

2023
**ANNUAL
REPORT**

WATER AUTHORITY - CAYMAN



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CHAIRMAN'S MESSAGE

This Annual Report outlines the Water Authority's performance during the 2023 fiscal year, comparing it to the planned performance outlined in the Ownership Agreement for the Authority. Further, it provides an analysis of the Authority's performance in comparison to previous years. The requirement for an Annual Report is mandated by section 52 of the Public Management and Finance Act (2013 Revision) (PMFA).

The annual report highlights the organisation's key strategic goals, achievements throughout the year, and plans for the upcoming financial period.

This year represents the Authority's 40th Anniversary since its official founding in 1983. I am honoured to preside over the Water Authority Board during this milestone year.

Over the past 40 years, the Water Authority has diligently upheld its mission statement to provide piped water services, wastewater services, and groundwater protection in the Cayman Islands. It was a pleasure to see and participate in the many events the planning committee hosted to honour the Authority's history, celebrate its hard-working employees, celebrate its customers, and inspire our future generation of water workers.

The Authority's commitment to providing excellent customer service never faltered throughout the celebrations. In addition, great strides were made to push forward with major projects to ensure that commitment to excellent service will continue well into the future.

I would like to sincerely thank all Water Authority Board Members and, on behalf of the Board, each and every staff member of the Water Authority for their continued hard work and organisational commitment. Thank you for helping to make 2023 another successful year!

Mr Darrel Rankine
Board Chairman



DIRECTOR'S MESSAGE

As Director of the Water Authority, I am pleased to present the 2023 Annual Report on behalf of the Authority's management team and staff. This year has been an especially eventful year as it marks 40 years since the Authority was officially founded.

As such, this year has been one of celebration and reflection. Even for someone who has been with the Authority for so many years, it can be hard to explain the pace of development that the organisation has experienced. What started out as a small government department working out of a converted house is now a multimillion-dollar business serving 21,000 customer accounts.

In recognition of this important milestone in the Authority's history, the Authority launched a year-long schedule of events focused on the key themes of 1) customer engagement, 2) student education and 3) employee recognition. Focusing the Authority's celebrations around these three core values ensures that this important celebration would have a sustained, meaningful impact on the local community.

Celebration highlights included customer appreciation events in Grand Cayman and Cayman Brac, the donation of all new laboratory equipment for the high school in Cayman Brac and the first Employee Appreciation Day.

While the 40th Anniversary celebrations were a significant highlight of the year, the Authority remained

hard at work to meet its mission to the residents of the Cayman Islands. Our field crews were busy with a steady stream of infrastructure maintenance and upgrade projects, as well as new installations. We continued our focus on remediating sections of the public sewerage system after completing a comprehensive manhole mapping exercise. The Cayman Brac team has shown exemplary dedication and effort to meet the demands caused by the water supply capacity challenge faced in the last year. We are also grateful to our customers in Cayman Brac for their water conservation efforts that contributed to the successful management of this challenge.

Although this year has been marked by a great deal of reflection on how far the Authority has come, the Authority continues to operate with an eye on the future. This year, resources were dedicated to the start of two major capital projects—the construction of a new Reverse Osmosis Plant and two new water reservoirs. These projects are part of a broader capital development plan that aims to ensure the Authority can meet the demands of a growing population well into the future.

With the continued hard work of the Authority's staff, the dedication of the Authority's Board and management team, and the support of the Ministry of District Administration and Lands, I have no doubt the next 40 years will be as successful for our organisation.

Dr Gelia Frederick-van Genderen, Cert Hon
Water Authority Director



GENERAL INFORMATION

MISSION STATEMENT

The Authority's mission is:

- To ensure that the entire population of the Cayman Islands has access to a pure, wholesome and affordable supply of potable water.
- To protect and develop groundwater resources for the benefit of present and future populations of these islands.
- To provide for the collection, treatment and disposal of wastewater in a manner that is safe, efficient and affordable.
- To operate in such a manner as to be financially self-sufficient while contributing to the economy of these islands and achieving a reasonable and acceptable return on capital investments.

VISION AND VALUES

To provide world class service using homegrown talent to meet the current and future need of our Cayman Islands.

The values of the Water Authority are Honesty, People, High Standards, Service and Process (the way we do things).

GOVERNANCE

The Authority is a statutory authority that falls under the Ministry of Finance, Education, District Administration, Lands and Cabinet Office portfolio.

- The Minister responsible for that portfolio is the Premier, the Honourable Juliana O'Connor-Connolly, JP, MP.
- The Authority's operations are governed by the Water Authority Act (2022 Revision), the Water Authority Regulations (2022 Revision).
- The Authority operates under the guidance of a Cabinet-appointed Board.
- The Utility Regulation and Competition Office (OfReg) is the regulator of the water and wastewater sector.
- Water Sector Regulation Act (2019 Revision)
- The Public Authorities Act.
- The Procurement Act.



SCOPE OF ACTIVITIES

The Water Authority of the Cayman Islands (the Authority) is a statutory body wholly owned by the Government of the Cayman Islands (the "Government"), established on 01 January 1990, under the Water Authority Law (Law 18 of 1982), as amended.

The Authority is principally engaged in managing water supply and sanitation affairs of the Caymans Islands, including the provision of public water supplies and sewerage systems and the management, development, and protection of water resources.



MANAGEMENT DISCUSSION & ANALYSIS

INTRODUCTION

2023 was a productive financial year as the Authority continues to be a fiscally responsible and a financially independent government entity serving over 20,000 water customers across Grand Cayman and Cayman Brac, and over 450 wastewater customers in Grand Cayman.

The Authority paid a \$250,000 dividend (2022 - \$250,000) to the Cayman Islands Government during the 2023 year.

FINANCIAL PERFORMANCE

Even though the Water sales in 2023 remained consistent with those of 2022, the Authority adeptly managed expenses and the deficit net income at the end of 2023 is attributed to the movement in the health and pension obligations.

RESULTS FROM OPERATIONS

Sales of potable water continue as the main revenue source, maintaining a consistent percentage of 83.5% in 2023, (2022 – 84.0%) with Sewerage Fees reporting 14.6% (2022 – 14.8%) and the remaining 1.9% (2022 – 1.2%) from Septage Disposal, Royalties, and miscellaneous income.

The Authority's cash position shows a steady increase from operational activities, ending with a cash balance of \$10.1 million (compared to \$9.8 million in 2022) and term deposits held by the Cayman Islands Treasury amounting to \$52.1 million (compared to \$46.4 million in 2022). In 2023 deposit interest income amounted to \$1.7 million (\$0.4 million in 2022) with interest rates varying between 2.25% and 5.45% based on value and term.

The Authority's customers maintained the trend initiated during COVID by increasingly utilising electronic payment options. Throughout 2023, the Authority processed 213,000 payments with, with 33.6% coming from online Bank payments, 27.6% from the website and the post office and 38.8% from front line customers.

The Authority remains committed to promoting electronic payment methods, a commitment further bolstered by the introduction of its new payment portal launched in January 2024.

ACTUARY POSITIONS

Under the jurisdiction of the Public Service Pension Board, the Authority conducted three Actuary reports for the year ending 31 December 2023. This reporting and its inclusion in the financial statements are crucial for comprehending the long-term liabilities of the Authority.

BUDGET POSITION

The 2024/2025 Ownership Agreement, when released projected a 2023 operational Surplus of \$1.8 million factoring in the uncertainties surrounding the Post-Retirement Health and Pension reports. However the audited financial statements included in the appendix reveal that the Authority concluded the 2023 fiscal year with a Net Profit from operations of (\$3.0) million and a Comprehensive net Income of (\$0.5 million) with a final net income of (\$2.5).



2023 AT A GLANCE



Customers

Grand Cayman	21,028
Cayman Brac	1,063
Sewerage	482

Volume of Water Sold

Grand Cayman	5,042,134 m ³
Cayman Brac	137,055 m ³



Gallons of Wastewater treated

723 million

Laboratory Samples Tested

28,458

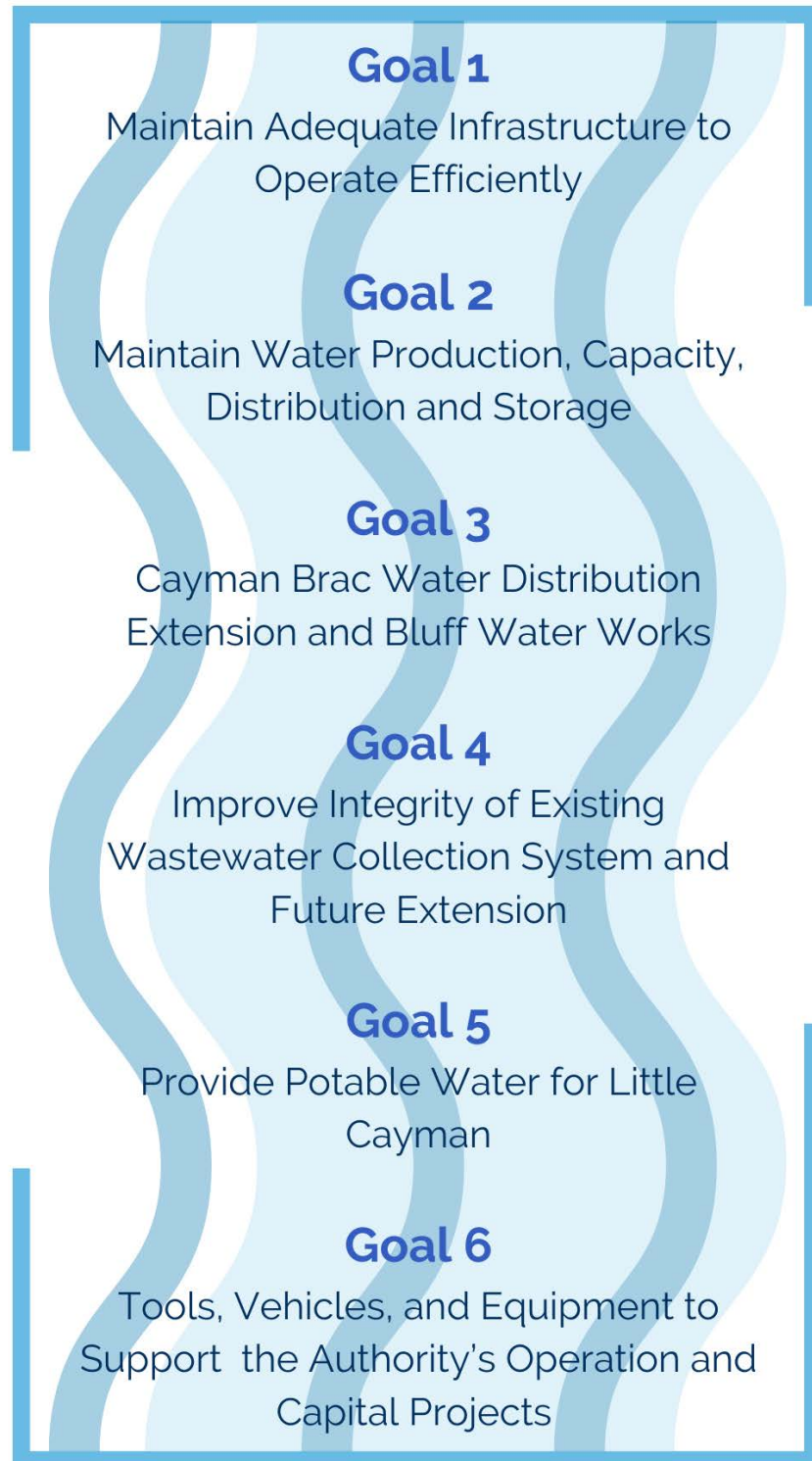




PRIORITIES & ACHIEVEMENTS

PRIORITIES & ACHIEVEMENTS

The achievement of the strategic goals below is essential to the Authority's ability to continue to serve its water and sewerage customers to a high standard of service.



GOAL 1: MAINTAIN ADEQUATE INFRASTRUCTURE TO OPERATE EFFICIENTLY

In 2023, the Authority took on and completed several pipeline upgrades and extensions to maintain operational efficiency and accommodate future development; these works include:

- Cayman Kai upgrade and maintenance
- Moonbeam Drive leak detection work
- Bobby Thompson Way installation project
- Homestead Crescent installation work
- Repumping pipeline at Lower Valley Water Works
- Marina Drive upgrade project
- Prospect Drive maintenance work
- Installation of pipeline on side roads between Surf Lane and Blazer Drive in Cayman Brac
- Installation of main pipeline between Blazer Drive and Lands Ends Road in Cayman Brac.



Water Authority crews conducting roadworks in the Bodden Town.

