



# **ANNUAL REPORT**

**For**

***National Roads Authority***

***For the 2010/11 Financial Year***

Final 18 January 2012

<b>Contents</b>	<b>Page</b>
Purpose .....	1
a) Nature and Scope of Activities .....	1
b) Strategic Goals and Objectives .....	2
c) Ownership Performance Targets .....	21
d) Summarised Financial Statements .....	26
e) Equity Investments .....	27
f) Capital Withdrawals .....	27
g) Dividends or Profit Distributions .....	27
h) Loans .....	27
i) Guarantees .....	27
j) Other Financial Information .....	28
Appendix: Financial Statements for the Year Ended 30 June 2009	A-1

## **Purpose**

This annual report details the performance of the National Roads Authority for the fiscal year ended 30 June 2011.

It includes information about the actual performance delivered during the year as compared to the planned performance documented in the Ownership Agreement for the National Roads Authority for 2010/11, or as amended through the supplementary appropriation process.

Section 52 of the *Public Management and Finance Law (2010 Revision)* specifies the content of statutory authority annual reports. This report was prepared in general accordance with those requirements which include:

- a) A summary of the **nature and scope of the activities** of the authority during that financial year;
- b) A summary of the extent to which the **strategic goals and objectives** of the authority described in the annual ownership agreement were achieved;
- c) A summary of the extent to which the **ownership performance targets** set out in the authority's annual ownership agreement for that financial year have been achieved in that financial year;
- d) **Audited financial statements** of the authority for the financial year;
- e) The amount of any **equity investment** made by the Governor in Cabinet in the authority during the financial year;
- f) The amount of any **capital withdrawals** made by the Governor in Cabinet from the authority during the financial year;
- g) The amount of any **dividends or profit distributions** paid by the authority during the financial year;
- h) The amount of any **loans** to the authority by the Governor in Cabinet during the financial year; and
- i) Details of any **guarantees** relating to the authority made by the Governor in Cabinet during the financial year.

As such, this report is structured according to these categories.

### **a) 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 Law 2004, including:

- Provision of medium to long term plans for road development referred to as a National Roads Plan. (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 contribute to sustainable transport and land development in the Cayman Islands by building and maintaining a safe and efficient network of national roads, in partnership with Cabinet and the Private sector, having regard to national and economic growth strategies.

### **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 and Scope of Activities specified in the 2010/11 Ownership Agreement for the year.

## **b) Strategic Goals and Objectives**

### **Approved Strategic Goals and Objectives**

The key strategic goals and objectives for The National Roads Authority for the 2010/11 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.

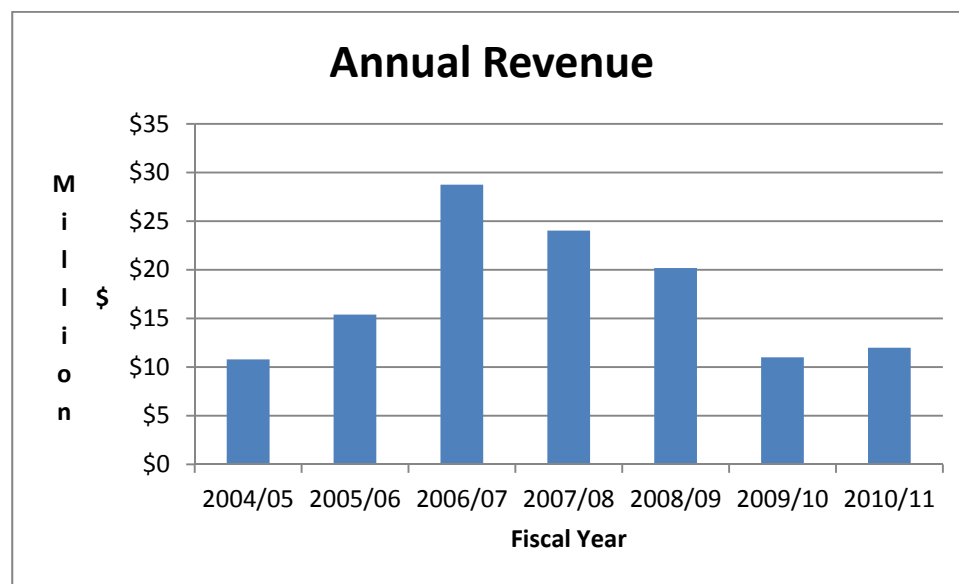
### Compliance with Strategic Goals and Objectives

As the world-wide recession deepened in FY 2010/11 the Government of the Cayman Islands faced many financial challenges that altered the strategic objectives of the NRA. Only one major construction project, Elgin Avenue, was carried out and road construction activity was down from \$10 million in FY 2008/09 to \$2 million in FY 2009/10 and FY2010/11. This and several other issues contributed to the NRA posting a net loss of \$614,674 in FY 2010/11 including:

- Escalation of street lighting costs resulting in a loss of \$19k
- A loss of \$220k in costs associated with the Cayman Brac hot mix asphalt paving
- Escalation in Health Insurance costs of approximately \$120k
- NRA 9: Maintenance of Roads budget cut of \$800k.

