

2024

ANNUAL REPORT



Water Authority - Cayman

"Suppliers of the World's Most Popular Drink"

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Chairman's Message



The Annual Report outlines the Water Authority's performance during the 2024 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.

As the Cayman Islands continues to grow and develop, so does the Water Authority. This was evident with the completion of a new Reverse Osmosis Plant that went into service in 2024. This achievement highlights the Authority's commitment to meet its mission of providing the Cayman Islands with the essential service of potable water and safely managed wastewater, now and in the future.

In addition to meeting future needs, the Authority made strides to ensure the current service provided to customers remains at a high standard by taking on several projects to improve efficiency.

The Board and I, as Chairman, were pleased to establish a Subcommittee focused on Employee Engagement in 2024. The subcommittee- comprised of Board members and Water Authority employees will help to build policies that focus on areas such as staff engagement, training and development, succession planning and organisational structure. I'm confident this group will take steps to create an environment where staff feel valued and connected to their role to the Authority's critical mission.

I would like to thank the Water Authority Board members for their guidance in 2024, and on behalf of the board, I would like to thank the employees of the Water Authority for their hard work to make 2024 a successful year.

Mr Darrel Rankine, Cert Hon, JP
Chairman, Water Authority-Cayman Board

Director's Message



As Director of the Water Authority, I am pleased to present the Authority's 2024 Annual Report on behalf of the management team and staff.

CAPITAL DEVELOPMENT AND OPERATIONAL EFFICIENCY

This year saw the achievement of many significant projects for the Water Authority. One such highlight was the new Reverse Osmosis Plant at the Red Gate Water Works, which went into service in the year's second quarter. This new plant replaced the former ageing plant at the location and has increased the Authority's water production capacity by 1.3 million US gallons per day. This achievement is one of many major projects that are part of the Authority's Capital Development Project – an effort to invest in the growth of the Authority to ensure it keeps up with the pace of development on the island.

While we were glad to reach that milestone, the Authority also made great strides in efforts to maintain its current infrastructure and equipment to ensure we are operating efficiently and providing our customers with the best service. In Cayman Brac our team conducted extensive leak-detection work across the water distribution system. This proactive measure was taken to identify potential leaks within the network, engage in timely repair work, and improve overall service delivery. Our Wastewater Division, along with specialized contractors, took on the task of rehabilitating manholes within the public sewerage system. This work was conducted following an extensive mapping project in 2023 while helping to identify and prioritise manholes in need of repair. The work reduced saline groundwater infiltration into the wastewater collection system by approximately 50%.

IMPROVING SERVICE WITH TECHNOLOGY

Work to improve our efficiency wasn't limited to just infrastructure – the Authority also utilises technology to improve upon services to customers and staff.

Another major achievement in 2024 was the launch of the new Customer Portal. The new portal provides customers

with a tool to manage their Water Authority accounts easily and more independently from an aesthetically pleasing and easy-to-use interface. Customers can view consumption history, request service orders, make payments, and more directly from the platform.

Persons wishing to apply to work for the Authority can do so online, as the Authority also launched its online recruitment platform in 2024. The Authority is utilising the Good Grants platform to manage recruitment applications, the same system it uses to manage internship and scholarship applications.

Two other areas in which the Authority is using technology to improve staff service are the introduction of a new online vehicle maintenance ticketing system and IT Helpdesk platform.

EMPLOYEE ENGAGEMENT

Another important focus for the Authority in 2024 was on Employee Engagement. The Authority's Board established a special Engagement Subcommittee that is focused on policies related to key areas such as staff engagement, training and development, succession planning, and organisational structure. It also includes representatives from the Board and staff. The subcommittee's first initiative was to launch an internal Employee Engagement survey, allowing staff to have their say and share in the continued success of the Authority. We were so pleased that 80% of the staff participated in the voluntary and anonymous survey. The feedback provided helped to identify three key areas for development that will guide the subcommittee's efforts in the new year and beyond.

In conclusion, I would like to express my gratitude to our dedicated team at the Water Authority for all their hard work that led us to achieve so much in the last year. We are proud to be able to provide the Cayman community with our essential services.

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





General Information



Mission

- 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

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



Values

The Water Authority's values are

- Honesty
- People
- High Standards
- Service
- 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"). It was established on 1 January 1990 under the Water Authority Law (Law 18 of 1982), as amended.

The Authority is primarily responsible for managing the Cayman Islands' water supply and sanitation affairs, including the provision of public water supplies and sewerage systems, as well as the management, development, and protection of water resources.

MANAGEMENT DISCUSSION & ANALYSIS

INTRODUCTION

2024 was a productive financial year, as the Authority continued to be a fiscally responsible and financially independent government entity, serving over 21,000 water customers across Grand Cayman and Cayman Brac, and over 490 wastewater customers in Grand Cayman.

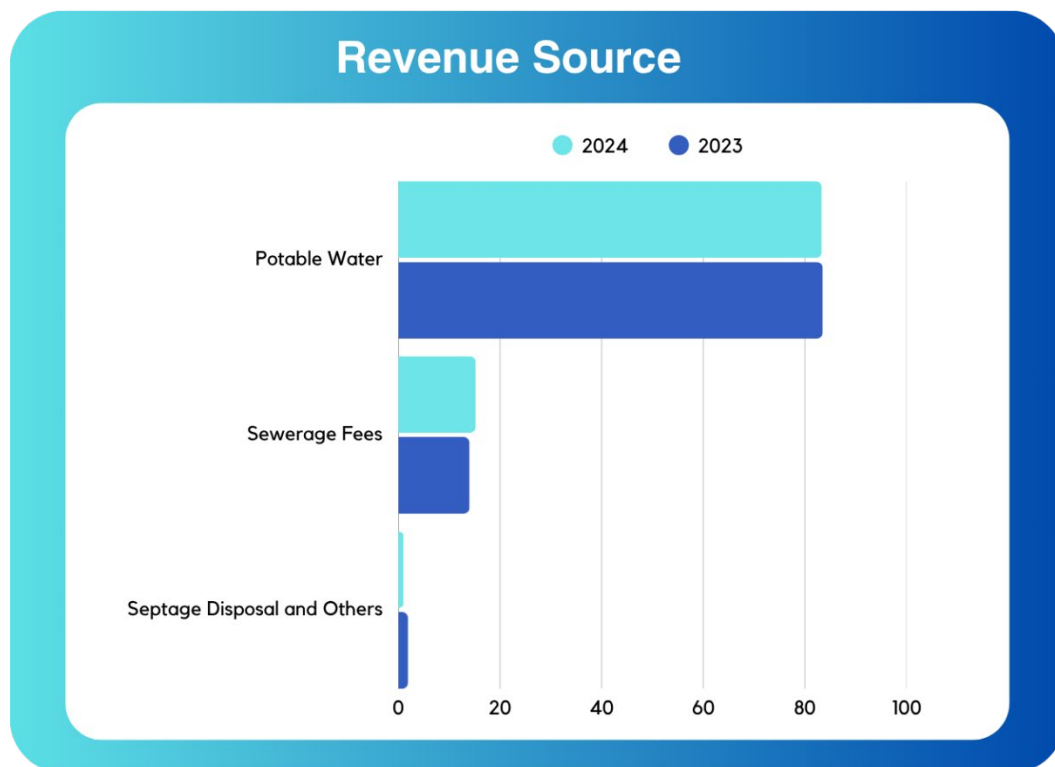
The Authority paid a \$250,000 dividend to the Cayman Islands Government during the year 2024.

FINANCIAL PERFORMANCE

Water sales in 2024 were higher compared to 2023, and operating expense increased correspondingly with the growth in water sales.

