Water Authority - Cayman

2025
ANNUAL REPORT

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CHAIRMAN'S MESSAGE

The 2025 Annual Report presents the Water Authority's performance for the fiscal year, measured against the strategic objectives set out in the Ownership Agreement and in accordance with section 52 of the Public Management and Finance Act (2013 Revision). It provides a clear account of the Authority's financial position, operational achievements, and continued progress in delivering its mandate to the people of the Cayman Islands.

Throughout the year, the Authority remained a financially responsible and self-sufficient statutory body, investing in critical infrastructure to support national development and safeguard water resources for future generations. Notable milestones included the extension of piped water service to approximately 70% of Cayman Brac residents, targeted upgrades to water and wastewater systems, and continued advancement of digital platforms that enhance customer service and operational efficiency.

The Board remained focused on strengthening governance, supporting prudent capital investment, and fostering an organisational culture that values people, high standards, and service. We were particularly encouraged by the Authority's commitment to developing homegrown talent—evident through training initiatives, succession planning, and the awarding of scholarships to three promising young Caymanian engineers.

On behalf of the Board, I thank the Director, senior management, and all employees of the Water Authority for their dedication, professionalism, and community spirit—from technical innovation to acts of environmental stewardship such as the rescue of hawksbill hatchlings in East End. Their commitment ensures that the Authority remains a pillar of national wellbeing and sustainable growth.

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 2025 Annual Report on behalf of our management team and staff. The year was marked by continued financial stability, significant infrastructure achievements, and meaningful progress in strengthening service delivery, governance, and organisational capability.

Infrastructure & Operational Excellence

Maintaining a resilient water and wastewater system remained a central priority. In Cayman Brac, the completion of the Spot Bay water distribution extension represented a major milestone—bringing piped potable water access to approximately 70% of residents and reflecting more than a decade of sustained investment totalling over $8.5 million since 2013. The establishment of a dedicated Water Supply Crew further enhanced local responsiveness and service reliability.

In Grand Cayman, we completed vital pipeline upgrades in Prospect Drive and Hickory Drive, while the Wastewater Division undertook essential rehabilitation works, including the replacement of blower motors and pumps at the Wastewater Treatment Plant. These efforts strengthened system reliability and environmental protection across our operations.

Digital Transformation & Customer Experience

Technology continued to play a key role in improving both customer service and internal efficiency. Our Customer Portal processed more than 86,000 payments and 800 service orders this year, demonstrating strong public adoption. Internally, the launch of VISTA Self Service modernised our human resources processes, giving staff secure access to personal information and streamlining administrative workflows.

Protecting Our Water Resources

The Authority's regulatory role remains vital to safeguarding the Islands' groundwater. In 2025, we continued rigorous Development Control reviews and advanced the Onsite Wastewater Management Programme. Our laboratory conducted thousands of tests to ensure water quality met the highest potable standards.

Our People & Community

Our people are the foundation of our success. This year, we celebrated the careers of three long serving employees—Carlos "Norbert" Scott, Pat Bell, and Al Bennett—whose combined decades of service have shaped the Authority's legacy. We also continued to invest in the next generation through scholarships, internships, and training initiatives that support our vision of delivering world class service through homegrown talent.

Beyond our operational responsibilities, the Authority remained deeply engaged in the community, from becoming a corporate partner of the Special Olympics Cayman Islands to participating in Earth Day clean ups and other outreach activities.

Looking Ahead

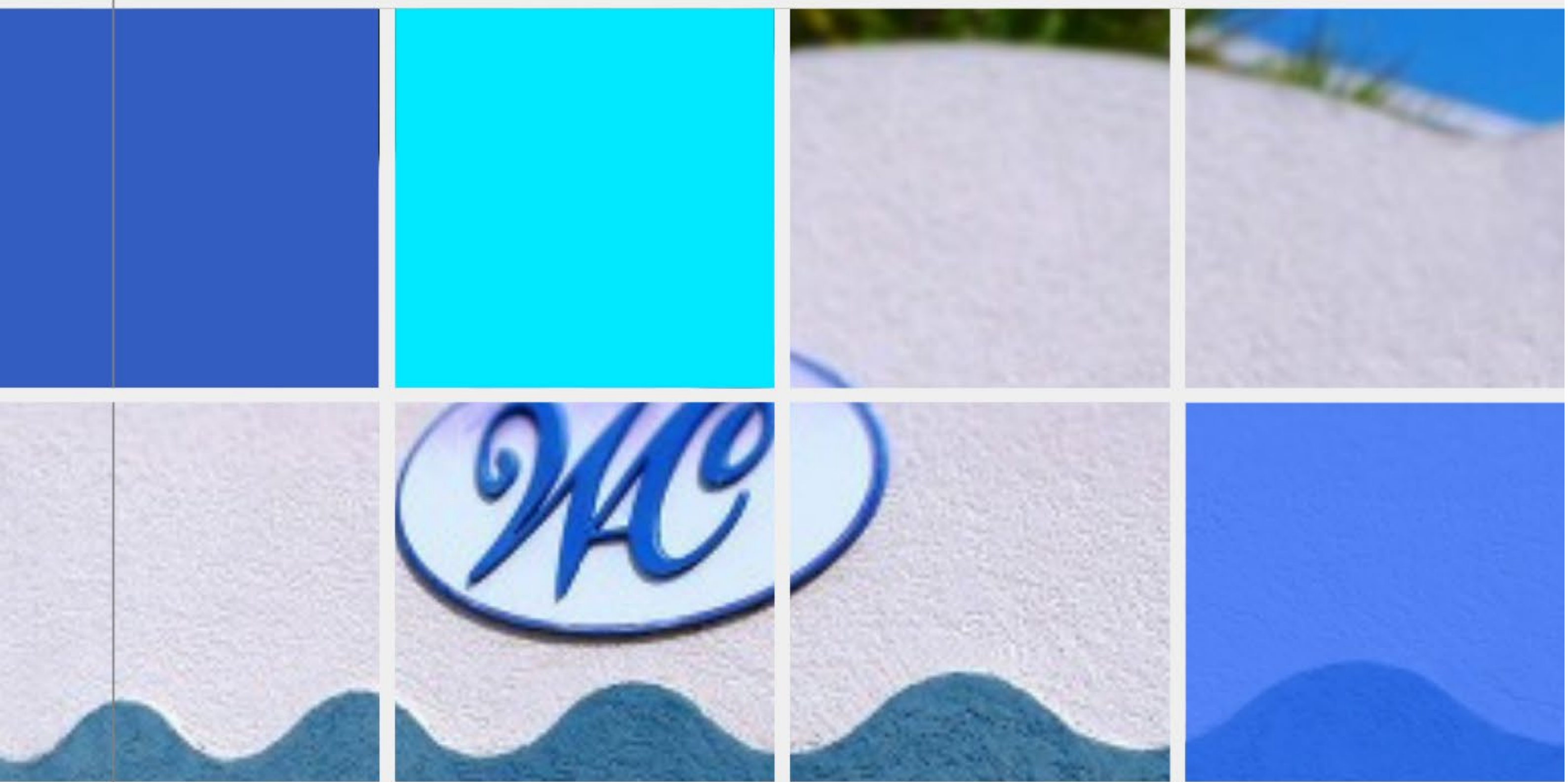
As the Cayman Islands continues to grow, the Authority remains committed to safeguarding water resources, expanding and maintaining resilient infrastructure, and delivering safe, reliable, and affordable water and wastewater services. Guided by our mission and values, we will continue to prioritise operational excellence, financial sustainability, environmental stewardship, and service to the communities we proudly serve.

I extend my sincere appreciation to the Board for its guidance and to every member of the Water Authority team for their professionalism and dedication throughout the year.

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 District Administration & Home Affairs portfolio.

- The Minister responsible for that portfolio is the Honourable Nickolas DaCosta, JP, MP.
- The Authority's operations are governed by
  - The Water Authority Act (2022 Revision),
  - The Water Authority Regulations (2022 Revision),
  - The Water Sector Regulation Act (2019 Revision),
  - The Public Authorities Act,
  - The Procurement Act.
- 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.
- The Water Authority's Board role is to provide policy and strategic oversight of the Authority's function. Board Members for 2025 include:
  - Mr Darrel Rankine (Chairman)
  - Mr Mark Campbell
  - Mr Kenross Conolly
  - Mrs Darlee Ebanks
  - Mr Glenwood Ebanks
  - Ms Elsie Kynes
  - Mr Hansen Ebanks
  - Mrs Laurel Ryan
  - Mr Mark Scotland
  - Mr Michael Ebanks (Ex-Officio Member, Ministry of District Administration & Home Affairs Designate)
  - Ms Anne Owens (Ex-Officio Member, Ministry of Finance and Economic Development Designate)

- Dr Gelia Frederick-van Genderen (Secretary)

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 Act (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

2025 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 2025 (2024 - $250,000).

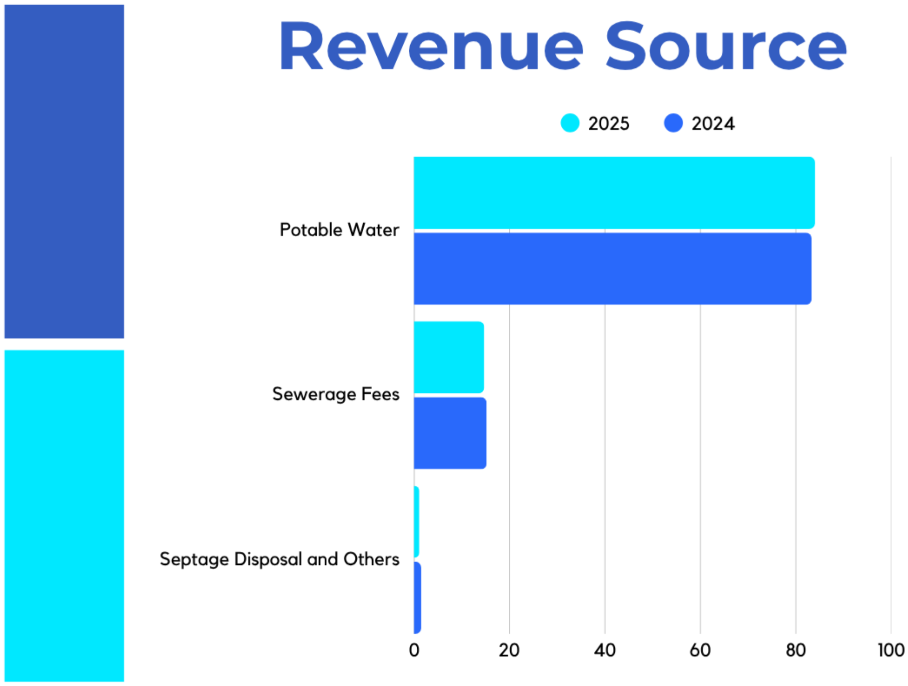
FINANCIAL PERFORMANCE

Water sales in 2025 were higher compared to 2024, and operating expenses increased correspondingly with the growth in water sales, and the results were within budget parameters.