Several austerity measures were put in place including a payroll cut of 3.2% in July 2010 to try to offset these increases in operating costs.

However the NRA made several positive strides in the areas of Human Resources Management and other non-construction related activities. These are discussed within this report.



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

#### Accomplishments:

##### 1.1 Human Resources Administration:

HR services were provided by a consultant, Mr. Graham Wood, from 1 November 2009 until 31 May 2011. During that time job descriptions and contracts were brought up to date. Mr. Wood also assisted with the filling of the following key positions:

The Fleet Manager position was advertised with an application deadline of 17 December 2010. Candidates were shortlisted and interviews were held in

February 2011. An offer was made to the #1-ranked candidate, Anthony Ebanks, at the reduced position of Fleet Controller and he accepted the offer. He took up the post 21 May 2011.

The Human Resources Manager position was advertised with an application deadline of 17 December 2010. Candidates were shortlisted and interviews were held in February 2011. An offer was made to candidate, Julie Campbell, and she accepted the offer on 28 March 2011. She took up the post 17 May 2011.

The Chief Financial Officer position was advertised for the second time with an application deadline of 28 January 2011. Candidates were shortlisted and interviews were held in February 2011. An offer was made to candidate, Paul Schreiner, and he accepted the offer on 28 March 2011. He took up his post 6 April 2011.

Mr. Michael Barnett, the former Assistant Director of Finance and Administration (CFO) left the NRA 31 March 2011 after serving since its inception in 2004.

Jorge Bustillo returned to work at the NRA in early June 2011 from his studies in Civil Engineering at Arizona State University. He will be running a survey crew and assisting with project management duties.

Schmarrah McCarthy graduated from Purdue University with a Master of Science Degree in Civil and Geotechnical Engineering. She commenced on 1 June 2011 as the Asset Management and Quality Control Engineer.

## 1.2 HR Policies and Procedures

The Board of Directors approved an organization chart on 24 May 2011.

Managers and Supervisors were issued sets of the HR Policies and Procedures documents and the Competency Framework. Additional proposed policies will be submitted to the Board regarding:-

- Drug and Alcohol Misuse
- Probationary Employment
- Managing staff reductions

These HR documents set the stage for the implementation of Performance Agreements and Assessments which will commence in the first half of FY 2011/12.

## 1.3 Public Sector Review

The Managing Director and Deputy Managing Director were working nearly full-time on the second phase of the Review of the Civil Service for the Office of the Deputy Governor in the last quarter of 2010. That review was mandated by the Foreign and Commonwealth Office as a condition precedent to approving the borrowing of up to US\$185,000,000 by the Cayman Islands Government.

The NRA was one of eight Government agencies reviewed in phase three of the Public Sector Review. The review started in early April 2011. An Emerging Findings report was issued on 25 May 2011 and a Draft Final Report was issued 9 June 2011. These reports were forwarded to all Board Members for comment. The final report is expected in early FY 2011/12.

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

Accomplishments:

2.1 Public Private Partnerships

- a. Following on from two unsolicited proposals from private sector entities in the previous year offering private sector road financing, the Government asked the NRA to take an in-depth look at how a Public-Private Partnership could be established to deliver a major road construction programme. In September 2010 the NRA put together a list of projects that were estimated to cost approximately \$50 million under the assumption that Government could fund such a programme with repayments of \$4 million per annum for 20 years at 5% interest rate. PricewaterhouseCoopers was retained to provide an analysis for Government so that they could make an informed decision on whether to proceed to a full PPP procurement process for these road infrastructure projects.

PwC delivered a final report to Cabinet dated 17 November 2010 that looked at five different delivery models. After a presentation to Cabinet and much debate it was realized that such a programme would need to be off-balance sheet to be viable. For that to happen, Government would need to present a business case to the Foreign and Commonwealth Office that would be treated with the European System of Accounts 1995 rather than the currently used International Financial Reporting Standard 17. The NRA received no further instructions on this matter following the Premier's visit to the FCO in December 2010.

3. Goal: Continue the Traffic Improvement and Roads Development Programme.

Accomplishments:

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.