RESULTS FROM OPERATIONS

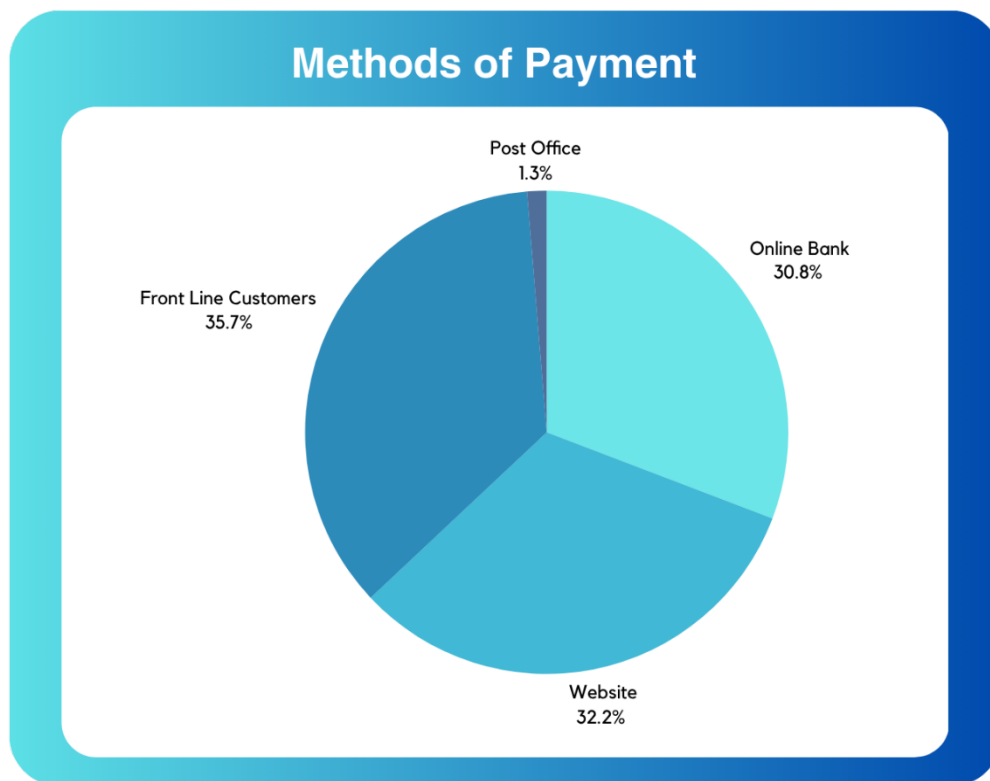
Sales of potable water continue as the main revenue source, maintaining a consistent percentage of 83.3% in 2024, (2023 – 83.5%) with Sewerage Fees reporting 15.2% (2023 – 14.6%) and the remaining 1.5% (2023 – 1.9%) from Septage Disposal, Royalties, and miscellaneous income.



The Authority's cash position shows a slight increase from operational activities, ending with a cash balance of \$11.3 million (compared to \$10.1 million in 2023) and term deposits held by the Authority amounting to \$52.1 million (compared to \$52.1 million in 2023). In 2024 deposit interest income amounted to \$2.5 million (\$1.7 million in 2023) with interest rates varying between 4.69% and 5.45% based on value and term.

The Authority's customers embraced the new customer portal, with the Finance Department accepting a total of 72,000 payments with a value of 9.8 million through this payment method. In 2024 the Authority processed 224,524 (2023 - 213,000) payments with a total value of \$45.9 million, with 30.8% (2023 – 33.5%) coming from

online Bank payments, 32.2% (2023 – 26.1%) from the website, 1.3% (2023 – 1.3%) from the post office and 35.7% (2023 – 39.1%) from front line customers.



ACTUARY POSITIONS

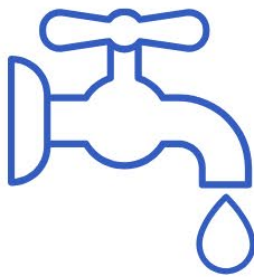
Under the jurisdiction of the Public Service Pension Board, the Authority conducted three Actuary reports for the year ending 31 December 2024. This reporting and its inclusion in the financial statements are crucial for comprehending the long-term liabilities of the Authority.

BUDGET POSITION

The 2024/2025 Ownership Agreement, when released projected a 2024 operational Surplus of \$0.9 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 2024 fiscal year with a Net Profit from operations of \$0.8 million (2023 – (\$3.0 million)) and a Comprehensive net Income of \$8.8 million (2023 - \$0.5 million) with a final net income of \$9.6 million (2023 – (\$2.5 million)).

2024 At a Glance

Customers



Grand Cayman

21,434

Cayman Brac

1,201



Sewerage

494

Volume of Water Sold



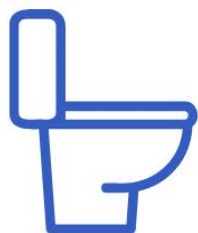
Grand Cayman

5,247,635 m³

Cayman Brac

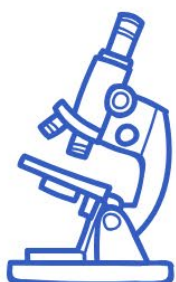
150,920 m³

Gallons of Wastewater Treated



618.54 Million

Laboratory Samples Tested



21,329



Priorities and Achievements

PRIORITIES & ACHIEVEMENTS

Achieving the strategic goals outlined below is essential to the Authority's ability to continue serving its water and sewerage customers to a high standard of service.

INCLUDE
COMP



GOAL 1

Maintain Adequate
Infrastructure to Operate
Efficiently



GOAL 2

Maintain Water Production
Capacity, Distribution and
Storage



GOAL 3

Cayman Brac Water
Distribution Extension and
Bluff Water Works



GOAL 4

Improve Integrity of Existing
Wastewater Collection
System and Future Extension



GOAL 5

Provide Potable Water for
Little Cayman



GOAL 6

Tool, Vehicle and Equipment
to Support the Authority's
Operation and Capital
Projects

GOAL 1: MAINTAIN ADEQUATE INFRASTRUCTURE TO OPERATE EFFICIENTLY

In 2024, the Authority conducted several pipeline projects, including upgrades and extensions, to maintain operational efficiency and accommodate future development; these works include:

- Relaying water mains along Bamboo Street,
- Extending water mains along Amity Street to Patrick's Avenue
- New installation of water mains for the Central Business District Enhancement Project
- New installation of water mains between the new Bobby Thompson Roundabout and Outpost Street
- Commission of new water mains Lookout Gardens Phase 3

GOAL 2: MAINTAIN WATER PRODUCTION CAPACITY, DISTRIBUTION AND STORAGE

NEW REVERSE OSMOSIS PLANT

In response to the continued growth and development, the Water Authority continued work on its comprehensive Capital Development Project Plan. This ambitious endeavor 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.

In 2024, a new Reverse Osmosis Production Plant came into service in April, replacing the previous and ageing plant at the Red Gate Water Works. With the addition of the new plant, the Authority's overall water production capacity increased by 1.3 million US gallons per day.



GOAL 3: CAYMAN BRAC WATER DISTRIBUTION EXTENSION AND BLUFF WATERWORKS

LEAK DETECTION WORK

In 2024, the Water Authority conducted a comprehensive leak detection project in Cayman Brac. The project began in late April and was completed in early June. The project was a proactive measure by the Authority to identify potential leaks within the distribution network, engage in timely repair work and improve overall service

delivery. Work commenced at Georgiana Drive and progressed towards the Northeast, coming to completion at Watering Place Road. The project was carried out in sections, focusing on specific roads each week. Customers were notified of planned interruptions through a variety of mediums and were advised to store enough water for personal use during service interruptions. The leak detection work followed extensive efforts to meet water demand challenges faced in Cayman Brac in 2023.



Water Authority conducting leak detection work in Cayman Brac.

NEW CAYMAN BRAC CUSTOMER SERVICE OFFICE

Customers in Cayman Brac can now conduct business with the Water Authority, including opening accounts, placing water orders and making payments from the Authority's Customer Service Office. The new office at the Avistar Building on West End West Road opened for business on 15 December 2023 with a soft opening event. A formal grand opening took place on 8 March 2024. At the celebration, the Honourable Premier announced that the Authority had lifted its 2,000-gallon limit on trucked water orders, which had been in place due to the challenges it faced in meeting demand the previous year. Thanks to the Authority's efforts, water production capacity was increased by 70%.

Following the grand opening event, the Premier and members of the Water Authority Board visited the Reverse Osmosis Plant to see the changes made to increase water production capacity.

The Authority's water production and trucking services operate from the West End Water Works location.



Top: Water Authority celebrate the opening of its Cayman Brac Customer Service Office.

Bottom: Water Authority gives a tour of the West End Water Works facility to the Water Authority Board and the Premier.

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

In 2024, the Authority began work to remediate the manholes prioritised for remediation work, following a mapping exercise conducted in 2023. Several manholes were severely deteriorated, with one having to be replaced entirely as it was in danger of collapse.

The manhole rehabilitation project to date has been successful, as groundwater infiltration has been reduced by approximately 50% (based on the volume of wastewater inflow at the wastewater treatment plant and its corresponding salinity levels).