GOAL 2: MAINTAIN WATER PRODUCTION CAPACITY, DISTRIBUTION AND STORAGE

CAPITAL DEVELOPMENT PROJECTS

In response to the continued growth and development, the Water Authority continues its comprehensive Capital Development Project Plant. This ambitious endeavour aims to strengthen and expand the Authority's water infrastructure, ensuring the delivery of high-quality water to meet the needs of the residents in Grand Cayman and Cayman Brac. This year, the Authority has made progress on two major projects that are part of that plant—two new reservoirs in the North Side and the construction of a new Reverse Osmosis (RO) Production Plant at the Authority's headquarters on Red Gate Road.

The two glass-fused-to-steel tank reservoirs in the North Side provide additional water storage capacity, which will enable the Authority to accommodate the expected growth within the water distribution system. It also ensures that the system will continue to be adequate and reliable, particularly in the aftermath of a natural disaster. Both reservoirs went into service in May 2023.



Construction process of the reservoir in North Side.

The RO Production Plant, currently under construction, will replace the existing and ageing RO Plant. The new plant has a design water production capacity of 2.6 million US gallons per day. Construction is estimated to be completed, and the plant will be put into service in the 2nd quarter of 2024.



Construction process of the new RO Plant.

DISTRICT METERED AREA

District Meter Areas (DMAs) are distinct areas within the water distribution system, where the net inflow can be compared against water sales in each area and thus potential problem areas can be more easily identified.

Early in the year, the Operations Department installed new District Metered Areas (DMA) unit at the Poindexter Roundabout and at the Poindexter Road/Shamrock Road intersection as well as on North Side Road, at the intersection with Old Robin Road. By mid-year, a new DMA sensor was received and installed at the Frank Sound junction.

There are currently four (4) District Meter Areas (DMAs) within the Grand Cayman Water Distribution system.

The effectiveness of District Meter Areas (DMAs) will be significantly improved with the implementation of the Advanced Metering Infrastructure (AMI).

GOAL 3: CAYMAN BRAC WATER DISTRIBUTION EXTENSION AND BLUFF WATERWORKS

WATER CAPACITY CHALLENGES

A significant increase in trucked water demand led the Authority to review truck water usage and implement a limit on trucked water order quantities to 2,000 gallons to manage supply in March 2023.

The prolonged dry season impacted the increased demand for water, as it also affected the abstraction well of one of the RO plants, requiring very frequent changing out of pre-filters that, in turn, reduced the overall water production capacity.

Work was done to increase the water production plants' production capacity. This included taking both plants offline to conduct maintenance work to improve the production capacity.



West End Water Works site in Cayman Brac.

The 2,000 gallon limitation of trucked water orders allowed the Authority to ensure that all trucked water customers were able to be provided with water and to better manage the storage levels during the period of extraordinary demand.

In April, the Senior Engineering Manager-Operations and Senior Operator-Distribution visited the site to begin a review of the entire system. Further analysis showed that an increase in the

unaccounted water in the distribution system contributed to the demand issue. Action was taken to identify and rectify leaks.

A business case for the expansion of the main RO plant to double its production capacity was prepared. The contract for the design, installation and commissioning of the plant was awarded to H2Oracle Ltd. Equipment for the expansion project was ordered and shipped to Cayman Brac towards the end of the year.

BLUFF WATERWORKS

The Authority has over 12 acres of property near the Aston Rutty Centre on the Bluff for the purpose of developing a production, storage and pumping facility.

Hydrogeological information about the property is required to design the abstraction and disposal wells for future seawater reverse osmosis plants. The Authority has faced challenges in getting responses from local and international well drilling companies to conduct preliminary hydrogeological investigations at the Bluff site.



The site of the future Bluff Water Works in Cayman Brac.

Following the water demand challenges faced in early 2023, the Authority has made efforts to accelerate the preliminary hydrogeological investigation for the Bluff Water Works Project. These investigations are the next critical step in determining the design of the abstraction and disposal wells to develop the new reverse osmosis plant at this site. The long-term plan is to complete the construction and commissioning of this new, larger plant as part of the Bluff Water Works Project within the next 3-5 years while at the same time continuing the pipeline extension project in Cayman Brac.

GOAL 4: IMPROVE INTEGRITY OF EXISTING WASTEWATER COLLECTION SYSTEM AND FUTURE EXTENSIONS

Water Authority completed a comprehensive exercise, in which all manholes within the wastewater collection system were mapped using the CUES SPiDER camera and software system.

All the data related to the manhole inspections can be accessed using a proprietary web viewer. The Manhole Assessment reports are linked to an ArcGIS dataset. The collected data collected will assist in identifying problem areas and prioritising manhole remediation work.

In 2023 eighteen (18) severely deteriorated manholes and seven (7) leaking pipeline sections were replaced.

The manhole rehabilitation project to date has been successful, as the groundwater infiltration has been reduced by about 40% (based on the volume of wastewater inflow at the wastewater treatment plant as well as its salinity).



A before and after of a manhole that was rehabilitated in 2023.

OTHER ACHIEVEMENTS:

COVID 19 UPDATE

Following the government's move to remove COVID-19 testing requirements and other relaxing of COVID restrictions, on 20 October 2023, the Water Authority stood down its COVID-19 Policy.

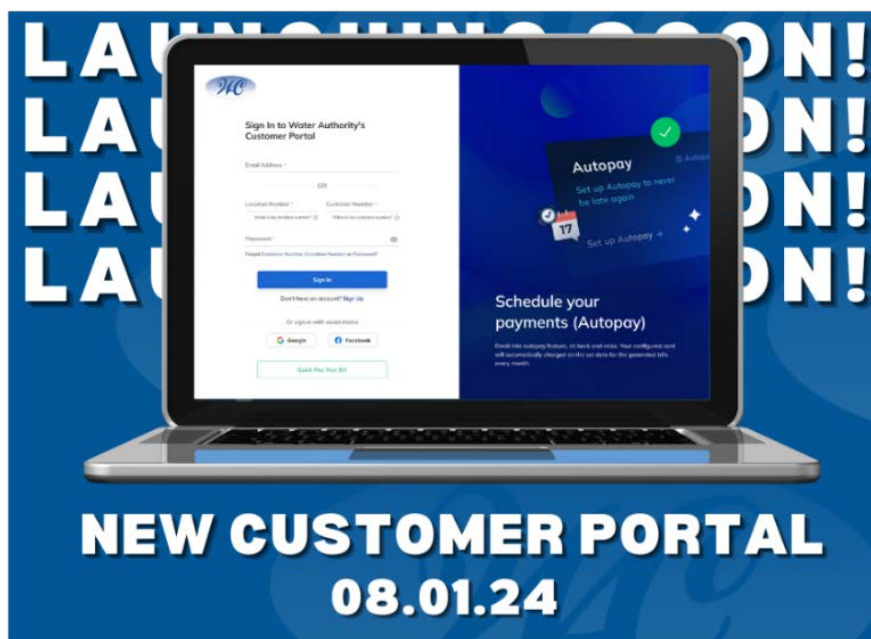
While the policy was no longer in effect, the Authority maintained an inventory of test kits in the event that COVID-19 re-emerges and provided the tests to employees who felt it was necessary to continue testing to protect themselves. The Authority continued to encourage staff to take flu shots and COVID-19 boosters and as recommended by Public Health.

CUSTOMER PORTAL

Water Authority's Customer Service, Finance and Information Services departments are working together to develop a new customer portal. The new portal will provide more features than the current portal, enabling customers to have more control in managing their accounts.

Following comprehensive testing of the beta version of the portal in late 2022 led the Information Systems department to submit a detailed document to the service provider with suggested recommendations.

An initial go-live date was set for mid-year; further challenges were identified with the system in testing, including delivery of bill notification.



Promotional Material for the coming launch of the Customer Portal.

By November, the Authority was provided with a demo of the portal, and training was conducted for Customer Service staff on 24 November, with final testing of the beta environment taking place in the days after. The Authority is scheduled to go live with the new portal in early January 2024, pending testing results.

Key features of the system include:

- Online access for all accounts per owner, including access to account transactions, payment, payment agreements, bill.
- Track the status of payment agreements.
- Share account access which allows tenants to have online access and access to e-billing.
- The ability to set up Autopay.
- Create and track the status of the service order, which then provides an automatic update to users as the service order is processed.
- Automatic posting of all online payments.

NEW CAYMAN BRAC CUSTOMER SERVICE OFFICE

The Authority opened a new Customer Service Office in Cayman Brac on 15 December 2023. The new office is at the Avistar Building on West End West Road.

Customers can conduct all customer service-related matters at the new spacious location, including opening accounts, placing water orders, and making payments. The Authority's Reverse Osmosis Water Production Plant will continue to operate from its current location.

A soft opening was held on opening day, with a formal grand opening set to take place in early 2024.



Opening Day of the new Cayman Brac Customer Service Office.



REGULATORY & STATUTORY

DEVELOPMENT CONTROL

Plans for proposed development submitted to the Planning Department are reviewed by the Authority to determine requirements for wastewater treatment and disposal, water supply and impacts on groundwater resources. For development located outside of the catchment area of the West Bay Beach Sewerage System, an onsite wastewater treatment system is required. The Authority reviews proposed systems and ensures that they are installed in accordance with the Authority's requirements. In 2023, 263 plan reviews were carried out and the installation of 38 new onsite wastewater treatment systems was overseen.

ONSITE WASTEWATER MANAGEMENT PROGRAMME

The Authority has an Onsite Wastewater Management Programme (OWMP), a partnership between the Authority, service providers, suppliers and property owners to operate and manage onsite wastewater treatment systems. A large component is continued education of service providers and property owners to ensure operation and maintenance of onsite systems. Since 2017 when the Authority initiated education and training of local service providers, a total of 59 professionals have been certified, with 51 of those maintaining certification in 2023. The certification uses the modified Small Wastewater System training programme from Sacramento State University. As the development boom continues, the Authority continues to keep the pace to certify more individuals and has offered continuing education courses to keep those already certified up to date.



A group of certified technicians.

Part of the OWMP is the testing the effluent of onsite systems for compliance with the Authority's effluent standards. In 2023, 154 systems were tested, the owners are notified of the results and if effluent does not meet the standard, the Authority follows up on ensuring remedial action. The

Development Control team has found this method of remedial action more effective than the previous approach of issuing notice of violations to owners.



Testing at a substandard treatment plant.

EFFLUENT DISPOSAL WELL SPECIFICATIONS

Treated effluent from onsite wastewater treatment systems is discharged via a deep well into the groundwater. Since 2012 the Authority operates a programme where the licensed well drillers contact the Authority via email for site-specific well depths. In 2023 the Authority provided specific well depth requirements for 489 effluent disposal wells. Cooperation from the licensed well drillers is excellent. They also submit monthly, logs of all wells that they have drilled.

COMPLAINTS AND SPILLS

The Authority receives complaints and reports about spills or other activities impacting groundwater and surface water. These come from the general public, other government agencies and from the private sector. The standardised response is to conduct a site visit to obtain relevant information. In case the issues are of a complex nature outside the scope of the Authority and a multiagency response is determined. In cases where the issue falls within the Authority's responsibility, the Authority follows up with the responsible party. For the smaller complaints and spills the Authority's verbal warning and guidance is sufficient to deal with the issue, but there are instances where the Authority has to follow up with a warning letter or notice of violation. In 2023, 18 of spills and complaints were addressed by the Authority, out of which 1 received a warning letter or a Notice of Violation.

Out of the 18 complaints, 7 were oil/grease related incidents and 11 were wastewater issues.

REPRESENTATION ON ENVIRONMENTAL ADVISORY BOARDS

As part of its statutory responsibility for groundwater in the Cayman Islands, the Water Authority serves on the Environmental Advisory Board (EAB) for two major capital development projects – the East-West Arterial Project and the Integrated Solid Waste Management System. EABs are established by the National Conservation Council under the provisions of the National Conservation Act for the purpose of overseeing Environmental Impact Assessments for specific projects. The Department of Environment chairs the EAB.

EAST-WEST ARTERIAL PROJECT

The East West Arterial is the proposed new road from Hirst Road to Frank Sound Road. The National Roads Authority is the project proponent. The Water Authority's primary focus for this project is impacts on groundwater, especially on the Lower Valley and North Side freshwater lenses. In February 2023, public meetings were held to present and review the Terms of Reference (TOR) of the Environmental Impact Assessment (EIA) for the extension. Whitman, Requardt and Associates, LLP (WRA) is the consultant selected to conduct the EIA. The TOR was finalised and published in April 2023.

The road project will consist of three phases.

1. Phase 1 – Hirst Road to Woodland Drive
2. Phase 2 – Woodland Drive to Lookout Gardens
3. Phase 3 – Lookout Gardens to Frank Sound Road



The East West Arterial Project.
Photo Credit: National Roads Authority.

The National Conservation Council determined that an EIA is not needed for phase 1 but will be needed for phases 2 and 3.