- a. Recurrent Activities – Highlights of the transportation unit for FY2010/11 were as follows:
  - i. In addition to numerous meetings and site inspections 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 two hundred and two (202) planning applications;
  - ii. A total of sixty seven (67) reviews of stormwater/drainage applications were carried out and commentary provided to the Central Planning Authority;
  - iii. Fifty seven (57) due diligence letters were written in response to enquiries from attorneys and real estate agents dealing with land purchases;
  - iv. Eighty four (84) site inspections were performed for the Building Control Unit for the issuance of Certificates of Occupancy;
  - v. Nine (9) complaints of destroyed or missing boundary markers as a result of road works were investigated; three (3) of these requests resulted in having boundary markers re-instated.
  - vi. Nineteen (19) investigations for encroachments (as defined by Section 16 of the Roads Law) were carried; a total of eleven (11) abatement notices were issued.
- b. Road Gazette Plans (Roads Law 2005R) were either started and/or completed for:
  - i. Section 3 – Notification of Proposal to Take Land
    - a) Acquisition of land for the widening of Washington Rd and Grackle Rd (BP478);
    - b) Acquisition of land for the widening of Elgin Avenue from Huldah Ave to Hospital Road (BP524);
    - c) Acquisition of land for an access road from Old Crewe Road to Vehicle Licensing Department (BP523);
    - d) Acquisition of land for an Access Road to the Blue Iguana Reserve (BP528);
    - e) Acquisition of land for the continuity of Will T Drive (BP530);
    - f) Acquisition of land for widening at Fort St & Harbour Dr (BP526);
    - g) Acquisition of Block 33D Parcel 43 for road widening along Rum Point Dr (BP531);
    - h) Acquisition of land for elimination of road encroachment along Coconut Dr (BP529);
    - i) Acquisition of roadways in the Belford Estates development (BP527);
  - ii. Section 5 – Declaration and Scheduling of Public Road
    - a) Definition and demarcation of part of Sea Fan Dr. (PCM189);
    - b) Road definition for roundabout adjacent to Galleria Plaza - Gecko Link and Esterley Tibbetts Highway added to the schedule of public roads (PCM263);



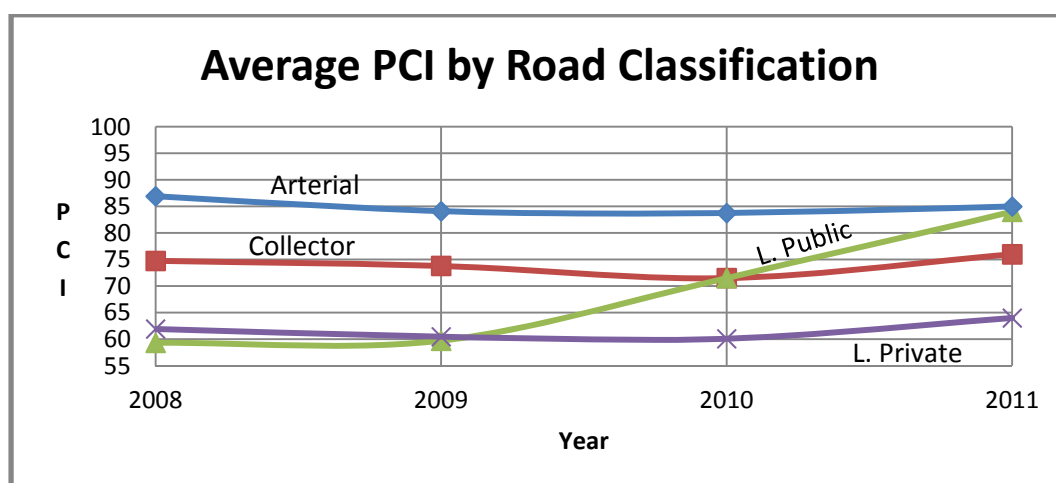
- c) Road definition for elimination of Siberia Avenue encroachments onto various parcels (PCM266);
  - d) Road definition for the continuity of Will T Drive (PCM267);
  - e) Road definition and demarcation of widening along Shamrock Road from Selkirk Drive to Mangrove Avenue (PCM260);
  - f) Road definition of widening at Fort St. & Harbour Dr. (PCM264);
  - g) Road definition for elimination of road encroachment along Coconut Dr. (PCM268);
  - h) Road definition of part of Fern Circle widening (PCM269);
  - i) Road definition for the widening of Seymour Road and part of North Sound Road (PCM232);
  - j) Road definition for widening purposes along Rum Point Drive (PCM272);
  - k) Definition and demarcation of an access road off of Anton Bodden Road (PCM270);
  - l) On-going survey work and demarcation of road widening along North Sound Road from Shedden Road to Sound Way and Portland Road;
  - m) Survey work and identification of road definition for the East-West Arterial corridor for two sections of the project; 1) from Selkirk Drive to Shamrock Road roundabout just south of Mangrove Avenue, and 2) Shamrock Road roundabout to Poindexter Road.
  - n) Survey work and definition of the public road definition of the Esterley Tibbetts Highway from Hyatt to Raleigh Quay.
- iii. Road Assessment Committee Hearings – Staff provided assistance to the Lands & Survey Department's Valuation Office in the preparation of Expert Witness documentation for two (2) hearing cases in regards to Land Compensation Claims along the East-West Arterial corridor.
- c. Traffic Calming Programme – Due to budgetary constraints, the NRA's installation programme of speed humps in neighbourhoods throughout Grand Cayman has been canceled.
- d. Road Safety Programme - The National Road Safety Strategy was launched in January 2011, members include NRA, RCIPS, Cayman Islands Road Safety (CIRSAC), DVLS and PWD. The goal of the strategy is to bring together a multi-agency approach to combat all aspects of road safety – Education (Streetskills), Enforcement and Engineering. At the moment the committee is concentrating on the education side of the campaign through Streetskills which was re-launched in April 2011- Streetskill is the public education campaign of the new multi-agency Cayman Islands National Road Safety Strategy. The overarching strategy paper is also being developed with RCIPS taking the leading role.
- e. Public Relations with Government Information Services - Press releases were prepared and circulated within various local media. Some of the more significant Press release topics included:
- i. NRA Moved Ad in July 2010;
  - ii. Elgin Avenue Project from September 2010 to February 2011.