GOAL 6: TOOL, VEHICLES AND EQUIPMENT TO SUPPORT THE AUTHORITY'S OPERATION AND CAPITAL PROJECTS

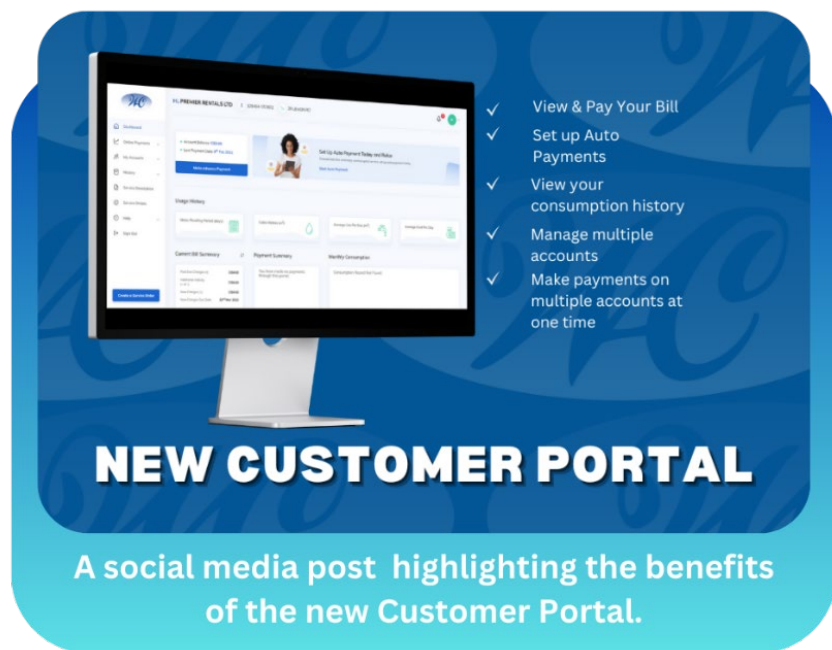
In 2024, the Authority rolled out a new way to submit internal service requests for the Authority's vehicle fleet through the Limble platform. This online maintenance management system provides a fast, convenient, easy-to-use system to report any issues with a vehicle in the fleet. In addition, the Authority will place QR Code decals in each vehicle for an even faster way to submit a request. Before the introduction of

the platform, educational flyers and videos were shared with staff on how to use the system. With the introduction of the new system, paper form requests were phased out.

OTHER ACHIEVEMENTS:

CUSTOMER PORTAL

The Water Authority launched its brand-new Customer Portal at the beginning of 2024. The new portal provides customers with a tool to manage their Water Authority accounts easily and more independently from an aesthetically pleasing and easy-to-use interface.



Customers can utilise several benefits from the platform, including viewing and paying their bills, scheduling bill payments, paying for multiple accounts at once, managing tenant accounts, tenant self-registration, requesting and tracking service orders, and reviewing consumption history. Along with the new and improved Customer Portal, the Water Authority updated its online payment platform. Customers can access the Quick Pay page from the new Customer Portal or via the Authority's website, www.waterauthority.ky, to make a payment. To use that service customers only need to provide their account number and the card they will be paying on.

Key features of the system include:

- Online access for all accounts per owner, including access to account transactions, payment, payment agreements, and bills.
- 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.
- View and pay bills.
- Set up Auto Pay and make a combined payment.
- Set up E-Billing.
- Manage Multiple Accounts.
- Review Consumption History.
- Tenant Self Registration.
- Request and Track Service Orders.

In February the Water Authority hosted a booth at the 55th Annual Agriculture Show to help register customers to the new platform.



HURRICANE RESPONSE

The 2024 Atlantic Hurricane Season was a very active and extremely destructive season, with 18 named storms, 11 hurricanes and 5 major hurricanes. The Cayman Islands was impacted by two storms: Hurricane Beryl in early July and Hurricane Rafael in November.



Water Authority crews restoring water service following Hurricane Beryl.

Hurricane Beryl broke records by being the earliest forming Category 5 system on record. Upon the alert of Hurricane Beryl the Authority's Hurricane Plan was activated, with staff going into preparation mode, including notification to customers. Due to the projected path and conditions of the storm, the Authority made the decision to turn off the water supply to protect the distribution system and stored water reserves. Following the All Clear, the Authority's staff was on the ground assessing infrastructure, buildings, equipment, and over 400 miles of pipeline to identify

potential damage and prioritise necessary repairs to facilitate restoration. Despite the projections, the Cayman Islands was thankfully spared the worst of its impact. Little Cayman received a direct hit from Hurricane Rafael, downing trees and powerlines, but thankfully, no one was hurt. In the lead-up to the storm, the Authority's Hurricane Plan was again activated. However, the Authority's infrastructure and facilities did not receive any damage.

Following Hurricane Beryl, Water Authority held its first Hurricane Tabletop Exercise, an internal review exercise. The focus of this exercise was to identify ways to improve communications, execution, and overall response to unforeseen circumstances. Members from every department within the Water Authority were present, with staff from the Cayman Brac office joining remotely. Collaborations and discussions proved very fruitful, resulting in new ideas and solutions.



IT HELP DESK PLATFORM

The Authority's Information Systems team launched its new IT Help Desk platform in June. The internal system provides staff with a convenient way to submit a ticket for IT-related issues and allows the Information System team to provide staff with faster support. Once tickets are created, users will get confirmation emails and be able to check the status of the ticket or add details.

ONLINE RECRUITMENT



Applicants seeking to apply for a Water Authority position were able to do so online in 2024. The Authority is using the Good Grants platform (the same platform used for its scholarship and internship application) for recruitment. The site is a user-

friendly and convenient way to submit job applications and streamlines the administrative process. Open positions continue to be posted on the Authority's website, but applicants will be directed to the platform to submit their applications. Hard copy/traditional paper forms will continue to be accepted.

COMPLETION OF 40TH ANNIVERSARY EVENTS

The Authority's 40th Anniversary celebrations continued into 2024 with two events and the completion of a major donation effort.

In February, the men of Water Authority were celebrated with a special Men's Day Event. At the event, the male staff enjoyed lunch at the Wharf, a special rum-tasting experience, and were able to play dominoes and lawn games and win prizes.

For World Water Day (22 March), Water Authority gave back to the community with an afternoon of volunteering. The Authority's offices closed early to allow staff to spend the afternoon participating in various events such as planting trees, cleaning up the roadside and beach, walking dogs and more.



Water Authority Cayman "Gives Back" as part of its 40th Anniversary celebrations.

The "Give Back" day wrapped up the Authority's 40th Anniversary charitable events. Community service has been a critical driving force for the Authority's 40th Anniversary celebration. As part of this endeavour, the Authority has donated water

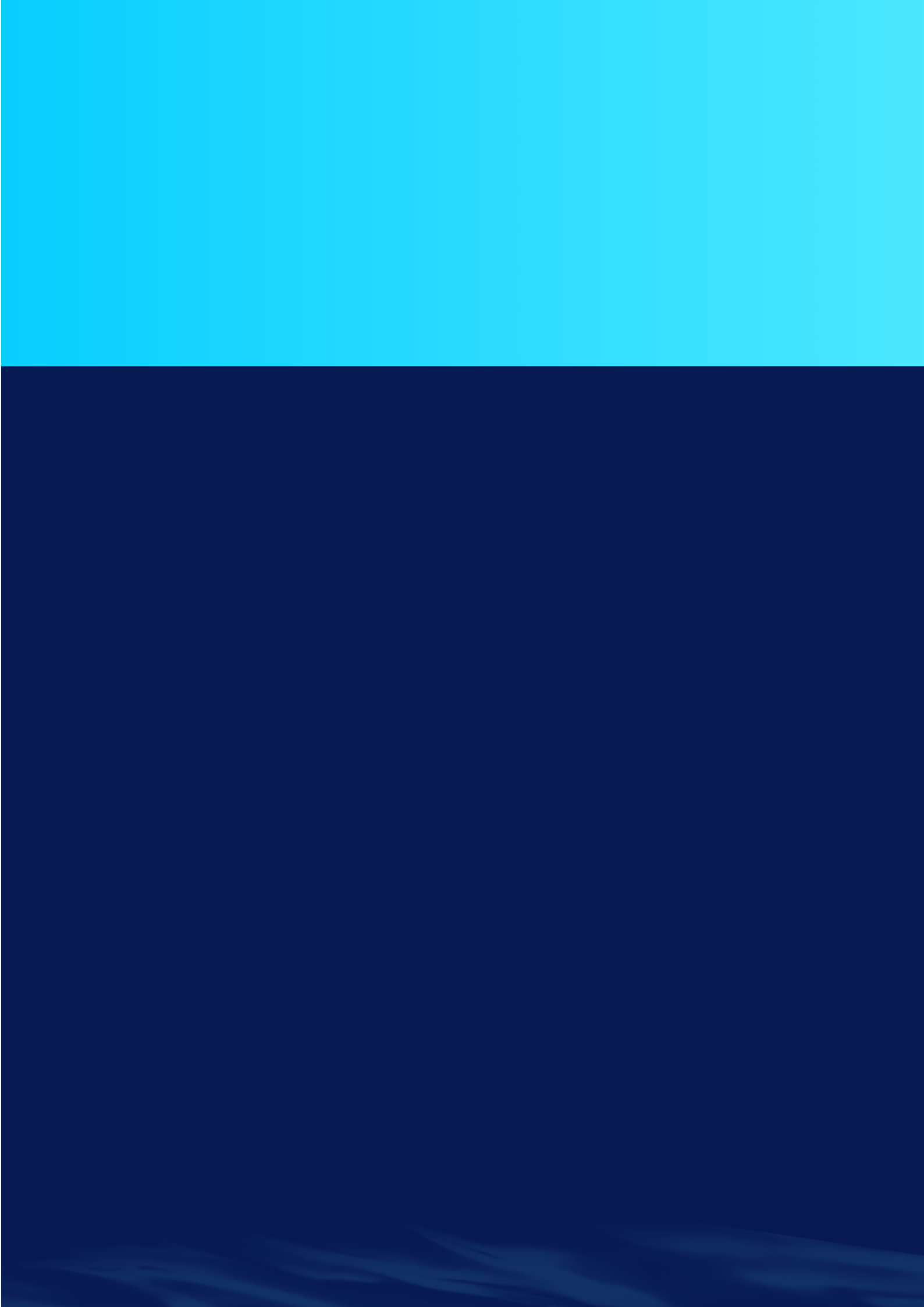
bottle refilling stations to all government primary schools. In addition, refilling stations have been donated to the Truman Bodden Sports Complex, Cox Basketball Court, Ed Bush Field, and the Annex Field in Grand Cayman, as well as the West End Park, Spot Bay Park, Watering Place Park, and Cayman Brac Bluff Play Field in Cayman Brac. The Authority has donated reusable water bottles to all government primary school students. This donation makes tap water accessible to students and residents at these public facilities.