The EIA commenced in July 2023. The Water Authority has provided the consultant with technical information relating to groundwater resources.

The EIA continues into 2024. By the end of the year, the consultant completed the following:

- Development of population growth;
- Preliminary traffic modelling;
- Evaluation of long-list of options; and
- Selection of 4 shortlisted road corridors, at the end of the year various studies to review these into further detail were in progress.

INTEGRATED SOLID WASTE MANAGEMENT SYSTEM

The Integrated Solid Waste Management System, also known as project ReGen is the long-term solution for solid waste management in the Cayman Islands. The Dart consortium is Government's partner for project ReGen.

The EIA for this project was conducted in the course of 2022 and 2023 following acceptance of the Terms of Reference in October 2021. The Authority serves on the EAB and has specific focus on groundwater and surface water. GHD is the environmental consultant who carries out the EIA. In August 2023 the draft Environmental Statement was presented at several public meetings.



Drilling of test wells for hydrogeological study to use groundwater for cooling of the Energy Recovery Facility.

The Authority has reviewed and provided input of the various studies that were carried out for the EIA. The Authority specifically focussed on the geological and hydrogeological studies for the proposed groundwater cooling system for the Energy Recovery Facility, which produces energy from burning waste.

The hydrogeological study determines the feasibility and impacts of using groundwater for cooling purposes. An overseas drilling company was contracted by Dart to drill the exploratory wells and samples were reviewed by Dr. Brian Jones, *Professor Emeritus* of Geology of the University of Alberta, Canada. This was submitted to the EAB in early 2024.

LABORATORY



Water Authority laboratory staff.

The external laboratory audit by the American Association for Laboratory Accreditation (A2LA) was carried out from 24 – 27 October 2023. The external audit is mandatory and takes place every two years. The Authority's accreditation (cert. no. 1931.02) was extended until November 2025 by A2LA.

In addition to providing testing services to the Authority and third parties, the Laboratory plays an integral role in supporting the Operations, Engineering, and Water Resources & Quality Control Departments and third parties with advice on water quality, wastewater and environmental issues.

SAMPLE TYPE	NUMBER OF SAMPLES
POTABLE WATER – WATER AUTHORITY	12,210
POTABLE WATER – OTHERS	1,285
POTABLE WATER – COMPLAINTS	78
WASTEWATER– WATER AUTHORITY	666
NON POTABLE WATER – WATER AUTHORITY	182
NON POTABLE WATER – OTHERS	543
QUALITY CONTROL	13,494
GRAND TOTAL	28,458

COMPLAINTS AND SPILLS ACTIONED

18

LICENCES ISSUED

WELL DRILLER LICENCE	26
CESSPOOL EMPTIERS LICENCE	8
GROUNDWATER ABSTRACTION LICENCE	0

PERMITS ISSUED

CANAL WORK PERMIT	0
QUARRY PERMIT	1
DISCHARGE PERMIT	0



40TH
ANNIVERSARY

In 2023, the Water Authority celebrated 40 years since its founding through the passage of the Water Authority Law in 1983. To celebrate the anniversary, the Authority planned an extensive calendar of events and activities to commemorate the milestone. A special planning committee was commissioned to plan the celebrations. The committee utilised three core guiding principles to prepare the celebration: community service, student education and employee recognition.

A special logo was designed by the Authority's Laboratory Technologist Jerry D. Banks and was featured across platforms and promotion of events linked to the ruby anniversary. The theme of "WAC on Tap" was selected by Water Authority staff to mark the celebrations.



40th Anniversary Logo created by Laboratory Technologist JD Banks.



40th Anniversary Committee members (back row l-r): Jermeil Hydes, Billy Ebanks, and Kodie Scott; (front row l-r): Lisaida Swaby-Oliva, Sabrina Solomon, Kristina Hydes, and Chelsea Hodgson. Missing from photo: Edlyn Ruiz Stoll and Wendy Whittaker.

COMMUNITY SERVICE

Community service events were planned to allow the Water Authority to give back to and engage with its customers and community.

The year began with a volunteer effort, with Water Authority staff participating in the annual Meals on Wheels 'Change for Change' Coin Drive.

Shortly after was a special church service at the Red Bay Holiness Church, which was attended by the Premier, the Hon. Julianna O'Connor-Connolly, senior leaders and staff of the Water Authority, and church members. The service, which included a message highlighting the importance of water in our physical and spiritual life, was broadcast on Radio Cayman.



The Authority's 40th Anniversary celebrations begins with a special church service.

Knowledge of Water Authority history and general water facts were tested as staff engaged with the public at the 2023 Agriculture Show.

CUSTOMER APPRECIATION EVENTS

The Authority celebrated its customers with two Customer Appreciation Events, one in Grand Cayman (31 May) and one in Cayman Brac (8 September). During both events, customers were able to meet with Authority staff and enjoy food, drink, giveaways, raffles, and more. Customer Service Representatives were also on hand to assist with account and online billing setup, updating customer information and highlighting the Authority's newest phone call balance retrieval service.



Water Authority honours its customers at a Customer Appreciation Event in Grand Cayman and Cayman Brac.

CELEBRATION OF WOMEN IN SCIENCE

To commemorate International Day of Women and Girls in Science (11 February), the Authority hosted a special “Celebration of Women in Science Brunch”. The event brought together Cayman’s community of women in S.T.E.M. to share experiences, inspire and encourage others and show young girls that there is a path forward for them.

Highlights of the day included a panel discussion with leading women of science and a youth panel led by moderator Tammi Sulliman, a spotlight on mental health with The Wellness Centre Ltd., and remarks on behalf of the Hon. Juliana Y. O’Connor-Connolly, Minister for Cayman Islands Education and Minister for District Administration & Lands.



Water Authoritys host a special “Women in Science” Brunch as part of its 40th Anniversary Celebration.

Panellists were:

- Antoinette Johnson (Department of Environmental Health, Cayman Islands Government)
- Gina Ebanks-Petrie (Cayman Islands Department of Environment)
- Karlene Singh (Cayman Water)
- Kristen Smith (Ministry of Sustainability & Climate Resiliency)
- Dr Samantha Dorman (Cayman Islands Department of Agriculture)

Youth panellists were:

- Jade Robinson (St. Ignatius Catholic School - Cayman Islands)
- Marissa Wright (John Gray High School)
- Nicole Kielczewski (Cayman International School)
- Siri Batta (Layman E. Scott Snr High School -Formerly CBHS)
- Erin Shaughness (Cayman International School).

WATER FILLING STATION AND REUSABLE WATER BOTTLE DONATION

The Authority purchased water bottle refilling stations for all public primary schools in Grand Cayman, as well as reusable water bottles for all students of all public primary schools. Additionally, the Authority has purchased refilling stations for selected sports facilities in Grand Cayman and community parks in Cayman Brac. This is a donation valued at \$54,000. The Lighthouse School was the first school to have its refilling station installed and to receive the bottles in November 2023. The remaining schools will receive the bottles and the remaining refilling stations will be installed in quarter 1 of 2024.

STUDENT EDUCATION

The Water Authority is committed to supporting the education of students, particularly in S.T.E.M. subjects, and the 40th Anniversary served as another opportunity to bolster those efforts.

A special facilities tour video was created as a resource for teachers to help their students learn more about the water production and wastewater treatment process. The video can be viewed via the Water Authority website and YouTube page.



Production of the Authority's Educational Tour video.

LAYMAN E SCOTT LABORATORY DONATION

The Authority donated \$30,000 worth of equipment to update the Layman E Scott Sr High School laboratory. The equipment on the school's wish list included physics kits, human body models, lung kits and electricity kits. The new equipment was unveiled at a special ceremony in September 2023 which was attended by students, school and government officials, Water Authority senior management, board members and staff. The donation aligns with the Authority's overall strategic work to support the development of future water professionals.



Water Authority unveils the new laboratory equipment for the Layman E Scott High School.

STUDENT ART COMPETITION

Students were asked to tap into their creativity with a children's art competition. Each piece of art had to reflect the theme "Water is Everything," which was aimed at getting students to think about how important and essential a role water plays in their lives.

With over 200 entries, it was a hard choice to determine the top 3 winners in both the infant category and the junior category. The winners are:

- Infant Category
 1. Kristiana Salazar (Creek & Spot Bay Primary School)
 2. Disha Hisaria (First Baptist Christian School)
 3. Aubrey Bouliane (Village Montessori)
- Junior Category
 1. Ytalia Zapata (West End Primary School)
 2. Tanishi Kumar (First Baptist Christian School)
 3. Mica Solas (St. Ignatius School)

The winning artwork will be featured in a special commemorative booklet that will be published in 2024.



Winners of the Authority's Children's Art Competition.

HONOURING DR BRIAN JONES

The Authority was pleased to honour Geologist Dr Brian Jones with a Legacy Award as part of our Geology Education Week Programme. Dr Jones has been a long-time academic partner of the Authority, having conducted over 40 years of geology research in the Cayman Islands, which is invaluable information to the Authority's work.

In addition, videos of his public lectures, school lessons and professional development courses were produced, which will become an educational resource available to the public in 2024.



Water Authority honours Dr Jones with a Legacy Award.

Dr Jones' years of research culminated in the book, "Geology of the Cayman Islands, Evolution of Complex Carbonate Successions in Isolated Oceanic Islands". The Authority organised a book launch in May, at which copies of the book were donated to Government organisations, schools and key individuals who have worked closely with Dr Jones.

The book is a unique and thorough record of the specific geological research that Dr Jones and his colleagues have done in the Cayman Islands, and it is based on an extensive database of fieldwork and laboratory analyses. The book is lavishly illustrated and is about 300 pages long. It summarises the current state of knowledge regarding the geology of the Cayman Islands.

EMPLOYEE RECOGNITION

The Authority would not be the organisation it is without its employees, which is why employee recognition was such an important element of the anniversary celebrations.



Water Authority hosts its first Employee Appreciation Day.

For the first time, the Authority closed its doors for the day to celebrate and honour its staff at the first-ever Employee Appreciation Day. The day began with a tour of the Authority's facilities – a first for many employees, followed by a lunch, a programme of team building activities and the announcement of new employee benefits.

HONOURING LONG-SERVING EMPLOYEES

Throughout the year, long-service employees were honoured – those are employees who have worked with the Authority for 30 plus years – a total of 7 employees. Collectively, these employees have served the Authority for over 280 years!

- Clydeton Morgan (40 years)
- Tom van Zanten (39 years)
- Vernel Rankine (36 years)

- Loy Tivy (36 years)
- Dr Gelia Federick-van Genderen (35 years)
- Hendrik van Genderen (35 years)
- Anthony “Tony” Archibold (32 years)
- Vernon Whittaker (31 years)



Dr Gelia Federick-van Genderen
35 years



Vernon Whittaker
31 years



Clydeton Morgan
40 years



Hendrik van Genderen
35 years



Tom van Zanten
39 years



Vernel Rankine
36 years



Loy Tivy
36 years



Anthony Archibold
32 years

CHRISTMAS GALA

The year ended with a special “Ruby Red Christmas Gala” held at the Kimpton Seafire Resort and Spa. Water Authority staff members, government officials, and other special guests were in attendance.

The evening included remarks from the Premier, the Water Authority’s Director, and the Board Chairman. There was also a special presentation on the 40th Anniversary. Committee outline as well as employee awards.

The Authority publicly announced its Legacy Donation to the Queen Elizabeth II Botanic Park during the event. The aim of the Legacy Donation was to support a project that future generations can benefit from and enjoy. As stewards of water, the Authority identified the Botanic Park, the steward of the botanic biodiversity of the Cayman Islands, as a natural fit and donated \$50,000 for the

development of the Botanic Park's Children's Garden. Additionally, the Authority has donated three water bottle filling stations valued at \$18,000, that will be installed across the Children's Garden.



Water Authority's Ruby Red Gala.

The anniversary celebrations will roll over into 2024, with a special event celebrating the men of Water Authority, A Give Back Day in which staff will be able to spend the day in service of the community, the commissioning of educational resources focused on the work of the Authority for elementary aged students and the publishing of a commemorative booklet.



OUR PEOPLE

OUR PEOPLE

At the end of the fiscal period, the Authority had a staff of 150 persons across a total of six departments under the umbrella of the Executive Office: Engineering Services and Operations, Human Resources, Customer Service, Finance, Information Systems, and Water Resources & Quality Control. There are 134 employees based in Grand Cayman and 16 based in Cayman Brac.



COMMUNITY OUTREACH

GIVING BACK TO THE COMMUNITY

The Water Authority Board's Sponsorship Assessment Sub-Committee approved a total of \$50,000 in financial support for several local charities, non-profits, and community initiatives. Those organisations included Lighthouse School, Academy Sports Club and the YMCA.



Water Authority supports the CI Cancer Society for the 2023 Project Angel Tree.