RESULTS FROM OPERATIONS

Sales of potable water continue as the main revenue source, maintaining a consistent percentage of 84.2% in 2025, (2024 – 83.3%) with Sewerage Fees reporting 14.7% (2024

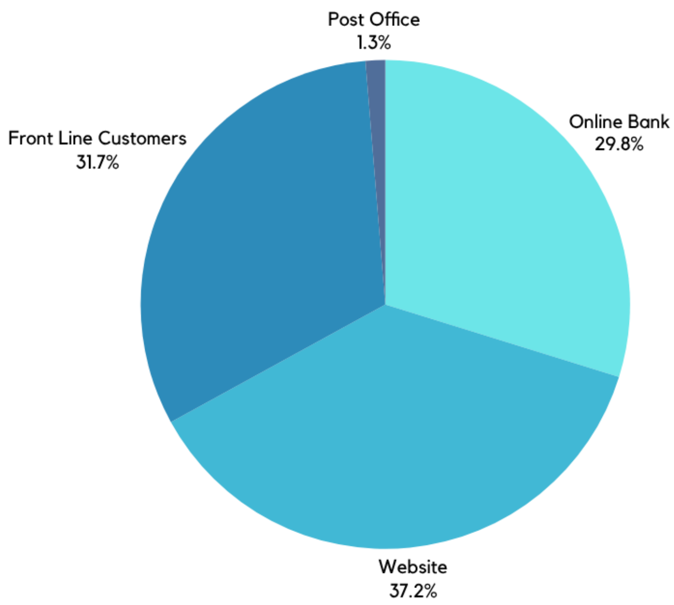
– 15.2%) and the remaining 1.1% (2024 – 1.5%) from Septage Disposal, Royalties, and miscellaneous income.



The Authority's cash position shows a decrease from operational activities, ending with a cash balance of $8.0 million (compared to $11.3 million in 2024) and term deposits held by the Authority amounting to $62.9 million (compared to $52.1 million in 2024). In 2025 deposit interest income amounted to $2.4 million ($2.5 million in 2024) with interest rates varying between 2.60% and 4.30% based on value and term.

The Authority's customer portal, introduced to the public in January 2024 accepted a total of 85,000 payments in 2025 (2024 – 72,000) with a value of $8.7 million through this payment method (2024 - $9.8 million). In 2025 the Authority processed total payments of 231,291 (2024 – 224,524) customer payments with a total value of $45.6 (2024 – $45.9 million). These payments were 29.8% from online Bank payments (2024 - 32.2%), 37.2% from the website (2024 – 32.2%), 31.7% from the front line (2024 – 35.75) and the remaining 1.3% from the post office (2024 – 1.3%).

Payment Methods



ACTUARIAL POSITIONS

Under the jurisdiction of the Public Service Pension Board, the Authority conducted three Actuary reports for the year ending 31 December 2025. This reporting and its inclusion in the financial statements are crucial for comprehending the long-term liabilities of the Authority.

BUDGET POSITION

The Cayman Islands Government undertook the bi-annual budget process in August 2025, during which time the Authority updated its 2026-2027 budget figures.

The 2026-2027 Ownership Agreement projected an operational surplus of $0.3 million in 2025; however, there were large, uncertain estimates within that figure in the 2025 actuarial reports. When incorporating the data as provided in the 2025 actuary reports the Authority ended the year with a net comprehensive income of $9.3 million which is well above the budgeted figure. A variation to the budget is within expectation, as there was no guidance on the value of the 2025 actuary reports during the budget process.

2025 At a Glance

Customers

Grand Cayman Water Customers
21,957

Cayman Brac Piped Water Customer
722

Sewerage
497

Volume of Water Sold

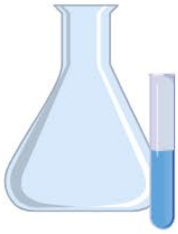
Grand Cayman
5,458,157 m3

Cayman Brac
184,725 m3

Gallons of Wastewater Treated

634.4 Million

Laboratory Samples Tested

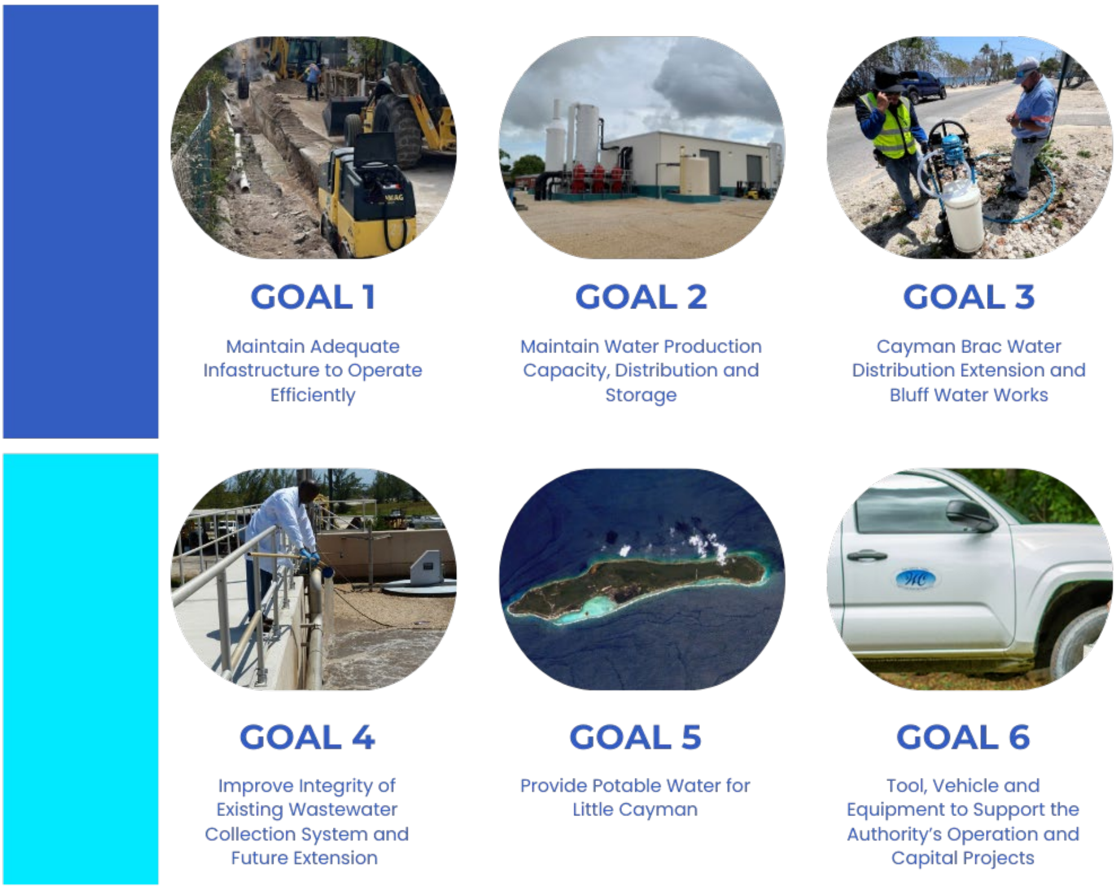


20,081

Priorities & 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.



GOAL 1: MAINTAIN ADEQUATE INFRASTRUCTURE TO OPERATE EFFICIENTLY

In 2025, the Authority implemented a series of pipeline upgrade and expansion projects aimed at maintaining operational efficiency and supporting anticipated future development. Key initiatives undertaken during the year included:

- Installation of a new water pipeline to service the East End Affordable Land Lots Subdivision
- Upgrade of the existing pipeline network along Prospect Drive
- Replacement of aging pipeline infrastructure along Hickory Drive

In addition to pipeline works, the Authority advanced its network monitoring capabilities through the refurbishment, calibration, and installation of several sensors across its District Metered Areas (DMAs) – specifically at the Agricola Drive and Poindexter Road locations. Following calibration and installation, the sensors were programmed and are actively receiving and recording data for ongoing analysis.

A Water Authority crew conducts work in Prospect

GOAL 2: MAINTAIN WATER PRODUCTION CAPACITY, DISTRIBUTION AND STORAGE

During 2025 efforts were focused on routine maintenance and targeted equipment upgrades to ensure the continued reliability and efficiency of water production and distribution systems.

As part of these maintenance activities, key instrumentation upgrades were completed, including:

- Replacement and installation of a magnetic flow meter at the Red Bay Booster Station
- Installation and commissioning of a replacement magnetic flow meter on the production line of the new Red Gate Reverse Osmosis Plant, located in the post-treatment building

These actions supported accurate flow measurement and sustained operational performance across critical facilities.

GOAL 3: CAYMAN BRAC WATER DISTRIBUTION EXTENSION AND BLUFF WATERWORKS

Cayman Brac Distribution Extension – Spot Bay

On 9 April, the Authority completed the water distribution pipeline extension to the end of Spot Bay Road, increasing access to piped potable water to approximately 70% of

Cayman Brac residents. The extension forms part of a long-term project initiated in 2013, with total investment exceeding $8.5 million.

The milestone was commemorated at a public event recognising the contributions of the Cayman Brac New Works Crew. The Authority continues to advance long-term infrastructure planning for the Sister Islands, including further distribution extensions on Cayman Brac, development of a Reverse Osmosis plant on the Bluff, and a containerised facility in Little Cayman.

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

In 2025 the Authority undertook targeted maintenance and rehabilitation works to strengthen the reliability and integrity of the wastewater collection and treatment system.

At the Wastewater Treatment Plant (WWTP), the motor for the Aerobic Sludge Digester (ASD) blower failed and was promptly replaced. The blower was returned to full operation in February, restoring normal treatment processes.

The motor for the ASD was replaced at the Wastewater Treatment Plant

Infrastructure rehabilitation works were also completed at the WWTP. A new section of 20-inch pipe was installed on the Sequencing Batch Reactor (SBR)1 overflow line to address a leak caused by corrosion of the existing ductile iron pipe. The replacement works were completed at the beginning of the year. In addition, waste sludge pumps at SBR 1 and 2 were replaced, improving operational reliability and sludge handling capacity.

Rehabilitation of a manhole located in front of Burger King, resumed in the second quarter of 2025 after having been paused due to unforeseen circumstances following its initial commencement in the previous year. Sheet piles were installed to stabilise the excavation and additional epoxy grout was injected around the manhole to reduce groundwater inflow into the excavation. However, due to a delay in the epoxy grout shipment, the actual refurbishment work was not completed by the end of 2025, and work continues into 2026 with completion expected by end of 2026.