Water Authority celebrates the installation of the refilling station at Truman Bodden Sports Complex.

The Authority named the Queen Elizabeth II Botanic Park as the recipient of its Legacy Donation as part of its 40th Anniversary celebration. First announced at its Ruby Red Gala in December 2023, the Legacy Donation aims to support a project that future generations can benefit from and enjoy. The donation of \$50,000 will be used to develop the park's Children's Garden. Additionally, the Authority donated three water bottle refilling stations to the Children's Garden.

The Authority also commissioned local artist Martina Jackson to design a special student activity booklet focused on water-related topics to be shared with students who visit the Authority for educational tours. This booklet, as well as a special commemorative booklet, will be printed in 2025.





Regulatory and 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 developments located outside of the catchment area of the West Bay Beach Sewage 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 2024, 201 plan reviews were carried out, and the installation of 35 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 the continued education of service providers and property owners to ensure the operation and maintenance of onsite systems.



Water Authority's Onsite Wastewater Management Programme provides continuing education for certified technicians.

Since 2017, when the Authority initiated the education and training of local service providers, a total of 68 professionals have been certified, with nine of those gaining certification in 2024. The certification uses the modified Small Wastewater System training programme from Sacramento State University. As the development boom continues, the Authority maintains its pace in certifying more individuals and has offered continuing education courses to keep those already certified up to date.

Part of the OWMP is the testing of the effluent of onsite systems for compliance with the Authority's effluent standards. In 2024, 151 systems were tested, the owners were notified of the results, and if the effluent did not meet the standard, the Authority followed up to ensure remedial action. The Development Control team has found this method of remedial action more effective than the previous approach of issuing notices of violations to owners.

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 2024 the Authority provided specific well depth requirements for 569 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 the private sector. The standardised response is to conduct a site visit to obtain relevant information. In case where the issues are complex and outside the scope of the Authority, a multiagency response is determined. If the situation clearly falls within the Authority's responsibility, the Authority will follow up with the responsible party. For the smaller complaints and spills the Authority's gives verbal warning and guidance. There are instances where the Authority has to follow up with a warning letter or notice of violation. In 2024, the Authority continued its work of addressing spills and complaints reports.

Five complaints were oil/grease-related incidents, thirteen were wastewater issues, and no warning letters or Notice of Violations were issued.

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. The National Conservation Council establishes EABs 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

Water Authority was appointed to the EAB for the East-West Arterial Project in 2017. Following the completion of the Terms of Reference, the Environmental Impact Assessment began in mid-2023. This endeavour was completed by the end of 2024 with a draft Environmental Statement. The next step will be the beginning of public meetings and receiving public comments on the draft Environmental Statement in 2025

INTEGRATED SOLID WASTE MANAGEMENT SYSTEM

Water Authority was appointed to the EAB for the project in 2017. Following the completion of the Terms of Reference in 2021, the Environmental Impact Assessment began in the first quarter of 2023 and was completed in March of 2024, with a final review of the Environmental Statement by the EAB.

AIRPORT EXPANSION IN GRAND CAYMAN, CAYMAN BRAC AND LITTLE CAYMAN

Water Authority was appointed to the EAB for each of the three airport expansion projects in 2023. In the course of 2024, the development of the Terms of Reference (TOR) for each project commenced, with the draft TOR for Edward Bodden Airfield (Little Cayman) completed in September and the draft TOR for the runway extension of the Owen Roberts Airport (Grand Cayman) completed in December 2024. It is anticipated that the draft TOR for the Charles Kirkconnell Airport (Cayman Brac) will be completed in early 2025.

LABORATORY

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 as well as third parties with advice on water quality, wastewater and environmental issues.

In 2024 the Authority analysed 21,329 samples, broken down as follows:

SAMPLE TYPE	NUMBER
Potable Water: Water Authority	13,540
Non Potable Water: Water Authority	938
Potable Water: Others	1,359
Non Potable Water: Others	557
Quality Control	4,935
TOTAL	21,329

IMPROPER DISPOSAL OF WASTE OIL/FUEL



In 2024 the Water Authority found an increase in waste oil and fuel being improperly disposed of, in and around its meter boxes. This poses a great risk to the public water supply system. Hydrocarbons such as gasoline, diesel, motor oil, kerosine, lubricants, solvents, paints, and coolants are all considered hazardous materials and should never be disposed of directly in or on the ground, down the drain in homes, into storm drains, or Water Authority meter boxes. When hazardous materials are not appropriately stored or disposed of, there is a risk it can contaminate the public water supply or groundwater. If a meter box is exposed to these contaminants, the

impacted area must be cleaned up to protect the water supply system. This takes substantial resources and results in high costs, which are the responsibility of the customer.

To avoid this, the Authority embarked on educating customers on this issue and urging customers to follow the guidelines of the Department of Environmental Health to store and dispose of hydrocarbons properly.



Complaints & Spills Actioned

18



Licences Issued

Well Driller's Licence - 22

Cesspool Emptier's Licence - 8

Groundwater Abstraction Licence - 0



Permits Issued

Canal Works Permit - 2

Quarry Permit - 3

Discharge Permit - 0



Our People

OUR PEOPLE

At the end of the fiscal period, the Authority had a staff of 154 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 137 employees based in Grand Cayman and 17 based in Cayman Brac.

EMPLOYEE ENGAGEMENT SURVEY

In 2024, the Water Authority Board established the Engagement Subcommittee, which was designed to focus on policies related to key areas, including staff engagement, training and development, succession plans, and organisational structure.

The Engagement Subcommittee is comprised of representatives from both the Board and our workforce. Board member Mr Nickolas DaCosta was appointed by the Water Authority Board as the Chairman, bringing valuable leadership, experience, and insight to the table. Additionally, Board members Mr Hansen B Ebanks and Mr Mark Scotland will contribute their expertise. The Water Authority Board Chairman, Mr Darrel Rankine, sits as an Observer on the Subcommittee.

Representing Water Authority employees on the Subcommittee are Leanna Jackson, Administrative Assistant-Cayman Brac; George Miller, Metering Supervisor; Pat Bell, Chief Human Resources Office; and Dr Gelia Frederick van-Genderen, Director. Amory Smith, Executive Secretary & PA, serves as the Subcommittee Secretary. These individuals represent the perspectives of employees at various levels within the Water Authority.

To ensure open communication and active participation, a formal employee engagement survey was launched, allowing staff to share their insights and feedback. The survey was a voluntary, anonymous, and confidential online survey. The 40-question online survey focused on areas such as Communications, Organisational Culture, and Workplace Wellness. The survey achieved an 80% participation rate.



Five presentation sessions were held in October 2024 to report the findings of the Employee Engagement Survey to staff. Approximately 65 employees, supervisors, and managers attended the five voluntary sessions. Each session featured the same presentation, and participants were encouraged to provide their feedback openly during the sessions or meet with HR (the CHRO or HRM) in private to do so. Summary notes were taken of general feedback and comments at each session.

Three key areas were identified for improvement:

- Recognition and Rewards
- Training and Development
- Employee Engagement

GOVERNOR'S TOUR

On 24 July, the Water Authority – Cayman was honoured to host Her Excellency the Governor Jane Owen for a tour of its facilities. The tour began with a walk-through of the administrative office building, including the laboratory, where the Governor met staff. Her Excellency the Governor was then given a full tour of the brand new Reverse Osmosis Plant and the Wastewater Treatment Plant, where the Governor learned about the Authority's water treatment and wastewater treatment processes.



Her Excellency the Governor tours the Water Authority's facilities.