Another organisation supported was the Cayman Islands Cancer Society, the selected charity for the Authority's Annual "Project Angel Tree". "Project Angel Tree" is an annual staff-driven holiday fundraising initiative. Staff donated \$1,338, which the Authority generously matched for a total donation of \$2,676.

EARTH DAY CLEAN UP

Once again, the Water Authority was one of the sponsors of the Chamber of Commerce's island-wide Earth Day Clean-Up. Several Water Authority staff members and their family members did their part to keep the Cayman Islands' natural environment healthy and pristine. The team of volunteers focused its efforts along Colliers Beach in East End.



Water Authority staff participate in the 2023 Earth Day Clean Up event.

EDUCATIONAL OUTREACH AND ACHIEVEMENTS

SUMMER INTERNSHIP PROGRAMME

Seventeen students interned with the Authority over this summer. The Authority's Summer Internship Programme enables students to gain hands-on experience working in a professional environment while introducing them to various careers in the water and wastewater industry.

The interns work across various departments, including Finance, Customer Service, Water Resources & Quality Control, Information Systems, Operations, and Engineering.

Three of the interns, Alexander Elias, Levi Superville, and D’Vonte Josephs, are the recipients of the Authority’s annual scholarship. Other interns who participated in the 2023 programme are Daniella Johnson, Dylan Bergman, D’Nique Solomon, Damanie Allen, Emma Collins, Lismely Lopez-Rivera, Kyan Dilbert, Renell Parchment, Terrisha Walker, Marcus Brown, Jamar McCoy, Erika Shim, Gianna Rankin, and Dinara Perera.



Water Authority's 2023 Summer Interns.

UCCI SCHOLARSHIP

On 24 January, Water Authority’s Chief Human Resources Officer, Pat Bell and HR Manager, Yolita Phillips, attended the University College of the Cayman Islands (UCCI) Scholarship Recipient Celebration Event.

The Water Authority - Cayman has long advocated for young Caymanians and has provided an annual overseas scholarship since 2002. However, the Authority also realises the importance of supporting students at the local level pursuing further education. The Authority currently supports students of UCCI and UCCI programmes by providing a local scholarship and financial support to students interested in STEM-related studies critical to the work of the Authority.



Water Authority sponsors a STEM scholarship for UCCI students.

The total support to UCCI was CI\$25,000 per annum, \$15,000 slated for student grants of up to \$2500 per grant, and a \$10,000 donation to assist UCCI's Work-Based Learning Programme.

This support serves to give back to the people of the Cayman Islands, support and empower UCCI students, and bring awareness to the many STEM-related job opportunities within the Authority.

GEOLOGY EDUCATION WEEK

Since the early 1980s, Dr Brian Jones (*Professor Emeritus* of Geology at the Department of Earth and Atmospheric Sciences, University of Alberta, Canada), his colleagues, and students have conducted scientific geological research throughout the Cayman Islands. This work has resulted in the training of numerous PhD and MSc students and over 100 scientific papers in various academic publications and scientific journals. It also has made a significant contribution to the work of the Water Authority, Department of Environment, National Trust, and the private sector.



The 2023 Geology Education Week feature school lectures, professional development courses and a public lecture.

Dr Jones returned to the island later in the year for Geology Education Week. Taking place between 9 – 19 October 2023, the event featured geology lessons for students at local high schools and a professional development course for local educators that included a field trip to sites of geological significance in Grand Cayman. Several teachers also took part in a geology field trip in Cayman Brac.

Dr Jones also led two public lectures titled “Geology and Water: Cayman Islands”. One lecture took place in Cayman Brac, and the other took place in Grand Cayman. A public lecture will take place in Little Cayman in 2024.

SOCIAL COMMITTEE

The Authority's Social Committee fostered a spirit of community and fun through a series of events throughout 2023, including Rock Your Socks Day, Ice Cream Day and Game Night Happy Hour.

The Social Committee also organised several charity dress-down days, donation drives and charity walk/run teams for local charities, including the Family Resource Centre, Cayman Islands Cancer Society and Lions Club.

Amory Smith was Chairperson, Hortencia Bent was Funds Manager, and Yasmin James was Secretary.



The Water Authority Social Committee hosted a variety of events for staff in 2023.

WATER AUTHORITY REPRESENTATION - LOCAL AND INTERNATIONAL

HEROES DAY

Two of Water Authority staff were honoured at the 2023 National Heroes Day ceremony, which celebrated “Volunteerism and Charitable Services”. Robert Arch and Hendrik van Genderen received the Pioneer Award for their exceptional contributions for 20+ years of voluntary services with the Lions Club of Grand Cayman and the Rotary Club of Grand Cayman, respectively.



Water Authority staff members (l-r) Hendrik van Genderen and Robert Arch were honoured at the 2023 Heroes Day Celebration.

WATER AUTHORITY HEROS

Water Authority staff members Leanna Jackson and Evol Miller Jr showcased exceptional heroism in October when they were searching for and rescuing Cuban refugees floating on debris in the open ocean off Cayman Brac.

The pair were working on their boat when an officer from the rescue team asked if they would be part of the search, a call they both selflessly said yes to. Ultimately eight of the refugees were located and rescued that evening.



Photo Credit: Cayman Compass.

UN CONFERENCE OF PARTIES (COP28)

Water Authority's Laboratory Technologist Rickeem Lashley joined six of his peers in representing the Cayman Islands as a Youth Delegate at the United Nation's annual climate change conference COP28 in Dubai in December 2023.

In his role as a Youth Delegate, he participated in talks and workshops, hearing directly from policymakers and major change-makers in the climate change/sustainability and resiliency arena. In reflecting on his experience, Mr Lashley noted two things that stood out the most to him—the concept of Youth Capacity Building and climate resiliency status of British Overseas Territories (BOT).



Water Authority staff member Rickeem Lashley participated at the UN COP28.

WAC INTERNATIONAL & LOCAL REPRESENTATION

Water Authority staff participated in several local and international conferences related to water/wastewater service and leadership training.

- Caribbean Regional Conference Water Loss (Trinidad) – Carlos Vargas and Martin Kelly

- CIHRP Annual Conference (Cayman Islands) – Pat Bell, Yolita Phillips, and Lisaida Swaby-Oliva
- CARISAN International Conference (Martinique) – Kodie Scott and Trenton Foreman
- 7th Caribbean Water Operators Conference (Barbados) – Christopher Johnson and Manuel Powery
- Stepping Stones INSPIRE Leadership Development Conference (Cayman Islands) – Yolita Philips, Kodie Scott, Trenton Foreman, Kira Mathews, and Edlyn Ruiz Stoll
- CWWA 32rd Annual Conference and Exhibition (Guyana) – Perry Smith and Richard Clarke-Ramirez
- Water Quality Technology Conference (Texas, USA) – Jerry Banks and Rickeem Lashley
- Harris Customer Training (Cogsdale) (Florida, USA) – Lori Bergman, Anita LaPierre, Kira Mathews, Kristina Hydes, Kaled Giron and Martin Kelly

PASSING OF PAST WATER AUTHORITY BOARD CHAIRMAN AND MEMBER - MR BRAINARD DOUGLAS WATLER

Water Authority join the Cayman community in mourning the passing of its former Chairman, Mr Brainard Douglas Watler. He peacefully departed on the morning of 27 August 2023. Mr Watler dedicated a remarkable 25 years to the Water Authority, with 8 of those years being at the helm as Chairman. Throughout this time, he played a pivotal role in the evolution and progress of the Water Authority.



CHAIRMAN'S AWARD RECIPIENTS

The Chairman's Award is a prestigious award given annually to an employee or group of team members who have shown exemplary service, are nominated by the Senior Management Team, and are approved by the Chairman. In 2023, two staff members were honoured with the award – Senior Development Control Technologist Kodie Scott and Administrative Assistant – Building and Equipment Chelsea Hodgson.



Recipients Chelsea Hodgson and Kodie Scott were presented with their Chairman's Award by Board Member Mrs Darlee Ebanks (centre).

Mr Scott has taken on several challenges and roles that go beyond what his job calls for. Over the years, he has been Chairperson for the Authority's Social Committee, Deputy Chairperson of the 2021 Caribbean Water and Wastewater Association conference committee, continues to support the Engineering Services Department with ARCGIS issues, and more recently involved with Covid-19 Coordinating Response Team, the Authority's Drone Programme, and was co-chair of the 40th Anniversary Celebration Planning Committee in 2023. He willingly invests extra hours without seeking overtime or complaining, displaying unwavering passion and enthusiasm for his work.

Mrs Hodgson was nominated for the Annual Chairman's Award for her outstanding performance as an Administrative Assistant and her willingness to lead or assist with several major projects throughout the year, some of which were outside the scope of her regular duties. These include the 40th Anniversary Celebration Planning Committee, organising ergonomic assessments for Cashiers and Customer Service Reps, office furniture assessments and procurement, the transition to the new DMP Entry Access Security System, and the relocation of the Cayman Brac customer service office. Chelsea took on these additional responsibilities willingly and still managed to complete her regular duties satisfactorily and on time.



LOOKING
AHEAD

LOOKING AHEAD:

To meet the needs of a growing population, the Authority is planning the execution of several capital development projects in the near future. Projects that will be actioned in the coming year include:

- Additional RO Plant to accommodate expected growth within the distribution system
- Add booster station at Lower Valley Water Works
- Refurbish Pump station at Red Gate Water Works
- Site clearance for future Rum Point Water Works
- Administration Office Extension, which will include a dedicated laboratory area and secure location for file storage
- Design the Wastewater Treatment Plant Phase II
- Wastewater Collection System Extension
- Hydrogeological investigations for the Bluff Water Works in Cayman Brac





FINANCIAL REPORTS

**THE WATER AUTHORITY
OF THE CAYMAN ISLANDS**

FINANCIAL STATEMENTS
31 December 2023

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Water Authority of the Cayman Islands
STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS
31 December 2023

These financial statements have been prepared by the Water Authority of the Cayman Islands in accordance with the provisions of the *Public Management and Finance Act (2020 Revision)* and reference to *Section 17(1)* of the Water Authority Act (2018 Revision). The financial statements comply with IFRS® Accounting Standards.

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the *Public Management and Finance Act (2020 Revision)*.

As Chairman, Director and Chief Finance Officer, we are responsible for establishing, and have established and maintained, a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly record the financial transactions of the Water Authority of the Cayman Islands.

As Chairman, Director and Chief Finance Officer, we are responsible for the preparation of the Water Authority of the Cayman Islands' financial statements and for the judgements made in them.

The financial statements present fairly the statement of financial position, statement of comprehensive income/loss, statement of changes in shareholder's equity, and statement of cash flows as at and for the year ended 31 December 2023.

To the best of our knowledge we represent that these financial statements are:

- (a) complete and reliably reflect the financial transactions of the Water Authority of the Cayman Islands as at and for the year ended 31 December 2023;
- (b) fairly reflect the financial position as at 31 December 2023 and comprehensive loss as at and for the year ended 31 December 2023; and
- (c) comply with IFRS Accounting Standards adopted by the International Accounting Standards Board.

The Office of the Auditor General conducts an independent audit and jointly expresses an opinion on the accompanying financial statements. The Office of the Auditor General and its agent have been provided access to all the information necessary to conduct an audit in accordance with International Standards on Auditing.


Mr. Darre Rankine

Chairman
Water Authority of the Cayman Islands


Ms. Lori Bergman

Chief Finance Officer
Water Authority of the Cayman Islands


Dr. Gelia Frederick-van Genderen

Director
Water Authority of the Cayman Islands

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER AND MEMBERS OF THE WATER AUTHORITY OF THE CAYMAN ISLANDS

Opinion

We have audited the financial statements of The Water Authority of the Cayman Islands (the "Water Authority") which comprise the statement of financial position as at December 31, 2023, and the related statements of comprehensive (loss)/income, changes in shareholder's equity and cash flows for the year then ended, and the notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Water Authority as at 31 December 2023 and its financial performance and its cash flows for the year then ended, in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Water Authority in accordance with *the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants* ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

This report, including the opinion, has been prepared for and only for the Water Authority's Shareholder and Members, as a body, and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other Information

Management is responsible for the other information. The other information comprises the annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the annual report prior to the date of the auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Water Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Water Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Water Authority's financial reporting process.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER AND MEMBERS OF
THE WATER AUTHORITY OF THE CAYMAN ISLANDS (CONTINUED)**

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Water Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Water Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

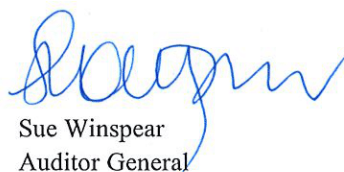
We have undertaken the audit in accordance with the provisions of Section 60(1)(a) of the Public Management and Finance Act (2020 Revision). We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Baker Tilly (Cayman) Ltd.