GOAL 5: PROVIDE POTABLE WATER FOR LITLE CAYMAN

The Authority secured 3.75 acres of Crown land in Little Cayman in 2022 to support the provision of desalinated water to residents. Under the Ownership Agreement, the Authority initiated preliminary hydrogeological investigations and the collection of core samples, which were completed in early 2026. The Authority now intends to proceed with further investigations and the eventual installation of a new reverse osmosis plant to serve Little Cayman customers via a water trucking operation.

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

In 2025 the Authority undertook a range of facility upgrades and refurbishment works to support operational efficiency, asset longevity, and staff safety across its operational sites.

At the Operations Building, phased improvement work was carried out, including repainting the building and resurfacing the parking lot. These works were managed in stages to minimise disruption while ensuring appropriate safety controls for staff, contractors, and visitors.

The Authority completed a project to resurface the parking lot at its headquarters

Mechanical system upgrades were also completed at the Operations Building, including improvements to the air-conditioning system serving the ground floor and server room areas.

The Authority also commenced refurbishment works at the Lower Valley Water Works Pipe Rack Building. The scope of works included structural steel repairs, sandblasting and repainting, roof panel replacement, gate repairs or replacement, and installation of new fencing and shade cloth. These works are intended to extend the service life of the facility and improve overall site condition and safety. Appropriate safety measures were implemented throughout the construction period to protect staff and visitors.

The Authority completed refurbishment works at the Lower Valley Water Works Pipe Rack Building.

In October the Authority ordered two (2) Potable Water Trucks for Cayman Brac (4,000 US gallon capacity) to replace two trucks that have reached the end of their useful/economical life.

Collectively, these improvements support the Authority's operational readiness and ensure that facilities, tools, and equipment remain fit for purpose in delivering core services and capital projects.

OTHER ACHIEVEMENTS:

Customer Systems Modernisation

Progress was made in strengthening billing and collections processes through upgrades to the Cogsdale system. Performance issues affecting billing speed were resolved. Enhancements to improve collections processing, automatic reconnection, and bill formatting were tested. Following testing, it became clear that customisation was necessary to fully enable the automation required. In addition, bill receipt printing issues were resolved by installing a new printer and upgrading cabling, improving reliability and service continuity. A new bill template design was also developed to improve clarity and customer communication. Cogsdale continues development work to be able to implement the changes.

A notice shared with customers annoucing the planned upgrade to the Customer Portal.

Website Upgrade Project

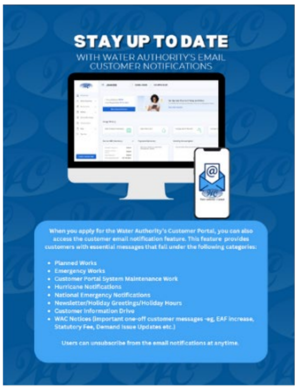
The Authority advanced its website redevelopment initiative through collaboration with its current website vendors. A phased implementation approach was agreed upon, supported by a three-phase roadmap to guide delivery.

Phase 1 focuses on establishing a modern, user-friendly website with a robust foundation, including:

- Online application processes with document upload
- Digital forms with integrated e-signature capability
- AI-powered chatbot for customer support
- Interactive maps, including service interruption mapping
- Enhanced site-wide search functionality

Phase 2 will introduce additional services, including laboratory services, human resources functionality, and educational resources. Phase 3 will complete the rollout with Development Control and statutory service features. At the end of the year the project was being reviewed by the Water Authority Procurement Committee.

Customer Portal Enhancements

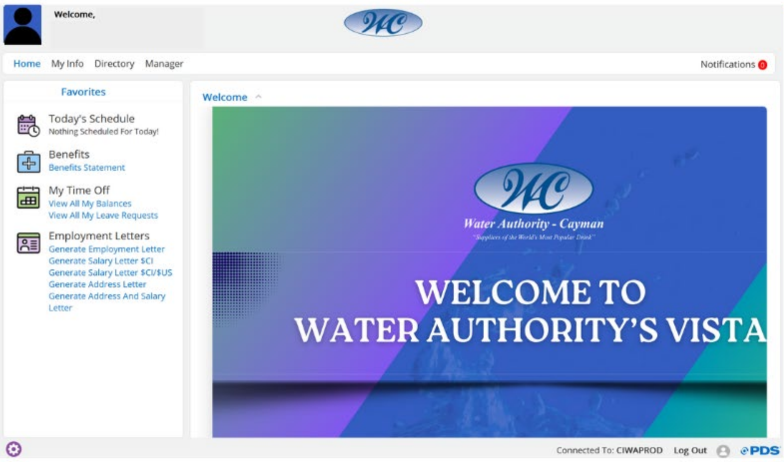


A flyer confirming that customers can manage their email preferences in the Customer Portal

The Customer Portal was enhanced to allow customers to manage email notification preferences through segmented categories, providing greater control and transparency.

Notification options include planned and emergency works, system maintenance, hurricane and national emergency alerts, newsletters, and important Authority notices. Supporting customer forms were updated to align with this enhancement, improving clarity regarding customer communications and data use.

Human Resources Digital Transformation



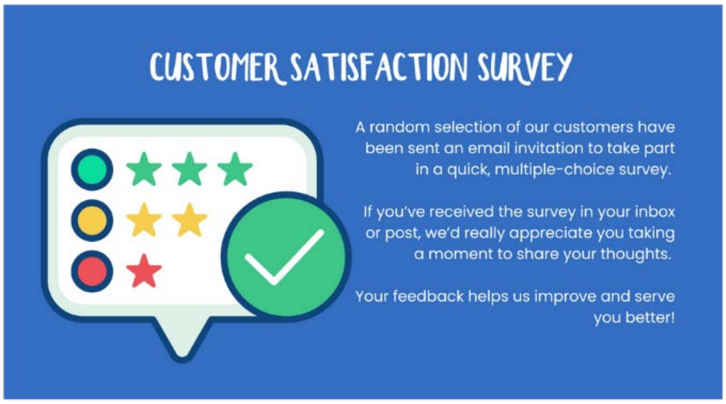
Water Authority launched its new HR Self Servic Platform in 2025

The Authority successfully launched Phase 1 of the VISTA Self Service, a new human resources management platform. VISTA provides staff with secure, self-service access to personal information, benefits, leave balances, and employment documentation. The system enhances efficiency, data accuracy, and accessibility, with additional functionality, such as managing leave requests, will be introduced in subsequent phases.

Customer Satisfaction Survey

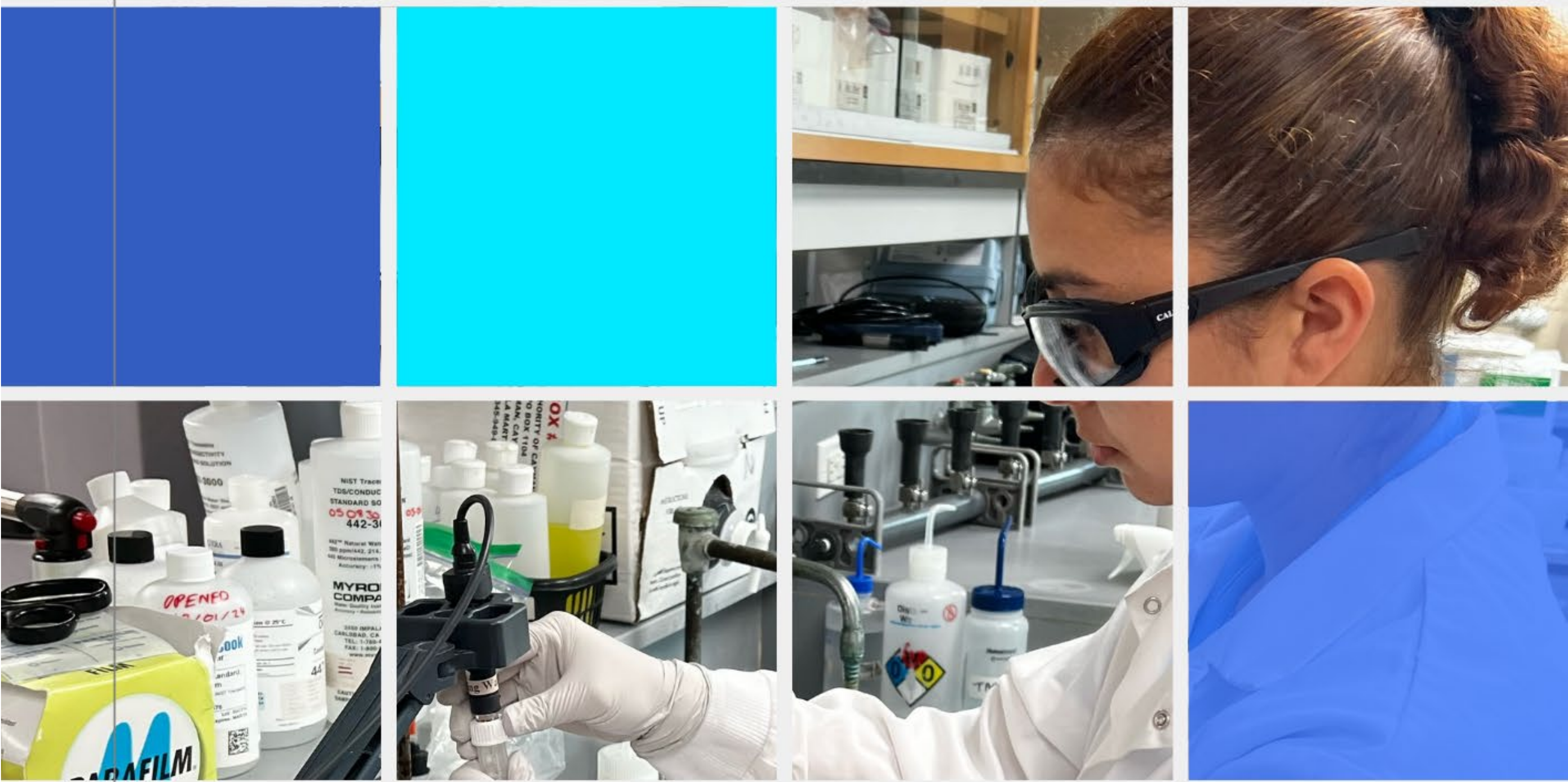
To strengthen its commitment to service excellence, the Water Authority initiated a customer satisfaction survey designed to gather meaningful insights directly from customers. The survey was launched in May 2025, focused on establishing a baseline measure of overall satisfaction among piped water customers in Grand Cayman and who represent the majority of the Authority's customer base. This initial survey was intentionally short and targeted, using industry-aligned themes such as customer experience, water quality, billing, affordability, and service reliability. The feedback received was overwhelmingly positive. Respondents described the Authority's service as "high quality," "reliable," and "useful," and expressed strong confidence in the quality of tap water, the value for money provided, and the Authority's ability to meet both current and emergency water demands.

