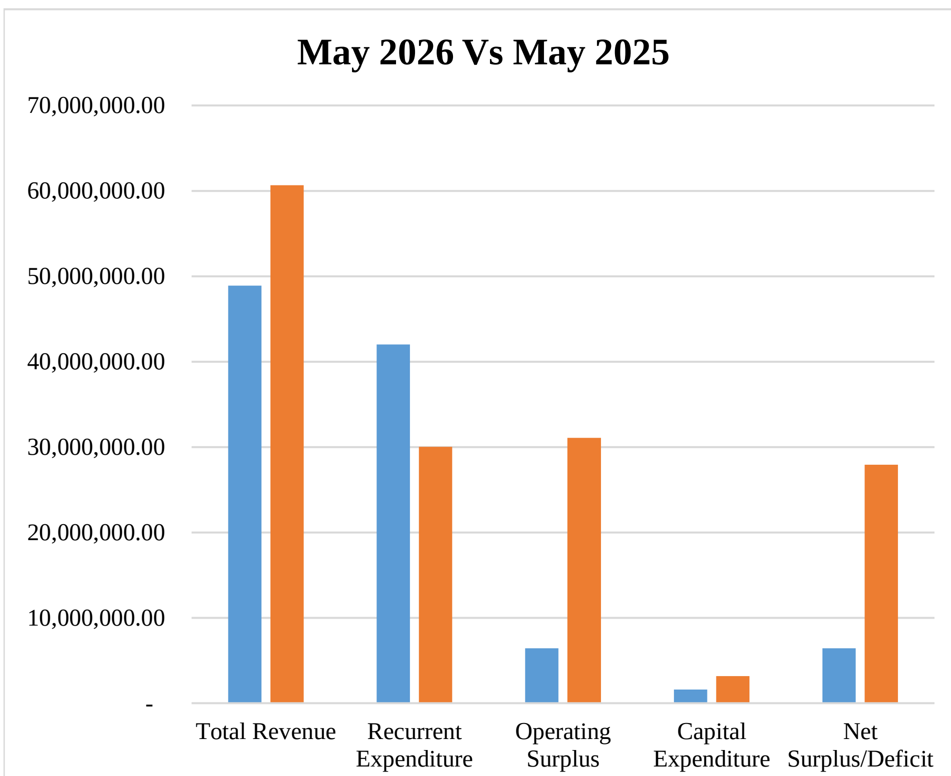
- **$42.5 million expenditure for the month.** The total expenditure for the month of May 2026 was $42.5 million, compared to a budget of $46.9 million, yielding a savings variance of $4.36 million (9%).

- **Capital spending via the Development Fund registered at $1.62 million during the month,** down 49% from the $3.17 million recorded in May 2025.

- **$6.8 million operating surplus** compared to a forecast deficit of $0.3 million, representing a favorable variance of $7.1 million against forecast

- **Increase in the underlying Cash balances.** The underlying cash balance at the end of the month increased by about $4.1 million, resulting in a closing cash balance of $420.8 million.





1. ECONOMIC OVERVIEW

The global economy continued to face significant challenges during May 2026 as geopolitical tensions, rising costs, and uncertainty in energy markets weighed on economic activity. Ongoing conflict in the Middle East and disruptions to key shipping routes contributed to higher oil prices and increased transportation costs, adding pressure to global supply chains and raising concerns about inflation. These developments have been particularly challenging for small, import-dependent economies, which remain vulnerable to fluctuations in fuel, food, and other essential commodity prices. While global growth is expected to remain positive, economic forecasts suggest that risks to the outlook have increased due to higher production costs, supply chain disruptions, and weaker business confidence.

Across the Caribbean, tourism continued to play an important role in supporting economic activity. Strong demand from North American travelers helped sustain visitor arrivals, hotel occupancy rates, and investment in tourism-related developments. At the same time, many countries in the region continued to experience higher energy, transportation, and import costs, which contributed to ongoing inflationary pressures and increased operating expenses for both businesses and governments. As a result, policymakers across the region remained focused on supporting economic growth while maintaining sound fiscal management.

Against this backdrop, the Turks and Caicos Islands economy remained resilient during May 2026. Economic activity continued to be driven by a strong tourism sector, which benefited from steady visitor arrivals, high accommodation occupancy levels, and continued demand for tourism-related services. Tourism remained the primary source of economic growth and a major contributor to Government revenues through accommodation taxes, customs duties, departure taxes, and other related revenue streams.

Nevertheless, external economic developments continue to present risks to the domestic outlook. As a small, open economy that relies heavily on imported goods and fuel, the Turks and Caicos Islands remains exposed to changes in global commodity prices and shipping costs. Persistently high energy prices and transportation expenses may continue to place pressure on inflation and Government operating costs during the remainder of the fiscal year. In addition, any slowdown in economic activity within key tourism source markets could have implications for future visitor demand.

Despite these challenges, the outlook for the Turks and Caicos Islands remains favourable. Continued growth in tourism, ongoing private-sector investment, stable labour market conditions, and infrastructure development are expected to support economic expansion throughout 2026. Supported by strong economic fundamentals and a sound fiscal position, the Islands remain well placed to navigate external challenges and sustain economic growth in the medium term.

2. FISCAL OVERVIEW

The Government recorded a Net Operating Surplus of $6.8 million for the month of May 2026, compared to a forecasted deficit of $0.3 million and a surplus of $31.1 million in the corresponding period of the prior year. This represents a favorable variance of $7.1 million against forecast and a decline of $24.1 million (78%) relative to May 2025. The positive variance against forecast was primarily attributable to stronger-than-anticipated revenue collections, particularly from Hotel and Restaurant Tax, coupled with total expenditure remaining below budgeted levels during the month.

