



2022

Annual Report for National Roads Authority



For the 2022 Financial Year
(Jan 1, 2022 to Dec 31, 2022)



National Roads Authority

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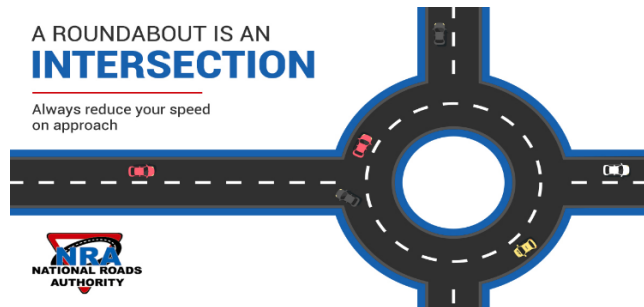
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A ROUNDABOUT IS AN
INTERSECTION

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Section 1 – Foreword

This annual report is for the National Roads Authority of the Cayman Islands ('The NRA'). The report outlines the NRA's performance during the **2022** fiscal year and compares it to the budgeted performance for the corresponding period.

The requirement for an annual report is prescribed under Section 52 of the Public Management and Finance Act (2021 Revision) (PMFA) Section 52 states:

In respect of each financial year, each statutory authority or government company shall within two months after the end of each financial year:

- a) *prepare an annual report for the year, and*
- b) *submit the report to the Auditor General for review.*

An **annual report** shall:

- a) state details of the entity's activities during the year
- b) summarize the extent to which the ownership performance targets under the relevant ownership agreement were achieved during the year;
- c) include the amount of the following during the year:
 - (i) Cabinet equity investments into the entity,
 - (ii) Cabinet capital withdrawals from the entity,
 - (iii) Cabinet loans to the entity, and
 - (iv) The entity's dividends or profit distributions.
- d) Include details of any Cabinet guarantees relating to entity made during the year;

- e) Include details of any Cabinet guarantees relating to entity made during the year;
- f) Compare the actual performance shown by the financial statements with the performance proposed in the relevant ownership agreement.

Financial statements shall be prepared on a basis consistent with the forecast financial statements in the relevant ownership agreement

This annual report complies with the requirements of the PMFA and covers service delivery, financial performance, and governance.

The service delivery section outlines the contributions made by the NRA in furtherance of the Government's strategic policy goals. It also provides commentary which explains material variances in performance when compared to budget.

The financial performance section shows the financial resources the NRA was afforded in the 2022 budget and the inputs purchased to provide services.

The financial performance is presented in the form of financial statements prepared in accordance with the Public Sector Accounting Standards (IPSAS) and the

supporting notes to those financial statements.

The report also includes a section on Governance which outlines the NRA's efforts in the areas of risk management, and compliance with various statutory requirements.



Linford Pierson Highway/Bobby Thompson Way Roundabout taking shape

Message from the Minister

The NRA plays an integral role in this administration's goal to build modern smart infrastructure. I am therefore pleased to present this 2022 annual report which outlines the Authority's achievements during the year; and provide an account for its use of public funds.

The Government has galvanized its commitment to continued investment in improving Grand Cayman roads as is reflected in the CIG's 2022-2024 Strategic Policy Statement.

Infrastructure investments which facilitate trade and interconnectivity are a key component of a thriving economy; indeed, the role of the road network as the backbone of commerce is more evident in the Cayman Islands than in many other countries.

Our roads connect our children to schools; workers to their jobs; and efficiently moves goods and services across the Island. It facilitates our power, water and telecommunication infrastructures while providing hundreds of jobs through its continual maintenance and expansion.

Through road infrastructure investment, opportunities are created for new communities, economic development, a more efficient workforce and a greater sense of well-being among the Islands' population. The road network is the single largest, and



most valuable man-made asset owned by the people of the Cayman Islands.

It therefore gives me great comfort to have a team of highly skilled, committed and capable individuals at the helm managing this important asset and delivering this important work.

Through our policy framework, the Government will continue to support the creation of modern, smart infrastructure as a key to future growth and prosperity.

Yours sincerely,

Hon. Johany (Jay) Ebanks, MP
Minister for Planning, Agriculture, Housing
& Infrastructure

Message from the Chairman

This annual report outlines the NRA's performance in 2022 in relation to the required outputs highlighted in the Ownership Agreement with Cabinet. This report is completed under my first full year as Chairman of the Board. The Board's main focus during the period was to ensure stability, focus, and direction as the organization delivered on its legislative mandate while supporting the Government's policy outcome goals.

I am particularly proud to have been apart of the Board that was able to kickstart preliminaries associated with the development of the environmental impact assessment (EIA) terms of reference for the expansion of the East-West Arterial corridor from Newlands to Frank Sound.

We firmly endorse the NRA's proactive strategy for the management of the road network. The development of a 3-year roads development programme stipulated by the NRA Act ensures that the NRA makes sound strategic planning and investments in projects that will ensure sustainable development in these islands for decades to come.

Another area that the Board is intently focused on is the maintenance programme for the road network. As we build more roads we inevitably have more to maintain. The Board is elated that the NRA already has a fully developed pavement management system that catalogues and forecasts future



maintenance requirements both time-wise and budget-wise.

The pavement management system is most effective in helping Government to reduce future road maintenance costs by proactively forecasting repair needs and recommending repair strategies or countermeasures for key sections of the network before they reach the point of critical failure.

The Board is grateful to our private sector partners and to the management and staff of the NRA for the excellent work carried out in 2022 which made possible the achievements highlighted in this report.

We would also like to recognize the support of the Government in providing the policy framework and resources necessary to do our work. The Board remains committed to the continued development of the NRA, and reaffirm its support for the organization and its efforts to deliver the best transportation infrastructure to the people of the Cayman Islands.

Alric Lindsay
Chairman, NRA Board of Directors

Message from the Managing Director

I am pleased to present the National Roads Authority (NRA) Annual Report 2022. I would also like to thank the Board and Minister for the continued confidence entrusted in me to lead the Authority during this fiscal year.

This report highlights the NRA's accomplishments via the NRA Act (2016 Revision) as well as the goals and priorities set by the Board and Cabinet via the Ownership Agreement.

Roads contribute greatly to the economic stability of the country by mobility and access providing both access and mobility options. In short, roads allow the movement of people, goods and services.

NRA's continued success in this endeavor is largely dependent on the Authority being adequately funded both in the area of new capital development projects (via Cabinet) but also in the area of recurrent revenue (via the Road Fund). In recent times the current recurrent revenue levels received from the Road Fund has proven to be inadequate to fund the Authority's Operations. With the NRA's road fund revenue being capped, the Authority has had to rely more heavily on the Ministry of Infrastructure to fund a large part of its routine maintenance operations. Adequate funding of the NRA Operations is paramount to ensuring its continued success.

The pace of land development and the growth in vehicles now has the Island at a critical decision phase; there has never been a more critical time than now for the Government to develop a sustainable long range ground transportation plan that offers multi-pronged solutions to the ground transportation needs of this country for decades to come.



Safer Roads by Design has become a major focus of the NRA. We have taken advantage of our partnership with the International Road Federation (IRF) and increased our involvements with public and private stakeholders in highlighting the Five E's of Road Safety; Engineering, Education, Enforcement, Emergency Response, and Evaluation (Monitoring).

Traffic Congestion continues to be a hot button issue for the residents of Grand Cayman, and we are pleased to have been able to complete screening, scoping, and terms of reference reports that set the groundwork for a comprehensive environmental impact assessment for planned 8-mile corridor expansion from Newlands to Frank Sound. The EIA is a systematic investigation of both positive and negative impacts the road expansion may have on the physical, biological and socioeconomic environments.

We intend to focus more acutely on customer satisfaction by optimizing the experience of their daily travel on the road network. As we deliver on these commitments, we will keep all vested parties engaged by increasing our communication with our stakeholders and providing more information to the motoring public on our plans, and progress towards improvement of the road network.

Edward Howard
Managing Director

Section 2 - Nature and Scope of Activities

The NRA's primary function is the provision of a safe and efficient network of public roads. It has overall responsibility for the planning, construction, and maintenance of public roads. In addition, the NRA has a number of specific functions under the National Roads Authority Act 2004, including:

- Provision of medium to long term plans for road development referred to as a National Roads Plan to be updated every four years.
- Implementation of a management system for planning, organizing, directing and controlling routine and periodic maintenance activities performed by employees of the Authority or through independent contractors.
- Carrying out of construction improvements and maintenance works on national roads.
- Carrying out necessary engineering, traffic, and economic studies that it may consider necessary for the maintenance and improvement of public roads.
- Training, research, or testing activities in relation to any of its functions.
- Additionally, the National Roads Authority provides support services to:
 - Public Works Department to enable that Department to provide an appropriate response to Hurricanes and other national emergencies, and
 - Planning Department for the review of planning applications involving storm water and road related matters and site inspections of constructed projects.

Mission of the National Roads Authority

To provide sustainable transport and promote land development in the Cayman Islands for all stakeholders while having regard to the delivery of the Roads element of the National Development Plan.

Vision of the National Roads Authority

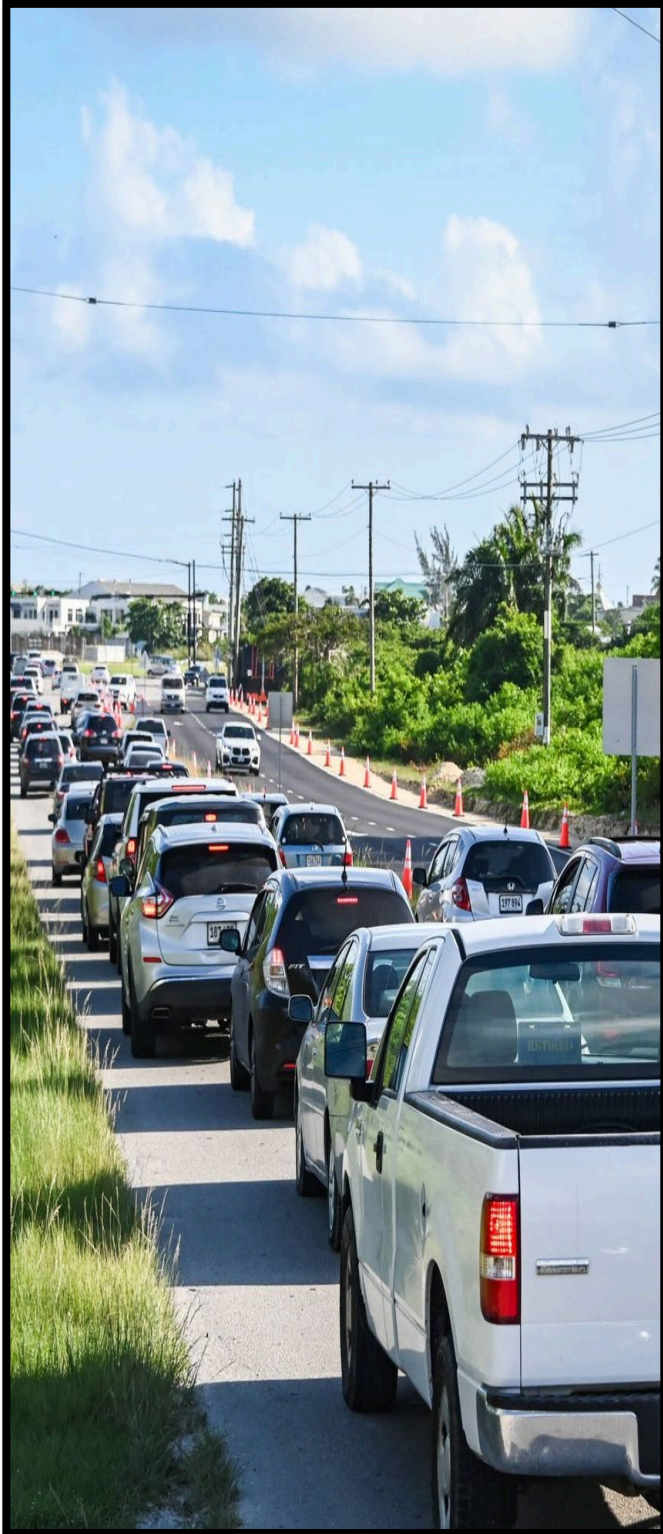
Commitment to our mission will enhance the quality of life, promote economic prosperity, and improve access and mobility for all residents and visitors of the Cayman Islands. We will be a recognized leader in the Caribbean for providing high quality roads and transport related infrastructure.

Customers and Location of Activities

Road users are the primary customers of the National Roads Authority. Income is generated by providing engineering, construction, and maintenance services for fund-holding Government Agencies, approved private sector clients, and any other entity that the Authority agrees to provide services to. Services are provided only in the Cayman Islands.

Compliance during the Year

The NRA operated in general compliance with the Nature scope of activities specified in in the Ownership Agreement for the year.



2022 Significant Events

- Work begins on the long-awaited lane expansion of Linford Pierson Highway
- Cabinet approves an increase in NRA’s Road Fund Revenue from \$10M to \$14M
- Cardinall Avenue pedestrian mall is implemented as part of the GT Revitalization Plan
- Ongoing Work on Capital Projects: Airport Connector Road; Godfrey Nixon Way; Hurley Merren Blvd, etc
- NRA releases a 3-year Strategic Operations Plan
- EIA Terms of Reference completed in December 2022 laying the groundwork for the start of an EIA in 2023

Section 3 - Strategic Goals and Objectives

3.1 Approved Strategic Goals and Objectives

The key strategic goals and objectives for The National Roads Authority for the 2022 financial year as stated in the Ownership Agreement were as follows:

1. Continue establishment of the Authority, develop and implement effective administrative, financial and information management systems,
2. Identify and seek approval for strategies for financing future road development,
3. Continue the Traffic Improvement and Roads Development Programmes.

3.2 Compliance with Strategic Goals and Objectives

During the fiscal year 2022 the NRA though impacted by the worldwide COVID pandemic, and the impacts to the global supply chain, was able to complete a respectable number of maintenance and new capital endured a nearly three (3) month suspension of both maintenance and new capital works in 2022. The NRA complied with the above approved strategic goals and objectives with the completion of upgrades to the Grand Harbour Roundabout in Red Bay, the stormwater element of phase 1 of the Airport Connector Road, and substantial completion of widening on the Linford Pierson Hwy, and Godfrey Nixon Way. In addition to these projects the NRA carried out hot mix resurfacing to several major road sections across the island of Grand Cayman. Total revenue for FY2022 budget cycle (Jan 1, 2022 to Dec 1, 2022) was \$30.5M with NRA operating expenses accounting for \$10.9M.

Goal 1: Continue establishment of the Authority, develop and implement effective administrative, financial and information management systems.

The NRA Management team supported by the Board continue to strive for betterment in the areas of administrative, financial and management information systems.

Sound administration is important as it functions as a connecting link between the senior management and the employees. To that end the NRA continues to strive to provide adequate administrative staffing levels along with the tools and techniques required to ensure that the administrative arm of the Authority is able to carry out its role in achieving a high level of workplace productivity and efficiency.