The results of the survey provide a valuable starting point for future customer engagement efforts. The Authority will use these insights to refine the structure and methodology of the more comprehensive yearly survey, scheduled for launch in the first quarter of 2026.



A notice shared with customers annoucing the Customer Survey

Regulatory & Statutory



DEVELOPMENT CONTROL

The Authority plays a critical role in safeguarding the Islands' water resources by reviewing all development plans submitted to the Planning Department. Each proposal is assessed to determine wastewater treatment and disposal needs, water supply requirements, and potential impacts on groundwater.

For projects located outside the West Bay Beach Sewage System catchment area, developers must install onsite wastewater treatment systems. The Authority evaluates these systems from design through installation, ensuring they meet established standards and protect environmental quality.

In 2025, the Authority completed 188 plan reviews and oversaw the installation of 44 new onsite wastewater treatment systems—supporting responsible growth while upholding the sustainability of our groundwater resources.

ONSITE WASTEWATER MANAGEMENT PROGRAMME

The Authority's Onsite Wastewater Management Programme (OWMP) continues to strengthen the long-term performance of onsite wastewater treatment systems through a collaborative approach that brings together service providers, suppliers, and property owners. The core focus of the programme is ongoing education—equipping those who operate and maintain onsite systems with the knowledge needed to ensure they function safely and effectively.

An onsite treatment system.

Since launching its training initiative in 2017, the Authority has certified 75 local professionals, including 5 newly certified individuals in 2025. The certification is based on a modified version of Sacramento State University's Small Wastewater System training programme, ensuring that local expertise aligns with international best practices. As development activity remains strong, the Authority continues to expand training opportunities and provides continuing education to keep certified professionals current with evolving standards.

A key component of the OWMP is routine effluent testing to verify compliance with the Authority's effluent standards. In 2025, 115 onsite systems were tested, with results shared directly with property owners. When systems did not meet required standards, the Authority worked closely with owners to ensure timely corrective action. This hands-on, solution-oriented approach has proven more effective than the previous method of issuing violation notices, leading to faster remediation and improved system performance across the Islands.

EFFLUENT DISPOSAL WELL SPECIFICATIONS

Water Authority staff inspects a well

Treated effluent from onsite wastewater treatment systems is safely discharged into the groundwater through deep disposal wells. To support this process, the Authority has operated a site-specific well-depth programme since 2012, enabling licensed well drillers to request precise depth requirements directly from the Authority.

In 2025, the Authority provided depth specifications for 322 effluent disposal wells, ensuring each installation met environmental and technical standards. Cooperation from licensed well drillers remains exemplary—they not only request depth guidance as required but also submit detailed monthly logs of all wells drilled. This strong partnership continues to enhance oversight, data accuracy, and the overall protection of groundwater resources.

COMPLAINTS AND SPILLS

The Authority continues to play a central role in protecting groundwater and surface water by responding to reports of spills and other activities that may pose environmental risks. These reports come from the public, government agencies, and private-sector partners. Each case begins with a site visit to gather essential information and assess the situation firsthand.

When an issue is complex or extends beyond the Authority's mandate, a coordinated multi-agency response is initiated. For matters clearly within the Authority's jurisdiction, staff follow up directly with the responsible party. Minor spills or complaints are typically addressed through verbal warnings and guidance, while more serious or persistent issues may require formal warning letters or notices of violation.

Throughout 2025, the Authority continued its proactive approach to managing spills and complaints. Of the incidents reported, 5 involved oil or grease, and 17 related to wastewater. Notably, no warning letters or Notices of Violation were issued during the year, reflecting effective early intervention and strong cooperation from those involved.

A spectic tank leaks into a yard; an example of the types of complaints the Authority responds to.

REPRESENTATION ON ENVIRONMENTAL ADVISORY BOARDS

As part of its statutory mandate to safeguard groundwater resources in the Cayman Islands, the Water Authority serves on the Environmental Advisory Boards (EABs) for major national infrastructure projects, these include the East–West Arterial Project, the Airport Expansion Projects (in Grand Cayman, Cayman Brac and Little Cayman). The Authority also has a role in the Fuel Standard Committee.

Under the National Conservation Act, the National Conservation Council establishes EABs to oversee Environmental Impact Assessments for designated projects. These boards bring together technical experts from across government, with the Department of Environment serving as chair. Through its participation, the Authority ensures that groundwater protection remains a central consideration in the planning and assessment of these significant developments.

The East-West Arterial Project
Photo Courtesy: NRA

EAST-WEST ARTERIAL PROJECT

The Water Authority was appointed to the EAB for the East-West Arterial Project in 2017. Following the selection of the consultant and the completion of the Terms of Reference, the Environmental Impact Assessment began in mid-2023. This was completed by the end of 2024 and the Environmental Statement, following public consultation, was completed in early 2025. In August the EABs review of the Environmental Statement was submitted by the National Conservation Council to the Hon Minister for the Environment for Cabinet's consideration.

AIRPORT EXPANSION IN GRAND CAYMAN, CAYMAN BRAC AND LITTLE CAYMAN

In 2023 the Water Authority was appointed to the EAB for each of the three airport expansion projects. The projects are:

- Grand Cayman - Owen Roberts Airport Runway extension into the North Sound.
- Cayman Brac – Charles Kirkconnell Airport runway extension.
- Little Cayman – Edward Bodden Airfield relocation.

The Owen Roberts
International Airport
Photo Courtesy: CIAA

The draft Terms of Reference for the Environmental Impact Assessments for the three projects were completed in 2025, and public consultation took place in May 2025. The Terms of Reference for the Grand Cayman project were completed in 2025.

QUARRY ON BLOCK 43A PARCELS 419 AND 422

In August 2025 the Water Authority was appointed to the EAB for the proposed quarry on Block 43A Parcels 419 and 422. The Authority provided feedback on the proposed Scoping Opinion prepared by the Department of Environment.

LABORATORY

In addition to providing testing services for both the Authority and external clients, the Laboratory plays a vital role in supporting the Operations, Engineering, and Water Resources & Quality Control Departments. Its expertise also extends to advising third parties on water quality, wastewater, and broader environmental matters.

In 2025, the Laboratory analysed 20,081 samples, broken down as follows:

SAMPLE TYPE	NUMBER
Potable Water: Water Authority	13,695
Non Potable Water: Water Authority	624
Potable Water: Others	1,133
Non Potable Water: Others	931
Quality Control	3,698
TOTAL	**20,081**

Complaints & Spills Actioned

22

Licences Issued

- Well Driller's Licence - 24
- Cesspool Emptier's Licence - 8
- Groundwater Abstraction Licence - 2

Permits Issued

- Canal Works Permit - 0
- Quary Permit - 1
- Discharge Permit - 2

Our People

OUR PEOPLE

At the close of the fiscal year, the Authority employed 164 staff members across seven departments operating under the Executive Office: Engineering Services, Operations, Human Resources, Customer Service, Finance, Information Systems, and Water Resources & Quality Control. Of the total workforce, 136 employees were based in Grand Cayman and 17 in Cayman Brac, reflecting the Authority's continued commitment to maintaining strong operational capacity across the Islands.

HONOURING LONG-SERVING TEAM MEMBERS

The Water Authority proudly recognises the remarkable contributions of several long-serving employees who concluded their careers with us during the year. Their dedication, professionalism, and commitment have helped shape the organisation we are today.

Carlos "Norbert" Scott – 25 Years of Service

On 31 July, the Authority celebrated the retirement of Carlos "Norbert" Scott, marking an impressive 25-year career. A special dinner at the Cayman Brac Reef Resort brought together colleagues from both Cayman Brac and Grand Cayman, including senior leadership, members of the Water Authority Board, and the Hon Nicholas DaCosta, as Acting Deputy Premier. The evening, emceed by Operations Manager–CYB Kenneth Hydes, featured heartfelt tributes, a slideshow of memorable moments, and a toast in Norbert's honour. A commemorative gift was presented as a token of appreciation before Norbert shared his own closing remarks. His legacy of service and dedication will be long remembered.

Carlos "Norbert" Scott celebrates his retirement after 25 years of service

Pat Bell – 20 Years of Service

In August the Authority honoured the retirement of Chief Human Resources Officer Pat Bell, who dedicated two decades to strengthening the organisation and its people. A farewell event at the George Town Yacht Club brought together staff, Board members, Ministry representatives, senior leadership, and Pat's family. The evening included moving tributes, personal reflections, and a photo presentation capturing her impactful career. A special message from the HR team highlighted the depth of her leadership and the positive influence she had on colleagues across the Authority. Pat concluded the evening with her own remarks, closing a distinguished chapter of service.

Pat Bell celebrates her retirement after 20 years of service

Al Bennett – 29 Years of Service

After 29 years of dedicated service, the Authority also celebrated the retirement of Al Bennett, who officially concluded his career on 30 September 2025. Al joined the organisation in 1996 as an Assistant Operator and went on to serve in several key roles, including Water Supply Gang Leader and Operator – Collection System, before spending his final years as Assistant Operator – Wastewater Collections. Known for his strong work ethic and steadfast commitment, Al chose a quiet farewell with close colleagues at the George Town Yacht Club—a fitting tribute for someone who contributed so much behind the scenes.

These retirements reflect the strength of the Water Authority's workforce and the deep loyalty of its people. We extend our sincere gratitude to Norbert, Pat, and Al for their decades of service and wish them all the very best in their well-earned retirements.

Al Bennett celebrates his retirement after 29 years of service

LEADERSHIP AND ORGANISATIONAL STRENGTHENING

Yolita Phillips took on the role of Chief HR Officer (Designate) in 2025.

Carlos Vargas took on the role of Chief Operations Engineer in 2025.

In November 2025, the Authority re-established a key leadership role with the appointment of Carlos Vargas to Chief Operations Engineer, overseeing the Operations Department. The position had been vacant since 2010, with the Authority's Deputy Director ably managing both the Engineering Services and Operations Department. This appointment strengthened organisational governance and leadership capacity across Water Supply, Wastewater, and Cayman Brac Operations, supporting long-term operational excellence.

In addition, Yolita Phillips took up the role of Chief Human Resources Officer (Designate) in September 2025. Mrs Phillips, who previously served as Human Resources Manager took up the leadership role following the retirement of Pat Bell – who led the department for 20 years.

CHAIRMAN'S AWARD RECIPIENT

Each year, the Chairman's Award is presented to an employee or team whose exemplary service reflects the highest standards of the Water Authority. Nominees are put forward by the Senior Management Team, with the final selection approved by the Chairman. The award represents one of the organisation's most distinguished honours.

In 2025, Kaled Giron was recognised for his exceptional technical leadership, versatility, and unwavering commitment to the Authority's success. Work that earned the recognition was his leadership in the Vista HCM implementation, which helped transition the Authority to its first integrated HRIS. Kaled also stepped up beyond his core duties, providing vital support for the Cogsdale and GP upgrades. He did this while earning his Master of Science in Cybersecurity from the University of South Florida.