- f. Traffic Advisory Panel (TAP)
  - i. Double Yellow Line (DYL) on Elgin Avenue – Feb 2011;
- g. On 4 May 2011 the NRA forwarded a report to Camana Bay regarding the issue of pedestrians crossing the Esterley Tibbetts Highway in the vicinity of Camana Way. The report was prepared by Walter H. Keller, Inc. It makes short term recommendations on how to improve safety in the area and calls for a grade-separated pedestrian crossing in the future as vehicular and pedestrian traffic increases.
- h. Two staff members of the Planning Unit provided assistance on the initial work carried out by the Construction Buildings and Land Use (CB&LU) subcommittee of the National Energy Policy Committee. For the period of January to June 2011, planning staff contributed over 150 hours to the deliberations of the CB&LU subcommittee.
- i. The Transportation Planning unit is also responsible for quality control and asset management. This was formalized with the addition of Schmarrah McCarthy who graduated from Purdue University with a Master of Science Degree in Civil and Geotechnical Engineering in May 2011. She is responsible for the materials testing laboratory and the NRA's asset management functions. In FY 2010/11 the laboratory technicians were certified as Level 2 Asphalt Plant Technicians through the Florida Department of Transportation's Construction Training Qualification Program.
- j. Pavement Management – In April 2008 the NRA initiated a Pavement Management System (PMS) to rate Cayman's roads using the widely accepted Pavement Condition Index (PCI) method developed by the US Army Corps of Engineers. The PMS is essentially a detailed database of physical characteristics of the road network coupled with distress data from visual condition surveys of each road section. The system helps the NRA to achieve its target of an average PCI of 70 out of 100 for the network – which is high by international standards. Pavement inspections and development of the data base was performed by a team of local and foreign consulting engineers.

In June 2011 NRA staff participated in a refresher course to conduct pavement condition surveys in accordance with the procedures described in ASTM Standard D6433-07 for roads and parking lot pavements. One third (1/3) of the road network in Grand Cayman was then re-inspected and the data was used to update the MicroPAVER pavement management database.

### *Historical Average Pavement Condition Indices by Road Classification*

Road Classification	Chart Colour	Number of Sections	Average PCI by Year			
			2008	2009	2010	2011
Arterial		8	87	84	84	85
Collector		68	75	74	72	76
Local Public		422	59	60	72	84
Local Private		672	62	60	60	64



The above chart shows that the District Road Programme, which focuses on local public roads, has been effective in raising the average PCI level by 25 points or 42% in three years.

The chart also highlights the dismal state of local private roads. If the downward trend of the condition of this category of road is to be reversed a policy decision will have to be made on how to bring these roads into the public road network and how to fund the improvements needed to improve their condition.

Finally, the data suggests that a more effective maintenance programme may be needed to keep the condition of our arterial and collector roads at a high level. Since these roads primarily have a hot mix asphalt surface, HMA overlays and or milling and replacing the HMA surface is the preferred pavement maintenance procedure. Therefore it will be necessary to fund HMA work at a higher level in future Budgets.

### 3.2 Engineering and Operations Activities:

Three engineers, two superintendants, a licensed electrician, and a fleet controller 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 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 Law and Regulations.

- a. Blasting and Explosives Issues - Consultant Robert McClure arrived to assist with the disposal of old/unusable explosives. We met with Magazine Masters/Owners to bring magazine records & inventory up to date. Owners identified old product that were unusable and possibly unreliable or unstable. Beginning 21 February 2011, we began systematic recording and disposal of said product including but not limited to:
- old Detonators (Pre-Ivan & damaged),
  - Fuse Caps (Fuse is no longer used in CI),
  - Detonating Cord (Blasters have no use for it),
  - Surface Delays (not used in current blasting practice).