On the finance side the NRA completed full upgrade of its electronic accounting software package which now allows the electronic processing of purchase orders and facilities remote accounting process via an integrated web-based platform.

In 2022 the NRA focused heavily on several administrative issues including in summary:

- Alignment of NRA salaries with CIG in compliance with Section 47 of the Public Authorities Act
- Completion and implementation of a revised Employee Handbook; an update of the previous 2010 version
- Draft Version of a new Health and Safety Manual for the Authority
- Full staff training sessions on Health and Safety conducted by local firm Elevar (elevar.ky)





HUMAN RESOURCES

The NRA boasts an all Caymanian staff complement of 94 full time employees with between 15 to 20 temporary employees (< 1year) hired as and when needed throughout the year. Fulltime employees average length of service at the NRA is 14 years.

Six percent of staff is educated to a graduate level, a further six percent hold undergraduate degrees, and 87% are educated to a high school diploma level. 93% of all employees have been with the authority for at least 6 years, with 65% having a tenure of 11 years or more. Average annual take home pay for NRA employees is approximately \$42,000, however, the average total annual compensation cost for each employee is approximately \$59,000. This reflects the fact that over 19% of the average employee emoluments go towards healthcare premiums.







Management Team Profile



Name: Edward Howard

Title: Managing Director

Qualifications: Bachelors in Civil Engineering - Howard University; Masters in Civil Engineering (Transportation) – University of Illinois Urbana Champaign; MBA (Corporate Finance) – University of Leicester, UK. More than twenty (25) years of educational experience and practical know-how in urban and regional planning, transportation engineering.



Name: Olsen Bush

Title: Chief Financial Officer

Qualifications: Masters in Business Administration- International Collage of the Cayman Islands
More than 30 years of financial experience in the private and public sector.



Name: Shena Ebanks

Title: Chief Human Resources Officer

Qualifications: Masters in Human Resource Management- University College of the Cayman Islands

Over 10 years of Human Resources experience, Shena holds the dual role of Chief HR and Office Manager.



Name: Brian Chin Yee

Title: Works Manager, Engineering & Operations

Qualifications: Bachelors in Electrical Engineering B.Sc. – Florida Institute of Technology University (1993 -1997)

20 years of engineering experience.



Name: Denis Thibeault

Title: Assistant Director, Transportation & Planning

Qualifications: Bachelor of Environmental Studies in Urban & Regional Planning (Honors)- University of Waterloo

Over 33 years' experience in transportation and planning

Goal 2: Identify and seek approval for strategies for financing future road development.

Accomplishments:

The revenue and resources of the Authority comprise of the following:

Monies directed by law to the Roads Fund, as well as services purchased by Cabinet for the purposes of capital roads improvements. Other revenue sources may include:

- Road user charges collected by the Authority;
- Gifts or bequests received by the Authority;
- Other monies paid and property provided to the Authority by way of grants, rent, interest and other income derived from the investment of the Authority's funds.

Appropriation made by the Government for capital road improvement projects is based on service-based budgeting. The Minister of Planning, Agriculture, Housing and Infrastructure (PAH&I) will purchase the services of the Authority (called executive assets) as agreed upon in the Ownership Agreements. The service of the Authority is not only measured in terms of input cost but also in quantity, quality, timeliness and location.

Goal 3: Continue the Traffic Improvement and Roads Development Programme

The achievements in this area are highlighted in Section 3.3 which follows:

1.3 Transportation Planning Activities:

3.3.1 Transportation Planning Activities: The NRA employs a small core of transportation engineering and planning professionals who report to the Deputy Managing Director and Managing Director and advise on all matters relating to transportation planning, traffic, and roads development and funding.

One of the main tasks of the NRA's transportation unit is to assist in the development of a long term (20-25 yr) national roads plan. From the long term plan a short-term plan is developed; this short-term plan consists of roads and roads improvements that are deemed as critical within 3 to 5 years.

3.3.2 Recurrent Activities – Some of the main activities of the transportation unit for FY2022 (covering the period of January 1, 2022 to December 31, 2022) were as follows:

- i. In addition to numerous meetings and correspondence with various land developers to advise them on roads and drainage requirements, the transportation unit prepared assessments and provided commentary to the Central Planning Authority on three-hundred and fifty-five (355) planning applications during 2022.

ii. The following table provides a breakdown by quarter for the current Fiscal Year:

Quarter	Month	Plan Reviews	SWM/ Drainage Plan Reviews	Inspections
1	January	38	19	10
	February	9	9	5
	March	6	2	8
Sub-Total		53	30	23
2	April	12	3	4
	May	6	13	7
	June	14	15	7
Sub-Total		64	31	19
3	July	20	11	13
	August	36	10	9
	September	18	8	7
Sub-Total		64	29	29
4	October	4	4	6
	November	3	4	4
	December	5	5	11
Sub-Total		12	13	21
Total		161	103	91



iii. The following table provides a breakdown of the type of developments in 2022.

Development Type	Plan Reviews	SWM/ Drainage Plan Reviews	Inspections
Commercial	15	14	3
Government	3	1	1
Hotel	6	2	1
Industrial	15	14	14
Institutional	7	3	2
Residential	47	52	58
Subdivisions/ Road Base	36	13	9
Mixed-Used Development	4	2	3
Miscellaneous	28	2	-
Running Total	161	103	91

iv. Seventeen (17) due diligence letters were written in response to enquiries from attorneys and real estate agents dealing with land purchases.

3.3.3 Road Gazette Plans (Roads Act 2005R) were either started and/or completed for the following:

- a) Declaration and extension of Bounty Close for road access to Crown parcels in Northside.
- b) Declaration of Whittakers Way in Old Man Bay, Northside.
- c) Gazette of Will Jackson Drive from John Mclean Drive to National Housing Development Trust (NHDT) low-cost housing site – BP 662
- d) Declaration of part of Shamrock Road Widening – westbound lane.
- e) Declaration of intention of road widening for the planned intersection improvements at Frank Sound Road and Bodden Town Road/Seaview Road.
- f) Declaration of intention for the extension and demarcation of Mastic Road as a public road in North Side.
- g) Declaration of intention to provide a road connection from Allie B Drive to Seymour Road.

- h) Declaration of intention for the extension of Union Street to Botanic Road.
- i) Declaration of intention to construct the Red Bay connector running parallel to Shamrock Road.
- j) Declaration of intention for the widening and demarcation of Briardale Road, off Hutland Road, Northside.

3.3.4 Travel Demand Model and Traffic Operation Analysis Model

The National Roads Authority in 2015, began the process of developing a computerised traffic model for the island of Grand Cayman. Such a model is necessary to:

- Substantiate the NRA's current and long-term planning efforts made under the National Roads Plan;
- Assess the merits of future road network proposals, and,
- Assess the traffic impact of future development proposals.

In 2022, the NRA carried out modelling efforts of the planned widening of Shamrock Road and Crewe Road to three lanes and assessed various improvement options to the road corridor from the Chrissie Tomlinson Roundabout to the CUC Roundabout.

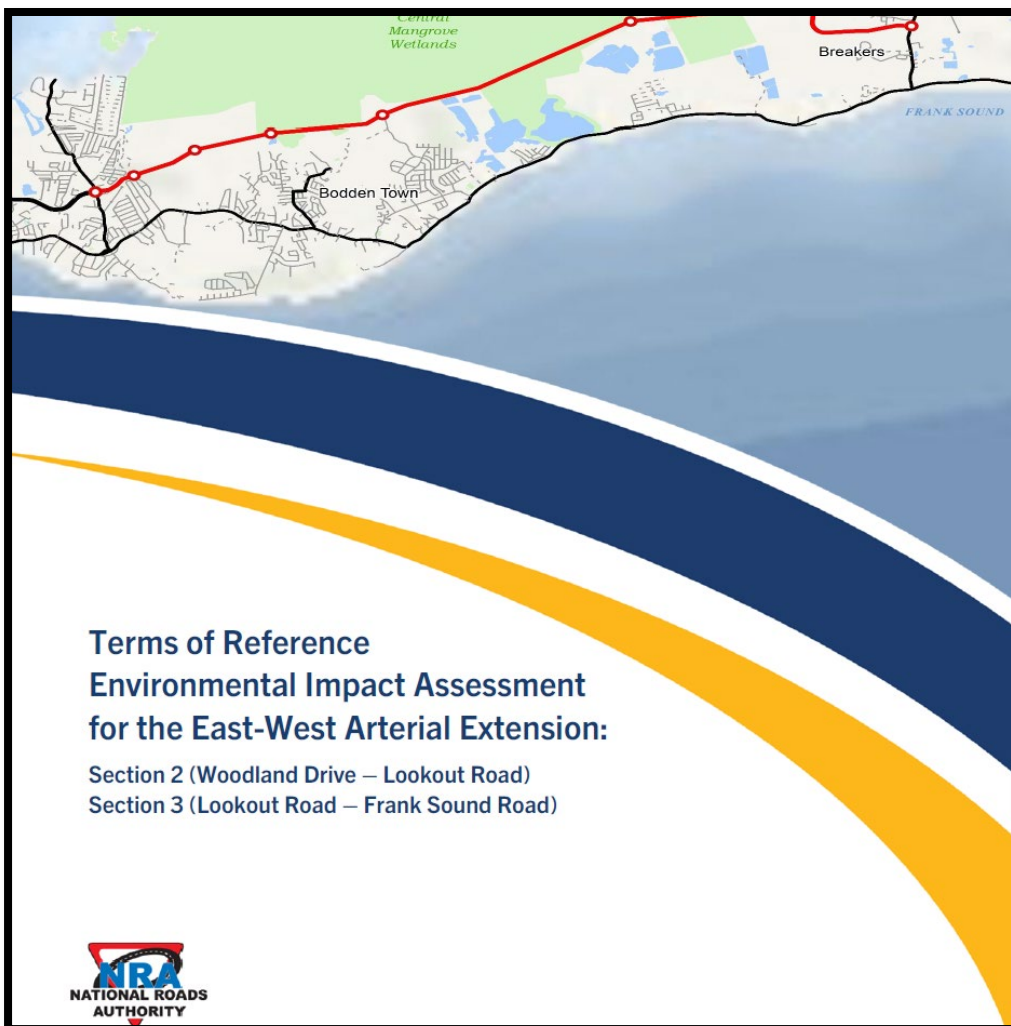
The National Roads Plan (NRP) is a strategic plan consisting of three parts: -

1. A 25-year road corridor plan (Section 26, Roads Act (2005)). This should be updated every five years.
2. A transportation management strategic document that highlights the NRA's short to long term focus on access management, road safety, mobility, interconnectivity, smart growth, etc.
3. NRA funding mechanisms – this includes focus on the structure of NRA through a look at business process re-engineering, a road financing plan (for both maintenance and new construction); alternative revenue streams, etc.

The traffic model is a key assessment tool in the development of items 2 & 3 of the NRP. The traffic model is comprised of two distinct computerized models; the first being a travel demand model (macro level) and the second being a traffic operations model/simulation package (micro level).

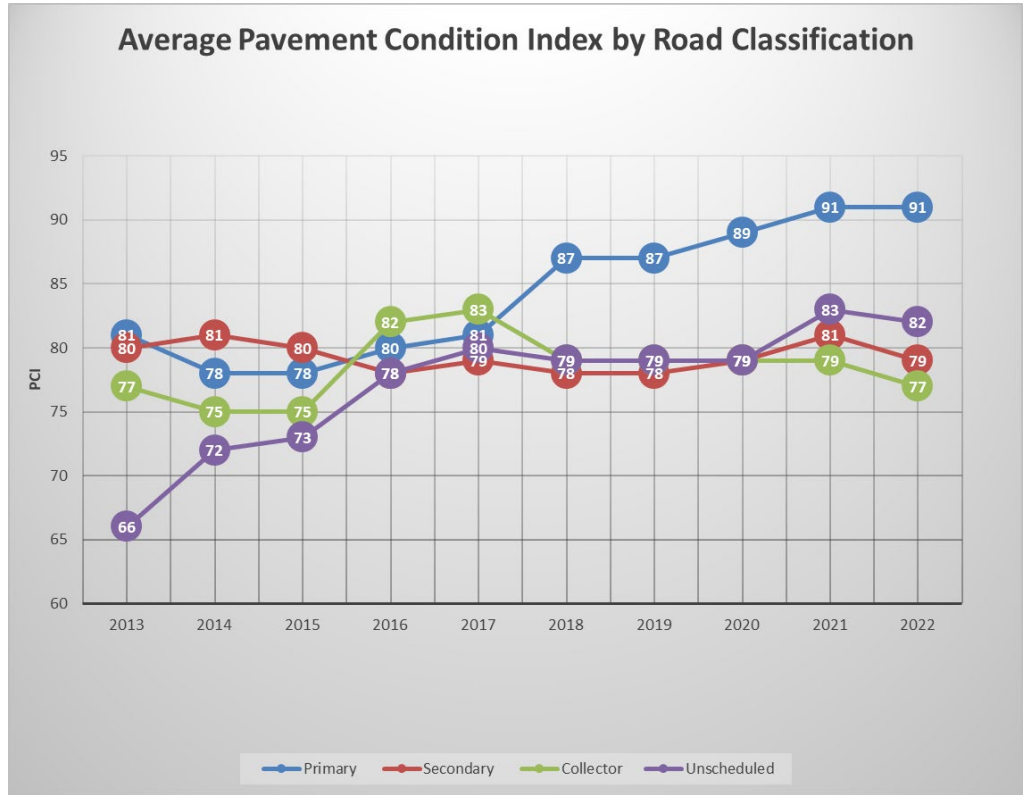


In 2022, NRA after a comprehensive tender process awarded the task of developing an environmental impact assessment (EIA) to US firm Whitman, Reardon and Associates. The firm and its subs worked diligently with local stakeholders in developing a draft term of reference for the EIA before the end of 2022.



3.4 Pavement Management:

The aim of the NRA's pavement management programme is to monitor and to prescribe maintenance strategies to pavements of varying classifications in the Grand Cayman road network. Primary Arterials are those main roads which carry most of the roadway traffic throughout the island and as such are prescribed a higher maintenance protocol.