30 April 2024



Baker Tilly (Cayman) Ltd.
Governor's Square
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www.bakertilly.ky


Sue Winspear
Auditor General

30 April 2024



Office of the Auditor General
3rd Floor, Anderson Square 64
Shedden Road
PO Box 2583
Grand Cayman KY1-1103

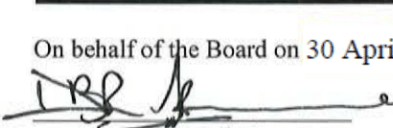
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Fax: 345-945-7738

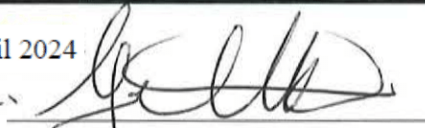
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Internet: www.auditorgeneral.gov.ky

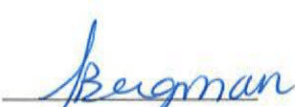
Water Authority of the Cayman Islands
Statement of Financial Position
As at 31 December 2023
(Stated in Cayman Islands dollars)

	Note	31 December 2023	31 December 2022
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	5	64,287,265	64,096,496
Total non-current assets		64,287,265	64,096,496
<i>Current assets</i>			
Cash and cash equivalents		10,110,888	9,785,385
Fixed deposits		52,105,261	46,411,404
Accounts receivable, net	3	4,748,658	4,359,648
Unbilled revenue	10	1,984,506	1,909,388
Inventory, net	4	325,254	219,799
Prepaid expenses		498,809	347,980
Total current assets		69,773,376	63,033,604
Total assets		CI\$ 134,060,641	CI\$ 127,130,100
Liabilities and shareholder's equity			
Liabilities			
<i>Non-current liabilities</i>			
Lease liability	11	54,602	63,516
Employee pension benefits, net	9(a)	1,492,000	1,865,000
Pension employee healthcare benefits, net	9(c)	5,842,000	6,101,000
Non-pension employee healthcare benefits, net–Aetna	9(d)	53,783,000	-
Non-pension employee healthcare benefits, net–CINICO	9(d)	-	43,700,000
Total non-current liabilities		61,171,602	51,729,516
<i>Current liabilities</i>			
Lease liability	11	8,510	8,510
Accounts payable		2,162,762	2,068,315
Contract retention payable		123,230	135,397
Customer deposits		1,855,783	1,739,869
Total current liabilities		4,150,285	3,952,091
Total liabilities		65,321,887	55,681,607
Shareholder's equity			
Contributed capital	7	682,000	682,000
Retained earnings		68,056,754	70,766,493
Total shareholder's equity		68,738,754	71,448,493
Total liabilities and shareholder's equity		CI\$ 134,060,641	CI\$ 127,130,100

On behalf of the Board on 30 April 2024


Chairman


Director


Chief Finance Officer

The accompanying notes form an integral part of these financial statements.

Water Authority of the Cayman Islands
Statement of Comprehensive (Loss)/Income
For the Year Ended 31 December 2023
(Stated in Cayman Islands dollars)

	Note	31 December 2023	31 December 2022
Operating revenue			
Water sales		33,510,437	31,199,401
Sewerage fees		5,869,553	5,487,843
Agency work		372,912	127,873
Septage disposal		361,444	309,214
Connection and miscellaneous fees		24,590	27,140
Total operating revenue	10	40,138,936	37,151,471
Operating expenses			
Water purchases and production		9,621,724	8,455,229
Repairs and maintenance		4,005,173	3,533,547
Salaries		3,902,248	3,557,756
Depreciation expense	5	3,681,441	3,514,229
Wages		1,850,262	1,797,144
Supplies		1,486,184	1,782,665
Electricity		1,466,637	1,346,765
Miscellaneous		390,508	499,764
Impairment of property, plant and equipment	5	134,553	79,946
Total operating expenses		26,538,730	24,567,045
Finance costs			
Land lease interest expense		3,421	3,825
Gross operating profit		13,596,785	12,580,601
Other income			
Royalties and statutory Fees		1,957,224	1,766,445
Interest income		1,694,531	346,479
Other		177,750	187,436
Statutory licencing fees		30,007	8,715
Total other income		3,859,512	2,309,075
Operating profit	CIS	17,456,297	CIS 14,889,676

(continued)

Water Authority of the Cayman Islands
Statement of Comprehensive (Loss)/Income (continued)
For the Year Ended 31 December 2023
(Stated in Cayman Islands dollars)

	Note	31 December 2023	31 December 2022
Administration expenses			
Defined benefit pension cost	9(a)	28,000	(16,000)
Pension employee healthcare benefits cost	9(c)	383,000	268,000
Non-pension employee healthcare benefits cost–Aetna	9(d)	9,587,000	-
Non-pension employee healthcare benefits cost–CINICO	9(d)	-	3,990,000
Staff training and benefits	8	3,572,823	2,662,839
Salaries	8	2,838,526	2,625,379
Insurance		1,164,673	1,035,969
Miscellaneous	8	890,329	460,562
Telephone and utilities		709,775	497,896
Information systems		592,129	520,703
Repairs and maintenance		204,698	147,366
Legal and professional fees		200,372	247,259
Depreciation expense	5	113,014	113,014
Licenses and dues		92,467	132,420
Office and lab supplies		61,096	47,661
Office rental		25,134	4,320
Bad debt expense		-	57,724
Total administration expenses		20,463,036	12,795,112
Net (loss)/profit for the year		(3,006,739)	2,094,564
Other comprehensive income/(loss)			
Remeasurements of defined benefit pension plan	9(a)	401,000	680,000
Remeasurements of pension employee healthcare plan	9(c)	642,000	957,000
Remeasurements of non-pension employee healthcare plan – Aetna	9(d)	(496,000)	-
Remeasurement of non-pension employee healthcare plan – CINICO	9(d)	-	8,743,000
Change in accounting estimate to reorganised CINICO level benefits for non-defined benefit pension employees	9(d)	-	(2,280,000)
		547,000	8,100,000
Comprehensive (loss)/income for the year	CI\$	(2,459,739)	CI\$ 10,194,564

The accompanying notes form an integral part of these financial statements.

Water Authority of the Cayman Islands
Statement of Changes in Shareholder's Equity
For the Year Ended 31 December 2023
(Stated in Cayman Islands dollars)

	Note	31 December 2023	31 December 2022
Contributed capital			
Balance at beginning of year		682,000	486,000
Contribution from Government		-	196,000
Balance at end of year	7	682,000	682,000
Retained earnings			
Balance at beginning of year		70,766,493	60,821,929
Net (loss)/income for the year		(3,006,739)	2,094,564
Other comprehensive income for the year		547,000	8,100,000
Dividend to Government	8	(250,000)	(250,000)
Balance at end of year		68,056,754	70,766,493
Total shareholder's equity		CIS 68,738,754	CIS 71,448,493

The accompanying notes form an integral part of these financial statements.

Water Authority of the Cayman Islands
Statement of Cash Flows
For the Year Ended 31 December 2023
(Stated in Cayman Islands dollars)

	Note	31 December 2023	31 December 2022		
Cash flows from operating activities					
Net (loss)/income for the year		(3,006,739)	2,094,564		
Adjustments to reconcile net income for the year to net cash generated by operating activities:					
Depreciation expense	5	3,794,455	3,627,243		
Impairment of property, plant and equipment	5	134,553	79,946		
Defined benefit pension cost		28,000	(16,000)		
Pension employee healthcare benefits cost		383,000	268,000		
Non-pension employee healthcare benefits cost		9,587,000	3,990,000		
Add/(deduct) net changes in non-cash operating balances:					
Accounts receivable, net		(389,010)	(675,455)		
Unbilled revenue		(75,118)	(218,795)		
Inventory, net		(105,455)	(54,964)		
Prepaid expenses		(150,829)	(42,166)		
Accounts payable		94,447	(57,048)		
Contract retention payable		(12,167)	133,850		
Customer deposits		115,914	50,130		
Net cash generated by operating activities		10,398,051	9,179,305		
Cash flows from investing activities					
Property, plant and equipment purchased	5	(5,598,622)	(7,171,194)		
Property, plant and equipment disposed		1,478,845	1,138,324		
Purchase of fixed deposits		(5,693,857)	(6,345,317)		
Net cash used in investing activities		(9,813,634)	(12,378,187)		
Cash flows from financing activities					
Payment of lease liabilities		(8,914)	(8,509)		
Dividend to Government	8	(250,000)	(250,000)		
Contributed capital		-	196,000		
Net cash used in financing activities		(258,914)	(62,509)		
Net increase/(decrease) in cash and cash equivalents during year					
		325,503	(3,261,391)		
Cash and cash equivalents at beginning of year		9,785,385	13,046,776		
Cash and cash equivalents at end of year		CIS	10,110,888	CIS	9,785,385

The accompanying notes form an integral part of these financial statements.

Water Authority of the Cayman Islands
Notes to the Financial Statements
For the Year Ended 31 December 2023
(Stated in Cayman Islands Dollars)

1. Establishment and Principal Activities

The Water Authority of the Cayman Islands (the “Water Authority”) is a statutory body, wholly owned by the Government of the Cayman Islands (the “Government”), established on 1 January 1990, under the *Water Authority Act (Law 18 of 1982)*, as amended.

The Water Authority is principally engaged in the management of water supply and sanitation affairs of the Cayman Islands including the provision of public water supplies, sewerage systems and the management, development and protection of water resources.

In 2018, the regulatory responsibility previously held by the Water Authority was transitioned to the Utility Regulation and Competition Office (“OfReg”). The Water Authority still maintains control of certain statutory functions.

The Public Authorities Act, (2020 Revision) came into force on 1 June 2017. The purpose of the Act is to provide uniform regulation of the management and governance of public authorities.

As at 31 December 2023, the Water Authority had 153 employees (2022: 140 employees). The Water Authority is located at 13G Red Gate Road, P.O. Box 1104, KY1-1102, George Town, Grand Cayman, Cayman Islands.

2. Material Accounting Policies

(a) Statement of compliance

These financial statements are prepared in accordance with IFRS[®] Accounting Standards (“IFRS”) and interpretations adopted by the International Accounting Standards Board (“IASB”).

The financial statements were authorised for issue by the Water Authority’s Board of Members on 30 April 2024.

(b) Basis of preparation

The financial statements of the Water Authority are prepared using the going concern assumption on the accrual basis under the historical cost basis.

(c) Functional and presentation currency

These financials are presented in Cayman Islands dollars (CIS), which is the Water Authority’s functional currency. All information has been rounded to the nearest dollar.

(d) Use of estimates and judgement

The preparation of the financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual amounts may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of the revision and future years, where applicable.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

Water Authority of the Cayman Islands
Notes to the Financial Statements
For the Year Ended 31 December 2023
(Stated in Cayman Islands Dollars)

2. Material Accounting Policies (continued)

(d) Use of estimates and judgement (continued)

(i) Allowance for impairment losses on accounts receivable

The Water Authority utilises an expected credit loss model to estimate the allowance for doubtful accounts. For trade receivables and unbilled revenue (contract asset) the simplified approach is followed by the Water Authority measuring the loss allowance at an amount equal to lifetime expected credit losses.

The Water Authority estimates expected credit losses based on the historical loss rates on credit sales in the preceding 12-month period, adjusted for current experience. It is assumed that these historical loss rates are reflective of expected credit losses.

(ii) Valuation of property, plant and equipment

The Water Authority performs impairment testing when circumstances indicate that there may be impairment for property, plant and equipment. Management judgment is involved in determining if there are circumstances indicating that testing for impairment is required and in determining the grouping of assets to identify their Cash Generating Units ("CGU") for purposes of impairment testing.

The Water Authority assesses impairment by comparing the recoverable amount of property, plant and equipment to its carrying value. The recoverable amount is defined as the higher of: (i) value in use; or (ii) fair value less cost to sell. The determination of the recoverable amount involves Management judgment and estimation.

(iii) Valuation of employee benefit plans

The cost of pensions and other retirement and healthcare benefits earned by employees is actuarially determined using the projected unit credit method prorated on service and Management's best estimate of expected plan investment performance, salary escalation, rates of inflation, retirement ages of employees and mortality rates. Discount rates used in actuarial calculations are based on market yields on high quality bonds (consistent with the term of the benefit obligation) and can have a material effect on the amount of plan liabilities and service costs. Management employs external experts to advise the Water Authority when deciding upon the appropriate estimates to use to value employee benefit plan obligations and expenses. To the extent that these estimates differ from those realised, employee benefit plan assets and liabilities and comprehensive income will be affected.

(iv) Depreciation and amortisation

The Water Authority's property, plant and equipment is depreciated and amortised on a straight-line basis, taking into account the expected useful lives of the assets and residual values. The useful economic lives and residual values require significant judgment from management. The assets' depreciation methods, useful lives and residual values are reviewed at each statement of financial position date and adjusted where appropriate. Changes to these estimates may affect the carrying value of these assets, net income and comprehensive income.