FISCAL SUMMARY	May-26			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	49,187	46,339	60,460	2,848	6%	(11,273)	-19%	103,097	98,360	112,373	4,738	5%	(9,275)	-8%
Non-Recurrent Revenue	144	223	687	(78)	-35%	(543)	-79%	389	876	835	(486)	-56%	(445)	-53%
Total Revenue	**49,331**	**46,562**	**61,147**	**2,769**	**6%**	**(11,816)**	**-19%**	**103,487**	**99,235**	**113,207**	**4,252**	**4%**	**(9,720)**	**-9%**
Recurrent Expenditure	42,020	46,225	30,019	(4,205)	-9%	12,001	40%	68,214	92,286	54,637	(24,072)	-26%	13,577	25%
Non-Recurrent Expenditure	478	633	235	(155)	-24%	244	104%	511	1,012	334	(501)	-50%	177	53%
Total Expenditure	**42,498**	**46,857**	**30,253**	**(4,359)**	**-9%**	**12,244**	**40%**	**68,725**	**93,298**	**54,970**	**(24,573)**	**-26%**	**13,755**	**25%**
Net Operating Surplus	**6,833**	**(296)**	**30,894**	**7,129**	**-2411%**	**(24,061)**	**-78%**	**34,762**	**5,937**	**58,237**	**28,825**	**485%**	**(23,475)**	**-40%**

2.1 CASH FLOW

Cash generated from operating activities amounted to $6.8 million in May 2026, compared to a forecasted deficit of $0.3 million, resulting in a favorable variance of $7.1 million. Despite outperforming budget expectations, operating cash flow was $24.1 million (78%) lower than the $30.1 million recorded in the corresponding period of 2025.

After accounting for Development Fund expenditure of $1.6 million and other net payments of $1.1 million, the Government recorded a Net Cash Inflow of $4.1 million, exceeding the budgeted deficit by $4.4 million. On a year-to-date basis, Net Cash Flow totaled $30.8 million, surpassing the budgeted inflow of $4.2 million by $26.6 million (628%), and $28.2 million (48%) below the level recorded during the same period in 2025.

	Actual $ 000's	Budget $ 000's	Prior Year $ 000's	Budget $ 000's	%	Prior Year $ 000's	%	Actual $ 000's	Budget $ 000's	Prior Year $ 000's	Budget $ 000's	%	Prior Year $ 000's	%
Cash Flow from Operations	**6,833**	**(296)**	**30,894**	**7,129**	**-2411%**	**(24,061)**	**-78%**	**34,762**	**5,937**	**58,237**	**28,825**	**485%**	**(23,475)**	**-40%**
Less:														
Development Fund Expenditure	(1,615)	-	(3,170)	(1,615)	-	1,555	-49%	(1,657)	(1,702)	-	45	-3%	(1,657)	-
Debt Repayments		-	-	-	0%	(1,071)	0%	(22)	-	-	(22)	0%	(22)	0%
Net receipts	(1,071)	-	-	(1,071)	0%	4,147	0%	(2,260)	-	826	(2,260)	0%	2,260	-
Net Cash Flow	**4,147**	**(296)**	**27,724**	**4,443**	**-1503%**	**(23,577)**	**-85%**	**30,823**	**4,235**	**59,063**	**26,588**	**628%**	**(28,240)**	**-48%**
Opening cash balance	416,619		397,730					389,944		369,875				
Closing cash balance	**420,766**		**425,454**					**420,767**		**428,938**				
Attributable to:														
Consolidated Fund	191,199							191,199						
Development Fund	124,623							124,623						
National Wealth Fund	97,514							97,514						
National Forfeiture Fund	4,404							4,404						
DEF	3,027							3,027						
Closing cash balance	**420,767**							**420,767**						

3. REVENUE

3.1. RECURRENT REVENUE BY ECONOMIC CLASSIFICATION

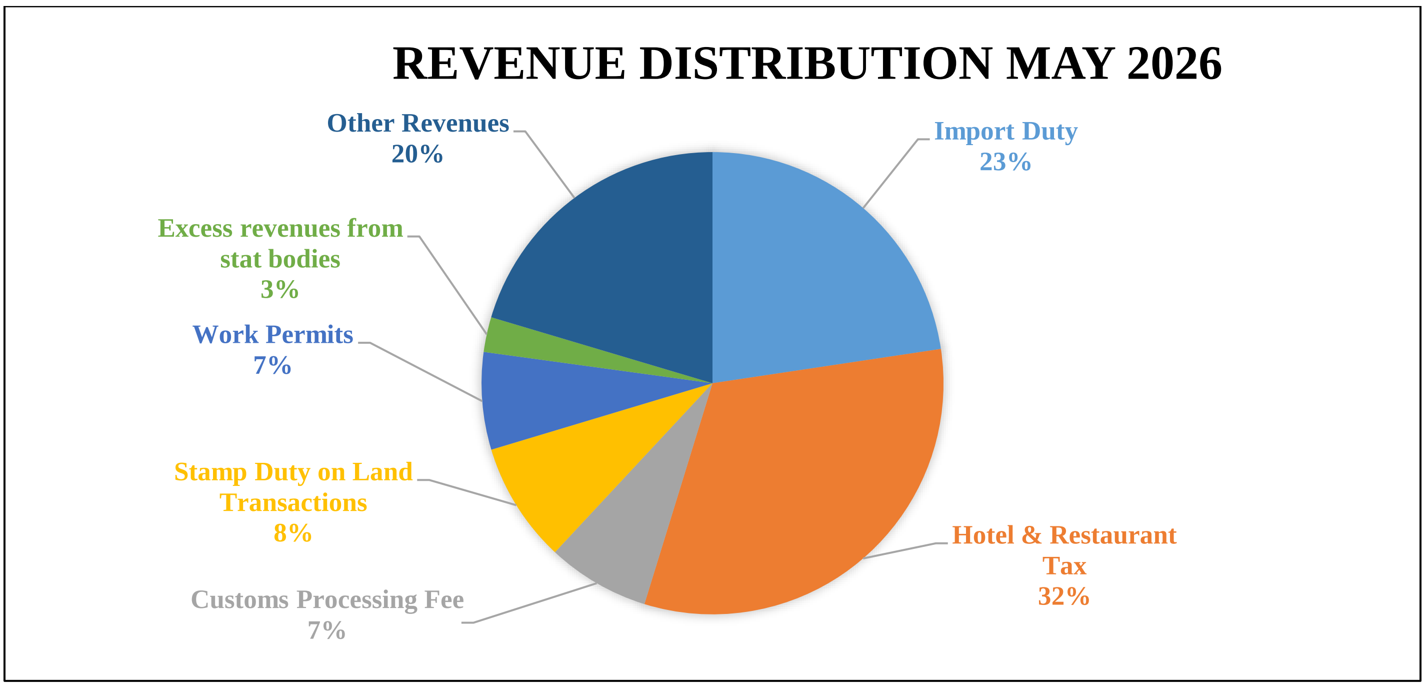
May 2026: $49.2 million, YTD: 103.1million.