COMMUNITY OUTREACH

GIVING BACK TO THE COMMUNITY

The Water Authority Board's Sponsorship Assessment Sub-Committee approved a total of \$49,000 in financial support for various local charities, non-profit organizations, and community initiatives. Those organisations included Kiwanis, Rotary Central, and the Family Resource Centre.

Another organisation supported was the Breast Cancer Foundation, the selected charity for the Authority's Annual "Project Angel Tree". "Project Angel Tree" is an annual staff-driven holiday fundraising initiative. Staff donated \$1,707, which the Authority generously matched by the Water Authority Board for a total donation of \$3,414.



Water Authority staff present the Breast Cancer Foundation with funds raised during the Project Angel Tree initiative

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 made a concerted effort to maintain the Cayman Islands' natural environment in a healthy and pristine state. The team of volunteers focused its efforts along Spotts Beach. Trash collected included various plastics, bottles and bottle caps, drift wood, cups, and even an old beach chair.



Water Authority staff cleaned up Spotts Beach for the island-wide Earth Day clean up efforts.



Water Authority staff installing pipeline is one of many photos featured in the TimeBack project.
Photo Courtesy: Compass Media

TIMEBACK SPONSORSHIP

In 2024, Compass Media and Dart embarked on a monumental task: digitising 60 years of photos. The project, known as “TimeBack”, serves as Cayman’s family album, giving the community an opportunity to remember and relive Cayman’s past. Water Authority is a proud sponsor of this initiative. Each month, a collection of 100 photos is shared with the community. Among the more than 300,000 photographs scanned are those of the Water Authority staff working on the public water distribution network.

EDUCATIONAL OUTREACH AND ACHIEVEMENTS

SUMMER INTERNSHIP PROGRAMME

The summer season saw the return of interns at the Water Authority. In 2024, the Authority welcomed twenty-one students over the summer break. The Authority’s Summer Internship Programme enables students to gain hands-on experience working in a professional environment. It introduces them to the wide variety of career opportunities available within the water and wastewater industry.



Summer Interns get a tour of the Water Authority’s facilities.

Interns were placed within a cross-section of departments and sections with the Authority, including Finance, Customer Service, Water Resources & Quality Control, Information Systems, Operations, and Engineering. They went on a tour of the Authority's Red Gate facility, where they learned all about the reverse osmosis process and how the Authority supplies clean drinking water directly to customer's tap. Following the tour, they were given a short presentation on career opportunities at the Water Authority and spoke directly with past scholarship recipients and the Director.

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, as well as over 100 scientific papers published in various academic journals and publications. It has also made a significant contribution to the work of the Water Authority, the Department of Environment, the National Trust, and the private sector.

Dr Jones's first visit was in May when he hosted a public lecture entitled "Geology and Water: Cayman Islands" in Little Cayman and to conduct geological fieldwork.



Dr Jones hosts a public lecture in Little Cayman for Geology Education Week.

He returned in early October, where he hosted lessons for students at local high schools, including in Cayman Brac and a professional development course for local educators.

CAREERS FAIR

Water Authority participated in several Career and Education Fairs in 2024; these included

- WORC Technology Expo
- Red Bay Primary School Annual Science Fair
- Layman E Scott Sr High School Career Fair
- John Gray High School Career Fair



SOCIAL COMMITTEE

The Authority's Social Committee fostered a spirit of community and fun through a series of events throughout 2024. Some of the events were:

- Mother's Day Celebration
- Burger Day
- Father's Day Celebration

- Ice Cream Day
- Cayman Thanksgiving Celebration
- Ugly Christmas Sweater Day



The Social Committee hosted several events for staff.

Another event held by the Social Committee was a special, immersive retrospective of the 20th Anniversary Hurricane Ivan remembrance.

The committee was chaired by Joanna Welcome-Martinez (Chief Business Relations Officer), and members are

- Wendy Whitaker (Secretary Engineering/Information Manager)
- Chelsea Hodgson (Operations Coordinator – B&E)
- Tara Robinson (Office Assistant/Scan Clerk)
- Anita LaPierre (Billing Supervisor)
- Nickeah Esteban (Customer Service Office Supervisor-CYB)
- Monique Duarte (Administrative Assistant-HR)
- Dione Scotland Rivero (Laboratory Technician II)

WATER AUTHORITY REPRESENTATION - LOCAL AND INTERNATIONAL

VO TECH STARS

Water Authority employees Trenton Forman, Onsite Wastewater Inspector and Trainer, and Perry Smith, Onsite Wastewater Inspector, were selected to be featured in the Cayman Islands Chamber of Commerce VoTech Stars campaign. VoTech Stars, sponsored by the Water Authority, is a programme that aims to attract more Caymanians to pursue careers in vocational and technical fields. Both men were featured on billboards at the Authority's Red Gate Road and Lower Valley facilities and in a special video on the Chamber's social media platforms.



Trenton Forman and Perry Smith stand in front of their billboard for the VoTech Stars campaign.

TRAINING AND CONFERENCES

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

- CIMPA Annual Marketing Conference | Zion Coe (Jr Corporate Communications Officer) – CIMPA Annual Marketing Conference
- Compass Media's INSPIRE 2024 Conference | Donette Chung (Learning and Development Coordinator), Jerry D Banks (Assistant Laboratory Manager), Billy Ebanks (Procurement Officer), Marcela Martinez-Ebanks (Laboratory Manager), Nickeah Esteban (Customer Service Office Supervisor-CYB), Reina Scott (Senior Account Officer), Chelsea Hodgson (Operations Coordinator –

B&E), Anita LaPierre (Billing Supervisor), and Carlos Vargas (Senior Engineering Manager-Operation)

- Safety & Hazard Management Training | Water Supply, Wastewater and Building and Equipment team members
- CUC Women in Energy Conference | Lori Bergman (Chief Financial Officer) , Krista Powell (Laboratory Technologist), Yolita Phillips (Human Resources Manager), Joanna Welcome-Martinez (Chief Business Relations Officer), Gelia Frederick-van Genderen (Director), Edlyn Ruiz Stoll (Corporate Communications Supervisor)



Water Authority staff took part in a variety of training programme and conferences in 2024.

CHAIRMAN'S AWARD RECIPIENTS

The Chairman's Award is a prestigious honor bestowed annually to an employee or a group of team members who have demonstrated exemplary service, are nominated by the Senior Management Team, and are approved by the Chairman. In 2024, Christopher Johnson and Luis Ramirez were honoured with the award.

Mr. Johnson, Superintendent of Water Supply, was selected for his hard work and dedication to the Authority. He was lauded for his pleasant disposition and his tendency to go the extra mile to get the job done, no matter the workload. In addition, his quality of work and attention to detail all highlight his outstanding performance. Mr Ramirez, Foreman – New Works, was nominated for his outstanding performance and personal sacrifice. Mr Ramirez readily stepped into the role of Foreman for the New Works team in Cayman Brac, which was in need of experienced leadership. Taking this role meant he needed to leave his family home in Grand Cayman. Under his leadership, the productivity of the New Works Pipelaying crew in Cayman Brac increased by 48%. Additionally, he worked on various projects related to the installation and commissioning of the new reverse osmosis (RO) plant in Cayman Brac.



(left) Christopher Johnson, in red, receives the Chairman's Award.
(right) Luis Ramirez, in the center, receives the Chairman's Award.



Financial Reports

**THE WATER AUTHORITY
OF THE CAYMAN ISLANDS**

FINANCIAL STATEMENTS
31 December 2024

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Water Authority of the Cayman Islands
STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS
31 December 2024

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 as issued by the International Accounting Standards Board.

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 2024.

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 2024;
- (b) fairly reflect the financial position as at 31 December 2024 and comprehensive income as at and for the year ended 31 December 2024; and
- (c) comply with IFRS Accounting Standards adopted by the International Accounting Standards Board.

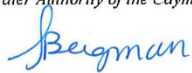
The Office of the Auditor General and Baker Tilly (Cayman) Ltd. conduct an independent audit and jointly expresses an opinion on the accompanying financial statements. The Office of the Auditor General and Baker Tilly (Cayman) Ltd. have been provided access to all the information necessary to conduct an audit in accordance with International Standards on Auditing.


Mr. Darrel Rankine 29/4/25

Chairman
Water Authority of the Cayman Islands


Dr. Gelia Frederick-van Genderen

Director
Water Authority of the Cayman Islands



Ms. Lori Bergman

Chief Finance Officer
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 31 December 2024, and the related statements of comprehensive income/(loss), 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 2024 and its financial performance and its cash flows for the year then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("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 Cayman Islands Institute of Professional Accountants' *Code of Ethics for Professional Accountants* ("CIIPA Code") and the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code") both 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the annual report for the year ended 31 December 2024.

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 Water Authority'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.

Use of our Report

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.

Baker Tilly (Cayman) Ltd.