Kaled Giron was named the 2025 Chairman's Award recipient.

ANNUAL STAFF MEETING

The Authority held its Annual Staff Meeting on 28 March, bringing employees together under the theme "Stronger Together with Every Drop." The theme highlighted the essential role each team member plays in fulfilling the Authority's mission and reinforced how collective effort strengthens the organisation as a whole.

The event featured a series of team-building activities designed to promote collaboration, communication, and unity across departments. During the meeting, staff were also recognised for their outstanding contributions in the areas of Innovation and Creativity, Streamlining and Efficiency, Project Leadership, Positive Impact, Performance Excellence, and Long Service.

Staff gathered together for the Annual Staff Meeting in late March

A panel of employees leading major internal and external projects provided updates on key initiatives, offering insight into the Authority's ongoing development efforts. The Director delivered remarks focused on enhancing employee engagement, underscoring the organisation's commitment to supporting and empowering its people.

WILDLIFE HEROISM

In early 2025, Water Authority staff working in East End demonstrated exceptional awareness and quick thinking when they discovered sea turtle hatchlings that had become misoriented by artificial lighting and wandered onto the road. The team carefully collected and released the hatchlings, helping many safely reach the ocean.

The Department of Environment later confirmed that the hatchlings came from a critically important hawksbill nest—only the fourth recorded on Grand Cayman during the 2025 nesting season and one of the largest ever documented in the Cayman Islands.

The Department of Environment publicly commended Water Authority team members Manuel Powery, Matthew Miller, and Ian Bennet Gomez for their swift response and dedication while working on a leak in East End.

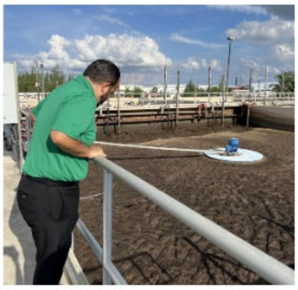
Their actions reflect the compassion, responsibility, and environmental stewardship that define our people and strengthen the Authority's commitment to protecting the natural heritage of the Cayman Islands.

A social media post the Department of Environment shared of the hatchlings saved by Water Authority staff

MINISTER TOURS WATER AUTHORITY

The Water Authority–Cayman hosted Hon Minister Nickolas DaCosta, JP, MP, and senior leaders from the Ministry of District Administration & Home Affairs for a comprehensive tour of major facilities across Grand Cayman. Led by Director Dr. Gelia Frederick-van Genderen, the delegation visited the East End Wellfield, Lower Valley, North Side and Red Gate Water Works, the Wastewater Treatment Plant, and Scott's Tarpon Springs Quarry. The tour offered an in-depth look at the Authority's operations, infrastructure investments, and long-term development priorities.

The visit provided the Ministry with valuable insight into the systems and expertise required to deliver safe, reliable water and wastewater services to Grand Cayman and Cayman Brac, with expansion to Little Cayman underway. It also highlighted the dedication of the Authority's frontline staff, whose work underpins the resilience and sustainability of the islands' water resources.



Minister DaCosta and Mnistry representative took part in a comprehensive tour of Water Authority facilities

Minister DaCosta, who has previously served both as an employee and board member of the Authority, underscored the importance of water security to national development and community well-being. The Ministry expressed its appreciation to Dr. Frederick-van Genderen and the entire Water Authority team for their professionalism, hospitality, and continued commitment to service excellence.

EDUCATIONAL OUTREACH AND ACHIEVEMENTS

SCHOLARSHIP RECIPIENTS

Three young Caymanians were awarded the Water Authority’s 2025 Annual Scholarship to pursue engineering studies in the United Kingdom: Hannah Robinson, Marco Lopez-Francis, and Liam Benson.

Hannah Robinson will complete a Master of Engineering at the University of Nottingham. A former Water Authority intern, she holds an associate degree from UCCI and a Bachelor of Science in General Engineering from the University of Leicester.

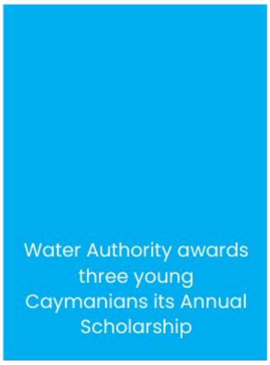
Marco Lopez-Francis will study Chemical Engineering at the University of Birmingham. A UCCI engineering graduate and former STEM Ambassador, he gained practical experience through the Authority’s 2024 Summer Internship Programme at the Wastewater Treatment Plant.

Liam Benson will pursue Mechanical Engineering at Queen’s University Belfast. A Cayman Prep & High School graduate, he previously captained the Cayman Islands National Robotics Team at the 2024 FIRST Global Challenge in Athens.

All three scholars share a strong interest in sustainability and the role of engineering in responsible water resource management.

The Authority’s scholarship—valued at up to CI$40,000—is awarded annually to a qualified Caymanian pursuing studies relevant to the organisation’s work.



SUMMER INTERNSHIP PROGRAMME

The summer season once again welcomed the return of interns to the Water Authority, with twenty-one students participating in the 2025 Summer Internship Programme. This initiative provides young people with meaningful, hands-on experience in a professional setting while introducing them to the diverse career paths available within the water and wastewater sector.

Interns were placed across a wide range of departments—including Finance, Customer Service, Water Resources & Quality Control, Information Systems, Operations, and Engineering—allowing them to gain practical exposure to the Authority's daily operations. As part of their learning experience, students toured the Red Gate facility, where they observed the reverse osmosis process and learned how the Authority delivers clean, reliable drinking water directly to customers' taps.

The programme also included a presentation on career opportunities within the Authority, giving interns the chance to engage directly with past scholarship recipients and the Director. Through these interactions, students gained valuable insight into the skills, training, and pathways that support long-term careers in the industry.

The Authority remains committed to fostering the next generation of professionals and supporting educational initiatives that strengthen the future workforce of the Cayman Islands.

Interns participated in a tour of the Water Authority's RO Plant

CAREERS FAIR

In 2025, the Water Authority continued its commitment to supporting student learning and career exploration by participating in several Career and Education Fairs across the Cayman Islands. These events provided students with valuable insight into the wide range of professions within the water and wastewater sector, as well as the educational pathways that support them. Throughout the year, the Authority engaged with students at: Layman E. Scott Sr. High School Career Fair, John Gray High School Career Fair, and Clifton Hunter High School Career Fair.

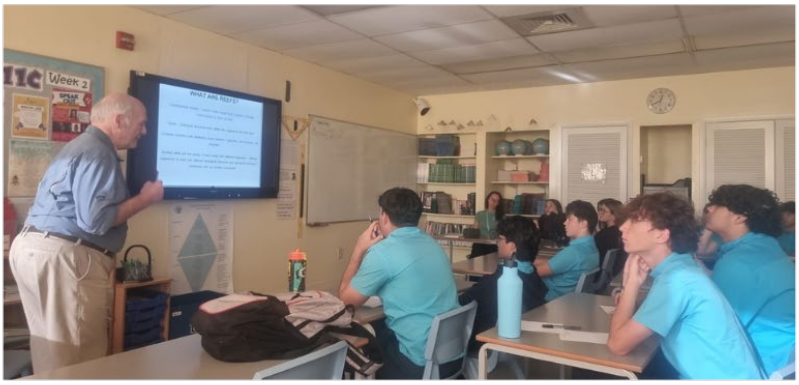
Through these outreach activities, the Authority helped inspire future talent and strengthen awareness of the essential work carried out within the industry.

Water Authority staff participated in several Career Fairs in 2025

GEOLOGY EDUCATION WEEK

For more than four decades, the Cayman Islands have benefited from the geological expertise of Dr Brian Jones, Professor Emeritus of Geology at the University of Alberta. His long-standing research partnership has supported the training of numerous graduate students and contributed to more than 100 scientific publications, providing valuable insights that continue to inform the work of the Water Authority, the Department of Environment, the National Trust, and the private sector.

In 2025, Dr Jones returned to the Cayman Islands to deliver geology lessons to high school students, sharing his deep knowledge of local geology and helping inspire the next generation of scientists. His visit formed part of the Authority's broader efforts to strengthen public understanding of the Islands' unique geological and hydrological systems.



Dr Jones hosts a lecture for high school students as part of Geology Week

As part of Geology Week, the Authority also expanded its library of educational resources by publishing several new videos, including a public lecture by Dr Jones and the annual professional development course he delivers for local educators. These new materials join an existing collection of high-school-focused videos covering coral reefs, the rock cycle, and plate tectonics—all available on the Authority's website.

Through these initiatives, the Water Authority continues to promote scientific literacy, support local educators, and provide accessible learning tools for students across the Cayman Islands.

TRAINING & PROFESSIONAL DEVELOPMENT

The Authority continued to invest in staff development through participation in local and international training opportunities. The Senior Engineering Manager–Operations attended the AWWA/WEF Utility Management Conference in Dallas, Texas, from 11–14 February, gaining valuable insights into best practices in utility leadership and operations.

Nickeah Esteban-Chantilope celebrates her successful completion of the CITY & Guilds ILM Leadership & Managment Programme.

Kaled Giron completes his Masters of Science in Cybersecurity Intelligence and Information Security for the Univeristy of South Florida

Customer Service Office Supervisor (CYB) Nickeah Esteban-Chantilope successfully completed the first stage of the CITY & Guilds ILM Aspire Leadership & Management Programme, hosted by the Cayman Islands Civil Service College in Cayman Brac. The programme identifies and develops high-potential future leaders, and Nickeah's achievement reflects her strong commitment to professional growth.

The Authority also celebrated the academic success of Kaled Giron, who graduated with a Master of Science in Cybersecurity Intelligence and Information Security from the University of South Florida in May 2025. Kaled first joined the Authority as the 2019 Water Authority–Cayman Scholarship recipient and later became a full-time member of the Information Systems Department. In addition to his degree, he earned the CySA+

certification, further strengthening the Authority’s cybersecurity capabilities. His accomplishments demonstrate the long-term value of the Authority’s scholarship and development programmes.

WATER AUTHORITY REPRESENTATION - LOCAL AND INTERNATIONAL

Water Authority staff members D’Vonte Joseph and Diarra Hoyte were appointed as the Cayman Islands’ newest Male CARICOM Youth Ambassadors. In this regional leadership role, they will advocate for and educate their peers on youth priorities identified by the Ministry of Youth, Sports & Heritage and the CARICOM Secretariat. Their participation in the CARICOM Youth Ambassador Programme strengthens regional collaboration and supports the development of emerging Caymanian leaders.

Water Authority staff members Diarra Hoyte and D’Vonte Joseph (second and third from the left) were appointed as the Cayman’s CARICOM Youth Ambassadors.