Over 4,000 detonators were logged and destroyed at Barry Bodden's (Caribbean Stone Product's) Magazine. Over 4,000 nonelectric detonators at Justin Wood's Magazine were logged and destroyed, and over 4,000 detonators & several spools of Detonating Cord were logged and destroyed at Dean Scott's (Cayman Brac) Magazine.

Post Exercise: Magazine Masters will be expected to keep all magazines clean and tidy with accurate inventory as mandated by current Law and Regulations and NRA will be conducting regularly scheduled magazine visits to verify this is done.

An effort to revise the current law and regulations governing explosives was started beginning with storage of explosives.

- b. Engineering Design – Geometric design skills were enhanced with the upgrading from Eagle Point design software to CivilSoft 3D.

- c. EA 36: Miscellaneous Road Surface Upgrades – Due to the utilization of the NRA's HMA equipment and crew on Cayman Brac since July 2009, it was necessary to contract with the two private sector contractors for the completion of these works. The following table summarizes the FY 2010/11 HMA paving programme for Grand Cayman:

<b>Location</b>	<b>Estimates for FY 10/11</b>	<b>Actual Expenditures FY 10/11</b>
<b>West Bay</b>		
Hell Road	\$ 216,000	\$ 176,319
Captain Allies Road		24,570
West Bay Rd -Fire Station to Yacht Club		
South Lane Full-Depth Repairs	26,030	23,438
North Lane Full-Depth Repairs	52,975	23,438
Overlay of Full-Depth Patches		139,907
<b>George Town</b>		
Linford Pierson Hwy Patches	38,620	22,914
Lynhurst Avenue	52,630	34,566
Crusader Way (only 50 feet)	27,529	2,340
Repairs to Ritz Bridge		15,491
Programme Management		37,017
<b>Total</b>	<b>413,784</b>	
<b>Budget EA36 FY10/11</b>	<b>500,000</b>	<b>500,000</b>

- d. EA 126: George Town Roads - Widening and Reconstruction of Elgin Ave. This was completed in February 2011 within budget. The NRA sent the Ministry a separate invoice for change orders which totalled \$163,405 for the burial of the CUC distribution line and the removal of trees in front of the Government Administration Building.



Some of the highlights of the project include:

- Centre turn lane and other dedicated turn lanes
- Improved drainage by re-grading the road to create 7 drainage basins and the addition of 34 new drainage wells
- All cast-in-place curb and gutters
- Continuous sidewalks linking the commercial buildings
- New pedestrian crossing near the GOAP project
- Relocated, underground electric utility lines at the GOAP project
- A new mini roundabout at the intersection of Hospital Rd and Elgin Ave.





- e. Widening and Reconstruction of Hell Road – This project was started in the previous fiscal year under EA 122. In FY 2009/10 the NRA completed the clearing, subgrade, fencing, and base works for the project. The drainage wells and concrete retaining wall along the school property were also completed. Delays occurred due to a dispute between the Ministry and Caribbean Utilities Company over the cost of moving utility poles. Because of this the project was finished with Maintenance of Roads funds in FY2010/11.

It is important to note that the section of road adjacent to Billy Banker's property, parcel 1D271, was not widened or realigned as shown on the NRA's construction plans. This happened due to the lack of Government's financial resources to pay for compensation. This short stretch of road was simply overlaid with hot mix asphalt without making any geometric improvements.



- f. EA 129: Access Road to the Blue Iguana Reserve in East End - Gazette notices under Section 3 and 6 of the Roads Law and Boundary Plan 528 were published in the Cayman Islands Gazette on 23 May 2011.

We received an advance payment of \$900,000 from the Ministry on 30 June 2011. We mobilized for this project, prepared a tender document for the fill materials and finalized the topographic survey work. We intend to award a contract for the fill and then start construction in early FY 2011/12.

- g. NRA 6: District Roads Programme - 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 appear at the end of the table.