	May-26			Variances				Year to date			Variances			
	Actual	Budget	Last Year	Budget		Last Year		Actual	Budget	Last Year	Budget		Last Year	
	$000	$000	$000	$000	%	$000	%	$000	$000	$000	$000	%	$000	%
Recurrent Revenues														
Import Duty	11,037	11,322	10,443	(285)	-3%	594	6%	20,495	21,693	20,637	(1,198)	-6%	(142)	-1%
Hotel & Restaurant Tax	15,672	12,575	12,661	3,097	25%	3,011	24%	35,385	30,075	29,460	5,310	18%	5,925	20%
Customs Processing Fee	3,503	3,244	3,177	260	8%	326	10%	7,561	6,875	6,959	686	10%	601	9%
Stamp Duty on Land Transactions	4,102	5,314	11,625	(1,212)	-23%	(7,523)	-65%	9,105	10,267	15,284	(1,162)	-11%	(6,179)	-40%
Work Permits	3,320	3,613	3,501	(293)	-8%	(180)	-5%	6,977	7,226	6,241	(249)	-3%	736	12%
Excess revenues - stat bodies	1,191	13	9,463	1,178	9043%	(8,272)	-87%	1,401	1,276	13,980	125	10%	(12,579)	-90%
Other Revenues	10,361	10,259	9,590	102	1%	771	8%	22,173	20,947	19,810	1,226	6%	2,363	12%
Total Recurrent Revenue	**49,187**	**46,339**	**60,460**	**2,848**	**6%**	**(11,273)**	**-19%**	**103,097**	**98,360**	**112,373**	**4,738**	**5%**	**(9,275)**	**-8%**

Recurrent revenue for May 2026 amounted to $49.2 million, surpassing the budgeted target of $46.3 million by $2.8 million (5%). Notwithstanding this positive performance against budget, collections were $11.3 million (19%) below the $60.5 million recorded in May 2025. The favorable budget variance was largely attributable to stronger-than-expected receipts from Hotel and Restaurant Tax, Customs Processing Fees, and Excess Revenues from Statutory Bodies, which offset weaker collections from Stamp Duty on Land Transactions, Import Duty and Work Permit Fees.

The Government's principal revenue streams; Hotel and Restaurant Tax, Import Duty, Stamp Duty on Land Transactions, Customs Processing Fees, and Work Permit Fees, generated approximately 77% of total recurrent revenue during the month, highlighting their significant contribution to the Government's overall revenue performance and fiscal sustainability.

The chart below depicts the revenue distribution for the month:



Hotel and Restaurant Tax (HRTT) continued to be the Government's largest source of recurrent revenue in May 2026, contributing $15.7 million, or approximately 32% of total recurrent revenue. Collections exceeded budget by $3.1 million (25%) and were $3.0 million (24%) higher than the corresponding period last year. The strong performance reflects the continued resilience of the tourism sector, supported by healthy visitor arrivals and robust spending across tourism-related businesses.

Import Duty remained the next contributor, generating $11.0 million and accounting for 23% of recurrent revenue. While collections were slightly below budget by $0.3 million (3%), they exceeded the prior year's performance by $0.6 million (6%), indicating continued demand for imported goods and sustained economic activity. The variance is largely attributable to timing-related factors affecting customs assessments and payments, as well as the continued impact of duty concessions granted on selected imports. Monthly collections may vary depending on the timing and value of commercial shipments. Despite the shortfall against budget, collections exceeded the prior year's level by 6%, indicating that import activity and domestic demand remain broadly supportive of revenue performance.

Stamp Duty on Land Transactions generated $4.1 million, accounting for 8% of recurrent revenue. Collections were $1.2 million (23%) below budget and $7.5 million (65%) lower than May 2025. Revenue from this source continues to fluctuate based on the timing, volume, and value of property transactions, which can vary significantly from month to month.

Customs Processing Fees amounted to $3.5 million, contributing approximately 7% of recurrent revenue. Collections exceeded budget by $0.3 million (8%) and were 10% higher than the corresponding period last year, reflecting increased customs activity during the month in line with the level of imports

Work Permit Fees totaled $3.3 million, representing 7% of recurrent revenue. Collections were slightly below budget and the prior year; however, revenue from this source remained relatively stable and continues to reflect labour demand within the tourism, construction, and services sectors.