Water Authority Laboratory Technician Rickeem Lashley represented the Cayman Islands as a Sustainable Cayman ambassador at the United Nations Oceans Conference. In his day-to-day work at the Authority, Rickeem plays a key role in safeguarding the quality of the islands’ drinking water, and his participation on the global stage highlights the expertise and dedication within the Authority’s laboratory team.

Rickeem Lashley was featured on Compass News about his representation at the UN Oceans Conference

COMMUNITY OUTREACH

GIVING BACK TO THE COMMUNITY

The Water Authority Board's Sponsorship Assessment Sub-Committee approved a total of $80,000 in financial support for local charities, non-profit organisations, and community initiatives during the year. Beneficiaries included groups such as the Breast Cancer Foundation, Lions Club of Tropical Gardens, and the Alex Panton Foundation, reflecting the Authority's commitment to strengthening the communities it serves.

The Authority also continued its longstanding Annual "Project Angel Tree" initiative. Driven by staff generosity, "Project Angel Tree" is a holiday fundraising effort in which employees contributed $1,520 to support The Cayman Food Bank in 2025. The Water Authority Board matched this amount, bringing the total donation to $3,040 and further demonstrating the organisation's dedication to meaningful community engagement.

Water Authority supported the community through a variety of initiatives in 2025

The Water Authority–Cayman was proud to become a Corporate Partner of Special Olympics Cayman Islands (SOCI). This three-year partnership, which commenced in December 2025, reflects the Authority's commitment to supporting inclusive sports and empowering athletes with intellectual disabilities.

As a corporate partner, the Authority will contribute to SOCI's ongoing programmes and athlete development initiatives. A significant highlight of this partnership will be supporting Cayman's Special Olympics Team as they prepare to compete at the 2027 Special Olympics World Summer Games in Santiago, Chile.

This collaboration underscores the Authority's dedication to strengthening community wellbeing and championing opportunities for all.

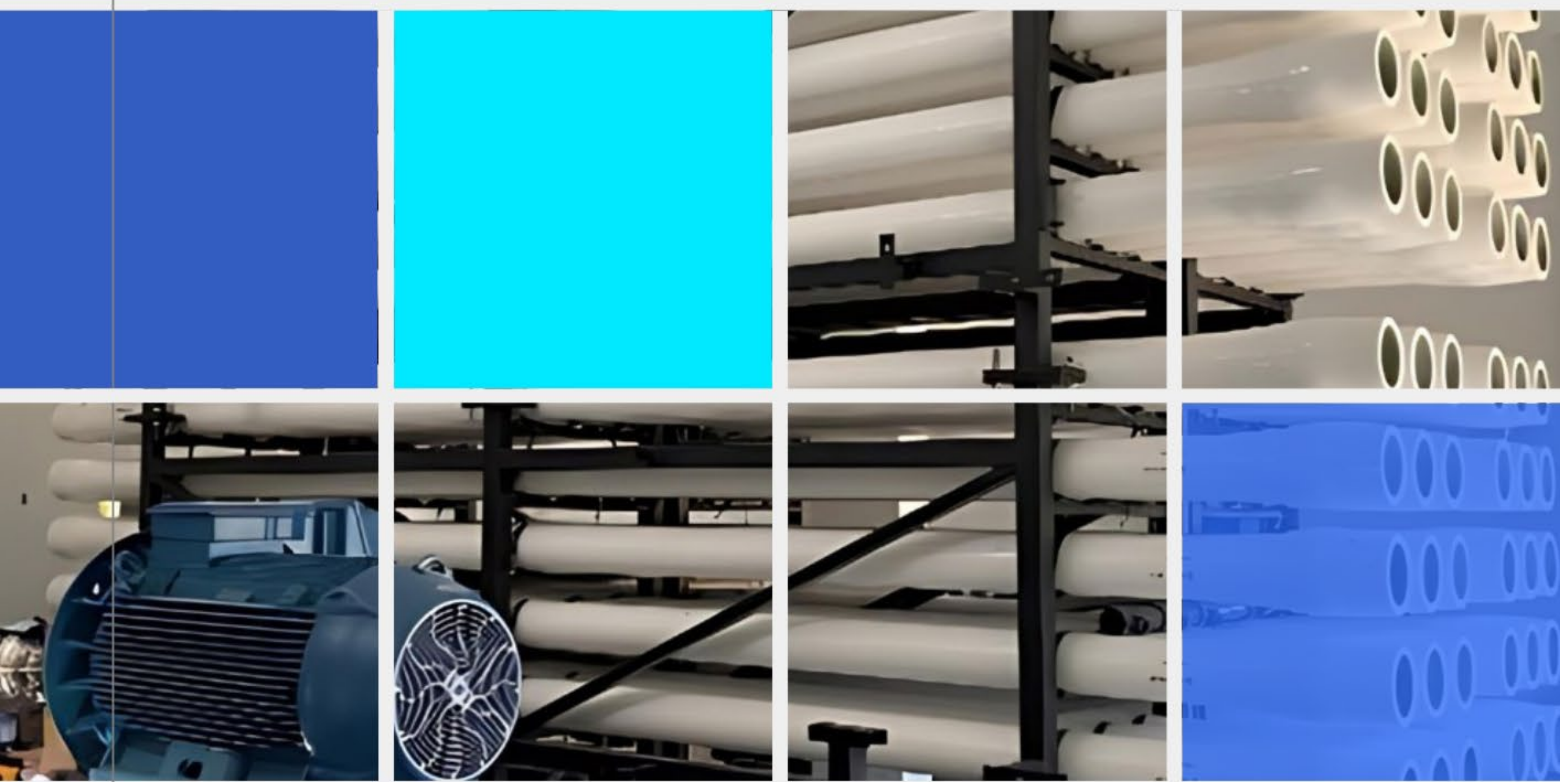
SOCIAL COMMITTEE

The Authority's Social Committee continued to foster a strong sense of community and staff engagement throughout 2025 by hosting a variety of events across the organisation. Activities included dress down days, ice cream day social, a Cayman Thanksgiving Potluck. These events provided opportunities for staff to connect, unwind, and celebrate together throughout the year.

The Social Committee was co-chaired by Wendy Whittaker (Secretary Engineering/Information Manager), Chelsea Hodgson (Operations Coordinator – B&E), with dedicated support from members, Hortencia Bent, Monique Duarte, Nickeah Esteban, Tara Robinson, Therisa Bush, Wade Evans, Yasmin James, Jake Kinkade and Shadai Burton.

The Authority's Social Committee facilited several events to connect staff

Financial Report



THE WATER AUTHORITY
OF THE CAYMAN ISLANDS

FINANCIAL STATEMENTS
31 December 2025

Table of Contents

Water Authority of the Cayman Islands
STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS
31 December 2025

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, statement of changes in shareholder's equity, and statement of cash flows as at and for the year ended 31 December 2025.

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 2025;

(b) fairly reflect the financial position as at 31 December 2025 and comprehensive income for the year ended 31 December 2025; 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 30/4/2026

Chairman
Water Authority of the Cayman Islands

Dr. Gelia Frederick-van Genderen 30/4/2026

Director
Waler 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 2025, and the related statements of comprehensive income, changes in shareholder's equity and cash flows for the year then ended, and the notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Water Authority as at 31 December 2025 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("ISAs"). 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 2025.

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.

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 ISAs 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.

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 (Continued)

As part of an audit in accordance with ISAs, 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.

Baker Tilly (Cayman) Ltd.
Grand Cayman, Cayman Islands
30 April 2026

Patrick Smith, CFE, CPA
Auditor General
30 April 2026

bakertilly

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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 2025
(Stated in Cayman Islands dollars)

	Note	31 December 2025	31 December 2024
Assets			
Non-current assets			
Property, plant and equipment	5	71,446,858	72,627,059
Total non-current assets		71,446,858	72,627,059
Current assets			
Cash and cash equivalents	14	8,021,637	11,314,229
Fixed deposits	14	62,908,061	52,123,735
Accounts receivable, net	3,14	4,269,883	4,165,198
Unbilled revenue	10,14	1,937,429	2,008,442
Inventory, net	4	285,479	193,508
Prepaid expenses		293,308	212,501
Total current assets		77,715,797	70,017,613
Total assets		CI$ 149,162,655	CI$ 142,644,672
Liabilities and shareholder's equity			
Liabilities			
Non-current liabilities			
Lease liability	11	35,484	45,265
Employee pension benefits, net	9(a)	1,078,000	1,127,000
Pension employee healthcare benefits, net	9(c)	6,237,000	5,639,000
Non-pension employee healthcare benefits, net–Aetna	9(d)	50,055,000	51,867,000
Total non-current liabilities		57,405,484	58,678,265
Current liabilities			
Lease liability	11	8,510	8,510
Accounts payable		2,522,355	2,713,212
Contract retention payable		15,659	1,007,879
Customer deposits	14	2,051,845	2,168,241
Total current liabilities		4,598,369	5,897,842
Total liabilities		62,003,853	64,576,107
Shareholder's equity			
Contributed capital	7	682,000	682,000
Retained earnings		86,476,802	77,386,565
Total shareholder's equity		87,158,802	78,068,565
Total liabilities and shareholder's equity		CI$ 149,162,655	CI$ 142,644,672

On behalf of the Board

DARREL RANKINE
Chairman
30/4/2026

Director

Bergman
Chief Finance Officer

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

Water Authority of the Cayman Islands
Statement of Comprehensive Income
For the Year Ended 31 December 2025
(Stated in Cayman Islands dollars)

	Note	31 December 2025	31 December 2024
Operating revenue			
Water sales	10	35,652,419	35,345,721
Sewerage fees	10	6,218,727	6,066,870
Agency work	10	114,740	197,533
Septage disposal	10	353,615	404,379
Connection and other fees	10	31,100	18,080
Total operating revenue	10	42,370,601	42,032,583
Operating expenses			
Water purchases and production		9,880,048	10,203,268
Salaries	12	4,622,185	4,211,822
Depreciation expense	5	3,686,700	3,886,927
Repairs and maintenance		2,781,911	3,819,106
Wages	12	1,841,697	1,720,861
Supplies		1,561,902	1,855,990
Electricity		1,512,110	1,590,426
Other expenses		313,278	382,100
Impairment of property, plant and equipment	5	43,943	19,167
Total operating expenses		26,243,774	27,689,667
Gross operating profit		16,126,827	14,342,916
Other income			
Royalties and statutory fees		2,139,873	2,028,990
Interest income		2,421,317	2,509,798
Other		184,593	267,048
Statutory licencing fees		6,958	14,565
Total other income		4,752,741	4,820,401
Net operating profit		CI$ 20,879,568	CI$ 19,163,317

(continued)

Water Authority of the Cayman Islands
Statement of Comprehensive Income (continued)
For the Year Ended 31 December 2025
(Stated in Cayman Islands dollars)

