Translation of: Reaction to the first implementation report and advice pertaining to the first modification of draft budget 2026

Original title: Reactie eerste uitvoeringsrapportage en advies eerste ontwerpbegrotingswijziging 2026

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 April 29, 2026, the Board of financial supervision of Bonaire, Sint Eustatius and Saba (Cft) received Saba's implementation report (UR) on the first quarter of 2025. The first UR also contains the first modification of draft budget (OBW) of the budgetary year 2026. You hereby receive the Cft's reaction to the UR and the OBW.[1] In Annex 1 to this letter, you will find further clarification and substantiating figures.

Conclusion
The Cft's judgment on Saba's first UR is positive. Based on the first UR of 2026, the Cft expects that in 2026, Saba will meet the central budgetary standard set forth in the FinBES Act. Furthermore, the Cft feels that the addition of a profit-and-loss account to the first UR 2026, is positive. Similar to the fourth UR of 2025, the under-realization of the expenses remains a point of attention. The Cft is also positive about the first OBW of 2026, which consists of an addendum to the Collective Labor Agreement (CLA) and technical amendments.

Subsequent steps
The Cft recommends Saba to keep monitoring the realization of the expenses in the second UR of 2026, and to also include the final figures of the 2025 annual accounts.
A second budget amendment might be necessary if the realization of the expenses does not meet the budgeted level.

Explanatory statement

Realization of expenses
In the first quarter of 2026, 20% of the budgeted expenses was realized, which is on the low end, but comparable to the first UR of 2025. Saba's explanatory statement does not show explicitly why the realization of the expenses does not meet the budgeted level, therefore, this explanation requires improvement. With regard to the fourth UR of 2025, the Cft observed an 85% realization of the expenses, and it recommended Saba to consider a downward adjustment of the budget. For the time being, Saba does not opt for such adjustment.
Therefore, the Cft recommends to continue monitoring the realization of the expenses, and to adjust the 2026 budget where needed based on the realization, possibly after the definitive adoption of the 2025 annual accounts.

Budget amendment
The total budget including the budget amendment amounts to approximately USD 43.9 million. Of this amount, USD 4.1 million relates to the special benefits and USD 0.3 million to the regular budgetary expenses. The majority of the regular budgetary expenses is amended to reflect modifications of salary arising from the addendum to the Collective Labor Agreement (*Collectieve Arbeidsovereenkomst* - CAO) 2024.

Special benefits
All modifications regarding the special benefits in the budget amendment are adjusted both in the income and the expenses, and are therefore budget-neutral, which means that these project expenses do not influence the regular budget of the Public Entity- This amendment regards over 90 different projects. These amendments are implemented in response to the Cft's recommendations, in order to improve transparency, justification, and separation of record-keeping of the special benefits from the regular budget. The Cft appreciates these modifications made by Saba.

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

[signature]
Hans Hoogervorst

A copy of this letter was sent to:
The Island Council of the Public Entity Saba
The Head of Finance of the Public Entity Saba

Annex 4: Endnotes

[1] Pursuant to Article 22 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 Cft responds to the first UR of 2026. 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 UR.