(v) Self-constructed assets

Included within plant, property and equipment are self-constructed assets for which costs are based on directly attributable inputs and allocations of costs incurred to bring the assets to the location and condition necessary for its intended use. Allocations of costs include estimates for fuel and costs for equipment usage.

Water Authority of the Cayman Islands
Notes to the Financial Statements
For the Year Ended 31 December 2023
(Stated in Cayman Islands Dollars)

2. Material Accounting Policies (continued)

(e) Property, plant and equipment

(i) Recognition and measurement:

Items of property, plant and equipment are stated at cost less accumulated depreciation and any net accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of self-constructed assets includes the cost of materials, direct labour and related costs to put the assets into service and capitalised borrowing costs. Certain costs capitalised within self-constructed assets are based on management's estimate of the actual amounts directly attributable to the self-constructed asset.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in the statement of comprehensive income/loss.

(ii) Subsequent costs:

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the Water Authority and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment such as maintaining underground piping are recognised as repairs and maintenance expenses in the statement of comprehensive income/loss as incurred.

(iii) Depreciation:

Depreciation is based on the cost of an asset less its residual value. If a significant component has a useful life that is different from the remainder of the asset, that component is depreciated separately.

Depreciation is charged to the statement of comprehensive income/loss on a straight-line basis over the useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives are as follows:

Buildings	50 years
Water and sewerage systems	8 to 50 years
Other assets	3 to 10 years

(iv) Construction in progress:

Construction in progress represents property, plant and equipment projects which are not yet completed at the reporting period date. Upon completion, the construction in progress is transferred to the relevant category of property, plant and equipment and depreciation commences when the asset is available for use.

(v) Spare parts

Spare parts are capital spare parts held by the Water Authority and are depreciated over their useful lives when put into service. Spare parts are included in property, plant and equipment in the statement of financial position.

Water Authority of the Cayman Islands
Notes to the Financial Statements
For the Year Ended 31 December 2023
(Stated in Cayman Islands Dollars)

2. Material Accounting Policies (continued)

(f) Foreign currency translation

Monetary assets and liabilities denominated in currencies other than Cayman Islands dollars are translated at exchange rates in effect at the reporting period date. Non-monetary assets that are measured at historical cost are translated using the exchange rates at the transaction date and not retranslated. Revenue and expense transactions denominated in currencies other than Cayman Islands dollars are translated at exchange rates at the date of those transactions. Gains and losses arising on translation are included in the statement of comprehensive income/loss.

(g) Interest income and expense

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The interest income on financial assets and expense on payments is recognised in the statement of comprehensive loss/income using the effective interest rate or straight-line method as appropriate.

(h) Revenue recognition

The Water Authority offers a variety of services and invoicing is dependent on the type of service rendered. Bills for water are based on consumption and billed monthly, sewerage fees are fixed in nature and billed monthly and other services including septage disposal and lab fees for water testing are billed on performance of the service. Revenue derived from such sources is accounted for when the respective performance obligations have been met. See Note 10 for additional disclosures.

Water consumed but not yet billed to customers at the reporting period date is included as unbilled revenue on the statement of financial position.

Customers are typically required to make a deposit when setting up an account with the Water Authority, which are included as customer deposits on the statement of financial position.

(i) Financial instruments

IFRS 9 sets out requirements for recognising and measuring financial assets and financial liabilities. IFRS 9 establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset.

(i) Financial assets

The Water Authority classifies its financial assets, cash and cash equivalents, fixed deposits and accounts receivable as amortised cost. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Water Authority has transferred substantially all risks and rewards of ownership. The Water Authority's financial assets are carried at amortised cost using the effective interest method.

Water Authority of the Cayman Islands
Notes to the Financial Statements
For the Year Ended 31 December 2023
(Stated in Cayman Islands Dollars)

2. Material Accounting Policies (continued)

(i) Financial instruments (continued)

(i) Financial assets (continued)

In assessing impairment relating to financial assets, the Water Authority employs a simplified approach and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating the lifetime expected credit losses, the Water Authority uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. Any impairment impact recognised during the year is recorded in the statement of comprehensive (loss)/income.

(ii) Financial liabilities

The Water Authority classifies its financial liabilities at amortised cost. Such financial liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Financial liabilities measured at amortised cost includes accounts payable, contract retention payable, and customer deposits. These financial liabilities are classified as current if payment/extinguishment is due within one year or less. If not, they are presented as non-current liabilities.

(ii) Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount presented in the Water Authority's statement of financial position when, and only when, the Water Authority has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash, bank balances and short-term deposits with original maturities of three months or less.

(k) Fixed deposits

The Water Authority has funds held on fixed deposits with the Treasury of the Cayman Islands Government with varying maturity dates ranging from 6-12 months.

(l) Inventory

Inventory consists of consumables and water. Consumables are accounted for on a first in first out basis. Water inventory is calculated at the cost of water plus chemicals multiplied by the volume of water. Inventories are valued at the lower of cost and net realisable value.

(m) Employee benefit plans

The Water Authority provides post-employment benefits through a defined benefit pension plan, a defined contribution pension plan, and defined benefit healthcare plans. The defined benefit healthcare plan includes a plan for employees entitled to the defined benefit pension plan and a separate plan for employees that are not entitled to the defined benefit pension plan.

Water Authority of the Cayman Islands
Notes to the Financial Statements
For the Year Ended 31 December 2023
(Stated in Cayman Islands Dollars)

2. Material Accounting Policies (continued)

(m) Employee benefit plans (continued)

(i) Defined benefit plans (defined benefit pension plan; pension employee healthcare plan; and non-pension employee healthcare plan)

The Water Authority's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The cost of the defined benefit plans earned by employees are actuarially determined using the projected unit credit method prorated on service and Management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees, and mortality rates. When the calculation results in a net benefit asset, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liabilities, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive (loss)/income. The net interest expense on the net defined benefit liabilities for the period is determined by applying the discount rates used to measure the defined benefit obligations at the beginning of the annual period to the net defined benefit liabilities, taking into account any changes in the net defined benefit liabilities during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the statement of comprehensive (loss)/income.

The Water Authority's net obligation in respect of the defined benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods. To calculate the estimated amount for the pension obligation, the years of service and estimated salary upon retirement have been used.

The Water Authority's net obligation in respect of the healthcare plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods. To calculate the estimated amount for the healthcare obligation, the years of service limit of 10 years and estimated health insurance premiums have been used.

The discount rates used to value the defined benefit obligations is based on a yield of high quality corporate bonds, in the same currency in which the benefits are expected to be paid and with terms to maturity that, on average, match the terms of the defined benefit obligations.

(ii) Defined contribution plans

The Water Authority's obligations for contributions to defined contribution pension plans are recognised in the statement of comprehensive (loss)/income in the periods during which services are rendered by employees.

Water Authority of the Cayman Islands
Notes to the Financial Statements
For the Year Ended 31 December 2023
(Stated in Cayman Islands Dollars)

2. Material Accounting Policies (continued)

(n) *New and amended accounting pronouncements and interpretations not yet adopted (continued)*

The Water Authority adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in certain instances in line with the amendments.

A number of new and revised standards and interpretations are effective for future reporting periods. None of these are expected to have a material effect on the financial statements of the Water Authority.

The following new standards or amendments to standards are effective for annual periods beginning on or after 1 January 2024.

- *Non-current Liabilities with Covenants - Amendments to IAS 1*
- *Classification of Liabilities as Current or Non-current – Amendments to IAS 1*
- *Lease Liability in a sale and Leaseback – Amendments to IFRS 16*
- *Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7*

3. Accounts receivable, net

Lifetime expected credit losses have been calculated using sales invoices billed between 1 January 2023 and 31 December 2023 and the actual cash collection dates of these invoices to determine a historical collection profile by aging category.

	<u>31 December 2023</u>	<u>31 December 2022</u>
Trade receivables	4,959,280	5,092,776
Other receivables	962,943	440,437
Allowance for doubtful accounts	(1,173,565)	(1,173,565)
	<u>CI\$ 4,748,658</u>	<u>CI\$ 4,359,648</u>

The movement in the allowance for impairment in respect of trade receivables during the year was as follows.

	<u>2023</u>	<u>2022</u>
Balance at 1 January	(1,173,565)	(1,115,841)
Increase in provision/bad debt expense	-	(57,724)
Balance at 31 December	<u>CI\$ (1,173,565)</u>	<u>CI\$ (1,173,565)</u>

Water Authority of the Cayman Islands
Notes to the Financial Statements
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(Stated in Cayman Islands Dollars)

4. Inventory, net

	<u>31 December 2023</u>	<u>31 December 2022</u>
Consumables	167,200	158,642
Water inventory	164,804	77,018
Provision for obsolete inventory	(6,750)	(15,861)
	<u>CIS 325,254</u>	<u>CIS 219,799</u>

5. Property, plant and equipment

The following projects were classified as construction in progress in property, plant and equipment for the years ended 31 December 2023 and 2022. Projects 6-8 were completed in the year and transferred to the respective asset classes.

	<u>31 December 2023</u>	<u>31 December 2022</u>
1. Cayman Brac – Site Preparation	546,287	546,287
2. Cayman Brac – Reverse Osmosis Plant	280,350	-
3. Cayman Brac – Distribution Extension	243,000	400,851
4. Grand Cayman – Red Gate Reverse Osmosis Plant	57,814	57,055
5. Little Cayman – Site Development	2,603	2,603
6. Grand Cayman – North Side Water Works Site – New Storage Tanks	-	3,214,505
7. Grand Cayman – WBSS – Pipeline Install	-	980,032
8. Grand Cayman – Linford Pierson	-	243,203
	<u>CIS 1,130,054</u>	<u>CIS 5,444,536</u>

Following competitive tendering procedures, the day-to-day operations of the North Sound, North Side and Red Gate reverse osmosis plants are managed by Ocean Conversion (Cayman) Limited under formal operating agreements until 31 January 2024, 30 June 2026 and 31 January 2024 respectively.

Water Authority of the Cayman Islands
Notes to the Financial Statements
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5. Property, plant and equipment (continued)

	31 December 2023								
	Freehold Land	Buildings	Water Supply	Sewage	Other Assets	Construction in Progress	Right-of Use Assets	Spare Parts	Total
Cost									
Balance at beginning of year	4,001,599	5,650,711	79,810,421	31,002,290	9,684,360	5,444,537	103,818	2,250,088	137,947,824
Additions	-	-	-	26,092	297,365	3,874,606	-	1,400,559	5,598,622
Impairment	-	-	(224,255)	-	-	-	-	-	(224,255)
Disposals	-	-	-	-	-	-	-	(1,478,845)	(1,478,845)
Transfers between fixed assets	-	-	7,149,949	1,039,140	-	(8,189,089)	-	-	-
Balance at end of year									
CIS	4,001,599	5,650,711	86,736,115	32,067,522	9,981,725	1,130,054	103,818	2,171,802	141,843,346
Accumulated Depreciation									
Balance at beginning of year	-	2,056,184	44,502,414	18,836,701	8,418,277	-	37,752	-	73,851,328
Depreciation expense	-	113,014	2,753,226	576,906	341,871	-	9,438	-	3,794,455
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	(89,702)	-	-	-	-	-	(89,702)
Balance at end of year									
CIS	-	2,169,198	47,165,938	19,413,607	8,760,148	-	47,190	-	77,556,081
Net Book Value at 31 December 2023									
CIS	4,001,599	3,481,513	39,570,177	12,653,915	1,221,577	1,130,054	56,628	2,171,802	64,287,265

During the year ended 31 December 2023, the Water Authority identified projects to be upgraded which resulted in a net impairment loss of the original assets of C\$134,553 (2022: C\$79,946) that was recorded against plant and equipment assets in the water supply and sewage categories. The total cost of the refurbishments and replacement was C\$362,868 (2022: C\$279,579).