Name	District	PCI	Work	Status	Date completed
<b>Bodden Town</b>					
ANGUILLA DR	BT	27	2nd App	100 Percent	16-Aug-10
BERGMAN LN	BT	56	2nd App	100 Percent	14-Feb-11
CHARIOT DR	BT	25	2nd App	100 Percent	10-Mar-11
DOMINICA DR	BT	53	2nd App	100 Percent	16-Sep-10
FAITH AVE	BT	56	2nd App	100 Percent	11-Feb-11
GLASS AVE	BT		Reconst	100 Percent	4-Oct-10
GRENADA CL	BT	20	2nd App	100 Percent	18-Aug-10
HOMESTEAD CRES	BT	68	2nd App	100 percent	16-Feb-11
KINGFISHER ST	BT	38	2nd App	100 Percent	4-Feb-11
LEONCE DR	BT	61	2nd App	100 Percent	10-Feb-11
MEADOWLARK RD	BT	48	2nd App	100 Percent	8-Feb-11
MIKE WATLER CRES	BT	65	2nd App	100 Percent	23-Sep-10
PAULEACH RD	BT	13	Reconst	100 Percent	20-Sep-10
REGINA AVE	BT	55	2nd App	100 Percent	21-Sep-10
ROSELYN CL	BT	24	2nd App	100 Percent	16-Aug-10
MANSE RD UPGRADE	BT	33	Extension	100 Percent	2-Dec-10
AUNT SHANNYS RD	BT	73	2nd App	100 percent	21-Feb-11
BLUEJAY ST	BT	75	2nd App	101 percent	4-Feb-11
BRIGHTVIEW DR	BT	75	hot mix	paved by Bob Watler	
BUENA VISTA DR	BT	71	hot mix	paved by Bob Watler	
CHARITY LN	BT	78	2nd App	100 Percent	16-Feb-11
CLEARVIEW DR	BT	75	2nd App	100 percent	18-Feb-11
DOVE LN	BT	77	2nd App	100 Percent	21-Feb-11
FIG TREE DR	BT	76	w a trence	100 Percent	16-Aug-10
FLEET AVE	BT	76	Reconst	100 Percent	11-Feb-11
MIMOSA LN	BT	75	2nd App	100 Percent	23-Feb-11
MONUMENT RD	BT	60	2nd App	100 Percent	2-Mar-11
STARAPPLE RD	BT	71	2nd app	100 percent	18-Feb-11
STARWOOD DR	BT	73	2nd app	100 percent	21-Feb-11



Name	District	PCI	Work	Status	Date completed
<b>Boddden Town "Unscheduled" roads</b>					
Berry Drive	BT	24	Reconst	All work stopped in Mahogany Estates at the Request of Lorenzo Berry	
Kingschase St.	BT	24	Reconst	Carried over to FY 2011/12	
Wing Ct.	BT		Reconst		
Gardenia Dr.	BT	41	Reconst		
Safron St.	BT	21	Reconst	100 Percent	24-Jun-11
Wordsworth St.					
Breadfruit Ln	BT	29	Reconst	100 Percent	23-Jun-11
Tuckermans Dr.	BT	32	2nd App	100 Percent	19-May-11
Bouganvillea	BT	42	2nd App	100 Percent	30-May-11
Lancelot Dr.	BT	48	Reconst	100 Percent	15-Jun-11
Butterfly Circle	BT	55	Reconst	100 Percent	1-Jun-11
Adventist Church off Hirst Rd	BT	65	Reconst	100 Percent	17-May-11
Milton Dr.	BT	76	2nd App	100 Percent	3-Jun-11
<b>George Town</b>					
ANDREW DR	GT	74	Reconst	100 percent	10-Nov-10
ALCAN LN	GT	47	2nd App	100 Percent	14-Mar-11
AUTUMN LN	GT	25	2nd App	100 Percent	11-Mar-11
AVOCADO LN	GT	54	2nd App	100 Percent	17-Mar-11
BEBEE CL	GT	47	2nd App	100 Percent	14-Mar-11
BONNIE VIEW AVE	GT	23	Reconst	100-percent	11-Apr-11
BUTTONWOOD AVE	GT	46	Reconst	100 Percent	6-Apr-11
CARNATION LN	GT	41	2nd App	100 Percent	15-Mar-11
DORSET LN	GT	49	Reconst	deleted for BT rds	
FAIRLAWN RD	GT	38	Reconst	deleted for BT rds	
GRAPE AVE	GT	48	2nd App	100 Percent	22-Mar-11
GRAPEVINE CL	GT	35	2nd App	100 Percent	17-Mar-11
GREENWOOD DR	GT	67	2nd App	100 Percent	10-Mar-11
GRESSCOTT LN	GT	13	PAVED		
HAVEN CL	GT	29	2nd App	deleted for BT rds	
HARMONY LN	GT	71	Reconst	deleted for BT rds	
LOCH LOMOND WAY	GT	35	2nd App	100 Percent	7-Apr-11
LOGWOOD WAY	GT	34	Reconst	deleted for BT rds	
LUNA LN	GT	20	2nd App	deleted for BT rds	