	Note	31 December 2025	31 December 2024
Administration expenses			
Defined benefit pension cost	9(a)	(21,000)	(6,000)
Pension employee healthcare benefits cost	9(c)	309,000	363,000
Non-pension employee healthcare benefits cost–Aetna	9(d)	5,555,000	5,994,000
Staff training and other staff costs	12	4,976,336	4,676,427
Salaries	8,12	3,299,071	2,980,427
Insurance		1,351,224	1,230,305
Other expenses	8	725,082	811,837
Telephone and utilities		556,373	592,497
Information systems		930,743	925,908
Repairs and maintenance		306,950	168,832
Legal and professional fees		228,270	244,597
Depreciation expense	5	113,995	113,324
Licenses and dues		127,255	145,385
Office and lab supplies		92,270	57,342
Office rental		92,208	97,327
Bad debt expense		-	20,300
Total administration expenses		18,642,777	18,415,508
Finance costs			
Land lease interest expense		2,554	2,998
Net profit for the year		2,234,237	744,811
Other comprehensive income/(loss)			
Remeasurements of defined benefit pension plan	9(a)	28,000	359,000
Remeasurements of pension employee healthcare plan	9(c)	(289,000)	566,000
Remeasurements of non-pension employee healthcare plan – Aetna	9(d)	7,367,000	7,910,000
		7,106,000	8,835,000
Comprehensive income for the year		CI$ 9,340,237	CI$ 9,579,811

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 2025
(Stated in Cayman Islands dollars)

	Note	31 December 2025	31 December 2024
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		77,386,565	68,056,754
Net profit for the year		2,234,237	744,811
Other comprehensive income for the year		7,106,000	8,835,000
Dividend to Government	8,13	(250,000)	(250,000)
Balance at end of year		86,476,802	77,386,565
Total shareholder's equity		CI$ 87,158,802	CI$ 78,068,565

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 2025
(Stated in Cayman Islands dollars)

	Note	31 December 2025	31 December 2024
Cash flows from operating activities			
Net profit for the year		2,234,237	744,811
Adjustments to reconcile net income for the year to net cash generated by operating activities:			
Depreciation expense	5	3,800,695	4,000,251
Impairment of property, plant and equipment	5	43,943	19,167
Interest income		(2,421,317)	(2,509,798)
Defined benefit pension cost		(21,000)	(6,000)
Pension employee healthcare benefits cost		309,000	363,000
Non-pension employee healthcare benefits cost		5,555,000	5,994,000
Add/(deduct) net changes in non-cash operating balances:			
Accounts receivable, net		(104,685)	583,460
Unbilled revenue		71,013	(23,936)
Inventory, net		(91,971)	131,746
Prepaid expenses		(80,807)	286,308
Accounts payable		(190,857)	550,450
Contract retention payable		(992,220)	884,649
Customer deposits		(116,396)	312,458
Net cash generated by operating activities		7,994,635	11,330,566
Cash flows from investing activities			
Property, plant and equipment purchased	5	(3,574,885)	(13,705,518)
Property, plant and equipment disposed	5	910,448	1,346,306
Net redemption/(purchase) of fixed deposits		(10,788,235)	352,898
Interest income received		2,425,226	2,138,426
Net cash used in investing activities		(11,027,446)	(9,867,888)
Cash flows from financing activities			
Payment of lease liabilities		(9,781)	(9,337)
Dividend to Government	8,13	(250,000)	(250,000)
Net cash used in financing activities		(259,781)	(259,337)
Net (decrease)/ increase in cash and cash equivalents during year		(3,292,592)	1,203,341
Cash and cash equivalents at beginning of year		11,314,229	10,110,888
Cash and cash equivalents at end of year		CI$ 8,021,637	CI$ 11,314,229

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

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 2025, the Water Authority had 164 employees (2024: 154 employees). The Water Authority is located at 13G Red Gate Road, P.O. Box 1104, KY1-1102, George Town, Grand Cayman, Cayman Islands.

2. Material Accounting Policies

(a) Statement of compliance

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

The financial statements were authorised for issue by the Water Authority's Board of Members on 30 April 2026.

(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 profit, total assets, total liabilities or equity.

(c) Functional and presentation currency

These financials are presented in Cayman Islands dollars (CI$), 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:

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.

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.

(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 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 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.

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.

(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 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. The financial assets of the Water Authority are classified at amortised cost, initially recognized at fair value and subsequently measured using the effective interest method, net of any impairment losses.

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.

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.

(ii) Financial liabilities

The Water Authority classifies its financial liabilities at amortised cost, initially recognized at fair value and subsequently using the effective interest method. 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.

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.

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 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.

3. Accounts receivable, net

Lifetime expected credit losses have been calculated using sales invoices billed between 1 January 2025 and 31 December 2025 and the actual cash collection dates of these invoices to determine a historical collection profile by aging category.

		31 December 2025		31 December 2024
Trade receivables		4,596,430		4,784,154
Other receivables		397,045		554,609
Allowance for doubtful accounts		(723,592)		(1,173,565)
	CI$	4,269,883	CI$	4,165,198

There was a reduction of $449,973 (2024: $Nil) in the allowance for impairment in respect of accounts receivable during the year ended 31 December 2025 due to write-offs applied against the allowance for doubtful debts.

4. Inventory, net

		31 December 2025		31 December 2024
Consumables		180,405		80,211
Water inventory		111,224		119,447
Provision for obsolete inventory		(6,150)		(6,150)
	CI$	285,479	CI$	193,508

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 2025 and 2024.

		31 December 2025		31 December 2024
1. Cayman Brac – Site Preparation		546,287		546,287
2. Cayman Brac – Distribution Extension		209,000		185,000
3. Grand Cayman – AMI Pilot Program		100,216		-
4. Grand Cayman – Distribution Extension		39,024		-
5. Little Cayman – Site Development		2,603		2,603
	CI$	897,130	CI$	733,890

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
Notes to the Financial Statements
For the Year Ended 31 December 2025
(Stated in Cayman Islands Dollars)

5. Property, plant and equipment (continued)

31 December 2025

	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	98,477,199	32,067,522	10,388,472	733,890	103,818	2,719,451	154,142,662
Additions	-	-	-	70,550	214,364	2,389,243	-	900,728	3,574,885
Impairment	-	-	(126,462)	-	-	-	-	-	(126,462)
Disposals	-	-	-	-	-	-	-	(910,448)	(910,448)
Transfers between fixed assets	-	-	2,226,003	-	-	(2,226,003)	-	-	-
Balance at end of year CI$	4,001,599	5,650,711	100,576,740	32,138,072	10,602,836	897,130	103,818	2,709,731	156,680,637
Accumulated Depreciation									
Balance at beginning of year	-	2,282,522	50,124,324	19,962,176	9,089,927	-	56,654	-	81,515,603
Depreciation expense	-	113,014	2,801,931	525,991	350,320		9,439	-	3,800,695
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	(82,519)	-	-	-	-	-	(82,519)
Balance at end of year CI$	-	2,395,536	52,843,736	20,488,167	9,440,247	-	66,093	-	85,233,779
Net Book Value at 31 December 2025 CI$	4,001,599	3,255,175	47,733,004	11,649,905	1,162,589	897,130	37,725	2,709,731	71,446,858

During the year ended 31 December 2025, the Water Authority identified projects to be upgraded which resulted in a net impairment loss of the original assets of CI$43,943 (2024: CI$19,167) that was recorded against plant and equipment assets in the water supply and sewage categories. The total cost of the refurbishments and replacement was CI$277,506 (2024: CI$145,071).

5. Property, plant and equipment (continued)

31 December 2024

	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 CI$	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 CI$	-	2,282,522	50,124,324	19,962,176	9,089,927	-	56,654	-	81,515,603
Net Book Value at 31 December 2024 CI$	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

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 (2024: CI$416,000). At 31 December 2025, CI$ Nil (2024: 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$40,224 (2024: CI$44,413) relating to their services rendered during the year ended 31 December 2025. These balances are presented in other expenses under administration expenses on the statement of comprehensive income. The following transactions occurred during the year between the Water Authority and the Government of the Cayman Islands.

1. The Water Authority paid a dividend to the Government in the amount of CI$250,000 (2024: CI$250,000), see Note 13.
2. The remuneration of directors and other members of key management personnel for the year ended 31 December 2025 was CI$1,437,888 (2024: CI$1,318,558), which is included in salaries under operating and administrative expenses in the statement of comprehensive income. This amount entirely pertains to short-term employee benefits, namely salary, medical insurance and pension contributions. Included in this figure are pension contributions of CI$138,838 (2024: CI$127,030) included in staff training and benefits salaries under administrative expenses in the statement of comprehensive income. No loans were issued to key management personnel during the year (2024: CI$Nil). There were 8 personnel in 2025 considered key management personnel and these were categorised as 7 key management personnel and 1 Director (2024: 6 key management personnel and 1 Director).

During the years ended 31 December 2025 and 2024, 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.

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 (2024: 1). Pension contributions for eligible employees of the Water Authority are paid to the Fund. The Fund is operated as a multi-employer Fund, except that surpluses or deficits related to the Water Authority's plan are not available to offset or be set off against other plan participants' deficits or surpluses.

The Water Authority expects to pay CI$83,000 in employer contributions to the Plan for the year commencing 1 January 2026.

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 April 2026 using data as at 31 December 2025. 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 2025.