Water Authority of the Cayman Islands
Notes to the Financial Statements
For the Year Ended 31 December 2023
(Stated in Cayman Islands Dollars)

5. Property, plant and equipment (continued)

	31 December 2022								
	Freehold Land	Buildings	Water Supply	Sewage	Other Assets	Construction in Progress	Right-of Use Assets	Spare Parts	Total
Cost									
Balance at beginning of year	3,805,599	5,650,711	78,734,261	31,002,290	9,468,714	1,666,001	103,818	1,640,171	132,071,565
Additions	196,000	-	-	-	215,646	5,011,307	-	1,748,241	7,171,194
Impairment	-	-	(156,611)	-	-	-	-	-	(156,611)
Disposals	-	-	-	-	-	-	-	(1,138,324)	(1,138,324)
Transfers between fixed assets	-	-	1,232,771	-	-	(1,232,771)	-	-	-
Balance at end of year									
CIS	4,001,599	5,650,711	79,810,421	31,002,290	9,684,360	5,444,537	103,818	2,250,088	137,947,824
Accumulated Depreciation									
Balance at beginning of year	-	1,943,170	41,983,908	18,281,494	8,063,864	-	28,314	-	70,300,750
Depreciation expense	-	113,014	2,595,171	555,207	354,413	-	9,438	-	3,627,243
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	(76,665)	-	-	-	-	-	(76,665)
Balance at end of year									
CIS	-	2,056,184	44,502,414	18,836,701	8,418,277	-	37,752	-	73,851,328
Net Book Value at 31 December 2022									
CIS	4,001,599	3,594,527	35,308,007	12,165,589	1,266,083	5,444,537	66,066	2,250,088	64,096,496

Water Authority of the Cayman Islands
Notes to the Financial Statements
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6. Overdraft Facility

The Water Authority has an overdraft facility at 4.25% interest per annum with First Caribbean International Bank in the amount of CI\$416,000 (2022: CI\$416,000). At 31 December 2023, CI\$Nil (2022: CI\$Nil) of the overdraft facility was being utilised.

7. Contributed capital

The Government provided 12.58 acres of land on Cayman Brac to the Water Authority of the Cayman Islands during the 2009/10 fiscal period at no cost. The fair market value at the time of transfer was CI\$236,000, which has been recorded as contributed capital in the statement of financial position.

The Government provided 2.00 acres of land on Grand Cayman to the Water Authority of the Cayman Islands on 22 June 2021 at no cost. The fair market value at the time of transfer was CI\$250,000, which has been recorded as contributed capital in the statement of financial position.

The Government provided 3.75 acres of land on Little Cayman East to the Water Authority of the Cayman Islands on 14 March 2022 at no cost. The fair market value at the time of transfer was CI\$196,000, which has been recorded as contributed capital in the statement of financial position.

8. Related Party Transactions

The Government of the Cayman Islands appoints the Chairman and Members to the Water Authority's Governing Board who collectively received CI\$56,590 (2022: CI\$20,675) relating to their services rendered during the year ended 31 December 2023. These balances are presented in miscellaneous expenses under administration expenses on the statement of comprehensive (loss)/income. The following transactions occurred during the year between the Water Authority and the Government of the Cayman Islands.

1. The Water Authority paid a dividend to the Government in the amount of CI\$250,000 (2022: CI\$250,000).
2. The remuneration of directors and other members of key management personnel for the year ended 31 December 2023 was CI\$1,215,211 (2022: CI\$1,139,610), which is included under salaries in the statement of comprehensive (loss)/income. This amount entirely pertains to short-term employee benefits, namely salary, medical insurance and pension contributions. Included in this figure are pension contributions of CI\$64,241 (2022: CI\$85,562) included in staff training and benefits salaries in the statement of comprehensive (loss)/income. No loans were issued to key management personnel during the year (2022: CI\$Nil). There were 7 personnel in 2023 considered key management personnel and these were categorised as 6 key management personnel and 1 Director (2022: 6 key management personnel and 1 Director).

During the years ended 31 December 2023 and 2022, the Water Authority provided, at no charge to the Government of the Cayman Islands, the availability and use of water for firefighting, free sewerage service to a number of indigent persons in the Watler's Road area, supervision of water resources, consultative services for development control, and water at a reduced Public Authority rate. The Water Authority does not estimate the value of these services provided to the Government of the Cayman Islands.

Water Authority of the Cayman Islands
Notes to the Financial Statements
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9. Employee Benefits

a) Defined Benefit Pension Plan

The Public Services Pension Plan is managed by the Government of the Cayman Islands through the Public Services Pension Board (the “PSPB”). The PSPB is responsible for, among other things, administering the Public Service Pensions Fund (the “Fund”), communicating with plan participants and employers, prescribing contribution rates in accordance with the latest actuarial valuation and recommending amendments to the Public Service Pensions plans as needed. The current number of active employees enrolled under the defined benefit plan is 2 (2022: 3). Pension contributions for eligible employees of the Water Authority are paid to the Fund. The Fund is operated as a multi-employer Fund, except that surpluses or deficits related to the Water Authority’s plan are not available to offset or be set off against other plan participants’ deficits or surpluses.

The Water Authority expects to pay CI\$98,000 in employer contributions to the Plan for the year commencing 1 January 2024.

The Water Authority recognises the defined benefit pension plan as a net liability in its statement of financial position once the actuarial valuations are completed. For the defined net pension liability, the Water Authority has recognised the actuarial liability since its date of establishment in 1990.

The most recent actuarial valuation for IAS 19 reporting was conducted in March 2024 using data as at 31 October 2023. Management use this as best estimate to record the defined benefit pension plan and the profit and loss charges associated with the plan’s participation as at and for the year ended 31 December 2023.

The actuarial position is as follows:

	31 December 2023	31 December 2022
	CI\$000’s	CI\$000’s
Defined benefit obligation	(2,806)	(3,429)
Fair value of plan assets	1,314	1,564
Net liability at end of year	<u>(1,492)</u>	<u>(1,865)</u>

The present value of the funded obligation changes as follows:

	31 December 2023	31 December 2022
	CI\$000’s	CI\$000’s
Defined benefit obligation at beginning of year	3,429	4,284
Current service cost	41	55
Interest expense	183	121
Plan participant contributions	15	13
Benefit payments from plan assets	(141)	-
Transfer between other participating employers	(489)	-
Remeasurements	(232)	(1,044)
Defined benefit obligation at end of year	<u>2,806</u>	<u>3,429</u>

Water Authority of the Cayman Islands
Notes to the Financial Statements
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9. Employee Benefits (continued)

a) Defined Benefit Pension Plan (continued)

The fair value of the plan assets during the year changed as follows:

	31 December 2023	31 December 2022
	CIS000's	CIS000's
Fair value of plan at beginning of year	1,564	1,723
Interest income	87	47
Employer contributions	109	145
Plan participant contributions	15	13
Benefit payment from plan assets	(141)	-
Transfer between other participating employers	(489)	-
Adjustment of prior years' cash flows allocations	-	-
Remeasurements	169	(364)
Fair value of plan at end of year	<u>1,314</u>	<u>1,564</u>

The defined benefit cost included in net income is comprised as follows:

	31 December 2023	31 December 2022
	CIS000's	CIS000's
Current service cost, net of employee contributions	41	55
Net interest cost	96	74
Total defined benefit cost	<u>137</u>	<u>129</u>
Employer contributions recognised in administrative expenses	(109)	(145)
Adjustment of prior years' cash flow allocations	-	-
Net defined benefit cost	<u>28</u>	<u>(16)</u>

The remeasurements included in other comprehensive loss are comprised as follows:

	31 December 2023	31 December 2022
	CIS000's	CIS000's
Effect of changes in demographic assumptions	-	1
Effect of changes in financial assumptions	23	(1,336)
Effect of experience adjustments	(255)	291
Return on plan assets (excluding interest income)	(169)	364
Remeasurements	<u>(401)</u>	<u>(680)</u>

The distribution of the plan assets based on the share of the total fund allocated to the Water Authority was as follows:

	31 December	31 December
	2023	2022
Equity securities	81%	81%
Debt securities	18%	18%
Cash	1%	1%

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9. Employee Benefits (continued)

a) Defined Benefit Pension Plan (continued)

The principal actuarial assumptions at the date of valuation:

A. Cost method - Projected Unit Credit

B. Actuarial assumptions used to determine the net benefit obligations as at:

	1 December 2023	31 December 2022
Discount rate	5.1%	5.40%
Salary increase	3.70% - 4.00%*	5.00%
Price inflation rate	2.00% - 2.50%*	4.00%
Future pension increases	2.00% - 2.50%*	4.00%

* A range of rates exist as different rates have been applied to 2024, 2025 and thereafter.

C. Other assumptions:

1. Mortality – standard U.S. mortality rates
2. Retirement age – completion of age 57 and 10 years of service
3. Assumed life expectations on retirement:
 - Retiring today (member age 57): 28.78 years (2022: 28.69 years)
 - Retiring in 25 years (at age 57): 30.92 years (2022: 30.84 years)

D. Asset valuation – fair market value

The defined benefit pension obligation is calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will increase the defined benefit pension obligation. The pension plan holds a significant proportion of equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term. A decrease in corporate bond yields will increase the defined benefit pension obligations. This will be partially offset by an increase in the fair value of the pension plans' bond holdings.

The Water Authority's defined benefit pension obligations are linked to inflation, and higher inflation will lead to higher liabilities. The defined benefit pension obligation will be affected by the rate of pension increase as well as increase in pensionable earnings.

The majority of the defined benefit pension plan's obligation is to provide benefits for the life of the members, so increases in life expectancy will result in an increase in the defined benefit pension obligations.

The sensitivity of the defined benefit obligation at 31 December 2023 and 2022 to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation 2023		
	Change in assumption	Increase in assumption CIS\$000's	Decrease in assumption CIS\$000's
Discount rate	0.25%	(107)	113
Inflation rate	0.25%	110	(105)
Mortality	10%	(52)	56

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9. Employee Benefits (continued)

a) Defined Benefit Pension Plan (continued)

	Impact on defined benefit obligation 2022		
	Change in assumption	Increase in assumption CIS000's	Decrease in assumption CIS000's
Discount rate	0.25%	(125)	133
Inflation rate	0.25%	125	(119)
Mortality	10%	(61)	66

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension obligation recognised within the statement of financial position.

b) Defined Contribution Pension Plan

In accordance with the *National Pensions Law of June 1998*, all new employees who are not participants in the Public Service Pensions Fund are enrolled in an approved local defined contribution pension plan with British Caymanian Pension. During the period 1 January 2023 – 31 October 2023, the Water Authority and its employees paid 5% and 5% respectively (2022: 5% and 5%), and from 1 November 2023 – 31 December 2023 the Water Authority paid 12% and its employees paid 0%, respectively of salary contributions to the defined contribution pension plan. The total employees enrolled in the defined contribution pension plan is 147 (2022: 137).

The total amount recognised as employer contributions for the year ended 31 December 2023 was CI\$560,163 (2022: CI\$407,595) to the defined contribution pension plan. This amount is included in administrative expenses (staff training and benefits).

c) Pension Employee Defined Benefit Healthcare Plan

The current number of active members entitled to the pension employee defined benefit healthcare plan is 9 (2022: 10), 7 of the 9 members which qualified for early retirement exercised their right and are therefore no longer part of the defined benefit pension plan. The total amount recognised as employer contributions for the year ended 31 December 2023 was CI\$123,653 (2022: CI\$142,065). This amount is included in administrative expenses (staff training and benefits). The Water Authority expects to pay CI\$139,000 in contributions to the Plan in the year commencing 1 January 2024.

The most recent actuarial valuation for IAS 19 reporting was conducted in March 2024 using data as at 31 December 2023. Management use this as best estimate to record the pension employee healthcare benefits liability and the profit and loss charges associated with the plan's participation as at and for the year ended 31 December 2023.

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9. Employee Benefits (continued)

c) Pension Employee Defined Benefit Healthcare Plan (continued)

The actuarial position is as follows:

	31 December 2023	31 December 2022
	CIS000's	CIS000's
Pension employee healthcare benefits obligation	(5,842)	(6,101)
Fair value of plan assets	-	-
Net liability at end of year	<u>(5,842)</u>	<u>(6,101)</u>

The present value of the funded obligation changes as follows:

	31 December 2023	31 December 2022
	CIS000's	CIS000's
Pension employee healthcare benefits at beginning of year	6,101	6,790
Current service cost	61	78
Interest expense	322	190
Remeasurements	(642)	(957)
Pension employee healthcare benefits at end of year	<u>5,842</u>	<u>6,101</u>

The pension employee defined benefit healthcare cost included in net income is comprised as follows:

	31 December 2023	31 December
	CIS000's	2022 CIS000's
Current service cost, net of employee contributions	61	78
Net interest cost	322	190
Total pension employee healthcare benefits	<u>383</u>	<u>268</u>
Net pension employee healthcare benefits cost	<u>383</u>	<u>268</u>

The remeasurements included in other comprehensive loss are as follows:

	31 December 2023	31 December 2022
	CIS000's	CIS000's
Effect of changes in demographic assumptions	(106)	1,769
Effect of changes in financial assumptions	181	(2,007)
Effect of experience adjustments	(717)	(719)
Remeasurements	<u>(642)</u>	<u>(957)</u>

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9. Employee Benefits (continued)

c) Pension Employee Defined Benefit Healthcare Plan (continued)

The principal actuarial assumptions at the date of valuation:

A. Cost method - Projected Unit Credit

B. Economic assumptions used to determine the net benefit obligations as at:

	31 December 2023	31 December 2022
Discount rate for obligation	5.15%	5.35%
Discount rate for costs	5.35%	2.95%
Medical inflation rate	5.19%	5.28%

C. Other assumptions:

- Mortality – standard U.S. mortality rates
- Retirement age – completion of age 57 and 10 years of service

The Water Authority's pension employee obligations are linked to inflation, and higher inflation will lead to higher liabilities. The defined benefit healthcare obligation will be affected by the medical inflation rate at 5% in the current period and is based on historical claims information and long-term medical inflation expectation. The majority of the pension employee defined benefit healthcare obligations are to provide post-retirement healthcare for the life of the member, so increases in life expectancy will result in an increase in the pension employee defined benefit healthcare obligations.