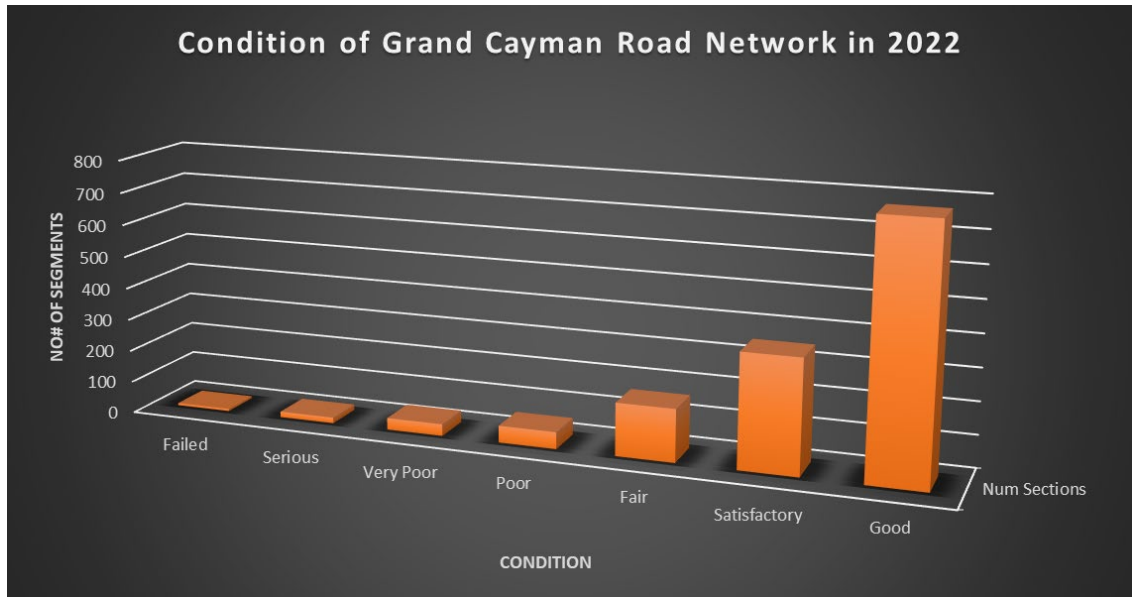


The above chart shows that at the end of FY 2022 all pavement types on Grand Cayman are in an overall 'good' to 'very good' condition. The goal for primary and secondary pavements is that of an average PCI of no less than 80.

Since 2012 the NRA has concentrated on local privately built subdivision roads in an effort to raise the pavement condition index (PCI) from an unsatisfactory level of 65 to above 75 which is representative of 'good' condition. In essence, concentrated efforts on subdivision roads has been effective in raising the average PCI level of these roads from fair to good. The term local private road, however, is a bit misleading as under the Roads Act these roads (with the exception of a few) do not involve restriction of access to the public as a right.

PCI by Surface Type

- 370 lane miles of roads have hot mix asphalt surface.
- 131 lane miles of roads have spray and chip surface.
- < 2 miles of roads are unsurfaced.



Overall condition rating of the Grand Cayman Road Network in 2022

In 2022 a total of 1422 road segments in the network had condition ratings as follows:

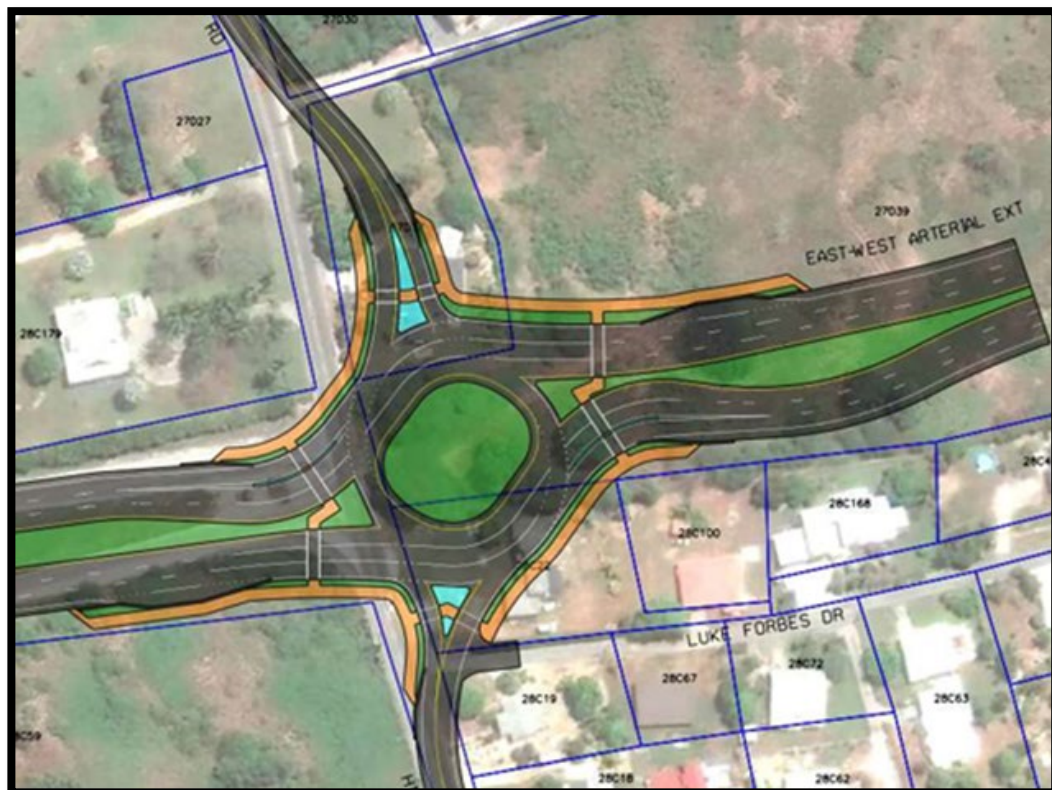
Condition Category	No# of Sections
Failed	6
Serious	18
Very Poor	38
Poor	57
Fair	173
Satisfactory	341
Good	789

The majority of subdivision roads built by private developers in Cayman offer unrestricted public access, however, the official ownership of the developed roadway is often not ‘transferred’ to the Crown; the NRA prefers to classify these not as private roads but as ‘unscheduled public roads’. It is important to add this brief explanation because the distinction between public roads and private roads have been blurred by actions of the Government who over the years has cleaned, repaired, installed streetlights, speed humps, and other street furniture without regard to their status. The challenge going forward is to keep the average PCI of private (unscheduled) roads at satisfactory and good levels.

3.5 Engineering and Operations Activities:

A works manager, two engineers, two superintendents, and a fleet manager make up the management staff of the Engineering and Operations unit. They are responsible for engineering design; project budgeting, resource reporting, project costing, fleet operations, and completion of all road construction projects and maintenance undertaken by the NRA. They utilize an equipment fleet worth over \$2.6 million. Capabilities include sign making and pavement markings, traffic signal maintenance, survey crews with GPS and total station equipment, and computer aided design and drafting (CADD).

In addition to their road construction and maintenance responsibilities, they regulate the importation, transportation, and use of explosives in the Cayman Islands on behalf of the Managing Director in accordance with the Explosives Act and Regulations.



3.6 Executive Assets: Capital Works & Road Surface Upgrades

New Capital Works and rehabilitation of roads surfaces on major arterials are systematically funded via Cabinet as “Executive Assets”. This year’s list of major EA’s funded via Cabinet includes:

3.6.1 Airport Connector Road (ACR) – Section1

The ACR project refers to a planned 2.0-mile link road that extends from the Owen Roberts Long Term Carpark to the ETH Roundabout adjacent to the GT Landfill. Preliminary works such as design, geotechnical investigations and tender for drainage culverts services was carried out in 2020 and 2021. In 2022 NRA worked with private contractors on the installation of over 2,500 linear ft of 48-inch diameter culverts which formed part of the overall stormwater/drainage system for the road and adjacent properties.



3.6.2 Crewe Road & Shamrock Road Widening

Progress on this important eastbound lane expansion project was slowed by delays encountered by electrical and telecom providers in relocation of their utility services. The main work completed in 2022 included the relocation of water meters, installation of drain wells, and the securing of utility way leaves for new utility poles.



3.6.3 Linford Pierson Highway Widening

During 2022 the NRA was actively involved in completing base works and coordinating installation of water, electricity, and telecoms for the 6-lane expansion of the section of the Linford Pierson Highway between Agnes Way Roundabout and Bobby Thompson Way Signal. The project is expected to be complete in the fall of 2023.



3.6.4 Hot Mix Asphalt Surface Upgrades (\$2.0M)

NRA completed hot mix surface upgrades to 8 major roadway segments as highlighted below:

Hot Mix Asphalt Resurfacing Projects 2022

1 Newlands Barcadere	\$67,609
2 Eclipse Drive	\$155,635
3 Finger Cay Road	\$110,854
4 Sand Pointe Road	\$282,112
5 Water Cay Road	\$458,866
6 Shamrock Road Widening (Red Bay Area)	\$704,455
7 Godfrey Nixon Way Extension	\$187,053
8 Mcfield Lane	\$45,380
Total	\$2,011,964



NRA District Roads Rehabilitation Programme

NRA completed spray 'n' chip upgrades on just under 100 road segments across all five districts for approximately \$3.5M.

Spray n Chip is used extensively by road agencies worldwide as:

1. A semi-permanent surface for minor roads, and
2. A preventative maintenance (surface treatment) for existing paved roads.

Typically, roads having low daily traffic volumes (less than 5,000 ADT) will be prime candidates for spray n chip. Some jurisdictions however have experimented with spray n chip (aka Chip Seal) on roads with daily volumes of up to 20,000 ADT.

The most significant benefit of spray n chip is that is between 20% to 25% of the cost of hot mix asphalt so governments are able to get more roads done utilizing spray n chip methods. If done correctly and/or if good quality gravel ('chips') can be sourced then spray n chip roads can last between 5 to 7 years.

The following district roads were reconstructed and/or resurfaced with surface treatments under this programme. The MicroPAVER pavement management database was used to select the roads to be worked on and what type of work would be performed. Explanations of the abbreviations are given below:

Abbreviations: R&R = Rip and Relay (Reconstruct the Road Base)
 Reconst = Reconstruction
 SC = Spray and Chip (Surface Treatment)
 2nd App = Second Application of Spray and Chip (Surface Treatment)



The NRA's policy is to apply spray n chip surfacing to local access/subdivision roads with low traffic and posted speeds of no more than 25 mph. Spray n Chip application may be applied to primary arterial roads but only as a temporary measure during major construction.

East End Roads FY2022

No.	Completed Projects - EAST END	Constituency	Road Class	Type of Work	Cost
1	TANGELO LN	EE	PUB	S&C	\$29,689
2	KNOT ST	EE	PUB	S&C	\$26,809
3	SIERRA LIL BLUFF RD	EE	UPR	S&C	\$16,092
4	PROW by East End United Church	EE	PR	S&C	\$4,123
5	WELCOME WAY	EE	PUB	S&C	\$2,047
6	FIDDLERS WAY	EE	PUB	S&C	\$6,725
7	STERLING LN	EE	UPR	S&C	\$48,182
8	EAST END HERITAGE FIELD	EE	PUB	S&C	\$26,195
9	SEAVIEW DRIVE By Health City Entrance	EE	PUB	HMA	\$89,248

North Side Roads FY2022

No.	Completed Projects - NORTH SIDE	Constituency	Road Class	Type of Work	Cost
1	FURTHER ROAD	NS	PUB	HMA	\$258,803
2	UNION ST	NS	PUB	HMA	\$125,992
3	EAGLE ST	NS	PUB	HMA	\$86,009
4	GRANT ST	NS	PUB	HMA	\$49,211
5	CONSTANTINE ST	NS	PUB	HMA	\$84,728
6	NS PLAYFIELD - overflow parking lot	NS	PUB	S&C	\$26,626
7	CLIFTON HUNTER Bus layby	NS	PUB	HMA	\$9,537
8	BRIARDALE RD	NS	PUB	HMA	\$4,497
9	OTTOS AVE	NS	UPR	HMA	\$178,667

Bodden Town Roads FY2022

No.	Completed Projects - SAVANNAH	Constituency	Road Class	Type of Work	Cost
1	Road to Fowler Residence (off Daniels Dr)	SAV	UPR	S&C	\$13,663
2	Agricultural Grounds internal access road	SAV	PUB	S&C	\$26,474

No.	Completed Projects - NEULANDS	Constituency	Road Class	Type of Work	Cost
1	MOONBEAM DRIVE (HMA)	NWS	PUB	HMA	\$69,131
2	ARLENE AVENUE	NWS	PUB	S&C	\$3,158
3	TENFOOT CL	NWS	PUB	HMA	\$75,739
4	FAYE ST	NWS	PUB	S&C	\$1,339
5	SUN ROSE ST	NWS	PUB	HMA	\$43,396
6	FOYE ST	NWS	PUB	HMA	\$35,191
7	JACKIE ST	NWS	PUB	HMA	\$38,167
8	CUNNINGHAM ST	NWS	PUB	HMA	\$37,765
9	HAZEL ST	NWS	PUB	HMA	\$44,467
10	GREEN ST	NWS	PUB	HMA	\$36,041
11	MERVIN ST	NWS	PUB	HMA	\$42,634
12	NANCY ST	NWS	PUB	HMA	\$42,861
13	LAKEPORT ST	NWS	PUB	HMA	\$51,256

No.	Completed Projects - BODDEN TOWN EAST	Constituency	Road Class	Type of Work	Cost
1	NASHE ST (HMA)	BTE	PUB	HMA	\$50,628
2	WILDE ST (HMA)	BTE	PUB	HMA	\$93,379
3	BELFORD DR (HMA)	BTE	PUB	HMA	\$117,655
4	CHERRY TREE DRIVE	BTE	UPR	S&C	\$22,853
5	BT COG/HURRICANE SHELTER SITE WORKS	BTE	CROWN	Earthworks	\$11,366
6	BT MISSION HOUSE ACCESS ROAD	BTE	CROWN	S&C	\$25,262
7	LAKE DESTINY DR (HMA)	BTE	UPR	HMA	\$138,348

George Town Roads FY2022

No.	Completed Projects - GEORGE TOWN CENTRAL	Constituency	Road Class	Type of Work	Cost
1	SUCCESS CIRCLE (HMA)	GTC	UPR	HMA	\$86,100
2	PALMDALE RD (HMA)	GTC	PUB	HMA	\$226,874
3	NEVARD CL (HMA)	GTC	PUB	HMA	\$19,954
4	Travel lane Repair Huldah Avenue by Cricket Pitch	GTC	PUB	HMA	\$22,196
5	TROPICAL GARDENS RD (800ft section)	GTC	PUB	HMA	\$106,999
6	SORREL DR	GTC	PUB	S&C	\$8,667

No.	Completed Projects - GEORGE TOWN WEST	Constituency	Road Class	Type of Work	Cost
1	Travel lane repair South Church St near Eden Rock	GTW	PUB	HMA	\$18,445

No.	Completed Projects - GEORGE TOWN EAST	Constituency	Road Class	Type of Work	Cost
1	EDGEWATER DR - swale cleaning	GTE	PUB	MTCE	\$4,289

No.	Completed Projects - GEORGE TOWN NORTH	Constituency	Road Class	Type of Work	Cost
1	Webb Road encroachment removal & new fencing	GTN	PUB		\$18,000
2	Esterley Tibbetts Highway Swale and Culvert maintenance	GTN	PUB	MTCE	\$32,905
3	Travel lane repair by Tortuga & Tonys Toys	GTN	PUB	HMA	\$37,159
4	Harquail Drive & National Gallery Entrance	GTN	PUB	HMA	\$61,791

