



Translation of: Advice pertaining to Saba's annual accounts for 2023

Original title: Advies bij de jaarrekening 2023 Saba

In case of differences in interpretation between the English translation and the Dutch version of the text, or in legal proceedings or escalation procedures pursuant to applicable regulations, the original Dutch version shall always be leading.

Dear Mr. Johnson,

On July 12th, 2024, in accordance with Article 31, paragraph 1, of the Act on Finances of the Public Entities Bonaire, Sint Eustatius and Saba (*Wet financiën openbare lichamen Bonaire, Sint Eustatius en Saba – FinBES Act*), the Board of financial supervision of Bonaire, Sint Eustatius and Saba received Saba's annual accounts for 2023, along with the auditor's report and the control statement. You hereby receive the advice of the Cft pertaining to the annual accounts for 2023.¹

Conclusion

In 2023, Saba realized a positive result of USD 1.0 million. The budget was based on a zero result for 2023. The surplus is mainly caused by the fact that the income was higher than was budgeted. When adopting the annual accounts, the Island Council has decided to add part of the positive result to the financial resilience. Furthermore, amounts are reserved for specific purposes and the general reserve.

The external auditor issued an unqualified audit opinion for the annual accounts for 2023 of the Public Entity Saba, regarding both the faithfulness and the legitimacy. Since 2014, Saba has consistently received unqualified audit opinions.

Explanatory statement

Result

Saba realizes USD 49.4 million in income and USD 48.4 million in expenses. The result for 2023 amounts to USD 1.0 million positive. The positive result is largely added to the special-purpose reserves: an amount of USD 0.2 million for digitalization, USD 0.1 million for the maintenance of capital goods, USD 0.3 million for the airport's infrastructure and USD 0.2 million for the financial resilience. After granting these reserves, the remainder of USD 0.2 million is added to the general reserve. For some time now, the Cft has been concerned about the amount of the general reserve and the corresponding financial resilience.² Therefore, the Cft applauds the contributions to the financial resilience and the general reserve for the improvement of Saba's financial position.

Financial resilience and risk analysis

Regarding the annual accounts for 2023, for the first time, Saba provides a new interpretation of the section financial resilience and the corresponding risk analysis. In this section, Saba describes the process of the financial resilience calculation. However, the calculation itself of said risk analysis and the financial resilience is still missing. Therefore, the section does not yet provide an insight into the current financial resilience, the risk objectives and the minimally required liquidity. The Cft applauds the steps that Saba is taking regarding the substantiation of the budget documentation, and encourages Saba to make more tangible calculations.³

Trusting to have provided you with sufficient information.

Sincerely,

The Chair of the Board of financial supervision of Bonaire, Sint Eustatius and Saba

[signature]

Ms. L.M.C. Ongerling, MA

A copy of this letter was sent to:

The Executive Council of the Public Entity Saba

The Head of Finance of the Public Entity Saba

Annex 2: Endnotes

¹ The FinBES Act, supplemented by the criteria set out in the Decree on Budget and Justification Public Entities BES (BBV BES), forms the framework for the assessment of the annual accounts 2023.

² Cft, reference Cft 202300063, Advice pertaining to the annual accounts 2022, dated July 27th, 2023.

³ Cft, reference Cft 202300063, Advice pertaining to the annual accounts 2022, dated July 27th, 2023.