The actuarial position is as follows:

	31 December 2025 CI$000's	31 December 2024 CI$000's
Defined benefit obligation	(2,427)	(2,204)
Fair value of plan assets	1,349	1,077
Net liability at end of year	(1,078)	(1,127)

The present value of the funded obligation changes as follows:

	31 December 2025 CI$000's	31 December 2024 CI$000's
Defined benefit obligation at beginning of year	2,204	2,806
Current service cost	11	27
Interest expense	120	142
Plan participant contributions	5	6
Benefit payments from plan assets	(134)	-
Transfer between other participating employers	118	(529)
Remeasurements	103	(248)
Defined benefit obligation at end of year	2,427	2,204

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 2025 CI$000's	31 December 2024 CI$000's
Fair value of plan at beginning of year	1,077	1,314
Interest income	61	70
Employer contributions	91	105
Plan participant contributions	5	6
Benefit payment from plan assets	(134)	-
Transfer between other participating employers	118	(529)
Adjustment of prior years' cash flows allocations	-	-
Remeasurements	131	111
Fair value of plan at end of year	1,349	1,077

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

	31 December 2025 CI$000's	31 December 2024 CI$000's
Current service cost, net of employee contributions	11	27
Net interest cost	59	72
Total defined benefit cost	70	99
Employer contributions recognised in administrative expenses	(91)	(105)
Adjustment of prior years' cash flow allocations	-	-
Net defined benefit cost	(21)	(6)

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

	31 December 2025 CI$000's	31 December 2024 CI$000's
Effect of changes in demographic assumptions	-	-
Effect of changes in financial assumptions	83	(228)
Effect of experience adjustments	20	(0)
Return on plan assets (excluding interest income)	(131)	(111)
Remeasurements	(28)	(359)

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

	31 December 2025	31 December 2024
Equity securities	67%	78%
Debt securities	24%	18%
Infrastructure funds	4%	3%
Cash	1%	1%

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 2025	31 December 2024
Discount rate	5.65%	5.75%
Salary increase	2.50% - 6.50%*	3.00% - 5.00%*
Price inflation rate	2.20% - 3.10%*	2.20% - 2.90%*
Future pension increases	2.20% - 3.10%*	2.20% - 2.90%*

* A range of rates exist as different rates have been applied to 2026, 2027 (2024: 2025, 2026, 2027) 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): 29.02 years (2024: 28.87 years)
   - Retiring in 25 years (at age 57): 31.13 years (2024: 31 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 2025 and 2024 to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation 2025		
	Change in assumption	Increase in assumption CI$000's	Decrease in assumption CI$000's
Discount rate	0.25%	(82)	87
Inflation rate	0.25%	65	(62)
Mortality	10%	(44)	49

9. Employee Benefits (continued)

a) Defined Benefit Pension Plan (continued)

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

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 years ended 31 December 2025 and 2024, the Water Authority paid 12% and its employees paid 0% of salary contributions to the defined contribution pension plan. The total employees enrolled in the defined contribution pension plan is 154 (2024: 151).

The total amount recognised as employer contributions to the defined contribution pension plan for the year ended 31 December 2025 was CI$1,337,156 (2024: CI$1,256,184). 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 8 (2024: 9), 7 of the 8 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 CI$179,000 in contributions to the Plan in the year commencing 1 January 2026.

The most recent actuarial valuation for IAS 19 reporting was conducted in April 2026 using data as at 31 December 2025. 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 2025.

9. Employee Benefits (continued)

c) Pension Employee Defined Benefit Healthcare Plan (continued)

The actuarial position is as follows:

	31 December 2025 CI$000's	**31 December 2024 CI$000's**
Pension employee healthcare benefits obligation	(6,237)	(5,639)
Fair value of plan assets	-	-
Net liability at end of year	(6,237)	(5,639)

The present value of the funded obligation changes as follows:

	31 December 2025 CI$000's	**31 December 2024 CI$000's**
Pension employee healthcare benefits at beginning of year	5,639	5,842
Current service cost	58	66
Interest expense	311	297
Benefit payments from employer	(60)	-
Remeasurements	289	(566)
Pension employee healthcare benefits at end of year	6,237	5,639

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

	31 December 2025 CI$000's	**31 December 2024 CI$000's**
Current service cost, net of employee contributions	58	66
Net interest cost	311	297
Total pension employee healthcare benefits	369	363
Employer contributions recognized in administrative expenses	(60)	-
Net pension employee healthcare benefits cost	309	363

The remeasurements included in other comprehensive income are as follows:

	31 December 2025 CI$000's	**31 December 2024 CI$000's**
Effect of changes in demographic assumptions	(642)	-
Effect of changes in financial assumptions	1,275	(494)
Effect of experience adjustments	(344)	(72)
Remeasurements	289	(566)

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 2025	**31 December 2024**
Discount rate for obligation	5.85%	5.80%
Healthcare cost trend rate	7.22%	5.15%
Medical inflation rate	5.80%	5.15%

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 2025 and 2024 to changes in the weighted principal assumptions is:

		Impact on defined benefit obligation 2025	
	Change in assumption	Increase in assumption CI$000's	Decrease in assumption CI$000's
Discount rate	0.25%	(220)	232
Healthcare cost trend rate	1%	1,105	(896)
Mortality	10%	(222)	Not applicable

		Impact on defined benefit obligation 2024	
	Change in assumption	Increase in assumption CI$000's	Decrease in assumption CI$000's
Discount rate	0.25%	(189)	199
Healthcare cost trend rate	1%	899	(737)
Mortality	10%	(207)	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.

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 (2024: 146). The most recent actuarial valuation for IAS 19 reporting was conducted in April 2026 using data as at 31 December 2025. 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 2025.

The Water Authority expects to pay CI$819,000 in contributions to the Plan in the year commencing 1 January 2026.

The actuarial position is as follows:

	31 December 2025 CI$000's	31 December 2024 CI$000's
Non-pension employee healthcare benefits obligation	(50,055)	(51,867)
Fair value of plan assets	-	-
Net liability in financial position at end of year	(50,055)	(51,867)

The present value of the funded obligation changes as follows:

	31 December 2025 CI$000's	31 December 2024 CI$000's
Non-pension employee healthcare benefits obligation at beginning of year	51,867	53,783
Past service cost	-	-
Current service cost, net of employee contributions	2,825	3,428
Employer direct benefit payments	(157)	(189)
Interest expense	2,887	2,755
Remeasurements	(7,367)	(7,910)
Non-pension employee healthcare benefits at end of year	50,055	51,867

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 2025 CI$000's	31 December 2024 CI$000's
Past service cost	-	-
Current service cost, net of employee contributions	2,825	3,428
Net interest cost	2,887	2,755
Total non-pension employee healthcare benefits cost	5,712	6,183
Employer direct benefit payments	(157)	(189)
Net non-pension employee healthcare benefits cost	5,555	5,994

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

	31 December 2025 CI$000's	31 December 2024 CI$000's
Effect of changes in demographic assumptions	(20,601)	-
Effect of changes in financial assumptions	14,151	(5,284)
Effect of experience adjustments	(917)	(2,626)
Remeasurements	(7,367)	(7,910)

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 2025	31 December 2024
Discount rate for obligation	5.85%	5.80%
Healthcare cost trend rate	7.22%	5.15%
Medical inflation rate	5.80%	5.15%

C. Other assumptions:

1. Mortality – standard U.S. mortality rates
2. Retirement age and termination rates – The probability of an employee staying with the Water Authority is applicable to for the year ending 31 December 2025.

	Termination Rate	
Age	Male	Female
20-24	7.5%	12.5%
25-29	5.0%	12.5%
30-34	3.5%	7.5%
35-39	2.5%	4.5%
40-44	1.5%	2.5%
45-49	0.5%	0.5%
50+	0.0%	0.0%

9. Employee Benefits (continued)

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

C. Other assumptions:

	Retirement Rate
Age	Rate
<55	0.0%
55-59	8.0%
60-64	15.0%
65+	100%

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 year ending 31 December 2024.

	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%

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

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

The sensitivity of the defined benefit obligation at 31 December 2025 and 2024 to changes in the weighted principal assumptions is:

		Impact on defined benefit obligation 2025	
	Change in assumption	Increase in assumption CI$000's	Decrease in assumption CI$000's
Discount rate	0.25%	(2,181)	2,317
Healthcare cost trend rate	1%	11,536	(9,053)
Mortality	10%	(1,619)	Not applicable

		Impact on defined benefit obligation 2024	
	Change in assumption	Increase in assumption CI$000's	Decrease in assumption CI$000's
Discount rate	0.25%	(2,244)	2,384
Healthcare cost trend rate	1%	11,415	(9,003)
Mortality	10%	(1,640)	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.

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 2025	31 December 2024	Type of contract	Timing of transfer
Water Sales	CI$	35,652,419	35,345,721	Fixed fee	Point in time
Sewerage fees		6,218,727	6,066,870	Fixed fee	Point in time
Septage disposal		353,615	404,379	Fixed fee	Point in time
Connection and other fees		31,100	18,080	Fixed fee	Point in time
Agency work		114,740	197,533	Fixed fee	Point in time
Total	CI$	42,370,601	42,032,583		

(i) Contract balances

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

		31 December 2025	31 December 2024
Contract assets:			
Unbilled revenue	CI$	1,937,429	2,008,442

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 2025	31 December 2024
Unbilled revenue at the beginning of the year	CI$	2,008,442	1,984,506
Transfers from unbilled revenue recognised at the beginning of the year to receivables		(2,008,442)	(1,984,506)
Increases as a result of services performed but not yet billed		1,937,429	2,008,442
Unbilled revenue at the end of the year	CI$	1,937,429	2,008,442

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:

		31 December 2025		31 December 2024
Within one year		12,335		12,335
After one year but not more than five years		37,005		49,340
After more than five years		-		-
Total undiscounted lease liabilities at 31 December	CI$	49,340	CI$	61,675
Lease liabilities included in the statement of financial position at 31 December				
Current		8,510		8,510
Non-current		35,484		45,265
Total lease liabilities	CI$	43,994	CI$	53,775

12. Salaries, wages, and staff training and other staff costs

Other training and benefit costs in the statement of comprehensive income includes the following:

		31 December 2025		31 December 2024
Included in operating expenses:				
Salaries		4,622,185		4,211,822
Wages		1,841,697		1,720,861
		6,463,882		5,932,683
Included in administration expenses				
Salaries		3,299,071		3,299,071
Staff training and other expense				
Employee health insurance		2,805,932		2,626,624
Employee pension expense		1,337,156		1,256,184
Other staff training and costs		833,248		793,619
		8,275,407		7,975,498
	CI$	14,739,289	CI$	13,908,181

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 2025 financial year will be set at 0% (2024: 0%) and that no capital charge will be payable for 2025 (2024: $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 2025.

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 2025, the Water Authority paid a dividend of $250,000 (2024: $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 CI$2,051,845 (2024: CI$2,168,241).

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:

14. Financial risk management objectives and policies (continued)

	31 December 2025	31 December 2024
Cash and cash equivalent	8,021,637	11,314,229
Trade receivables (Note 3)	4,596,430	4,784,154
Unbilled revenue	1,937,429	2,008,442
Other receivables (Note 3)	397,045	554,609
Fixed deposits	62,908,061	52,123,735
	CI$ 77,860,602	CI$ 70,785,169

The expected loss rates are based on the collection profile for revenue generated over the past 12 months before 31 December 2025 and 1 January 2025 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 2025, an allowance for doubtful receivables of CI$723,592 has been made against accounts receivable (2024: CI$1,173,565). The ageing of trade and other receivables at 31 December 2025 is as follows:

	31 December 2025	31 December 2024
Current	2,152,863	2,009,433
Between 30 days and 60 days	824,784	781,863
Between 60 days and 90 days	257,779	264,588
Greater than 90 days	1,361,004	1,728,270
	CI$ 4,596,430	CI$ 4,784,154

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 2025 and 2024, 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.

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. 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 30 April 2026, which is the date that the financial statements were approved and available to be issued. There were no subsequent events which required disclosure.

Water Authority - Cayman

"Suppliers of the World's Most Popular Drink"

The Water Authority is a statutory authority that falls under the portfolio of the Ministry of District Administration & Home Affairs

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.

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