29 April 2025



Baker Tilly (Cayman) Ltd.
Governor's Square
23 Lime Tree Bay Avenue
P.O. Box 888
Grand Cayman KY1-1103
Cayman Islands
Tel: +1 345 946 7853
Fax: +1 345 946 7854
www.bakertilly.ky



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Patrick O. Smith, CFE, CPA
Acting Auditor General

29 April 2025

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

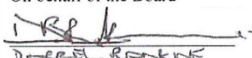
Tel: 345-244-3211
Fax: 345-945-7738

E-mail: auditorgeneral@oag.gov.ky
Internet: www.auditorgeneral.gov.ky

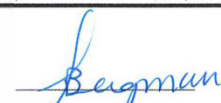
Water Authority of the Cayman Islands
Statement of Financial Position
As at 31 December 2024
(Stated in Cayman Islands dollars)

	Note	31 December 2024	31 December 2023
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	5	72,627,059	64,287,265
Total non-current assets		72,627,059	64,287,265
<i>Current assets</i>			
Cash and cash equivalents		11,314,229	10,110,888
Fixed deposits		52,123,735	52,105,261
Accounts receivable, net	3	4,165,198	4,748,658
Unbilled revenue	10	2,008,442	1,984,506
Inventory, net	4	193,508	325,254
Prepaid expenses		212,501	498,809
Total current assets		70,017,613	69,773,376
Total assets		CIS 142,644,672	CIS 134,060,641
Liabilities and shareholder's equity			
Liabilities			
<i>Non-current liabilities</i>			
Lease liability	11	45,265	54,602
Employee pension benefits, net	9(a)	1,127,000	1,492,000
Pension employee healthcare benefits, net	9(c)	5,639,000	5,842,000
Non-pension employee healthcare benefits, net—Aetna	9(d)	51,867,000	53,783,000
Total non-current liabilities		58,678,265	61,171,602
<i>Current liabilities</i>			
Lease liability	11	8,510	8,510
Accounts payable		2,713,212	2,162,762
Contract retention payable		1,007,879	123,230
Customer deposits	14	2,168,241	1,855,783
Total current liabilities		5,897,842	4,150,285
Total liabilities		64,576,107	65,321,887
Shareholder's equity			
Contributed capital	7	682,000	682,000
Retained earnings		77,386,565	68,056,754
Total shareholder's equity		78,068,565	68,738,754
Total liabilities and shareholder's equity		CIS 142,644,672	CIS 134,060,641

On behalf of the Board


David Rankin
Chairman 29/12/24


Director


Chief Finance Officer

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

Water Authority of the Cayman Islands
Statement of Comprehensive Income/(Loss)
For the Year Ended 31 December 2024
(Stated in Cayman Islands dollars)

	Note	31 December 2024	31 December 2023
Operating revenue			
Water sales	10	35,345,721	33,510,437
Sewerage fees	10	6,066,870	5,869,553
Agency work	10	197,533	372,912
Septage disposal	10	404,379	361,444
Connection and other fees	10	18,080	24,590
Total operating revenue	10	42,032,583	40,138,936
Operating expenses			
Water purchases and production		10,203,268	9,621,724
Repairs and maintenance		3,819,106	4,005,173
Salaries		4,211,822	3,902,248
Depreciation expense	5	3,886,927	3,681,441
Wages		1,720,861	1,850,262
Supplies		1,855,990	1,486,184
Electricity		1,590,426	1,466,637
Other expenses		382,100	390,508
Impairment of property, plant and equipment	5	19,167	134,553
Total operating expenses		27,689,667	26,538,730
Finance costs			
Land lease interest expense		2,998	3,421
Gross operating profit		14,339,918	13,596,785
Other income			
Royalties and statutory fees		2,028,990	1,957,224
Interest income		2,509,798	1,694,531
Other		267,048	177,750
Statutory licencing fees		14,565	30,007
Total other income		4,820,401	3,859,512
Operating profit		CI\$ 19,160,319	CI\$ 17,456,297

(continued)

Water Authority of the Cayman Islands
Statement of Comprehensive Income/(Loss) (continued)
For the Year Ended 31 December 2024
(Stated in Cayman Islands dollars)

	Note	31 December 2024	31 December 2023
Administration expenses			
Defined benefit pension cost	9(a)	(6,000)	28,000
Pension employee healthcare benefits cost	9(c)	363,000	383,000
Non-pension employee healthcare benefits cost–Aetna	9(d)	5,994,000	9,587,000
Staff training and other staff costs	12	4,676,427	3,572,823
Salaries	8	2,980,427	2,838,526
Insurance		1,230,305	1,164,673
Other expenses	8	811,837	890,329
Telephone and utilities		592,497	709,775
Information systems		925,908	592,129
Repairs and maintenance		168,832	204,698
Legal and professional fees		244,597	200,372
Depreciation expense	5	113,324	113,014
Licenses and dues		145,385	92,467
Office and lab supplies		57,342	61,096
Office rental		97,327	25,134
Bad debt expense		20,300	-
Total administration expenses		18,415,508	20,463,036
Net profit/(loss) for the year		744,811	(3,006,739)
Other comprehensive income/(loss)			
Remeasurements of defined benefit pension plan	9(a)	359,000	401,000
Remeasurements of pension employee healthcare plan	9(c)	566,000	642,000
Remeasurements of non-pension employee healthcare plan – Aetna	9(d)	7,910,000	(496,000)
		8,835,000	547,000
Comprehensive income/(loss) for the year		CI\$ 9,579,811	CI\$ (2,459,739)

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 2024
(Stated in Cayman Islands dollars)

	Note	31 December 2024	31 December 2023
Contributed capital			
Balance at beginning of year		682,000	682,000
Contribution from Government		-	-
Balance at end of year	7	682,000	682,000
Retained earnings			
Balance at beginning of year		68,056,754	70,766,493
Net profit/loss for the year		744,811	(3,006,739)
Other comprehensive income for the year		8,835,000	547,000
Dividend to Government	8,13	(250,000)	(250,000)
Balance at end of year		77,386,565	68,056,754
Total shareholder's equity		CIS 78,068,565	CIS 68,738,754

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 2024
(Stated in Cayman Islands dollars)

	Note	31 December 2024	31 December 2023
Cash flows from operating activities			
Net profit/(loss) for the year		744,811	(3,006,739)
Adjustments to reconcile net income for the year to net cash generated by operating activities:			
Depreciation expense	5	4,000,251	3,794,455
Impairment of property, plant and equipment	5	19,167	134,553
Interest income		(2,509,798)	(1,694,531)
Defined benefit pension cost		(6,000)	28,000
Pension employee healthcare benefits cost		363,000	383,000
Non-pension employee healthcare benefits cost		5,994,000	9,587,000
Add/(deduct) net changes in non-cash operating balances:			
Accounts receivable, net		583,460	(389,010)
Unbilled revenue		(23,936)	(75,118)
Inventory, net		131,746	(105,455)
Prepaid expenses		286,308	(150,829)
Accounts payable		550,450	94,447
Contract retention payable		884,649	(12,167)
Customer deposits		312,458	115,914
Net cash generated by operating activities		11,330,566	8,703,520
Cash flows from investing activities			
Property, plant and equipment purchased	5	(13,705,518)	(5,598,622)
Property, plant and equipment disposed		1,346,306	1,478,845
Net redemption/(purchase) of fixed deposits		352,898	(5,027,908)
Interest income received		2,138,426	1,028,582
Net cash used in investing activities		(9,867,888)	(8,119,103)
Cash flows from financing activities			
Payment of lease liabilities		(9,337)	(8,914)
Dividend to Government	8,13	(250,000)	(250,000)
Net cash used in financing activities		(259,337)	(258,914)
Net increase in cash and cash equivalents during year		1,203,341	325,503
Cash and cash equivalents at beginning of year		10,110,888	9,785,385
Cash and cash equivalents at end of year		CIS 11,314,229	CIS 10,110,888

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 2024
(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 2024, the Water Authority had 154 employees (2023: 153 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 29 April 2025.

(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. Certain comparative figures have been adjusted to conform to the current year’s presentation. These adjustments have no impact on previously reported net loss, total assets, total liabilities or equity.

(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, except where otherwise noted.

(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 as follows:

Water Authority of the Cayman Islands
Notes to the Financial Statements
For the Year Ended 31 December 2024
(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 their 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
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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 comprise various assets that are intended to be used in self-constructed capital projects 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
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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 are 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 income/(loss) 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
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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 income/(loss).

(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, the Credit Union and First Caribbean International Bank 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 2024
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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 income/(loss). 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 income/(loss).

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 income/(loss) in the periods during which services are rendered by employees.

(n) New and amended accounting pronouncements

There were no new accounting standards adopted in the current year that had a material effect on the financial statements of the Water Authority. 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.

Water Authority of the Cayman Islands
Notes to the Financial Statements
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3. Accounts receivable, net

Lifetime expected credit losses have been calculated using sales invoices billed between 1 January 2024 and 31 December 2024 and the actual cash collection dates of these invoices to determine a historical collection profile by aging category.