No.	Completed Projects - PROSPECT	Constituency	Road Class	Type of Work	Cost
1	DOGWOOD ST	Prospect	PUB	S&C	\$14,644
2	EVCO TOURS RD	Prospect	UPR	R&R	\$91,065
3	Road patching on Bluebird St, Quail St and Nightengale	Prospect	PUB	S&C	\$15,036
4	Rex Crighton Blvd Crossover east of Chime St	Prospect	PUB	S&C	\$17,391
5	Raven Avenue	Prospect	PUB	S&C	\$49,098

No.	Completed Projects - WEST BAY CENTRAL	Constituency	Road Class	Type of Work	Cost
1	CAPT JOE AND OSBERT RD	WBC	PUB	R&R	\$17,881
2	LEONA LN	WBC	PUB	R&R	\$42,906
3	HETTIES LN	WBC	PUB	R&R	\$17,042
4	VIBE LN	WBC	PUB	R&R	\$19,431
5	MERCURY CL	WBC	UPR	MTCE	\$579
6	JUNIPER LN	WBC	UPR	MTCE	\$2,980
7	GLADE DR	WBC	UPR	S&C	\$5,571
8	CLINKER CL	WBC	PRV	S&C	\$2,905

No.	Completed Projects - WEST BAY NORTH	Constituency	Road Class	Type of Work	Cost
1	SONNY POWERYS DR	WBN	PUB	S&C	\$30,512
2	THISTLE LN	WBN	PUB	S&C	\$49,828
3	LENDERS CL	WBN	UPR	S&C	\$18,730
4	TURTLE CRES	WBN	UPR	S&C	\$15,841

No.	Completed Projects - WEST BAY WEST	Constituency	Road Class	Type of Work	Cost
1	CRESCENT CL	WBW	PUB	S&C	\$10,993
2	EVANS CL	WBW	PUB	S&C	\$1,983
3	FOURTH AVE	WBW	PUB	S&C	\$6,228
4	GLIDDEN LN	WBW	UPR	S&C	\$20,823
5	SKY WAY	WBW	PUB	S&C	\$8,486
6	THIRD AVE	WBW	PUB	S&C	\$7,747
7	TULIP CL	WBW	PUB	S&C	\$1,137
8	SWALLOW RD	WBW	PUB	S&C	\$3,749
9	WATER COURSE RD (Partial widening)	WBW	PUB	HMA	\$139,048

No.	Completed Projects - WEST BAY SOUTH	Constituency	Road Class	Type of Work	Cost
1	CAPT CHARLIE RD	WBS	UPR	S&C	\$18,723
2	MCDOOM LN	WBS	PRV	S&C	\$4,616
3	PEACE LN	WBS	UPR	S&C	\$6,375
4	MARSH RD	WBS	PUB	R&R	\$36,299
5	ERNEST JACKSON DR	WBS	UPR	S&C	\$8,909
6	BILLY MANDERSON DR	WBS	PUB	R&R	\$21,332
7	BUSH ST	WBS	PUB	S&C	\$10,252
8	CHESTNUT DR	WBS	UPR	S&C	\$4,529
9	WILLIE CURN RD	WBS	UPR	S&C	\$21,614
10	MARY MOLLIE HYDES RD	WBS	PUB	HMA/S&C	\$32,689
11	ELI BUSH LN	WBS	UPR	S&C	\$3,509
12	VIOLET LN	WBS	UPR	S&C	\$23,827



Section 4 – Future Goals and Economic Outlook

The future goals of the NRA are not just concerned with continued compliance with the requirements of the PMFA but also with developing strategies for organizational growth going forward.

Through the development of a corporate strategic plan, the NRA can be able to identify the roads infrastructure needs that are most important to these islands. A strategic plan would also allow us to look ahead and make provisions for the necessary investments that will ensure adequate and steady source of funding and other resources necessary to achieve a sustainable road network. The local and tourism economy remain vibrant and the nation's roadways play an important part in maintaining safe and efficient movement of people, goods and services.

The NRA Board of Directors remains committed to the continued development of the NRA and to its efforts to deliver the best roads and road related infrastructure to the people of the Cayman Islands.

Key strategies for ensuring a stronger and better NRA for the foreseeable future include:

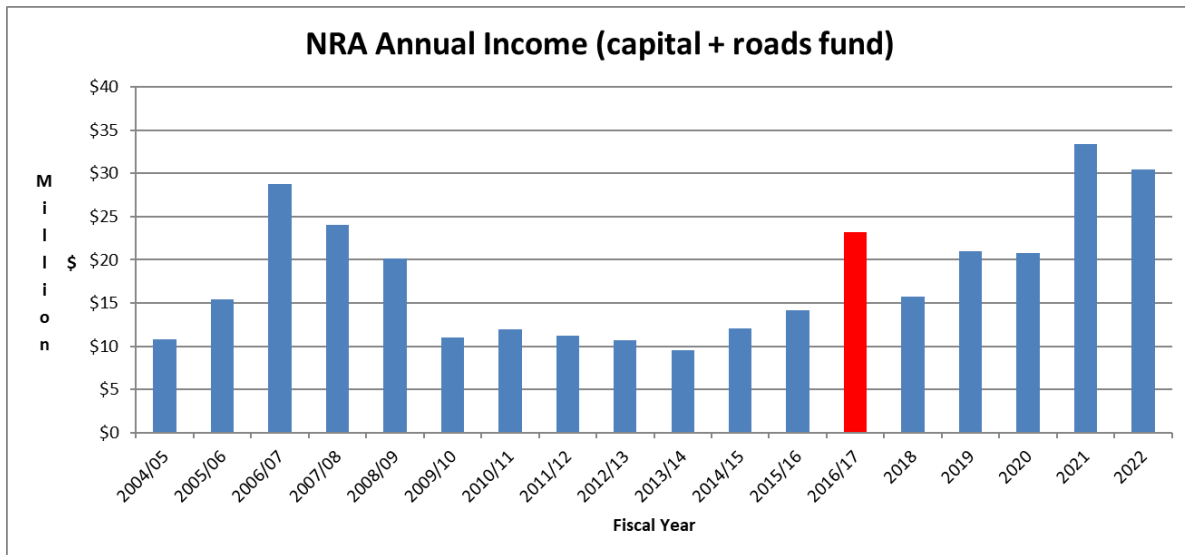
- Necessary amendments to the NRA Act and Roads Act;
- Adaptation of the organizational structure to meet future demands;
- Development of effective administrative, financial and management systems
- Attraction of young professional and technical employees that will

pursue career development with the NRA;

- Removal of the cap restriction on the NRA's Road Fund Revenue to allow for a measured increase in the Authority's operations budget.
- The Road Fund and other road user fees and/or charges to be further established as the dedicated funding stream for recurrent road maintenance activities;
- Commitment from Cabinet for continued investment in necessary capital road improvements (particularly roads in and around the Central Business District and roads providing mainline access between the CBD and eastern districts).



Through the development of its long-range corridors plan and the strategies above NRA will be poised to deliver sustainable, reliable, safe and efficient roads for future generations of Caymanians.



In 2015 an amendment to the NRA Act placed a \$10M cap restriction on the recurrent funding for the NRA. Such restriction;

1. Limits the potential of the NRA to address its increasing maintenance budget;
2. Results in an increase of unfunded maintenance projects (backlog);
3. Prevents the NRA from addressing staffing shortfalls;
4. Restricts NRA’s ability to adequately address long term liability needs such Post-Retirement Healthcare for its employee.

The NRA as the statutory authority responsible for the maintenance of roads has a mandate to ensure that it delivers to the public on behalf of the Government, roadways that are safe and well maintained.

The cap on the NRA’s recurrent revenue has meant that certain key operations and maintenance activities cannot be achieved. The Ministry of Commerce, Planning and Infrastructure has in the interim been able to offset the problem temporarily by funding mostly all of the District Roads rehabilitation projects and the hot mix asphalt programme. The cap however will continue to pose a serious threat to the NRA as personnel, materials and overhead costs continue to rise significantly.

The summary breakdown of recurrent revenue shortfalls is as follows:

1. Executive and mid-level personnel vacancies (~\$1.0M) – Seven key high-level vacancies total approximately 800K per annum in personnel costs.
2. Temporary Hires – The NRA has employed over the last three years, an average of twenty temporary employees (i.e. less than 12 months employment) in order to supplement the workforce as and when needed. The goal however going forward is to be able to retain at least 80% of these workers as full-time staff and employ a much lower rate of employees on <12-month contracts. The added cost of doing so is approximately \$500K.
3. Road Maintenance & Road Pavement Rehabilitation (\$3.0M) – The NRA’s pavement management systems report indicates required annual investment of approximately \$4.1M to keep all categories of roadways above pavement condition level of 80. Investment in hot mix rehab has been inconsistent from year to year. Whilst \$4.1M is ideal the numbers also show that a moderate investment of \$3.0 million per year on road surface upgrades would also be very effective in maintaining fair to good level of roads throughout the island. Logical use of the \$3.0M would involve systematic overlays and/or rehab of failing pavements but also HMA surfacing of subdivision roads to prolong service life. Whilst the focus has been primarily on new road construction it is vital that the NRA also have adequate funding to address stresses in road pavements before the critical point of repair is reached. The 2022 pavement condition surveys reveal that the condition indices for subdivision collector roads and section of primary and secondary arterials are on a decline, signifying that more effort needs to be paid to the maintenance/rehab of mainline subdivision collector roads and some primary and secondary arterials.
4. Post-Retirement Health Liability (\$1.5M) - The NRA is required to maintain a fund for safeguarding monies for the provision of health insurance for around 50 employees who were civil servants that were impacted by the transfer from PWD to NRA. An actuarial analysis recommends that the NRA reserve an annual amount of \$1.5M for a fund to meet the health insurance needs of these employees upon retirement.

National Roads Authority Board of Directors, 2022





National Roads Authority
Statement of Financial Performance
For the year ended 31 December 2022
(Stated in Cayman Islands Dollars)

Section 5 – Executive Assets & Output Accounts

A summary of the Executive Asset and Output accounts as recorded at the fiscal year ending December 31st, 2022 were as shown below:

NATIONAL ROADS AUTHORITY
FUNDS AVAILABLE
FOR THE MONTHS ENDED 31 December 2022

		Budget Approved 2022	Current Budget	Amount Invoiced B/F	Amount Invoiced This Month	Total Invoiced To Date C/F	Funds Available
	Outputs	\$	\$	\$	\$	\$	\$
Planning & Development of New Public Roads	NRA 5	200,000.00	200,000.00	183,797.08	6,964.52	190,761.60	9,238.40
Grand Cayman District Roads Programme	NRA 6						
Policy Advice on Road Related Matters	NRA 7						
Storm Water Mangt. & Mitigation of Tidal Inundation	NRA 8	750,000.00	750,000.00	1,349,267.40	52,321.64	1,401,589.04	(651,589.04)
Routine Maintenance of Public Roads	NRA 9	6,120,000.00	6,120,000.00	6,457,552.03	381,263.47	6,838,815.50	(718,815.50)
Government Street Lighting Programme	NRA 10	1,100,000.00	1,100,000.00	1,058,018.91	127,172.59	1,185,191.50	(85,191.50)
Pavement Mangt. & Other Roads Asset Mangt. Prog.	NRA 11	30,000.00	30,000.00	25,119.29	1,143.72	26,263.01	3,736.99
Road Safety Programme	NRA 12	-	-	-	-	-	-
Explosives and Blasting Management	NRA 13	-	-	-	26,507.59	26,507.59	(26,507.59)
Arterial Road Surface Rehab	NRA 14	-	-	-	-	-	-
Provisions to Other Costs	NRA 15	1,800,000.00	1,800,000.00	1,650,000.00	150,000.00	1,800,000.00	-
		10,000,000.00	10,000,000.00	10,723,754.71	745,373.53	11,469,128.24	(1,469,128.24)
	EA's	\$	\$	\$	\$	\$	\$
Miscellaneous Road Surface Upgrades	EA36	6,300,000.00	6,300,000.00	5,133,601.02	574,421.00	5,708,022.02	591,977.98
Miscellaneous Executive Asset Roadworks	EA142	500,000.00	500,000.00	46,972.62	-	46,972.62	453,027.38
Ministry Minor Works	EA147	500,000.00	500,000.00	428,061.48	55,115.55	483,177.03	16,822.97
Major Road Works	EA148	12,543,000.00	12,543,000.00	9,289,960.48	537,579.98	9,827,540.46	2,715,459.54
Miscellaneous Road Safety Enhancements	EA150	150,000.00	150,000.00	1,231.95	12,200.10	13,432.05	136,567.95
		19,993,000.00	19,993,000.00	14,899,827.55	1,179,316.63	16,079,144.18	3,913,855.82

Section 6 - Summarised Financial Statements

A full set of audited financial statements for The National Roads Authority is provided in the Appendix to this Annual Report.

A summary of those is as follows.

Operating Statement	2022 Actual \$
Revenue	30,492,593
Operating Expenses	10,970,021
Net Surplus (Deficit)	1,577,153

Balance Sheet	2022 Actual \$
Total Assets	21,082,969
Total Liabilities	27,002,965
Total Net Worth	(5,919,996)

Statement of Cash Flows	2022 Actual \$
Net cash flows from operating activities	1,131,992
Net cash flows from investing activities	(1,276,431)
Net cash flows from financing activities	–

Equity Investments

Transaction	2022 Actual \$
EI 8: Equity Investments into National Roads Authority	Nil



National Roads Authority
Statement of Financial Performance
For the year ended 31 December 2022
(Stated in Cayman Islands Dollars)

Capital Withdrawals

Transaction	2022 Actual \$
Capital Withdrawals from National Roads Authority.	Nil

Dividends or Profit Distributions

Transaction	2022 Actual \$
Dividend or Profit Distributions to be made by National Roads Authority.	Nil

Loans

Transaction	2022 Actual \$
Government Loans to be made to National Roads Authority.	Nil

Guarantees

Transaction	2022 Actual \$
Government Guarantees to be issued in relation to National Roads Authority.	Nil

Other Financial Information

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Act (2005 Revision).

Related Party Payments (Non-Remuneration) made to Key Management Personnel	Nil
Remuneration Payments made to Board of Directors was \$25K and other Key Management Personnel was \$1017K	\$1.042M
No of Key Management Personnel (9 Directors + 7 key managers)	16
No of Senior Management	2

Key management includes all of the key managers plus voting members of the Board of Directors.

Senior management personnel in 2022 included: Managing Director (1), Deputy Managing Director (vacant), and Chief Financial Officer (1).