The sensitivity of the defined benefit obligation at 31 December 2023 and 2022 to changes in the weighted principal assumptions is:

Impact on defined benefit obligation 2023			
	Change in assumption	Increase in assumption CIS\$000's	Decrease in assumption CIS\$000's
Discount rate	0.25%	(225)	239
Healthcare cost trend rate	1%	1,012	(815)
Mortality	10%	(266)	Not applicable

Impact on defined benefit obligation 2022			
	Change in assumption	Increase in assumption CIS\$000's	Decrease in assumption CIS\$000's
Discount rate	0.25%	(230)	244
Healthcare cost trend rate	1%	1,031	(833)
Mortality	10%	(266)	Not applicable

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension obligation recognised within the statement of financial position.

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9. Employee Benefits (continued)

d) Non-pension Employee Defined Benefit Healthcare Plan

The current number of active employees entitled to the non-pension employee healthcare benefits plan is 147 (2022: 130). The most recent actuarial valuation for IAS 19 reporting was conducted in March 2024 using data as at 31 December 2023. Management use this as best estimate to record the non-pension employee defined benefit healthcare liability and the profit and loss charges associated with the plan's participation as at and for the year ended 31 December 2023. For the year ended 31 December 2023 the Water Authority recorded the liability for the Aetna Plan, at 31 December 2022 the Water Authority recorded the liability associated with the CINICO Plan.

The Water Authority expects to pay CI\$566,000 in contributions to the Plan in the year commencing 1 January 2024.

The actuarial position is as follows:

	31 December 2023	31 December 2022
	CI\$000's	CI\$000's
Non-pension employee healthcare benefits obligation	(53,783)	(43,700)
Fair value of plan assets	-	-
Net liability in financial position at end of year	<u>(53,783)</u>	<u>(43,700)</u>

The present value of the funded obligation changes as follows:

	31 December 2023	31 December 2022
	CI\$000's	CI\$000's
Non-pension employee healthcare benefits obligation at beginning of year	43,700	46,173
Past service cost	5,624	-
Current service cost, net of employee contributions	1,748	2,688
Employer direct benefit payments	(113)	(65)
Interest expense	2,328	1,367
Remeasurements	496	(8,743)
Change in accounting estimate	-	2,280
Non-pension employee healthcare benefits at end of year	<u>53,783</u>	<u>43,700</u>

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9. Employee Benefits (continued)

d) Non-pension Employee Defined Benefit Healthcare Plan (continued)

The non-pension employee healthcare benefits cost included in net loss is comprised as follows:

	31 December 2023	31 December 2022
	CIS000's	CIS000's
Past service cost	5,624	-
Current service cost, net of employee contributions	1,748	2,688
Net interest cost	2,328	1,367
Total non-pension employee healthcare benefits cost	9,700	4,055
Employer direct benefit payments	(113)	(65)
Net non-pension employee healthcare benefits cost	9,587	3,990

The remeasurements included in other comprehensive loss are comprised as follows:

	31 December 2023	31 December 2022
	CIS000's	CIS000's
Effect of changes in demographic assumptions	(921)	11,501
Effect of changes in financial assumptions	1,935	(20,873)
Effect of experience adjustments	(518)	629
Remeasurements	496	(8,743)

The principal actuarial assumptions at the date of valuation:

A. Cost method - Projected Unit Credit

B. Economic assumptions used to determine the net benefit obligations as at:

	31 December 2023	31 December 2022
Discount rate for obligation	5.15%	5.35%
Discount rate for costs	5.35%	2.95%
Medical inflation rate	5.19%	5.37%

C. Other assumptions:

1. Mortality – standard U.S. mortality rates
2. Retirement age – The probability of an employee staying with the Water Authority until age 60 or age 65 is summarized below.

	Age at retirement	
Current age	Age 60	Age 65
29 or younger	60%	40%
30-39	80%	60%
40-49	100%	80%
50+	100%	100%

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9. Employee Benefits (continued)

d) Non-pension Employee Defined Benefit Healthcare Plan (continued)

The Water Authority's non-pension employee defined benefit healthcare obligations are linked to inflation, and higher inflation will lead to higher liabilities. The non-pension defined benefit healthcare benefits obligation will be affected by the medical inflation rate at 5% in the current period and is based on historical claims information and long-term medical inflation expectation.

The majority of the non-pension employee defined benefit healthcare obligations are to provide post-retirement healthcare for the life of the member, so increases in life expectancy will result in an increase in the non-pension employee healthcare benefits obligations.

The sensitivity of the defined benefit obligation at 31 December 2023 and 31 December 2022 to changes in the weighted principal assumptions is:

Impact on defined benefit obligation 2023			
	Change in assumption	Increase in assumption CI\$000's	Decrease in assumption CI\$000's
Discount rate	0.25%	(2,605)	2,784
Healthcare cost trend rate	1%	12,687	(9,864)
Mortality	10%	(2,479)	Not applicable

Impact on defined benefit obligation 2022			
	Change in assumption	Increase in assumption CI\$000's	Decrease in assumption CI\$000's
Discount rate	0.25%	(2,188)	2,342
Healthcare cost trend rate	1%	10,152	(7,885)
Mortality	10%	(1,855)	Not applicable

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension obligation recognised within the statement of financial position.

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10. Revenue

The Water Authority has five major revenue streams. In the following table, revenue is disaggregated by revenue stream and timing of revenue recognition:

Revenue Stream		31 December 2023	31 December 2022	Type of contract	Timing of transfer
Water Sales	CIS	33,510,437	31,199,401	Fixed fee	Point in time
Sewerage fees		5,869,553	5,487,843	Fixed fee	Point in time
Septage disposal		361,444	309,214	Fixed fee	Point in time
Connection and other fees		24,590	27,140	Fixed fee	Point in time
Agency work		372,912	127,873	Fixed fee	Point in time
Total	CIS	40,138,936	37,151,471		

(i) Contract balances

The following table provides information about accounts receivable and contract assets from contracts with customers.

		31 December 2023	31 December 2022
Contract assets:			
Unbilled revenue	CIS	1,984,506	1,909,388

Unbilled revenue is related to the above revenue streams whereby the water or service was provided but remained unbilled at the year-end. Significant changes in the contract asset balances during the year is as follows:

		31 December 2023	31 December 2022
Unbilled revenue at the beginning of the year	CIS	1,909,388	1,690,593
Transfers from unbilled revenue recognised at the beginning of the year to receivables		(1,909,388)	(1,690,593)
Increases as a result of services performed but not yet billed		1,984,506	1,909,388
Unbilled revenue at the end of the year	CIS	1,984,506	1,909,388

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11. Lease Liability

The Water Authority leases a parcel of land in Cayman Brac. The lease was signed in January 2000 for a period of thirty years, expiring in 2029.

The lease liability was discounted at a rate of 4.75% as defined by the Cayman Islands Government at the time of adoption of IFRS 16 (1 January 2019).

Maturity analysis – contractual undiscounted cash flows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Within one year	12,335	12,335
After one year but not more than five years	49,340	49,340
After more than five years	12,335	24,670
Total undiscounted lease liabilities at 31 December	CIS 74,010	CIS 86,345
Lease liabilities included in the statement of financial position at 31 December		
Current	8,510	8,510
Non-current	54,602	63,516
Total lease liabilities	CIS 63,112	CIS 72,026

12. Financial risk management objectives and policies

The Water Authority's activities expose it to various types of risk that are associated with the financial instruments and markets in which it operates. The Water Authority's Board has overall responsibility for the establishment and oversight of its risk management framework. The most important types of financial risk to which the Water Authority is exposed to are credit risk, liquidity risk and market risk. This note presents information about the Water Authority's exposure to each of these risks and the Water Authority's objectives, policies and processes for measuring and managing risk and the Water Authority's management of capital.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Water Authority. Financial assets which potentially subject the Water Authority to credit risk consist principally of accounts receivable, unbilled revenue (contract assets), cash and cash equivalents and fixed deposits. Concentrations of credit risks with respect to accounts receivable are small as the customer base is large and unrelated. The fixed deposits are held with the Treasury of the Cayman Islands Government.

Customer credit risk is jointly managed within the finance and customer service departments of the Water Authority. Outstanding customer receivables are regularly monitored, and the Water Authority will disconnect water supply to any customers who do not pay their invoices within 60 days. Payment agreements are available to customers who seek assistance and are monitored closely to ensure compliance. Failure to pay within the outlined time will result in disconnection. The Water Authority holds customer deposits on each account as collateral against non-payment amounting to CI\$1,855,783 (2022: CI\$1,739,869).

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12. Financial risk management objectives and policies (continued)

Credit risk (continued)

The maximum exposure to credit risk for financial assets at the reporting date, without taking account of any collateral held or other credit related enhancements and based on the carrying amounts as reported in the statement of financial position, is:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Cash and cash equivalent	10,110,888	9,785,385
Trade receivables	4,959,280	5,092,776
Unbilled revenue	1,984,506	1,909,388
Other receivables	962,943	440,437
Fixed deposits	52,105,261	46,411,404
	<u>CIS 70,122,878</u>	<u>CIS 63,639,390</u>

The expected loss rates are based on the collection profile for revenue generated over the past 12 months before 31 December 2023 and 1 January 2023 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

As at 31 December 2023, an allowance for doubtful receivables of CI\$1,173,565 has been made against accounts receivable (2022: CI\$1,173,565). The aging of trade and other receivables at 31 December 2023 is as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Current	2,378,099	2,349,346
Between 30 days and 60 days	806,152	845,240
Between 60 days and 90 days	284,201	377,250
Greater than 90 days	2,453,771	1,961,377
	<u>CIS 5,922,223</u>	<u>CIS 5,533,213</u>

Liquidity risk

Liquidity risk is the risk that the Water Authority will not be able to meet its financial obligations as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to predict and manage the Water Authority's expected cash outflows. Management monitors rolling forecasts of the cash and cash equivalents on the basis of expected cash outflows.

As at 31 December 2023 and 2022, accounts payable are all due within 3 months of the statement of financial position date.

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Market risk

Market risk is the risk that changes in interest rates, foreign exchange rates or commodity prices will affect the financial performance of the Water Authority. The Water Authority's activities expose it to interest rate risk and currency risk.

Interest rate risk

The Water Authority is exposed to interest rate risk primarily on its fixed deposits and its defined benefit retirement obligations. A change in interest rates will effect the amount of interest income the Water Authority earns on its fixed deposits. Management does not consider this to present a significant risk in the short term as they are held on fixed rates of interest over 6-12 month terms.

Changes in interest rates will impact on the defined benefit retirement obligations effecting the fair value of defined benefit pension scheme assets and interest income, as well as the interest expense charged in the year on the defined benefit retirement obligations. The impact of changes in interest rates on the defined benefit retirement obligations is presented in Note 9 to the financial statements.

The nature of the Water Authority's exposures to interest rate risk and its objectives, policies and processes for managing interest rate risk have not changed significantly from the prior year.

Currency risk

As substantially all transactions are denominated in Cayman Island dollars, the Water Authority is not significantly exposed to currency risk due to the Cayman Islands dollar being fixed to the United States dollar. The nature of the Water Authority's exposure to currency risk has not changed significantly from the prior year.

Impairment of financial assets

Instruments within the scope of IFRS 9 include accounts receivable, unbilled revenue (contract assets) and fixed deposits which are assessed for impairment. Any impairment impact recognised during the year is recorded in the statement of comprehensive income/loss. The Water Authority has assessed the expected credit losses on the fixed deposits held at the end of the year and determined that the expected income/loss is not material. In assessing impairment relating to accounts receivable, unbilled revenue (contract assets) the Water Authority employs a simplified approach and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating the lifetime expected credit losses, the Water Authority uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

14. Subsequent events

In preparing these financial statements, management has evaluated subsequent events up to 30 April 2024, which is the date that the financial statements were approved and available to be issued. No subsequent events were identified that require additional disclosures in these financial statements.



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The Water Authority is statutory authority that falls under the portfolio of the Ministry of District Administration and Lands.

The Authority's operations are governed by the Water Authority Act, the Water Authority Regulations, the Water Collections and Treatment Act, and the Water (Production and Supply) Act.