Excess Revenues from Statutory Bodies contributed $1.2 million, accounting for approximately 2.4% of recurrent revenue. Collections from this line were significantly above budget expectations and higher than the corresponding period last year, and the remittances are from TCI Ports Authority and TCI Community College

Overall, the Government's fiscal performance for May 2026 remained favorable, with recurrent revenue exceeding budget expectations and expenditure remaining below forecast, resulting in a stronger-than-anticipated operating surplus and positive cash flow position. The outturn was supported primarily by robust collections from Hotel and Restaurant Tax, reflecting the continued strength of the tourism sector, as well as prudent expenditure management across Government operations.

While some revenue streams, including Import Duty and Stamp Duty on Land Transactions, underperformed relative to budget expectations, the overall fiscal position remains sound. Looking ahead, continued monitoring of revenue performance, expenditure trends, and external economic developments will be essential to maintaining fiscal sustainability and supporting the Government's strategic priorities for the remainder of the fiscal year.

3.1.2. OTHER RECURRENT REVENUE

Other Revenues totaled $10.3 million during May 2026, which was $0.1 million (1%) below the budgeted estimate but broadly in line with collections recorded during the corresponding period of the prior year. The variance against budget was primarily attributable to lower-than-anticipated receipts across several miscellaneous revenue categories during the month. Notwithstanding the shortfall, collections remained relatively stable, reflecting continued revenue generation from a diverse range of Government fees, charges, and administrative receipts.

The table below shows the breakdown of Other Revenues:

	May-26			Variances				Year to date			Variances			
	Actual	Budget	Last Year	Budget		Last Year		Actual	Budget	Last Year	Budget		Last Year	
	$000	$000	$000	$000	%	$000	%	$000	$000	$000	$000	%	$000	%
Seaport Departure Tax	702	1,108	1,041	(406)	(37%)	(339)	(33%)	1,651	2,114	2,088	(462)	(22%)	(436)	(21%)
Fuel Tax	591	732	866	(141)	(19%)	(275)	(32%)	1,376	1,604	1,800	(228)	(14%)	(425)	(24%)
Vehicle Licence Renewals	489	547	568	(59)	(11%)	(79)	(14%)	1,027	1,022	1,063	5	0%	(36)	(3%)
Destination Management Fees	680	626	-	54	9%	680	-	680	1,252	794	(572)	(46%)	(114)	(14%)
Stamp duty - Miscellaneous	3	58	58	(54)	0%	(54)	0%	18	84	84	(66)	100%	(66)	100%
Communication Tax	560	421	288	139	33%	272	94%	1,099	944	814	155	16%	285	35%
Gaming Machine Tax	703	416	416	287	69%	287	69%	1,132	1,000	1,000	132	13%	132	13%
Business Licence renewal	1,892	681	446	1,210	178%	1,446	324%	3,395	3,198	2,046	197	6%	1,349	66%
Permanent Residency Fees	274	283	306	(8)	(3%)	(32)	(10%)	804	659	723	145	22%	81	11%
Telecommunication Licences	426	490	218	(64)	(13%)	208	96%	855	807	447	48	6%	408	91%
Overtime Costs Recovered	108	181	55	(73)	(40%)	53	97%	280	331	185	(50)	(15%)	96	52%
Insurance Premiums tax	304	379	430	(76)	(20%)	(126)	(29%)	650	715	814	(65)	(9%)	(164)	(20%)
Stamp duty - vehicle hire	278	287	277	(9)	(3%)	1	1%	980	660	631	319	48%	349	55%
PDA application fees	170	300	137	(130)	(43%)	33	24%	352	492	305	(140)	(28%)	47	15%
Work Permits Repatriation Program	133	294	301	(161)	(55%)	(168)	(56%)	348	588	510	(240)	(41%)	(161)	(32%)
Other Revenues	3,048	3,456	4,183	(408)	(12%)	(1,135)	(27%)	7,526	5,476	6,507	2,049	37%	1,019	16%
TOTAL OTHER REVENUE	**10,361**	**10,259**	**9,590**	**102**	**1%**	**771**	**8%**	**22,173**	**20,947**	**19,810**	**1,226**	**6%**	**2,363**	**12%**

3.1.3. NON-RECURRENT REVENUE

Non-Recurrent Revenue totaled $0.1 million during May 2026, falling short of the budgeted estimate of $0.2 million by $0.1 million (35%) and remaining $0.5 million (79%) below collections recorded in the corresponding period of 2025. The underperformance was primarily attributable to lower-than-anticipated receipts from Revenue from Grants, which generated only nominal collections during the month compared to budget expectations and the prior year.

Land Sales contributed $0.1 million during the month and represented the principal source of non-recurrent revenue. However, the absence of significant grant receipts and other one-off revenue items resulted in overall non-recurrent revenue collections remaining below both budget and prior-year levels.