<b>Name</b>	<b>District</b>	<b>PCI</b>	<b>Work</b>	<b>Status</b>	<b>Date completed</b>
MANGO TURN	GT	10	PAVED		
MANGROVE AVE	GT	67	Reconst	100 Percent	18-Apr-11
MORTON RD	GT	19	2nd App	deleted for BT rds	
OLD CREWE RD	GT	64	2nd-App	100 Percent	13-Apr-11
PARK LN	GT	24	2nd App	deleted for BT rds	
PARROT AVE	GT	68	Reconst	deleted for BT rds	
POGO LN	GT	59	2nd App	deleted for BT rds	
POINT FOUR ST	GT	29	PAVED		
POINDEXTER RD	GT	81	Reconst	100-Percent	8-Apr-11
POND RD	GT	29	Reconst	100-Percent	30-Mar-11
PROSPECT DR	GT	60		deleted for BT rds	
PROSPECT POINT RD	GT	58	Reconst	deleted for BT rds	
QUAIL ST	GT	19	2nd App	100 percent	26-May-11
RAVEN AVE	GT	48	Reconst	100 percent	26-May-11
ROWLEY RISE	GT	44	2nd App	deleted for BT rds	
RYAN RD	GT	46	2nd App	deleted for BT rds	
SIBERIA AVE	GT	68	2nd App	100 Percent	21-Mar-11
SOTO LN	GT	62	2nd App	100 Percent	3-May-11
SPRING LN	GT	23	2nd App	100 Percent	11-Mar-11
TROPICAL GARDENS RD	GT	36	Reconst	deleted for BT rds	
TROPICAL LN	GT	58	2nd App	100 Percent	11-Apr-11
VICTORIA LN	GT	14	Reconst	deleted for BT rds	
WATLERS DR	GT	53	2nd App	deleted for BT rds	
WEBB RD	GT	47	2nd App	deleted for BT rds	
BAMBI CL	GT	77	2nd App	deleted for BT rds	
BEL AIR DR	GT	74	2nd App	deleted for BT rds	
BERNARD DR	GT	78	2nd App	100-Percent	20-Apr-11
DOMINO ST	GT	72	2nd App	100 Percent	2-May-11
HICKORY DR	GT	76	2nd App	100-Percent	26-Apr-11
LANTANA WAY	GT	79	2nd App	deleted for BT rds	
LIGUINEA CIR	GT	78	2nd App	deleted for BT rds	
MANGO TURN	GT	10	PAVED		
MAPLE RD	GT	79	2nd App	deleted for BT rds	
MORNINGSIDE DR	GT	76	2nd App	100-Percent	26-Apr-11
NIGHTINGALE ST	GT	78	2nd App	deleted for BT rds	
PALM HEIGHTS DR	GT	72	2nd App	deleted for BT rds	
PARKLANDS CL	GT	75	2nd App	deleted for BT rds	
ROSE LN	GT	63	no road	Road not constructed	

<b>Name</b>	<b>District</b>	<b>PCI</b>	<b>Work</b>	<b>Status</b>	<b>Date completed</b>
WESTWOOD DR	GT	76	2nd App	100 Percent	2-May-11
WHITEMAN SEYMOUR	GT	60	Reconst	100 Percent	8-Mar-11
<b>West Bay</b>					
CEMETRY RD	WB	57	2nd App	100 Percent	3-Nov-10
ELKHORN CRES	WB	29	2nd App	100 Percent	25-Oct-10
MARSH RD	WB	56	2nd App	100 Percent	10-Nov-10
POWERY RD	WB	41	Reconst	100 Percent	5-Sep-10
TOPSAIL ST	WB	50	Reconst	100 Percent	25-Oct-10
CABOOSE LANE	WB	6	Reconst	100 Percent	5-Aug-10
NICKEL LANE	WB	43	2nd App	100 Percent	5-Nov-10
ALEX POWERY RD	WB	77	2nd App	100 Percent	26-Oct-10
BOLTINS AVE	WB	79	Reconst	100 Percent	18-Oct-10
DILL LN	WB	72	2nd App	100 Percent	19-Oct-10
DODRIDGE CRES	WB	75	Reconst	100 Percent	6-Oct-10
ELM CL	WB	73	2nd App	100 Percent	28-Oct-10
EVANS CL	WB	71	2nd App	100 Percent	28-Oct-10
FALCON CL	WB	72	2nd App	100 Percent	29-Oct-10
FOREMAST CL	WB	75	2nd App	100 Percent	2-Nov-10
GUNTERS LINK	WB	73	2nd App	100 Percent	28-Oct-10
STAGHORN CL	WB	75	2nd App	100 Percent	25-Oct-10
UNCLE JIMMYS LN	WB	75	2nd App	100 Percent	19-Oct-10
UP THE HILL RD	WB	72	2nd App	100 Percent	11-Nov-10

**East End**

FIDDLERS WAY	EE	22	2nd App	100 Percent	26-Nov-10
PISCES WAY	EE	21	2nd App	100 Percent	27-Nov-10
Radar Centre Farm Road	EE		Reconst	100 Percent	14-Dec-10

**North Side**

CONSTANTINE ST	NS	60	2nd App	100 Percent	11-Dec-10
FRIENDLY LN	NS	23	2nd App	50 Percent	
GRANT ST	NS	44	2nd App	100 Percent	10-Dec-10
UNION ST	NS	63	2nd App	100 Percent	8-Dec-10
CAMP DR	NS	35	2nd App	100 Percent	2-Mar-11
EAGLE ST	NS	76	2nd App	100 Percent	9-Dec-10