National Roads Authority
Statement of Financial Performance
For the year ended 31 December 2022
(Stated in Cayman Islands Dollars)

Capital Maintenance

Human Capital Measures	2022 Actual \$
Total full time equivalent staff	105 Fulltime: 94 Temporary: 11
Staff turnover (%)	-
Average length of service (Number)	
Senior management	14.33(2)
Professional staff	14.71(29)
Administrative staff	13.22(50)
Significant changes to personnel management system	Upgrades were made to accounting and HRM software systems

Note 1: Length of service is calculated based on time of employment with NRA and formerly with PWD.

Risk Management:

Key risks	Change in status from previous year	Actions to manage risk	Financial value of risk
Work related injuries to persons	No change	Introduction, training and implementation of safety standards for heavy equipment machinery and workforce personnel.	Undefined: depends on extent of injury
Accidents related to the operation of vehicles and heavy equipment	No change	Implement driver-training courses. HOD to exercise appropriate disciplinary action for each offence or repeating offender, such as loss of authority to drive or financial contribution by driver. Appropriate training in operation of vehicle to reduce operational misuse of the vehicle.	Undefined: depends on extent of damage



**National Roads Authority
Statement of Financial Performance
For the year ended 31 December 2022
(Stated in Cayman Islands Dollars)**



National Roads Authority

Financial Statements

December 31, 2022

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**National Roads Authority
Financial Statements
31 December 2022**

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the National Roads Authority in accordance with the provisions of the *Public Management and Finance Act (2020 Revision)* and referenced to Section 26 (1b) of the *National Roads Authority Act (2016 Revision)*.

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 and Managing Director, 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 act, and properly record the financial transactions of the National Roads Authority.

As Chairman and Managing Director we are responsible for the preparation of the National Roads Authority financial statements and for the judgements made in them.

The financial statements fairly present the statement of financial position, statement of financial performance, statement of cash flows and statement of changes in net worth for the year ended 31 December 2022.

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

- (a) completely and reliably reflect the financial transactions of National Roads Authority for the year ended 31 December 2022;
- (b) fairly reflect the financial position as at 31 December 2022 and performance for the year ended 31 December 2022; and
- (c) comply with International Public Sector Accounting Standards as set out by the International Public Sector Accounting Standards Board. Where guidance is not available, the financial statements comply with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board or accounting practice that is generally accepted in the United Kingdom as appropriate for reporting in the public sector.

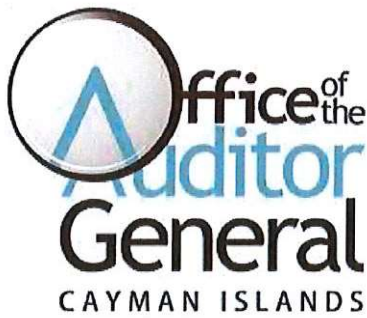
The Office of the Auditor General conducts an independent audit and expresses an opinion on the accompanying financial statements. The Office of the Auditor General has been provided access to all the information necessary to conduct an audit in accordance with International Standards on Auditing.


L. Stanley Panton
Acting Chairman
National Roads Authority

Date- 11/04/23


Edward Howard
Managing Director
National Roads Authority

Date- 11/4/23



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Grand Cayman, KY1-1103, Cayman Islands

AUDITOR GENERAL'S REPORT

To the Board of Directors of the National Roads Authority

Opinion

I have audited the financial statements of the National Roads Authority (the "Authority"), which comprise the statement of financial position as at 31 December 2022 and the statement of financial performance, statement of changes in net worth and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 8 to 34.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at 31 December 2022 and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Basis for Opinion

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

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 International Public Sector 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 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 Authority or to cease operations, or has no realistic alternative but to do so.

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

AUDITOR GENERAL'S REPORT (continued)

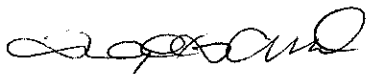
Auditor's Responsibilities for the Audit of the Financial Statements

My 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 auditor's report that includes my 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.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 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 Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I have undertaken the audit in accordance with the provisions of section 60(1)(a) of the Public Management and Finance Act (2020 revision). I 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 I identify during my audit.



Angela Cullen, CPFA
Acting Auditor General

11 April 2023
Cayman Islands




National Roads Authority
Statement of Financial Position
As at 31 December 2022
(Stated in Cayman Islands Dollars)

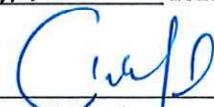
	Note	2022 \$	2021 \$
ASSETS			
Current Assets			
Cash and cash equivalents	3	10,204,085	10,348,524
Accounts receivable and prepayments	4	7,146,909	4,111,042
Inventories	5	34,837	134,623
Total Current Assets		17,385,831	14,594,189
Non-Current Assets			
Property, plant and equipment	6	3,697,138	2,991,917
Total Assets		21,082,969	17,586,106
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities	7	1,869,103	2,221,169
Employee entitlements	8	63,862	69,086
Total Current Liabilities		1,932,965	2,290,255
Non-Current Liability			
Pension liability	11	892,000	1,601,000
Post-retirement health liability	12	24,178,000	28,129,000
Total Non-Current Liabilities		25,070,000	29,730,000
Total Liabilities		27,002,965	32,020,255
Net Assets		(5,919,996)	(14,434,149)
Net Worth			
Contributed capital	9	4,653,535	4,653,535
Accumulated Deficits		(10,573,531)	(19,087,684)
Total Net Worth		(5,919,996)	(14,434,149)

The accompanying notes on pages 8 - 34 form an integral part of these financial statements.

Approved on behalf of the Board on the 10TH of APRIL 2023



 L. Stanley Panton
 Acting Chairman



 Edward Howard
 Managing Director



National Roads Authority
Statement of Financial Performance
For the year ended 31 December 2022
(Stated in Cayman Islands Dollars)

	Note	2022 \$	2021 \$
REVENUE	13	30,492,593	33,409,550
COST OF GOODS SOLD			
Subcontractors		9,329,888	15,531,207
Materials		5,390,136	4,292,950
Labour		3,191,401	3,076,462
Hired equipment		33,994	11,788
Total Cost of Goods Sold		17,945,419	22,912,407
NET REVENUE		12,547,174	10,497,143
OPERATING EXPENSES			
Personnel costs	10	4,965,722	4,437,483
Post- retirement health liability	12	2,117,000	2,855,000
Utilities (Streetlights)		1,300,029	1,009,885
Motor vehicle expenses (including insurance)		951,808	1,073,918
Depreciation	6	600,131	504,919
Professional fees		200,408	132,265
Computer maintenance and fees		179,926	175,018
Past service pension	11	160,000	309,000
Bad debt expense		109,600	-
Building maintenance		104,188	81,498
Advertising and promotion		91,330	41,147
Supplies and consumables		61,667	76,335
Telephone		61,268	56,952
Electricity and water		38,964	42,707
Insurance		14,955	14,459
Bank charges		12,041	12,295
Settlement of case		-	27,378
Office rental		984	-
Total Operating Expenses		10,970,021	10,850,259
Surplus /(Deficit)		1,577,153	(353,116)

The accompanying notes on pages 8 - 34 form an integral part of these financial statements.



National Roads Authority
Statement of Changes in Net Worth
For the year ended 31 December 2022
(Stated in Cayman Islands Dollars)

	Note	Accumulated Surplus (Deficits) \$	Contributed Capital \$	Total \$
Balance at 31 December 2020		(24,829,568)	4,653,535	(20,176,033)
Capital contribution		-	-	-
2021 deficit		(353,116)	-	(353,116)
Remeasurement of employment benefit obligation	11	1,597,000	-	1,597,000
Remeasurement of post-retirement health obligation	12	4,498,000	-	4,498,000
Balance at 31 December 2021		(19,087,684)	4,653,535	(14,434,149)
Capital contribution		-	-	-
2022 surplus		1,577,153	-	1,577,153
Remeasurement of employment benefit obligation	11	869,000	-	869,000
Remeasurement of post-retirement health obligation	12	6,068,000	-	6,068,000
Balance at 31 December 2022		(10,573,531)	4,653,535	(5,919,996)

The accompanying notes on pages 8 - 34 form an integral part of these financial statements.

National Roads Authority
Statement of Cash Flows
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	Note	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus / Deficit		1,577,153	(353,116)
Adjustment for non-cash transactions:			
Depreciation	6	600,131	504,919
Post-retirement health liability – Defined benefit cost		2,387,000	3,067,000
Past service pension – Defined benefit cost		340,000	445,000
Past service pension – Net transfer in (business combination/divestitures)		-	-
Bad debts		-	-
Gain on disposal of property, plant and equipment		(28,921)	(79,441)
Total		4,875,363	3,584,362
Net change in working capital			
Decrease in accounts receivable and prepayments		(3,035,867)	(638,453)
Increase/(decrease) in inventories		99,786	(97,082)
Increase/(decrease) in accounts payable and accrued liabilities		(357,290)	(818,361)
Post-retirement health liability – Employer contributions		(270,000)	(212,000)
Past service pension – Employer contributions		(180,000)	(136,000)
Net cash generated from operating activities		1,131,992	1,682,466
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(1,317,106)	(846,887)
Proceeds on sale of property, plant and equipment		40,675	79,441
Net cash flows used in investing activities		(1,276,431)	(767,446)
CASH FLOWS FROM FINANCING ACTIVITIES			
Equity Investment		-	-
Net cash flows from financing activities		-	-
Net increase/ (decrease) in cash and cash equivalents		(144,439)	915,020
Cash and cash equivalents at the beginning of the year		10,348,524	9,433,504
CASH AND CASH EQUIVALENTS AT END OF YEAR	3	10,204,085	10,348,524

The accompanying notes on pages 8 - 34 form an integral part of these financial statements.

National Roads Authority
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1. Establishment and Principal Activity

The National Roads Authority (“NRA” or “Authority”) is an independent Statutory Authority which was created on 1 July 2004 by the National Roads Authority Act, 2004. The Authority reports on its operations to the Ministry of Commerce, Planning & Infrastructure of the Cayman Islands Government.

The Authority was created to administer, manage, control, develop and maintain the Island’s public roads and related facilities, such as signals, storm water facilities, roadway lighting, and roadway directional signage. The scope of activities of the Authority include providing policy advice, publication of a National Roads Plan, provision of project and construction management services for the delivery of new road-works and the maintenance and management of the existing road infrastructure.

Section 19 of the *NRA Act 2006 Revision* was repealed effective 1 July, 2014 to make provision for the Authority to be funded from the Roads Fund. The substitution to the section of the Act makes way for the Cabinet to authorize the transfer of revenue, not exceeding \$14 million, to the Authority, via the Road Fund, for the purpose of funding the Authority’s annual operating costs, in particular, the construction, upgrading, rehabilitation and maintenance of public roads.

As at 31 December 2022, the Authority had 105 employees (31 December 2021: 112 employees). The Authority is located at 342B Dorcy Drive, P.O. Box 10426, Grand Cayman KY1-1004, Cayman Islands.

2. Significant Accounting Policies

(a) Basis of preparation

These financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants and its International Accounting Standards Board using the accrual basis of accounting. Where additional guidance is required, International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board are used.

Certain new accounting standards have been published that are not mandatory for the 31 December 2022 reporting period and have not been early adopted by the Authority. The Authority’s assessment of the impact of these new standards is set out below:

IPSAS 41, Financial Instruments was issued in August 2018 and shall be applied for financial statements covering periods beginning on or after 1 January 2022. IPSAS 41 establishes new requirements for classifying, recognizing and measuring financial instruments to replace those in IPSAS 29, Financial Instruments: Recognition and Measurement. It is anticipated that IPSAS 41 will not have a significant impact on the Authority’s financial statements. This will be assessed more fully closer to the effective date of adoption.

IPSAS 42, Social Benefits was issued in August 2018 and shall be applied for financial statements covering periods beginning on or after 1 January 2023. IPSAS 42 defines social benefits and determines when expenses and liabilities for social benefits are recognised and how they are

National Roads Authority
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2. Significant Accounting Policies (continued)

measured. It is anticipated that IPSAS 42 will not have an impact on the Authority's financial statements, but will be assessed more fully closer to the effective date of adoption.

IPSAS 43, Leases was issued in January 2022 and shall be applied for financial statements covering periods beginning on or after 1 January 2025. IPSAS 43 sets out recognition, measurement, presentation and disclosure requirements for leases. IPSAS 43 introduces a right of use model that replaces the risk and reward incidental to ownership model in IPSAS 13. It is anticipated that IPSAS 43 will not have a significant impact on the Authority's financial statements. This will be assessed more fully closer to the effective date of adoption.

IPSAS 44, Non-current assets held for sale issued in January 2022 and shall be applied for financial statements covering periods beginning on or after 1 January 2025. IPSAS 44 defines non-current assets held for sale and determines the accounting, presentation and disclosure of discontinued operations. It is anticipated that IPSAS 44 will not have an impact on the Authority's financial statements, but will be assessed more fully closer to the effective date of adoption.

The financial statements have been prepared on a going concern basis and the accounting policies set out below have been applied consistently to all periods presented. The financial statements of the Authority are presented in Cayman Island dollars and are prepared on the accrual basis under the historical cost convention.

(a) Basis of preparation (continued)

Corresponding amounts

The corresponding amounts are the audited amounts for the year ended 31 December 2022. When presentation or classification of items in the financial statements is amended or accounting policies are changed, comparative figures are restated to ensure consistency with the current year unless it is impracticable to do so.

The significant accounting policies adopted by the Authority in these financial statements are as follows:

(b) Cash and cash equivalents

This comprises cash at bank and short term investments with maturity at inception of three months or less.

(c) Foreign currency translation

All assets and liabilities denominated in foreign currency are translated to Cayman Islands Dollars at exchange rates in effect at the financial position date. Revenue and expense transactions denominated in foreign currency are translated to Cayman Islands Dollars at exchange rates ruling at the date of those transactions. Gains and losses arising on translation are included in the statement of financial performance.

(d) Property, plant and equipment/depreciation

Property, plant and equipment include motor vehicles, heavy equipment, dump trucks, furniture and fixtures and computer hardware and software are stated at cost less

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2. Significant Accounting Policies (continued)

accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis at annual rates estimated to write off the carrying value of each asset over the period of its expected useful life.

Annual rates are as follows:

Vehicles and Heavy Equipment	4 - 12 Years
Furniture and Fixtures	3 - 15 Years
Computer Hardware and Software	3 - 6 Years
Other Plant and Equipment	3 - 20 Years

(e) Accounts receivables

Receivables are stated at original invoice amounts less provision for doubtful debts.

(f) Allowance for bad debts

The allowance for bad debts is established through a provision for bad debts charged to expenses. Accounts receivable are written off against the allowance when management believes that the collectability of the amount is unlikely. The allowance is an amount that management believes will be adequate to cover any bad debts, based on an evaluation of collectability and prior bad debts experience.

(g) Accounts payable and accrued liabilities

Accounts payable are recorded at the amount owing after allowing for credit notes and other adjustments.

(h) Employee entitlements

Pension Plans

The Authority makes pension contributions for its eligible employees to the Public Service Pensions Fund, which is administered by the Public Service Pensions Board. The Fund has both a defined benefit and a defined contribution element.