4. EXPENDITURE

4.1 EXPENDITURE BY ECONOMIC CLASSIFICATION

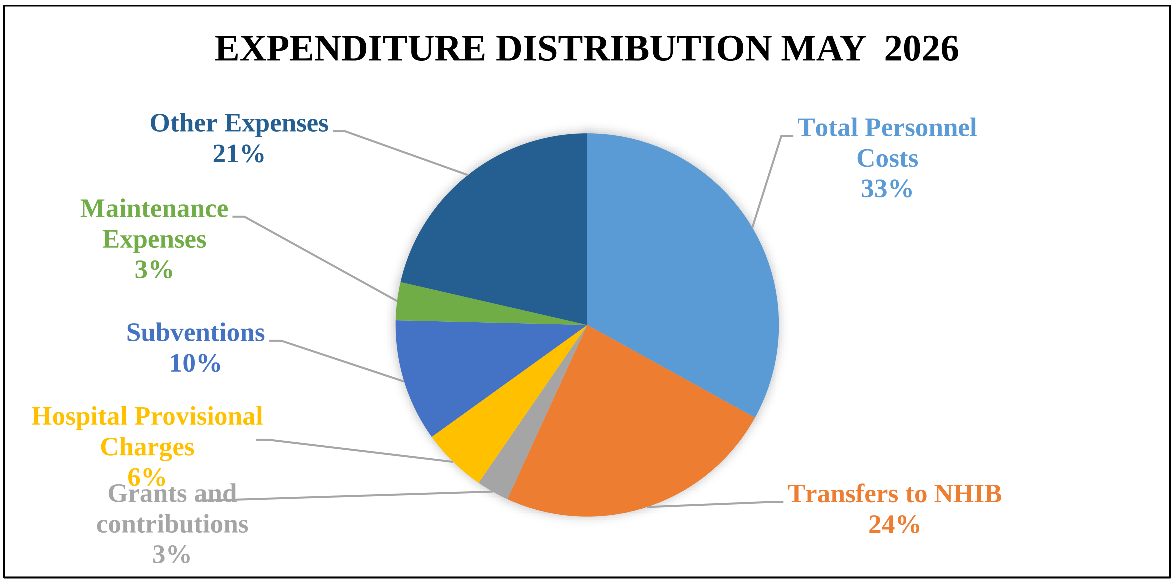
Recurrent Expenditure: May *2026 $42million and YTD: $68.2 million*

	May-26			Variances				Year to date			Variances			
	Actual	Budget	Last Year	Budget		Last Year		Actual	Budget	Last Year	Budget		Last Year	
	$000	$000	$000	$000	%	$000	%	$000	$000	$000	$000	%	$000	%
Recurrent Expenditure														
Total Personnel Costs	13,882	16,582	13,679	(2,700)	-16%	202	1%	27,570	30,835	27,010	(3,265)	-11%	560	2%
Transfers to NHIB	10,003	2,264	2,958	7,739	342%	7,046	238%	12,909	7,580	5,915	5,328	70%	6,993	118%
Subventions	4,335	2,968	2,713	1,367	46%	1,623	60%	6,828	8,052	4,782	(1,224)	-15%	2,047	43%
Hospital Provisional Charges	2,303	1,827	322	476	26%	1,981	615%	4,577	4,121	322	456	11%	4,255	1321%
Grants and contributions	1,156	3,350	2,092	(2,194)	-65%	(936)	-45%	1,897	5,734	2,989	(3,837)	-67%	(1,092)	-37%
Maintenance Expenses	1,346	3,327	1,247	(1,981)	-60%	99	8%	1,896	5,996	1,958	(4,100)	-68%	(62)	-3%
Other Expenses	8,995	15,907	7,009	(6,912)	-43%	1,986	28%	12,537	29,968	11,660	(17,431)	-58%	877	8%
Total Recurrent Expenditure	**42,020**	**46,225**	**30,019**	**(4,205)**	**-9%**	**12,001**	**40%**	**68,214**	**92,286**	**54,637**	**(24,072)**	**-26%**	**13,577**	**25%**

Total recurrent expenditure for May 2026 amounted to $42.0 million, representing a favourable variance of $4.2 million (9%) against the budgeted estimate of $46.2 million. Compared with the corresponding period in May 2025, recurrent expenditure increased by $12.0 million (40%), reflecting higher spending across several expenditure categories during the month.

The favourable budget variance was primarily driven by lower-than-budgeted expenditure on professional and consultancy services, grants and contributions, maintenance expenses, and personnel costs, which more than offset the increased spend on transfers to the National Health Insurance Board (NHIB). The year-over-year increase in expenditure was mainly attributable to higher costs of the Treatment abroad Programme, and increased subventions to statutory bodies,

Recurrent expenditures were distributed as shown below:



Transfers to the National Health Insurance Board (NHIB) represented the second-largest component of recurrent expenditure in May 2026, accounting for approximately 24% of total recurrent spending. Transfers amounted to $10.0 million, significantly exceeding both budgeted and prior-year levels. NHIB transfers are based on actual Treatment Abroad Program (TAP) expenditures invoiced to the Ministry of Health. This billing methodology was introduced to enhance cost transparency and enable more timely monitoring of healthcare-related obligations. As a result, monthly transfer amounts can fluctuate significantly depending on the timing and value of invoices received and processed during the reporting period.

Subventions accounted for approximately 10% of total recurrent expenditure, amounting to $4.3 million. Expenditure in this category exceeded both budget and prior-year levels, primarily due to the settlement of subventions relating to April 2026 that were deferred following the late approval of the annual budget and provision of sponsorship letters by the respective ministries.

Hospital Provisional Charges accounted for approximately 6% of total recurrent expenditure, amounting to $2.3 million. The category exceeded budget projections due to the settlement of outstanding April 2026 invoices during May. Compared with the corresponding period in the prior year, expenditure increased significantly, primarily because claim processing and payments in 2025 were delayed pending the resolution of matters associated with the arbitration process.

The remaining major expenditure categories—Grants and Contributions and Maintenance Expenses; each accounted for approximately 3% of total recurrent expenditure during the month. Grants and Contributions totaled $1.2 million, which was $2.2 million (65%) below budget and $0.9 million (45%) lower than the corresponding period in the prior year, reflecting lower-than-anticipated disbursements during May. Maintenance Expenses amounted to $1.3 million, generating a favourable variance of $2.0 million (60%) against budget. Despite the underspend relative to budget, maintenance expenditure remained broadly consistent with the prior year, increasing marginally by $0.1 million (8%).