	<u>31 December 2024</u>	<u>31 December 2023</u>
Trade receivables	4,784,154	4,959,280
Other receivables	554,609	962,943
Allowance for doubtful accounts	(1,173,565)	(1,173,565)
	<u>CIS 4,165,198</u>	<u>CIS 4,748,658</u>

There was no movement in the allowance for impairment in respect of accounts receivables during the years ended 31 December 2024 and 2023.

4. Inventory, net

	<u>31 December 2024</u>	<u>31 December 2023</u>
Consumables	80,211	167,200
Water inventory	119,447	164,804
Provision for obsolete inventory	(6,150)	(6,750)
	<u>CIS 193,508</u>	<u>CIS 325,254</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 2024 and 2023. Projects 4-5 were completed in the year and transferred to the respective asset classes.

	<u>31 December 2024</u>	<u>31 December 2023</u>
1. Cayman Brac – Site Preparation	546,287	546,287
2. Cayman Brac – Distribution Extension	185,000	243,000
3. Little Cayman – Site Development	2,603	2,603
4. Cayman Brac – Reverse Osmosis Plant	-	280,350
5. Grand Cayman – Red Gate Reverse Osmosis Plant	-	57,814
	<u>CIS 733,890</u>	<u>CIS 1,130,054</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 30 June 2026, 30 June 2026 and 30 April 2034 respectively.

Water Authority of the Cayman Islands
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(Stated in Cayman Islands Dollars)

5. Property, plant and equipment (continued)

	<u>31 December 2024</u>								
	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	86,736,115	32,067,522	9,981,725	1,130,054	103,818	2,171,802	141,843,346
Additions	-	-	8,861,954	-	406,747	2,542,862	-	1,893,955	13,705,518
Impairment	-	-	(59,896)	-	-	-	-	-	(59,896)
Disposals	-	-	-	-	-	-	-	(1,346,306)	(1,346,306)
Transfers between fixed assets	-	-	2,939,026	-	-	(2,939,026)	-	-	-
Balance at end of year	4,001,599	5,650,711	98,477,199	32,067,522	10,388,472	733,890	103,818	2,719,451	154,142,662
CIS	4,001,599	5,650,711	98,477,199	32,067,522	10,388,472	733,890	103,818	2,719,451	154,142,662
Accumulated Depreciation									
Balance at beginning of year	-	2,169,198	47,165,938	19,413,607	8,760,148	-	47,190	-	77,556,081
Depreciation expense	-	113,324	2,999,115	548,569	329,779	-	9,464	-	4,000,251
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	(40,729)	-	-	-	-	-	(40,729)
Balance at end of year	-	2,282,522	50,124,324	19,962,176	9,089,927	-	56,654	-	81,515,603
CIS	-	2,282,522	50,124,324	19,962,176	9,089,927	-	56,654	-	81,515,603
Net Book Value at 31 December 2024									
CIS	4,001,599	3,368,189	48,352,875	12,105,346	1,298,545	733,890	47,164	2,719,451	72,627,059

During the year ended 31 December 2024, the Water Authority identified projects to be upgraded which resulted in a net impairment loss of the original assets of CUS\$19,167 (2023: CUS\$134,553) that was recorded against plant and equipment assets in the water supply and sewage categories. The total cost of the refurbishments and replacement was CUS\$145,071 (2023: CUS\$362,868).

Water Authority of the Cayman Islands
Notes to the Financial Statements
For the Year Ended 31 December 2024
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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	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
CIS									
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	-	2,169,198	47,165,938	19,413,607	8,760,148	-	47,190	-	77,556,081
CIS									
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

Water Authority of the Cayman Islands
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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 (2023: CI\$416,000). At 31 December 2024, CI\$ Nil (2023: 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\$44,413 (2023: CI\$56,590) relating to their services rendered during the year ended 31 December 2024. These balances are presented in other expenses under administration expenses on the statement of comprehensive income/(loss). 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 (2023: CI\$250,000), see note 13.
2. The remuneration of directors and other members of key management personnel for the year ended 31 December 2024 was CI\$1,318,558 (2023: CI\$1,215,211), which is included in salaries under operating and administrative expenses in the statement of comprehensive income/(loss). 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\$127,030 (2023: CI\$64,241) included in staff training and benefits salaries under administrative expenses in the statement of comprehensive income/(loss). No loans were issued to key management personnel during the year (2023: CI\$Nil). There were 7 personnel in 2024 considered key management personnel and these were categorised as 6 key management personnel and 1 Director (2023: 6 key management personnel and 1 Director).

During the years ended 31 December 2024 and 2023, 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
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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 1 (2023: 2). 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 C\$89,000 in employer contributions to the Plan for the year commencing 1 January 2025.

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 2025 using data as at 31 December 2024. Management use this as their 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 2024.

The actuarial position is as follows:

	31 December 2024	31 December 2023
	CIS000's	CIS000's
Defined benefit obligation	(2,204)	(2,806)
Fair value of plan assets	1,077	1,314
Net liability at end of year	<u>(1,127)</u>	<u>(1,492)</u>

The present value of the funded obligation changes as follows:

	31 December 2024	31 December 2023
	CIS000's	CIS000's
Defined benefit obligation at beginning of year	2,806	3,429
Current service cost	27	41
Interest expense	142	183
Plan participant contributions	6	15
Benefit payments from plan assets	-	(141)
Transfer between other participating employers	(529)	(489)
Remeasurements	(248)	(232)
Defined benefit obligation at end of year	<u>2,204</u>	<u>2,806</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 2024	31 December 2023
	CIS000's	CIS000's
Fair value of plan at beginning of year	1,314	1,564
Interest income	70	87
Employer contributions	105	109
Plan participant contributions	6	15
Benefit payment from plan assets	-	(141)
Transfer between other participating employers	(529)	(489)
Adjustment of prior years' cash flows allocations	-	-
Remeasurements	111	169
Fair value of plan at end of year	<u>1,077</u>	<u>1,314</u>

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

	31 December 2024	31 December 2023
	CIS000's	CIS000's
Current service cost, net of employee contributions	27	41
Net interest cost	72	96
Total defined benefit cost	<u>99</u>	<u>137</u>
Employer contributions recognised in administrative expenses	(105)	(109)
Adjustment of prior years' cash flow allocations	-	-
Net defined benefit cost	<u>(6)</u>	<u>28</u>

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

	31 December 2024	31 December 2023
	CIS000's	CIS000's
Effect of changes in demographic assumptions	-	-
Effect of changes in financial assumptions	(228)	23
Effect of experience adjustments	(20)	(255)
Return on plan assets (excluding interest income)	(111)	(169)
Remeasurements	<u>(359)</u>	<u>(401)</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 2024	31 December 2023
Equity securities	78%	81%
Debt securities	18%	18%
Infrastructure funds	3%	-
Cash	1%	1%

Water Authority of the Cayman Islands
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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:

	31 December 2024	31 December 2023
Discount rate	5.75%	5.1%
Salary increase	3.00% - 5.00%*	3.70% - 4.00%*
Price inflation rate	2.20% - 2.90%*	2.00% - 2.50%*
Future pension increases	2.20% - 2.90%*	2.00% - 2.50%*

* A range of rates exist as different rates have been applied to 2025, 2026, 2027 (2023: 2024, 2025, 2026) 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): 28.87 years (2023: 28.78 years)
 - Retiring in 25 years (at age 57): 31 years (2022: 30.92 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 plan's 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 2024 and 2023 to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation 2024		
	Change in assumption	Increase in assumption CIS\$000's	Decrease in assumption CIS\$000's
Discount rate	0.25%	(78)	82
Inflation rate	0.25%	74	(71)
Mortality	10%	(39)	42

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)

	Impact on defined benefit obligation 2023		
	Change in assumption	Increase in assumption CIS000's	Decrease in assumption CIS000's
Discount rate	0.25%	(107)	113
Inflation rate	0.25%	110	(105)
Mortality	10%	(52)	56

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 year ended 31 December 2024, the Water Authority paid 12% and its employees paid 0% (2023: 1 January 2023 – 31 October 2023, 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 151 (2023: 147).

The total amount recognised as employer contributions to the defined contribution pension plan for the year ended 31 December 2024 was CIS1,149,225 (2023: CIS560,163). 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 (2023: 9), 8 of the 9 members who qualified for early retirement exercised their right and are therefore no longer part of the defined benefit pension plan. The Water Authority expects to pay CIS173,000 in contributions to the Plan in the year commencing 1 January 2025.

The most recent actuarial valuation for IAS 19 reporting was conducted in April 2025 using data as at 31 December 2024. Management use this as their 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 2024.