Under defined contribution plans, the Authority pays fixed contributions and has no obligation to pay further contributions if the fund does not have sufficient assets to pay employee benefits relating to employee service in the current and prior periods. The Authority recognises contributions to a defined contribution plan when an employee has rendered services in exchange for those contributions.

A defined benefit plan is one that defines an amount of benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. The asset or liability in respect of defined benefit plans is the difference between the present value of the defined benefit obligation at the financial position date and the fair value of plan assets, adjusted for unrecognised actuarial gains/losses and past service cost. Where a pension asset arises, the amount recognised is limited to the net total of any cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan. The

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2. Significant Accounting Policies (continued)

pension costs are assessed using the Projected Unit Credit Method. Under this method the cost of providing pensions is charged in the statement of financial performance so as to spread the regular cost over the service lives of employees in accordance with advice of the actuary, (who is due to carry out a full valuation of the plans every year). The pension obligation is measured at the present value of the estimated future cash outflows using discount estimated rates based on market yields on high quality corporate bonds at the time of the accounting date which have terms to maturity approximating the terms of the related liability.

Obligations for contributions to defined contribution and defined benefits pension plans are recognized as an expense in the statement of financial performance as incurred. (See also Note 11).

Amounts incurred but not paid at the end of the reporting period are accrued. Annual leave due, but not taken, is recognized as a liability.

(i) Revenue recognition

Revenue from sale of services to other government agencies is recognised when it is earned. Unearned revenue comprises amounts paid to the Authority in advance of work performed and amounts which the Authority has invoiced for in advance of work performed. These unearned amounts are recognized as revenue in the statement of financial performance as work is performed related to the amounts received or billed in advance. Investment revenue is recognised in the period in which it is earned. Donations are recognised at fair value at the time of receipt.

(j) Expense recognition

Expenses are recognised when incurred.

(k) Financial instruments

(i) Classification

A financial asset is classified as any asset that is cash, a contractual right to receive cash or another financial asset, exchange financial instruments under conditions that are potentially favourable or an equity instrument of another enterprise. Financial assets comprise of cash and cash equivalents and accounts receivable.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial instrument or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Financial liabilities comprise of accounts payable and accrued liabilities, unearned revenue and employee entitlements.

(ii) Recognition

The Authority recognises financial assets and financial liabilities on the date it becomes party to the contractual provisions of the instrument. From this date, any gains and losses arising from changes in fair value of the assets or liabilities are recognised in the statement of financial performance.

National Roads Authority
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2. Significant Accounting Policies (continued)

(iii) Measurement

Financial instruments are measured initially at cost which is the fair value of the consideration given or received. Subsequent to initial recognition all financial assets are recorded at historical cost, which is considered to approximate fair value due to the short-term or immediate nature of these instruments.

(iv) Derecognition

A financial asset is derecognised when the Authority realises the rights to the benefits specified in the contract or loses control over any right that comprise that asset. A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled, or expired.

(v) Credit risk

Cash and short term investments are held with substantial financial institutions. Receivables are short term and settled after the year-end.

(k) Financial instruments (continued)

(vi) Interest rate risk

The Authority's income and operating cash flows are substantially independent of changes in market interest rates.

3. Cash and Cash Equivalents

	2022	2021
	\$	\$
Bank account	1,103,425	3,056,862
Short term deposits	9,100,660	7,291,662
Total Cash and Cash Equivalents	<u>10,204,085</u>	<u>10,348,524</u>

The Board of Directors resolved to fund the post-retirement health liability with annual contributions as advised during 2016 by the Actuaries with an annual minimal amount of \$1,500,000. During 2022 Management approved a contribution of \$1,800,000. The Authority holds the funds approved by the Board in a term deposit account held with RBC Royal Bank (Cayman Islands). The funds held in the term deposit account do not qualify as a "Plan Asset" as defined by IPSAS 39, Employee Benefits, and therefore have not been offset against the year-end post-retirement health liability of \$24,178,000. Ongoing steps are being pursued by the Authority to place these funds in a qualifying financial vehicle to allow the funds to meet the requirements of IPSAS 39, Employee Benefits.

4. Accounts Receivable and Prepayments

	2022	2021
	\$	\$
Receivables from Core Government	6,353,549	3,547,966
Receivables from other government agencies	271,688	13,168
Other accounts receivable and prepayments	521,672	549,908
Staff loans	-	-
Total Accounts Receivable	<u>7,146,909</u>	<u>4,111,042</u>

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4. Accounts Receivable and Prepayments (continued)

Receivables from core government is net of \$73,523 for bad debt provision (2021: \$73,523) relating to StreetLight June 2014 not recovered from Ministry. Prepayments amount to \$516,420.(2021: \$545,734) net of \$5,252 (2021: \$4,174.) other receivables.

5. Inventories

	2022	2021
	\$	\$
Finished Goods - AE60	11,235	83,052
Finished Goods - 3/8 Washed Chips	7,729	20,455
Finished Goods - Cayman Rock	6,473	13,932
Finished Goods - Crusher Run	5,597	10,033
Finished Goods - Concrete Stone	3,631	4,279
Finished Goods - Sand	172	2,872
Total Inventories	34,837	134,623

6. Property, Plant and Equipment

	Vehicles & Heavy Equipment	Furniture & Fixtures & Office Equipment	IT Equipment	Other Plant & Equipment	Leasehold Improvement	Total
Cost	\$	\$	\$	\$	\$	\$
Opening 2021	3,800,633	268,736	289,560	3,093,491	273,837	7,726,257
Additions 2021	457,213	-	3,079	386,595	-	846,887
Disposals 2021	(157,566)	-	-	(14,140)	-	(171,706)
As at 2021	4,100,280	268,736	292,639	3,465,946	273,837	8,401,438
Additions 2022	358,033	-	54,138	904,936	-	1,317,106
Disposals 2022	(181,252)	-	-	(68,904)	-	(250,156)
As at 2022	4,277,061	268,736	346,777	4,301,978	273,837	9,468,388
Accumulated Depreciation						
Opening 2021	2,544,148	180,120	219,877	1,857,407	273,837	5,076,308
Depreciation 2021	202,191	17,586	22,391	262,751	-	504,919
Depreciation on Disposal 2021	(157,566)	-	-	(14,140)	-	(171,706)
As at 2021	2,588,773	197,706	243,187	2,106,018	273,837	5,409,521
Depreciation 2022	239,764	14,819	26,847	318,701	-	600,131
Depreciation on Disposal 2022	(181,252)	-	-	(57,150)	-	(238,402)
As at 2022	2,647,285	212,525	270,034	2,367,569	273,837	5,771,250
Net Book Value - 2021	1,511,507	71,030	49,452	1,358,928	-	2,991,917
Net Book Value - 2022	1,629,776	56,211	76,743	1,934,409	-	3,697,138

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6. Property, Plant and Equipment (continued)

Other Plant & Equipment includes all other equipment not categorized as Vehicles & Heavy Equipment and utilized in maintenance of road works by the National Roads Authority such as Graders, Loaders, Road Sweepers, Bush Cutting Tractors in addition to smaller equipment utilized for works such as line painting.

7. Accounts Payable and Accrued Liabilities

	2022	2021
	\$	\$
Trade creditors	1,869,103	2,140,827
Wages payable	-	80,342
Total Accounts Payable and Accrued Liabilities	1,869,103	2,221,169

8. Employee Entitlements

The leave entitlements are calculated based on current salary paid to those employees who are eligible for this benefit. During the year, accrued vacation leave amounted to \$63,862 (2021: \$69,086).

9. Contributed Capital

During the year, the Authority received no equity injections (2021: NIL).

10. Personnel Costs

	2022	2021
	\$	\$
Salaries and wages	2,280,239	2,185,607
Health Insurance	2,072,084	1,784,876
Employer and Employee pension expenses	324,810	294,094
Severance Payments	103,256	64,573
Training	96,608	27,921
Uniforms	41,267	33,691
Vacation due	(5,224)	6,250
Other personnel costs	52,682	40,471
Total Personnel Costs	4,965,722	4,437,483

11. Pensions

Pension contributions for eligible employees of the Authority are paid to the Public Service Pensions Fund (the "Fund"). The Fund is administered by the Public Service Pensions Board ("the Pensions Board") and is operated as a multi-employer plan. Prior to 1 January 2000, the scheme underlying the Fund was a defined benefit scheme. With effect from 1 January 2000, the Fund had both a defined benefit and a defined contribution element, with participants joining after 1 January 2000 becoming members of the defined contribution element only.

Benefit obligations are estimated using the Projected Unit Credit method. Under this method, each participant's benefits under the plan are attributed to years of service, taking into

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Statement of Cash Flows
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11. Pensions (continued)

consideration future salary increases and the plan's benefit allocation formula. Thus, the estimated total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service. The Fund has been valued by the Actuary (Mercer) to the Pensions Board. The defined contribution part of the Fund is not subject to the special actuarial valuations due to the nature of the benefits provided therein.

The Authority paid both the employee and employers contributions. The actual amount of pension expense relating to the defined benefits for staff also includes the effect of the changes in the actuarial determined liability.

In March 2005, the Financial Secretary of the Cayman Islands Government informed the Authority that the decision to keep the unfunded past service liability a central liability of the Government had been reversed and the Authority recognizes the unfunded past service liability as a liability in its financial statements.

The amounts recognized in the statement of financial position is as follows:

	2022	2021
	\$000	\$000
Defined benefit obligation	5,790	7,506
Fair value of plan assets	4,898	5,905
Funded status	892	1,601
Net liability	892	1,601

The change in defined benefit obligation is as follows:

	2022	2021
	\$000	\$000
Defined benefit obligation at beginning of the year	7,506	8,313
Service cost	300	384
Interest expense	199	183
Cash flows	(145)	(348)
Remeasurements	(2,070)	(1,026)
Defined benefit obligation at end of year	5,790	7,506

The change in fair value of plan assets is as follows:

	2022	2021
	\$000	\$000
Fair value of plan assets at beginning of the year	5,905	5,424
Interest Income	159	122
Cash flows – employer and participant contributions	278	188
Benefit payments from plan assets/Transfer other Employers	(243)	(400)
Other Significant events-Business combinations/divestitures/transfers	-	-
Remeasurements	(1,201)	571
Fair value of plan assets at end of year	4,898	5,905

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11. Pensions (continued)

The net defined benefit liability (asset) reconciliation:

	2022	2021
	\$000	\$000
Net defined benefit liability at beginning of the year	1,601	2,889
Defined benefit cost included in the Profit & Loss	340	445
Total remeasurements included in the Statement of Changes in Net Worth	(869)	(1,597)
Other Significant events-Business combinations/divestitures/transfers	-	-
Cash flows	(180)	(136)
Net defined benefit liability as of end of year	<u>892</u>	<u>1,601</u>

The components of defined benefit cost are as follows:

	2022	2021
	\$000	\$000
Service cost	300	384
Net interest cost		
Interest expense on DBO	199	183
Interest (income) on plan assets	(159)	(122)
Total net interest cost	40	61
Defined benefit cost included in Profit & Loss (P&L)	340	445
Effect of changes in demographic assumptions	-	13
Effect of changes in financial assumptions	(2,445)	(537)
Effect of experience adjustments	375	(502)
(Return) on plan assets (excluding interest income)	1,201	(571)
(Return) on reimbursement rights (excluding interest income)	-	-
Changes in asset ceiling/onerous liability (excluding interest income)	-	-
Total remeasurements included in the Statement of Changes in Net Worth (SCNW)	(869)	(1,597)
Total defined benefit cost recognized in the P&L and SCNW	<u>(529)</u>	<u>(1,152)</u>

The sensitivity analysis on defined benefit obligation is shown below:

	2022	2021
1. Discount rate		
a. Discount rate – 25 basis points	6,069	7,950
b. Discount rate + 25 basis points	5,528	7,094
2. Inflation rate		
a. Inflation rate – 25 basis points	5,530	7,122
b. Inflation rate + 25 basis points	6,067	7,917
3. Mortality		
a. Mortality - 10% of current rates	5,899	7,711
b. Mortality + 10% of current rates	5,689	7,321

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11. Pensions (continued)

Amount (\$000)

The expected cash flow for the following year is as follows:

	2022	2021
Expected employer contributions	149	121

The significant actuarial assumptions are presented below:

Weighted-average assumptions to determine defined benefit obligations

	2022	2021
1. Effective discount rate for defined benefit obligation	5.40%	2.90%
2. Rate of salary increase 5.0% 2023, 4.0% 2024 and thereafter	3.70%	2.50%
3. Rate of price inflation 4.0% 2023, 2.4% 2024 and thereafter	2.0%	2.00%
4. Rate of pension increase 4.0% 2023, 2.4% 2024 thereafter	2.0%	2.00%
5. Post-retirement mortality table	100% RP-2014 generationally Projected using Scale MP-2021	100% RP-2014 generationally Projected using Scale MP-2021
6. Cost Method	Projected Unit Credit	Projected Unit Credit
7. Asset valuation method	Market Value	Market Value

Weighted-average assumptions to determine defined benefit cost

	2022	2021
1. Effective rate for net interest cost	2.65%	2.20%
2. Effective discount rate for service cost	2.95%	2.70%
3. Effective rate for interest on service cost	2.85%	2.50%
4. Rate of salary increase	2.50%	2.50%
5. Rate of price inflation	2.00%	2.00%
6. Rate of pension increases	2.00%	2.00%
7. Post-retirement mortality table	RP-2014 projected using scale MP-2021	RP-2014 projected using scale MP-2021

**National Roads Authority
Statement of Cash Flows
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11. Pensions (continued)

Plan Assets

The Defined Benefit assets as well as Defined Contribution assets of the Plan are held as part of the Public Service Pensions Fund (“the Fund”) and managed by the PSPB. The assets of two other pension plans are pooled together to constitute the Fund. The assets are notionally allocated to each of the three participating pension plans through an internal accounting mechanism that tracks, for each accounting period, actual cash flows and allocates investment income and expenses in proportion to the opening value of assets allocated. Based on the data provided, the gross rate of return earned by the Fund for the fiscal 2022 was 17.60% and 13.02% for fiscal 2021. Similar internal accounting is used for developing each participating entity’s share of the asset portfolio of the Fund.

The valuations are based on the asset values as at 31 December 2022 as well as asset value as at 31 December 2021 provided by PSPB, along with cash flow and other supplemental asset information. The assets are held in trust by CIBC Mellon.

The Fund currently has investment policy with a target asset mix of 80% equities and 20% bonds. As at 31 December 2022, the Fund was invested as follows:

Plan Assets by Asset Category	2022		2021	
	(\$000)	Percentage	(\$000)	Percentage
Global equities securities	767,353	81%	945,780	82%
Debt securities	175,678	18%	190,942	17%
Cash	7,991	1%	7,275	1%
Total	951,022	100%	1,143,997	100%

For fiscal 2022, the Defined Contribution portion of the Fund totaled to \$572,783,600 and \$529,783,300 as at 31 December 2021 as provided by PSPB. The share of the Fund that has been notionally allocated to Authority with regards to its participation in the Defined Benefit Part of the Plan is \$4.898 million as at 31 December 2022 (2021 \$5.905 million).