While these expenditure categories collectively represented a relatively modest share of overall recurrent spending, they remain critical to the delivery of government programmes, public services, and the upkeep of public infrastructure and assets across the Turks and Caicos Islands.

The under-expenditure recorded in Maintenance Expenses largely reflects the differences in timing of planned maintenance activities like execution, certification, and invoicing of works. Expenditure in this category is therefore expected to increase over the course of the fiscal year as projects advance and outstanding claims are submitted for payment.

Personnel Costs remained the largest expenditure category during May 2026, accounting for approximately 33% of total recurrent expenditure. Expenditure in this category amounted to $13.9 million, which was $2.7 million (16%) below the budgeted estimate of $16.6 million, reflecting lower-than-anticipated personnel-related costs during the month. Compared to the corresponding period in 2025, personnel expenditure increased by $0.2 million (1%), remaining broadly stable year over year.

Personnel Costs are further itemized below.

	May-26			Variances				Year to date			Variances			
	Actual	Budget	Last Year	Budget		Last Year		Actual	Budget	Last Year	Budget		Last Year	
	$000	$000	$000	$000	%	$000	%	$000	$000	$000	$000	%	$000	%
Compensation of employees														
Salaries and Wages	10,445	12,158	10,193	(1,714)	-14%	252	2%	20,704	22,673	20,269	(1,968)	-9%	435	2%
Contribution to NIB and NHIB	895	1,113	876	(218)	-20%	19	2%	1,792	2,090	1,748	(297)	-14%	44	3%
Housing Allowances	558	730	542	(172)	-24%	16	3%	1,105	1,410	1,064	(305)	-22%	41	4%
Transport Allowances	102	213	90	(111)	-52%	12	13%	183	362	172	(179)	-49%	11	7%
Telephone Allowances	107	147	103	(40)	-27%	4	4%	211	277	203	(66)	-24%	8	4%
Other Allowances	498	623	492	(125)	-20%	6	1%	966	998	939	(32)	-3%	27	3%
Total compensation of employees	**12,604**	**14,984**	**12,296**	**(2,380)**	**-16%**	**308**	**3%**	**24,962**	**27,809**	**24,395**	**(2,847)**	**-10%**	**567**	**2%**
Compensation to Ministers and MPs														
Salaries - Ministers and MPs	214	224	214	(10)	-4%	-	0%	428	444	428	(16)	-4%	-	0%
Contribution to NIB and NHIB for Ministers & MPs	9	12	10	(3)	-27%	(0)	-5%	18	25	19	(7)	-27%	(1)	-5%
Allowances for Ministers and Members	55	59	55	(4)	-7%	-	0%	111	117	111	(6)	-5%	-	0%
Total compensation of Ministers & MPs	**278**	**295**	**279**	**(17)**	**-6%**	**(0)**	**0%**	**556**	**585**	**557**	**(29)**	**-5%**	**(1)**	**0%**
Pensions and gratuities														
Pensions (PSPP)	663	573	477	90	16%	186	39%	1,156	1,136	953	20	2%	203	21%
Employer's Pension Contribution (PSEPF)	228	369	283	(141)	-38%	(55)	-19%	472	691	565	(219)	-32%	(93)	-16%
Gratuities	109	184	170	(75)	-41%	(61)	-36%	251	259	189	(8)	-3%	62	33%
Pensions – Legislators (RAP)	-	177	175	(177)	-100%	(175)	-100%	172	354	351	(182)	-51%	(179)	-51%
Gratuities - Legislators	-	-	-	-	n/m	-	n/m	-	-	-	-	n/m	-	n/m
Total pensions and gratuities	**999**	**1,303**	**1,105**	**(303)**	**-23%**	**(105)**	**-10%**	**2,052**	**2,441**	**2,058**	**(389)**	**-16%**	**(7)**	**0%**
Total Wages, Salaries and Employee benefits	**13,882**	**16,582**	**13,679**	**(2,700)**	**-16%**	**202**	**1%**	**27,570**	**30,835**	**27,010**	**(3,265)**	**-11%**	**560**	**2%**