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9. Employee Benefits (continued)

c) Pension Employee Defined Benefit Healthcare Plan (continued)

The actuarial position is as follows:

	31 December 2024	31 December 2023
	CIS000's	CIS000's
Pension employee healthcare benefits obligation	(5,639)	(5,842)
Fair value of plan assets	-	-
Net liability at end of year	<u>(5,639)</u>	<u>(5,842)</u>

The present value of the funded obligation changes as follows:

	31 December 2024	31 December 2023
	CIS000's	CIS000's
Pension employee healthcare benefits at beginning of year	5,842	6,101
Current service cost	66	61
Interest expense	297	322
Remeasurements	(566)	(642)
Pension employee healthcare benefits at end of year	<u>5,639</u>	<u>5,842</u>

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

	31 December 2024	31 December 2023
	CIS000's	CIS000's
Current service cost, net of employee contributions	66	61
Net interest cost	297	322
Total pension employee healthcare benefits	<u>363</u>	<u>383</u>
Net pension employee healthcare benefits cost	<u>363</u>	<u>383</u>

The remeasurements included in other comprehensive income are as follows:

	31 December 2024	31 December 2023
	CIS000's	CIS000's
Effect of changes in demographic assumptions	-	(106)
Effect of changes in financial assumptions	(494)	181
Effect of experience adjustments	(72)	(717)
Remeasurements	<u>(566)</u>	<u>(642)</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 2024	31 December 2023
Discount rate for obligation	5.80%	5.15%
Discount rate for costs	5.15%	5.35%
Medical inflation rate	5.15%	5.19%

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 2024 and 2023 to changes in the weighted principal assumptions is:

Impact on defined benefit obligation 2024			
	Change in assumption	Increase in assumption CIS000's	Decrease in assumption CIS000's
Discount rate	0.25%	(189)	199
Healthcare cost trend rate	1%	899	(737)
Mortality	10%	(207)	Not applicable

Impact on defined benefit obligation 2023			
	Change in assumption	Increase in assumption CIS000's	Decrease in assumption CIS000's
Discount rate	0.25%	(225)	239
Healthcare cost trend rate	1%	1,012	(815)
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 146 (2023: 147). The most recent actuarial valuation for IAS 19 reporting was conducted in April 2025 using data as at 31 December 2024. Management use this as their 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 2024.

The Water Authority expects to pay CI\$631,000 in contributions to the Plan in the year commencing 1 January 2025.

The actuarial position is as follows:

	31 December 2024	31 December 2023
	CI\$000's	CI\$000's
Non-pension employee healthcare benefits obligation	(51,867)	(53,783)
Fair value of plan assets	-	-
Net liability in financial position at end of year	<u>(51,867)</u>	<u>(53,783)</u>

The present value of the funded obligation changes as follows:

	31 December 2024	31 December 2023
	CI\$000's	CI\$000's
Non-pension employee healthcare benefits obligation at beginning of year	53,783	43,700
Past service cost	-	5,624
Current service cost, net of employee contributions	3,428	1,748
Employer direct benefit payments	(189)	(113)
Interest expense	2,755	2,328
Remeasurements	(7,910)	496
Non-pension employee healthcare benefits at end of year	<u>51,867</u>	<u>53,783</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 2024	31 December 2023
	CIS000's	CIS000's
Past service cost	-	5,624
Current service cost, net of employee contributions	3,428	1,748
Net interest cost	2,755	2,328
Total non-pension employee healthcare benefits cost	6,183	9,700
Employer direct benefit payments	(189)	(113)
Net non-pension employee healthcare benefits cost	5,994	9,587

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

	31 December 2024	31 December 2023
	CIS000's	CIS000's
Effect of changes in demographic assumptions	-	(921)
Effect of changes in financial assumptions	(5,284)	1,935
Effect of experience adjustments	(2,626)	(518)
Remeasurements	(7,910)	496

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 2024	31 December 2023
Discount rate for obligation	5.80%	5.15%
Discount rate for costs	5.15%	5.35%
Medical inflation rate	5.15%	5.19%

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 and is applicable to for the years ending 31 December 2024 and 2023.

	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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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 2024	31 December 2023	Type of contract	Timing of transfer
Water Sales	CIS	35,345,721	33,510,437	Fixed fee	Point in time
Sewerage fees		6,066,870	5,869,553	Fixed fee	Point in time
Septage disposal		404,379	361,444	Fixed fee	Point in time
Connection and other fees		18,080	24,590	Fixed fee	Point in time
Agency work		197,533	372,912	Fixed fee	Point in time
Total	CIS	42,032,583	40,138,936		

(i) Contract balances

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

		31 December 2024	31 December 2023
Contract assets:			
Unbilled revenue	CIS	2,008,442	1,984,506

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 2024	31 December 2023
Unbilled revenue at the beginning of the year	CIS	1,984,506	1,909,388
Transfers from unbilled revenue recognised at the beginning of the year to receivables		(1,984,506)	(1,909,388)
Increases as a result of services performed but not yet billed		2,008,442	1,984,506
Unbilled revenue at the end of the year	CIS	2,008,442	1,984,506

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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 2024</u>	<u>31 December 2023</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
Total undiscounted lease liabilities at 31 December	CIS 61,675	CIS 74,010

Lease liabilities included in the statement of financial position at 31 December

Current	8,510	8,510
Non-current	45,265	54,602
Total lease liabilities	CIS 53,775	CIS 63,112

12. Staff training and other staff costs

Other training and benefit costs in the statement of comprehensive income/(loss) includes the following:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Employee health insurance	2,626,624	2,119,335
Employee pension expense	1,256,184	680,779
Other staff training and costs	793,619	772,709
	CIS 4,676,427	CIS 3,572,823

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13. Compliance with the Public Authorities Act (2020 Revision)

The Water Authority of the Cayman Islands is required to comply with The Public Authorities Act, (2020 Revision), (the “PAA”).

Section 36(1) of the PAA requires public authorities to pay an annual capital charge for the use of equity invested by the Government in the Water Authority. The capital charge is set by the Minister of Finance and Economic Development (“the Ministry”) after consultation with the Water Authority’s Board. Based on past practice, the Water Authority expects that the applicable rate for the 2024 financial year will be set at 0% (2023: 0%) and that no capital charge will be payable for 2024 (2023: \$0). Going forward, the Water Authority may be required to pay a capital charge in accordance with the PAA for future equity investments by the Government.

Section 39(2) of the PAA requires that any surplus cash exceeding three months’ reserve should be paid to the Cayman Islands Government, unless directed otherwise by Cabinet, after consultation with the Water Authority’s Board. In prior years, Cabinet has exempted public authorities from paying over surplus cash reserves and the Water Authority expects that a similar exemption will be made in respect of its surplus cash reserves as at 31 December 2024.

Under Section 39(3) of the PAA, the Water Authority is required to pay dividends in accordance with the formula established by the Ministry after written consultation with the Water Authority’s Board, unless otherwise directed by Cabinet. Under an agreement dated 29 January 2019 with the Ministry, the Water Authority is required to pay annual dividends of \$250,000 to the Government. For the year ended 31 December 2024, the Water Authority paid a dividend of \$250,000 (2023: \$250,000).

14. 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, the Credit Union and First Caribbean International Bank.

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 C\$2,168,241 (2023: C\$1,855,783).

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:

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14. Financial risk management objectives and policies (continued)

	<u>31 December 2024</u>	<u>31 December 2023</u>
Cash and cash equivalent	11,314,229	10,110,888
Trade receivables (Note 3)	4,784,154	4,959,280
Unbilled revenue	2,008,442	1,984,506
Other receivables (Note 3)	554,609	962,943
Fixed deposits	52,123,735	52,105,261
	<u>CIS 70,785,169</u>	<u>CIS 70,122,878</u>

The expected loss rates are based on the collection profile for revenue generated over the past 12 months before 31 December 2024 and 1 January 2024 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 2024, an allowance for doubtful receivables of CIS\$1,173,565 has been made against accounts receivable (2023: CIS\$1,173,565). The aging of trade and other receivables at 31 December 2024 is as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Current	2,036,029	2,378,099
Between 30 days and 60 days	915,488	806,152
Between 60 days and 90 days	276,133	284,201
Greater than 90 days	2,111,113	2,453,771
	<u>CIS 5,338,763</u>	<u>CIS 5,922,223</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 2024 and 2023, accounts payable are all due within 3 months of the statement of financial position date.

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.

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14. Financial risk management objectives and policies (continued)

Market risk (continued)

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 affect 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.

15. Subsequent events

In preparing these financial statements, management has evaluated subsequent events up to 29 April 2025, which is the date that the financial statements were approved and available to be issued. Effective 1 January 2025, the Water Authority will provide a 5% cost of living adjustment to all employee salaries. There were no other subsequent events which required disclosure.



Water Authority - Cayman

"Suppliers of the World's Most Popular Drink"

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 Wastewater Collections and Treatment Act and the Water (Production and Supply) Act.



949-2837



info@waterauthority.ky



www.waterauthority.ky



waterauthoritycayman



@WAConTap



waterauthoritycayman



waterauthoritycayman