The Actuarial Assumptions

The actuarial assumptions have been approved by the Financial Secretary, the main sponsor of the Plan. The principal financial and demographic assumptions used at 31 December 2022 and 31 December 2021 are shown in the table below. The assumptions as at the reporting date are used to determine the present value of the benefit obligation at that date and the pension expense for the period.

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11. Pensions (continued)

Turnover Rates at sample ages:

Age	Males	Females
20	7.5%	12.5%
25	5.0%	12.5%
30	3.5%	7.5%
35	2.5%	4.5%
40	1.5%	2.5%
45	0.5%	5.0%
50	0.0%	0.0%

Retirement Rates:

Age	%
Below 55	0%
55-59	8%
60-64	15%
65	100%

Measurement Date	2022	2021
Discount rate		
-BOY benefit obligation disclosure	2.90%	2.60%
-EOY benefit obligation disclosure	5.40%	2.90%
-Following year current service cost	5.35%	2.95%
-Rate used to determine interest on defined benefit obligation and plan assets for following year expenses	5.35%	2.65%
-Rate used to determine interest on current service cost for following year expenses	5.40%	2.85%
Increases in pensionable earnings 5% 2023, 4% 2024, 3.7% thereafter		2.50%
Rate of Pension Increases 4% 2023, 2.4% 2024, 2% thereafter		2.00%

**National Roads Authority
Statement of Cash Flows
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11. Pensions (continued)

Measurement Date	2022	2021
Mortality		
BOY disclosure and current year expense	100% of the rates of RP-2014 Mortality Table, generationally projected using Scale MP-2021	100% of the rates of RP-2014 Mortality Table, generationally projected using Scale MP-2020
EOY disclosure and following year expense	100% of the rates of RP-2014 Mortality Table, generationally projected using Scale MP-2021	100% of the rates of RP-2014 Mortality Table, generationally projected using Scale MP-2021
Disability	None	None
Turnover Rates	See turnover rates in table above	See turnover rates in table above
Retirement	See retirement rates in table above	See retirement rates in table above
Assumed life expectations on retirement	Retiring today (member age 57) 28.69 Retiring in 25 years (at age 57): 30.84	Retiring today (member age 57) 28.61 Retiring in 25 years (at age 57): 30.75
Liability Cost Method	Projected unit credit method	Projected unit credit method
Asset Value Method	Market Value of Assets	Market Value of Assets
Commutation of pension	All members commute 25% at retirement	All members commute 25% at retirement

There have been no changes in actuarial assumptions since the prior valuation other than the changes to the principal assumptions shown in the table above.

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12. Defined Benefit Liability: Post-Retirement Health Liability

The Authority provides health care benefits to staff members that transferred from Public Works Department in accordance to the NRA Act. The benefit is in the form of continuation of their health insurance coverage on the medical plan in force for active employees. The premiums for this health insurance coverage are paid for by the Authority for all eligible retirees until the end of their lives. This coverage falls within the definition of a defined benefit by the IPSAS and as such represents a future liability of the Authority. The Authority is required to use the actuarial valuation method to determine the present value of its health insurance benefit obligations for its former workers as well as future retirees and the related current service costs. IPSAS 39 directs that funded or unfunded post-employment benefits must be recognized in the statement of financial position (in the case of net defined liability or asset) and the statement of financial performance (for the annual expense).

These actuarial valuations use several financial and demographic assumptions to determine the liability and current expense of the benefits which will be honoured on behalf of the retirees. Financial assumptions include, the discount rate, estimated future costs of the medical premiums, and the claims rate for the medical plans. Demographic assumptions include estimated mortality and benefits levels.

The Authority commissioned Mercer actuaries of Canada to provide this service and the results of their assessment are included hereunder. The Authority has a present value net defined benefit obligation of \$24,178,000 at the end of the financial year 31 December 2022 (2021: \$28,129,000). The details of the valuation and the assumptions used are reproduced hereunder in accordance with IPSAS 39.

The Board of Directors resolved to fund the post-retirement health liability with annual contributions as advised during 2016 by the Actuaries with an annual minimal amount of \$1,500,000. NRA holds the funds approved by the Board in a term deposit account held with RBC Royal Bank (Cayman Islands). The funds held in the term deposit account do not qualify as a “Plan Asset” as defined by IPSAS 39, Employee Benefits, and therefore have not been offset against the year-end post-retirement health liability of \$24,178,000. Ongoing steps are being pursued by the Authority to place these funds in a qualifying financial vehicle to allow the funds to meet the requirements of IPSAS 39, Employee Benefits.

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12. Defined Benefit Liability: Post-Retirement Health Liability (continued)

Plan Name	National Roads Authority	
Financial year ending on:	31 Dec 2022	31 Dec 2021
	\$	\$
A. Change in defined benefit obligation		
1. Defined benefit obligation at end of prior year	28,129,000	29,772,000
2. Service cost		
a. Current service cost	1,594,000	2,355,000
b. Past service cost	-	-
c. (Gain) / loss on settlements	-	-
3. Interest expense	793,000	712,000
4. Cash flows		
a. Benefit payments from plan assets	-	-
d. Benefit payments from employer	(270,000)	(212,000)
5. Other significant events		
6. Remeasurements		
a. Effect of changes in demographic assumptions	6,139,000	55,000
b. Effect of changes in financial assumptions	(12,841,000)	(5,222,000)
c. Effect of experience adjustments	634,000	669,000
7. Effect of changes in Foreign exchange rates	-	-
8. Defined benefit obligation at the end of year	24,178,000	28,129,000
B. Change in fair value of plan assets		
1. Fair value of plan assets at end of prior year	-	-
2. Interest income	-	-
3. Cash flows		
a. Total employer contributions		
i. Employer contributions	-	-
ii. Employer direct benefit payments	270,000	212,000
iii. Employer direct settlement payments	-	-
b. Participant contributions	-	-
c. Benefit payments from plan assets	-	-
d. Benefit payments from employers	(270,000)	(212,000)
e. Settlement payments from plan assets	-	-
f. Settlement payments from employer	-	-
g. Administrative expenses paid from plan assets	-	-
h. Taxes paid from plan assets	-	-
i. Insurance premiums for risk benefits	-	-
4. Other significant events	-	-
a. Increase / (decrease) due to effect of any business combinations/ divestures or transfers	-	-
b. Increase / (decrease) due to plan combinations	-	-
5. Remeasurements	-	-
a. Return on plan assets (excluding interest income)	-	-
6. Effect of change in foreign exchange rates	-	-
7. Fair Value of plan assets at end of year	-	-
C. Amounts recognized in the statement of financial position		
1. Defined benefit obligation	24,178,000	28,129,000
2. Fair value of plan assets	-	-
3. Funded status	24,178,000	28,129,000
4. Effect of asset ceiling/onerous liability	-	-
5. Net defined benefit liability/(asset)	24,178,000	28,129,000

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12. Defined Benefit Liability: Post-Retirement Health Liability (continued)

Financial year ending on:	31 Dec 2022	31 Dec 2021
	\$	\$
D. Components of defined benefit cost		
1. Service cost	1,594,000	2,355,000
a. Current service cost	-	-
b. Reimbursement service cost	-	-
c. Past service cost	-	-
d. (Gain) / loss on settlements		
e. Total service cost	1,594,000	2,355,000
2. Net interest cost		
a. Interest expense on Defined Benefit Obligation (DBO)	793,000	712,000
b. Interest /(income) on plan assets	-	-
c. Total net interest cost	793,000	712,000
3. Remeasurements of Other Long Term Benefits	-	-
4. Administrative expenses and/or taxes (not reserved within DBO)	-	-
5. Defined benefit cost included in Profit and Loss (P&L)	2,387,000	3,067,000
6. Remeasurements (recognized in the Statement of Changes in Net Worth (SCNW))		
a. Effect of changes in demographic assumptions	6,139,000	55,000
b. Effect of changes in financial assumptions	(12,841,000)	(5,222,000)
c. Effect of experience adjustments	634,000	669,000
d. Total remeasurement included in the Statement of Changes in Net Worth	(6,068,000)	(4,498,000)
7. Total defined benefit cost recognized in the P&L and SCNW	(3,681,000)	(1,431,000)
E. Net defined benefit liability/(asset) reconciliation		
1. Net defined benefit liability/(asset)	28,129,000	29,772,000
2. Defined benefit cost included in P&L	2,387,000	3,067,000
3. Total remeasurement included in OCI	(6,068,000)	(4,498,000)
4. Other significant events		
a. Net transfer in/(out) (including the effect of any business combinations/divestitures)	-	-
b. Amounts recognized due to plan combinations	-	-
5. Cash Flows		
a. Employer contributions	-	-
b. Employer direct benefit payments	(270,000)	(212,000)
c. Employer direct settlements payments	-	-
6. Credit to reimbursements	-	-
7. Effect of changes in Foreign exchange rates	-	-
8. Net defined benefit liability/(asset) as of end of year	24,178,000	28,129,000
F. Define benefit obligation		
1. Defined benefit obligation by participant status		
a. Actives	14,084,000	17,861,000
b. Vested deferred	-	-
c. Retirees	10,094,000	10,268,000
d. Total	24,178,000	28,129,000

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12. Defined Benefit Liability: Post-Retirement Health Liability (continued)

Financial year ending on	31 Dec 2022	31 Dec 2021
G. Significant actuarial assumptions		
<i>Weighted-average assumptions to determine defined benefit obligations</i>		
Discount rate	5.35%	2.95%
Health care cost trend rates		
Immediate trend rate	5.28%	5.33%
Ultimate trend rate	4.00%	4.00%
Year rate reaches ultimate trend rate	2045	2045
Post- retirement mortality assumption	RP-2014 Projected w/MP-2021	RP-2014 Projected w/MP-2021
 <i>Weighted-average assumptions to determine defined benefit cost</i>		
Effective discount rate for defined benefit obligation	2.95%	2.70%
Effective rate for net interest cost	2.83%	2.40%
Effective discount rate for service cost	2.95%	2.75%
Effective rate for interest on service cost	2.98%	2.75%
Health care cost trend rates	-	-
Immediate trend rate	5.33%	5.00%
Ultimate trend rate	4.00%	5.00%
Year rate reaches ultimate trend rate	N/A	N/A
Post- retirement mortality assumption	RP-2014 Projected w/MP 2045	RP-2014 Projected w/MP 2020
 H. Sensitivity analysis		
<i>Present value of defined benefit obligations</i>		
Effective Discount rate - 25 basis points	1,387,000	1,802,000
Effective Discount rate + 25 basis points	(1,289,000)	(1,666,000)
Health care cost trend rates – 100 basis points	(4,621,000)	(5,823,000)
Health care cost trend rates + 100 basis points	6,073,000	7,757,000
Post- retirement mortality assumption + 10%	(999,000)	(1,205,000)
 I. Expected cash flows for following year		
a. Expected employer contributions	306,000	232,000
b. Expected contributions to reimbursement rights		
c. Expected total benefit payments		
Year 1	306,000	232,000
Year 2	337,000	256,000
Year 3	375,000	282,000
Year 4	418,000	313,000
Year 5	466,000	347,000
Next 5 years	3,357,000	2,495,000

National Roads Authority
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12. Defined Benefit Liability: Post-Retirement Health Liability (continued)

The Actuarial Assumptions

The actuarial assumptions as at the reporting date are used to determine the present value of the defined benefit obligation (DBO) at that date and the defined benefit cost for the following year. We have used actuarial assumptions selected by the Authority, which are consistent with the assumptions used to determine the results for the Cayman Islands Government's ("CIG") Post Retirement Healthcare Program. The principal financial and demographic assumptions used at 31 December 2022 and 31 December 2021 are shown in the table below:

Economic Assumptions	Postretirement Healthcare	Basis of Development – Accounting Specific Assumptions
Discount rate benefit obligation(p.a)		IAS 19 para. 83 determined by reference to market yields on high quality corporate bonds (consistent with the term of the benefit obligations) at the fiscal year end date. Mercer US Above Mean Yield Curve (referencing US corporate bond yields) used to determine discount rates due to strong economic and currency links between the US and Cayman Islands.
- 31 December 2021	2.95% per annum	
- 31 December 2022	5.35% per annum	
Discount rate next year service costs(p.a)		
- 31 December 2021	2.95% per annum	
- 31 December 2022	5.25% per annum	
Administrative expenses	Included in projected premiums	
Rate of Medical Inflation (p.a)	5.33%	Based on short-term and long-term medical inflation expectations for the Cayman Islands and overseas care.

Demographic Assumptions	Postretirement Healthcare	Basis of Development – Accounting Specific Assumptions
Current mortality rates	RP-2014 Mortality Table scaled back to 2006 using MP-2014	Recent mortality studies in the U.S. and Canada shows that people are living longer. New mortality tables have been issued by U.S. and Canada. The mortality table has been updated to better reflect actual mortality improvement rates experienced in the US over the last 20 years.
Mortality improvements 31 December 2022	Scale MP-2021	Broad consensus amongst longevity experts that mortality improvement will continue in the future. Scale MP-2014 was released October 2014. In the U.S, the latest future mortality improvement scale issued by the Society of Actuaries is Scale MP-2021. The prior valuation used scale MP-2020.
Turnover rates	Age & gender based rates – see below	
Disability rates	None	
Retirement Age as per Public Service Pension Plan	Age & gender based rates – see below	
Material assumption	80% married, wife 3 years younger	
Current healthcare claims cost assumption	Based on CIG 2021 premium rates Health \$12,440 per participant Dental \$200 per participant	The National Roads Authority provides 100% coverage for employees, spouses and dependants and also retirees and retirees spouses' premiums.
Healthcare coverage – future pensioners	Male 27% single, 73% family Female 50% single, 50% family	Based on CIG experience
Healthcare utilization changes due to age	Current Mercer standard healthcare aging assumptions for medical and dental	Based on updated analysis of healthcare utilization for Mercer clients in US

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12. Defined Benefit Liability: Post-Retirement Health Liability (continued)
Turnover Rates

Age	Males	Females
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%

Retirement Rates:

Age	%
Below 55	0%
55-59	8%
60	15%
61-64	100%

The actuarial valuation results showed that a liability of \$28,129,000 existed at 31 December 2021, represented by accumulated liability of \$28,129,000 as at 31 December 2021 and service costs and adjustments totaling (\$3,951,000) for the year ended 31 December 2022, resulting in a closing liability of \$24,178,000 at 31 December 2022.

13. Related Party Transactions

The Authority provided Services to Road Users on behalf of the Government relating to the development and maintenance of the public roads within the Cayman Islands funded through the Roads Fund which amounts to \$10 million under the Ownership Agreement (2021: \$10 million). During this year, an additional \$4 million funding was approved through the Roads Fund effective January 1, 2022 and going forward annually. This amount for current period 2022 was subsequently received in January 2023. The Authority also delivered Capital Expenditure Projects of \$16.1 million (2021: \$23 million) to the Government for the construction of roads under the Ownership Agreement. The Authority also engages the services of other government departments of the Cayman Islands Government.