4.1.1. OTHER RECURRENT EXPENDITURE

Other Recurrent Expenditure: ***May 2026 $9million and YTD: $12.5 million***

	May-26			Variances				Year to date			Variances			
	Actua		Last	Budget		Last Year		Actua		Last	Budget		Last Year	
	$000	$000	$000	$000	%	$000	%	$000	$000	$000	$000	%	$00	%
Professional and Consultancy Services	1,425	3,616	1,82	(2,191)	-	(401	-	1,897	6,033	2,109	(4,136)	-69%	(212	-
Social welfare	978	1,177	796	(199)	-	182	23%	1,973	2,274	1,684	(301)	-13%	289	17%
Recurrent Sub Programmes and Projects	954	1,228	412	(274)	-	542	131	1,198	2,468	1,003	(1,270)	-51%	195	19%
Rental of assets	477	877	610	(400)	-	(132	-	1,030	1,593	1,185	(563)	-35%	(155	-
Security expenses	738	645	186	93	14%	551	296	926	1,195	493	(268)	-22%	433	88%
Local Travel and Subsistence	472	493	329	(22)	-4%	143	43%	596	1,120	545	(525)	-47%	51	9%
Utilities	454	566	554	(112)	-	(101	-	750	1,101	849	(351)	-32%	(100	-
Hosting and Entertainment	194	487	230	(294)	-	(36)	-	225	850	329	(625)	-74%	(104	-
Other supplies, material & Equipment	113	588	94	(475)	-	19	20%	139	1,088	142	(949)	-87%	(3)	-2%
International Travel and Subsistence	367	563	271	(197)	-	95	35%	520	1,001	391	(481)	-48%	130	33%
Data Communication cost	135	105	56	30	28%	79	141	169	639	79	(470)	-74%	90	115
Communication Expenses	228	286	169	(58)	-	59	35%	331	578	283	(247)	-43%	48	17%
Fuel	214	171	73	43	25%	141	193	303	362	155	(59)	-16%	148	95%
Local Training	90	462	42	(372)	-	48	116	112	700	71	(588)	-84%	41	57%
Other Sundry Expenses	120	168	132	(48)	-	(12)	-9%	147	368	197	(221)	-60%	(50)	-
Bank charges	129	129	163	-	0%	(34)	-	53	263	304	(210)	-80%	(251	-
Insurance Expenses	1	96	1	(96)	-	(1)	-	1	946	11	(945)	-	(10)	-
Repatriation and exportation expenses	196	113	410	83	74%	(214	-	219	206	427	13	6%	(207	-
Other Recurrent Expenditure	1,712	4,135	653	(2,423)	-	1,05	162	1,948	7,183	1,404	(5,234)	-73%	544	39%
TOTAL OTHER RECURRENT	**8,995**	**15,907**	**7,00**	**(6,912)**	**-**	**1,98**	**28%**	**12,53**	**29,968**	**11,66**	**(17,431**	**-58%**	**877**	**8%**

Other Expenses accounted for approximately 21% of total recurrent expenditure during May 2026, amounting to $9.0 million. Expenditure in this category was $6.9 million (43%) below the budgeted estimate of $15.9 million, contributing significantly to the overall favourable expenditure variance recorded during the month.

The under-expenditure was primarily attributable to lower-than-anticipated spending on Professional and Consultancy Services, Other Recurrent Expenditure, Rental of Assets, Local Training, and Other Supplies, Materials and Equipment, together with reduced expenditure on various programme and project-related activities. These variances largely reflect the timing of procurement activities, delayed implementation of planned initiatives at the beginning of the financial year, and the scheduling of contractual and operational expenditures. Despite remaining below budget, Other Expenses were $2.0 million (28%) higher than the $7.0 million recorded in May 2025, reflecting increased operational activity across Government ministries and departments during the reporting period.

4.1.2. NON-RECURRENT EXPENDITURE

Total Non-Recurrent Expenditure for May 2026 amounted to $0.5 million, representing a favourable variance of $0.2 million (24%) against the budgeted estimate of $0.6 million. Compared to the corresponding period of the prior year, non-recurrent expenditure increased by $0.2 million (104%), and reflecting higher levels of spending on non-recurring initiatives undertaken during the reporting period. Despite the year-over-year increase, expenditure remained below budget expectations, contributing positively to the overall fiscal performance for the month.

5. OUTSTANDING PUBLIC DEBT

Statement of Outstanding Public Debt	**Interest Rates**	**Outstanding Balance**	**New Drawdowns**	**Principal Repayment During**	**Outstanding Balance**
Financial Liabilities - Borrowings	**%**	**1-May 26 US$'000**	**2025/26**	**2025/26 US$'000**	**31-May-26 US$'000**
Further Education (04/SFR-OR-TCI)	2.50%	196	-	(22)	174
Integrated Solid Waste Management (5/OR-TCI)	4.90%	114	-	-	114
Total unsecured debts		**310**	**-**	**(22)**	**288**
Total outstanding public debts		**310**	**-**	**(22)**	**288**

TCIG holds two debt instruments with the Caribbean Development Bank (CDB). The outstanding debt as of May 31, 2026 was $0.3 million, $22k principal repayments were made, and $1k finance costs and commitment fees were paid.

6. DEVELOPMENT FUND

6.1. DEVELOPMENT FUND ANALYSIS

The development fund balance as of May, 2026 was $1.6 million, and the Capital expenditure year to date is $1.657 million. The movement in the fund balance is as shown below.

	Amount US$ '000
Opening balance 1/05/2026	**68,251**
Appropriation for FY 2026-27	58,029
Capex 2026-27 - YTD	(1,657)
As at 31 May 2026	**124,623**

6.2. TOP 8 CAPITAL PROJECTS BY EXPENDITURE AMOUNT

	Project Number	Project Title	CAPEX YTD (US$'000)
1	5825	Digitization of Border Services	786
2	5867	Upgrade of Five Cays Radar Transceivers	277
3	5807	Crown Land Project	214
4	5617	Software Digitization - NSS	207
5	5765	Redevelopment of Regatta Village- South Caicos	53
6	5823	National Identification system project	51
7	5775	Vehicles - DECR	43
8	5772	Refurbishment of horse stable complex in North Caicos	27
			1,657

7. NATIONAL WEALTH FUND (NWF)

As of May 31, 2026, the National Wealth Fund balance was $97.5 million.

Opening NWF 01/05/2026 (US$' 000)	Interest income (US$' 000)	Closing NWF 31/05/2026 (US$' 000)
96,616	898	97,514

7.1. STATEMENT OF NATIONAL WEALTH FUND (NWF)

The value of the National Wealth fund is attributable to:

(All figures in US$'000)	31-May-26	30-Apr-26
	US$'000	US$'000
Stabilization Fund	49,359	48,730
Infrastructure and Competiveness Fund	14,103	13,923
Heritage Fund	6,785	6,704
Citizen's Empowerment Fund	7,136	7,132
Mortgage Corporation Fund	20,131	20,127

National Wealth Fund balance at the end of the period	**97,514**	**96,616**
Represented by		
Cash at Bank	64	64
Fixed deposit	97,450	96,552
	97,514	**96,616**

Fixed deposit totaling to $96.5 million is currently held by the National Wealth Fund with an interest rate of 3.9% per annum. The short term deposit can be recalled at a month's notice when liquidity is required.