Sales to unrelated third parties of \$58,916 (2021: \$130,564) include services for drain wells and curbs, installation of signs, paving and trench reinstatement services.

	2022	2021
	\$	\$
Sales of services to Cabinet	16,112,196	23,236,443
Roads Fund	14,000,000	10,000,000
Sales of services to other government agencies	321,481	42,543
Sales to third parties	58,916	130,564
Total	30,492,593	33,409,550

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13. Related Party Transactions (continued)

Upon creation of the Authority on 1 July 2004, no movable properties were vested to the Authority. Henceforth, the Public Works Department (PWD) allowed the Authority to use its vehicles and heavy equipment for road construction and maintenance free of charge. As at 31 December 2022, the Authority owes PWD the amount of \$14k (2021: \$24k) for support services extended by the latter such as office and workshop accommodation, tenant's requirements, utilities, accounting services, service parking and compound security.

During the year, the Authority purchased goods and services worth \$485k (2021: \$247k) from companies partially owned or controlled by one of its Board members. These purchases were materials for Ministerial road works as per a supplier framework agreement (as provided for in the Procurement Regulations 2018 Section 9) between the Authority and local major material suppliers for acquisition of materials.

The remuneration of directors and other members of key management personnel during the year was \$1,042m. This consists of \$25k for the Board of Directors, being \$150 per member per meeting with two meetings per month on average (2021: \$951k consists of \$32k for the Board of Directors being \$150 per member per meeting with two meetings per month on average). There were 16 personnel categorized in 2022 broken down as 7 key management personnel and 9 Directors (2021: 7 key management personnel and 9 Directors). Only one member of key management personnel (the Managing Director) sits on the board.

14. Contingencies

i) Sections 36(1), 39(2) and 39(3) of the PAA:

The Authority 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 authority. The capital charge is set by the Minister of Finance after consultation with the public authority's board. There is no capital charge payable for 2022 (2021: \$0) because the rate for the 2022 financial year was set at 0%. Going forward, the Authority may be required to pay a capital charge in accordance with the PAA.

The PAA Section 39(2) requires that where a public authority has surplus cash reserves for a period of more than ninety days, the surplus shall be paid to core government unless otherwise directed by Cabinet, after written consultation with the Board. The PAA Section 39(3) requires that a public authority pay dividends in accordance with the formulae established by the Minister of Finance and Economic Development (the "Ministry") after written consultation with the Board, unless otherwise directed by Cabinet.

For the 2022 financial year, the Authority's total assets exceeded its total liabilities and as such it has been exempted from the requirement to pay dividends based on section 19(e) of the "Policy for the payment of annual dividends by statutory authorities and government companies (SAGCs)" approved by Cabinet on 8 January 2019.

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14. Contingencies (continued)

The Authority is also exempted from the requirement to pay surplus cash reserves to core government for the 2022 financial year based on an exemption granted by the Cayman Islands' Cabinet of Ministers in a meeting held on 28 March 2023.

ii) Section 28(1) of the National Roads Authority Act (2016 Revision):

Under section 28(1) of the National Roads Authority Act (2016 Revision), an annual payment to the core government may be due. At the date of these financial statements there has been no request made.

iii) Litigations, claims and assessments

At the date of the audit opinion, the Authority was involved in pending/ threatened litigations, claims and assessments relating to a dispute with an ex-employee who is seeking damages for an injury sustained at work arising from alleged negligence by the Authority; and a dispute with a third party alleging accidental damage of power lines by the Authority during field works.

15. Financial Risk Management

The Authority is exposed to a variety of financial risks including interest rate risk, credit risk and liquidity risk. The Authority's risk management policies are designed to identify and manage these risks, to set appropriate risk limits and controls, and to monitor the risks and adhere to limits by means of up to date and reliable information systems. These risks are managed within the parameters established by the Financial Regulations.

Interest Rate Risk

The Authority is subject to interest rate risk on the cash placed with a local bank which attracts interest. No interest payments are charged to customers on late payments on accounts receivable. The Authority is exposed to interest rate risk on its short term. The total interest earned during the year ended 31 December 2022 was \$9,654 (2021: \$7,542).

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Authority. Financial assets which potentially expose the Authority to credit risk comprise cash and cash equivalents and accounts receivable.

The Authority is exposed to potential loss that would be incurred if the counterparty to the bank balances fails to discharge its obligation to repay. All bank balances are held with one financial institution (RBC Royal Bank (Cayman Islands)) located in the Cayman Islands which management considers to be financially secure and well managed.

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Statement of Cash Flows
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15. Financial Risk Management (continued)

Credit risk (continued)

The Authority is also exposed to a significant concentration of credit risk in relation to accounts receivables, majority of which are due from other Government entities. No credit limits have been established and no collateral is required from the Authority's debtors. None of these assets are impaired and management considers these debts to be recoverable in full. The carrying amount of financial assets recorded in the financial statements represents the Authority's maximum exposure to credit risk.

Liquidity Risk

Liquidity risk is the risk that the Authority is unable to meet its payment obligations associated with its financial liabilities when they fall due. The ability of the Authority to meet its debts and obligations is dependent upon its ability to collect the debts outstanding to the Authority in a timely basis. As at 31 December 2022 and 31 Dec 2021, all of the financial liabilities were due within one month of the financial position dates.

16. Financial Instruments- fair values

As at 31 December 2022 and 31 December 2021, the carrying amount of cash deposits, accounts receivable, accounts payables and employee entitlements approximate their fair value due to their short-term maturities. Fair values are made at specific points in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions, economic conditions and other factors could cause significant changes in fair value estimates.

17. Commitments

Commitments relate to the environmental impact assessment works related to the East West Arterial Road and the quarries supply agreement. These were \$1.3m and \$2.7m respectively as at 31 December 2022. These contracts are expected to be discharged in full within the enext year.

18. Events Occurring After the Reporting Date (31st December 2022)

Management is not aware of any events after the reporting date which will have an impact on the financial statements at 31st December 2022.

National Roads Authority
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19. Explanations of major variances against budget

Statement of Financial Position

	2022 Actual	2022 Original Budget	2022 Final Budget	Variance Original vs Actual
	\$	\$	\$	\$
ASSETS				
Current Assets				
Cash and cash equivalents	10,204,085	14,263,496	14,263,496	(4,059,411)
Accounts receivable and prepayments	7,146,909	1,530,558	1,530,558	5,616,351
Inventories	34,838	39,899	39,899	(5,061)
Total Current Assets	17,385,831	15,833,953	15,833,953	1,551,879
Non-Current Assets				
Property, plant and equipment	3,644,206	2,256,098	2,256,098	1,388,108
Intangible Assets	52,932	18,802	18,802	34,130
Total Assets	21,082,969	18,108,853	18,108,853	2,974,117
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities	1,845,345	2,241,975	2,241,975	396,630
Employee entitlements	63,862	127,836	127,836	63,974
Revenue Deposits	23,758	-	-	(23,758)
Total Current Liabilities	1,932,965	2,369,811	2,369,811	436,846
Non-Current Liability				
Pension liability	892,000	3,334,000	3,334,000	2,442,000
Post-retirement health liability	24,178,000	35,906,000	35,906,000	11,728,000
Total Non Current Liabilities	25,070,000	39,240,000	39,240,000	14,170,000
Total Liabilities	27,002,965	41,609,811	41,609,811	14,606,846
Net Assets	(5,919,996)	(23,500,958)	(23,500,958)	17,580,963
Net Worth				
Contributed capital	4,653,535	4,653,535	4,653,535	-
Accumulated Deficits	(10,573,531)	(28,154,494)	(28,154,494)	17,580,963
Total Net Worth	(5,919,996)	(23,500,959)	(23,500,959)	17,580,963

**National Roads Authority
Statement of Cash Flows
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19. Explanations of major variances against budget (continued)

Statement of Financial Position

Cash and Cash Equivalents

Cash total of \$4m under budget primarily reflects the Ministry of Planning, Housing, Agriculture and Infrastructure “MPAHI” works (\$2.5m) not received at period end in addition to \$500k due from other Ministries works.

Accounts receivable and prepayments

The \$5.6 million variance in the actual Accounts Receivable when compared to the budget primarily relates to non-budgeted billings to the MPAHI as a result of MPAHI’s directives to complete Executive Assets (EA) works fully paid by the MPAHI beyond the scope of the Authority’s 12 month fiscal budget. Of note the year end balance is net of \$4m additional funding only approved in 2022 and subsequently received in January 2023.

Property, plant and equipment

Property Plant and Equipment reflects \$1.39m over budget with equipment acquisitions during 2022 \$1.3m (2021: \$844k) being additional purchases approved by Management/Board of Directors post budget driven by demands related additional Executive Asset works and meeting expanding needs of the Authority.

Accounts payable and accrued liabilities

Accounts payable were \$400k under budget primarily due to balances of payments on goods and services delivered near year end resulting from late works performed on behalf of MPAHI. These payments to primary vendors were settled timely in good faith due to assured funding commitments by MPAHI.

Pension liability

Pension liability experienced a positive shift of \$2.44m based on current actuarial assumptions compared to budget based on historical trend. This movement correlates to Actuarial calculations at year end.

Post-retirement health liability

Post-retirement health liability experienced a significant positive shift of \$11.7m based on OCI changes of approximately \$6.07m during 2022 (\$4.5m 2021). In addition, the intended \$9.1m to be placed as an offsetting asset remains in cash to be established for alleviating the outstanding net liability.

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19. Explanations of major variances against budget (continued)

Statement of Financial Performance

	2022	2022 Original Budget	2022 Final Budget	Variance Original vs Actual
	\$	\$	\$	\$
REVENUE	30,492,593	10,308,400	10,308,400	20,184,193
COST OF GOODS SOLD				
Subcontractors	9,329,888	205,714	205,714	(9,124,174)
Materials	5,390,136	205,714	205,714	(5,184,422)
Labour	3,191,401	2,674,411	2,674,411	(516,990)
Hired equipment	33,994	6,050	6,050	(27,944)
Total Cost of Goods Sold	17,945,419	3,091,889	3,091,889	(14,853,530)
NET REVENUE	12,547,174	7,216,511	7,216,511	5,330,663
OPERATING EXPENSES				
Personnel costs	4,965,722	4,293,159	4,293,159	(672,563)
Post- retirement health liability	2,117,000	3,067,000	3,067,000	950,000
Utilities (Streetlights)	1,300,029	1,100,000	1,100,000	(200,029)
Electricity and Water	38,964	33,623	33,623	(5,341)
Motor Vehicle expenses(including insurance)	951,808	525,109	525,109	(426,699)
Depreciation	600,131	484,523	484,523	(115,608)
Past service pension	160,000	234,095	234,095	74,095
Computer maintenance and fees	179,926	155,000	155,000	(24,926)
Professional fees	200,408	105,000	105,000	(95,408)
Building maintenance	104,188	105,950	105,950	1,762
Telephone	61,268	52,008	52,008	(9,260)
Supplies and consumables	61,667	72,000	72,000	10,333
Advertising and promotion	91,330	27,500	27,500	(63,830)
Bank charges	12,041	13,200	13,200	1,159
Doubtful Debt Expense	109,600	-	-	(109,600)
Insurance	14,955	15,343	15,343	388
Office Rental	984	-	-	(984)
Total Operating Expenses	10,970,021	10,283,511	10,283,511	(686,511)
Surplus/ (Deficit)	1,577,153	(3,067,000)	(3,067,000)	4,644,152

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(Stated in Cayman Islands Dollars)

19. Explanations of major variances against budget (continued)

Several categories were presented in summary within the Ownership Agreement whilst being presented in detailed form by the Authority in their Financial Statements and throughout the course of the year. The ownership agreement figures shown below represent the budget actually approved by the Parliament, compared with the detailed Financial Statement figures. Note however the total Revenue and Expenses remained the same in both formats.

Reconciliation of Ownership Agreement and the Statement of Financial Performance

	2022 Approved Budget \$	Financial Statements 2022 \$
REVENUE	10,308,400	10,308,400
COST OF GOODS SOLD		
Labour	-	2,674,411
Materials	-	205,714
Subcontractors	-	205,714
Hired equipment	-	6,050
Total Cost of Goods Sold	-	3,091,889
NET REVENUE	10,308,400	7,216,511
OPERATING EXPENSES		
Personnel costs	6,967,570	4,293,159
Post- retirement health liability	3,067,000	3,067,000
Utilities (Streetlights \$1.1m)	-	1,133,623
Motor vehicle expenses (including insurance)	-	525,109
Depreciation	484,523	484,523
Past service pension	234,095	234,095
Computer maintenance and fees	-	155,000
Professional fees	-	105,000
Building maintenance	-	105,950
Telephone	-	52,008
Advertising and promotion	-	27,500
Bank charges	-	13,200
Insurance	-	15,343
Office Rental	-	-
Supplies and consumables	2,622,212	72,001
Total Operating Expenses	13,375,400	10,283,511
SURPLUS/ (DEFICIT)	(3,067,000)	(3,067,000)

**National Roads Authority
Statement of Cash Flows
For the year ended 31 December 2022
(Stated in Cayman Islands Dollars)**

19. Explanations of major variances against budget (continued)

Statement of Financial Performance

Revenue

Revenue saw a positive variance of \$20m when compared to budget, primarily driven by executive asset works which were completed on the directive of the MPAHI. These projects were within the remit of the Ministry and not included in the Authority's initial budgeted works. In addition, works on behalf other Ministries experienced an upward shift of approximately \$200k while the Authority was awarded an additional \$4m from the Road Fund in an effort to bridge the urgent financial requirements for allowing the Authority to fulfil its primary functions.

Cost of Sales

The \$14.8 million budget variance in cost of sales is driven by costs incurred in completing the additional works as detailed in the revenue note above.

Personnel costs

The \$673k budget variance in personnel costs for the period was driven by various factors inclusive of increased health insurance cost (\$287k) resulting from a shift in insurers (CINICO) billing mechanism and increased staffing (23). During the period there were COLA awards and upscaling to standard core Government remuneration scale (\$30k). Additional works on the Capital projects also impacted the increase in this area inclusive of overtime (\$86k).

Budgeted Post-retirement healthcare costs and past service defined benefit pension costs were based on Actuarial estimates of cost to be charged to the statement of financial performance with adjustments based on receiving 2022 Actuarial reports hence the reduced costs of \$950k and decrease of \$74k respectively.

Motor vehicles expenses increased over budget by \$427k due to additional fuel and maintenance expenses related to additional works performed over and above the budget (as highlighted in the revenue section above).

Depreciation increased expense (\$116k) was directly due to BOD and management approved acquisitions not budgeted however deemed essential particularly with added demands related to Ministry required works and life expiration of fleet being replaced.