8. NATIONAL FORFEITURE FUND

(All figures in US$'000)		**31-May-26**	**30-Apr-26**
		US$'000	**US$'000**
Opening Balance		**2,719**	**3,440**
Receipts			
Other receipts		1,743	1,318
Total receipts		**1,743**	**1,318**
Payments			
AMLC expenses		57	1,003
Special project expenses		-	1,036
Total payments		**57**	**2,039**
Net increase in National Forfeiture Fund balance		**1,685**	**(721)**
National Forfeiture Fund balance at the end of the period		**4,404**	**2,719**

9. DESTINATION ENHANCEMENT FUND (DEF)

Section 12 of the Destination Management Fee Ordinance stipulates the establishment of the Destination Enhancement Fund under the administration and control of the Permanent Secretary, Finance. All fees collected by carriers (Destination Management Fees) are to be deposited into the Fund. The Fund is intended for the following purposes: the protection and preservation of the natural, rural, agricultural, and marine environments; the promotion of sustainable tourism; the maintenance of historical and cultural heritage sites; tourism education and training of tourism businesses; the maintenance and development of tourist sites and other tourism-related activities throughout the Islands; and the marketing of the Islands as a premier tourist destination.

9.1. STATEMENT OF DEF FUNDS

The Destination Enhancement Fund balance as at May 31, 2026 is shown below;

(All figures in US$'000)	**31-May-26**	**30-Apr-26**
Opening Balance	**2,347**	**-**
Receipts		
Destination management fees	680	9,145
Total receipts	**3,027**	**9,145**
Payments		

DMMO subvention	-	6,798
Total payments	**-**	**6,798**
Net increase in Destination Enhancement Fund balance		2,347
Destination Enhancement Fund balance at the end of the period	**3,027**	**2,347**

*DMMO- Destination Marketing and Management Organization

10. CONTINGENCY FUND

Section 7(1) of the Public Finance Management Act (PFMA) authorizes the Minister of Finance, where satisfied that an urgent and unforeseen need for expenditure exists and such expenditure is not provided for, or is inadequately provided for, under an Appropriation Act or Supplementary Appropriation Act, to approve an advance from the Consolidated Fund by way of a Contingencies Warrant. Such advances are made in anticipation of subsequent legislative appropriation and are required to be reported to Cabinet without delay.

For this financial year, $4 million was appropriated to the Contingencies Fund.

The Contingency Fund balance as at May 31, 2026 is shown below;

	Amount US$ '000
As at 30 April 2026	-
Appropriation for FY 2026-27	4,000,000
Contingency Warrant 2026/27	-
Supplemental retirement of warrant	-
As at 31 May 2026	**4,000,000**

11. PUBLIC SECTOR EMPLOYEES PENSION FUND (PSEPF)

The Public Sector Employees Pension Fund Ordinance came into force on March 25, 2022 to establish a defined contribution pension fund for public sector employees. The Fund is mandatory for TCIG and Statutory bodies employees with the exception of employees covered under the Pensions Ordinance (employed before 6 April 1992), temporary employees and contract employees entitled to a gratuity. An initial transfer of $7.9 million was seeded into the fund as per appropriation in FY 2021/22. Additional seed funding of $7 million was provided through appropriation in FY 2023-24 and the total seed funding was transferred to a separate bank account. The Fund balances are maintained in an escrow account with RBC bank and do not form part of the Consolidated Fund cash balances.

The Pension fund balance is reconciled below;

	31-May-26 US$'000	30-Apr-26 US$'000
Opening balance	38,455	**39,246**
CONTRIBUTIONS MADE:		-
Contributions by Statutory bodies	67	4,597
Employer's Contributions by TCIG	227.72	245
TCIG Employees' contributions	227.72	245
Ex-gratia funding		-
Pension Seed funding		-
Total Contributions	**522.44**	**489**
BENEFITS PAID:		-
Payments to beneficiaries	(152)	(1,193)
Prior year adjustment on benefits paid	0	-
Bank Charges		-
Total Payments made	**(152)**	**(1,193)**
Total Fund balance as at Feb 28th	**38,825**	**38,455**

12. HUMAN RESOURCE MANAGEMENT

Employees

There were 2,191 people employed by TCIG at the end of May 2026, consisting of 1,901 monthly paid employees and 290 waged employees, exclusive of the Royal Turks and Caicos Police Force. Excluding internal transfers, there are 19 new recruits and 14 attritions during the month.

Pensioners

The total number of Pensioners on the Public Service Pension and Retiring Allowance Plans by the end of the month was 321.

13. FINANCIAL OUTLOOK

The Turks and Caicos Islands Government (TCIG) continued to demonstrate sound fiscal management in the month of May 2026, recording a positive operating surplus and maintaining a strong cash position despite ongoing global economic uncertainties. The month's performance reflects the resilience of the domestic economy, supported by sustained tourism activity, continued private-sector investment, and prudent management of public finances.

Looking ahead, TCIG's fiscal outlook will continue to be influenced by both domestic and international developments. The continued growth of the tourism sector, expansion in construction and real estate activity, job creation, and ongoing infrastructure investment are expected to support economic growth and Government revenues. At the same time, external factors such as global inflationary pressures, energy price volatility, geopolitical developments, and changing travel patterns will require continued monitoring. Maintaining fiscal discipline while supporting economic development priorities will remain essential to preserving fiscal sustainability and strengthening the Islands' long-term economic resilience in the FY 2026-27.