Name	District	PCI	Work	Status	Date completed
FINGER CAY RD	NS	77	2nd App	100 Percent	4-Mar-11
TIDYMAN LN	NS	77	2nd App	100 Percent	7-Mar-11
BENNETS	NS		UPGRADE	100 Percent	18-Mar-11
OFF THE BEATEN PATH	NS	55	UPGRADE	100 Percent	16-Mar-11
UNION ST EXTENSION	NS		UPGRADE	100 Percent	21-Mar-11

Abbreviations: RR = Rip and Relay (Reconstruct the Road Base)  
Reconst = Reconstruction  
SC = Spray and Chip (Surface Treatment)  
2<sup>nd</sup> App = Second Application of Spray and Chip (Surface Treatment)

- h. NRA 8: Storm Water Management and Drainage Well Drilling Programme - APEC Consultants finalized the design of a project to improve the drainage in Belford Estates. A public meeting was held on 6 April 2011 to update and appraise the residents of the intended work. The public meeting was attended by NRA staff, Ali Sabti from Apec Consultants, the Hon. Minister for Health, and the Third Elected MLA from Bodden Town.

Construction for FY 2010/11 commenced in May and by 30 June Phase 1 was 90% complete. \$400,000 has been appropriated under EA116 to finish Phase 2 in FY 2011/12.

Also, the NRA began cleaning out the storm water detention area on Crown property at the end of Daffodil Street and Cumber Avenue in Bodden Town in early March. The Ministry requested we stop work before we could finish. We are still waiting for permission to resume this work. It will only take a few days to finish.

The NRA's drainage well drilling programme for FY 2010/11 was as follows:

Street Name	Redrill 8inch to	New: 8inch	District	Complete	Boxed
Academy Way	1		GT	7-Apr-11	
Fairbanks		1	GT	8-Dec-11	10-Feb-11
Fairbanks, opposite Hilton estates		1	GT	9-Dec-10	7-Feb-11
Anthony dr across # 148	1		GT	16-Nov-10	
Anthony dr across temple wood	1		GT	16-Nov-10	
Oakland St	1		GT	10-Nov-10	
Pond # 26, # 63		2	GT	15-Dec-10	28-Mar-11
Pool lane end of road	1		GT	2-Dec-10	
Templeton St # 47	1		GT	10-Nov-10	

Street Name	Redrill 8inch	to	New: 8inch	District	Complete	Boxed
Birch ave	1			GT	17-Nov-10	
Buttonwood ave	1			GT	17-Nov-10	
Marina # 225	1			GT	9-Feb-11	
Marina Dr # 379			1	GT	13-Dec-10	8-Feb-11
Raven Ave	3			GT	12-Nov-10	
Victory Ave # 217			1	GT	13-Dec-10	8-Feb-11
Bronze Rd across # 41	2			GT	23-Nov-10	
Grackle rd # 30			1	GT	1-Mar-11	15-Mar-11
Greenwood dr	1			GT	23-Nov-10	
Lancaster Cres	3		1	GT		
Martin Dr across from # 93	1			GT	2-Dec-10	
Saturn Close	2			GT	18-Nov-10	
Webb rd # 22	4			GT	23-Nov-10	
Crewe rd #190	1			GT	13-Jan-11	
Hibiscus ln			1	GT	6-Apr-11	12-Apr-11
Lakeforest # 58			1	GT		
Lakeforest Way # 43			1	GT	1-Apr-11	4-Apr-11
Palm Dale	1			GT		
Poinsettia ln; new across # 32	2		1	GT	3-Dec-10	11-Mar-11
Ryan # 43			1	GT		
Sandalwood # 109	1			GT		
South Sound	1			GT	22-Nov-10	
Walkers # 771	1			GT	25-Nov-10	
Coemer/Zeedah Interection			1	GT	6-Apr-11	12-Apr-11
Jennifer Dr # 79	1		recon. Need	GT	6-Dec-10	7-Feb-11
Marsh Rd # 16	1			WB	1-Dec-10	
Capt Curry rd # 25	1			WB	2-Dec-10	
North West Pt # 66	1			WB	8-Dec-10	
Powery Rd #259			1	WB	8-Apr-11	12-Apr-11
West Bay/Town Hall 4 way	5			WB	15-Dec-10	
West Church St	1			WB	8-Dec-10	
College Cl			1	BT	24-Feb-11	14-Mar-11
Fleet Ave			1	BT	8-Apr-11	
Milton Dr			1	BT	22-Feb-11	14-Mar-11

Street Name	Redrill 8inch	to	New: 8inch	District	Complete	Boxed
Moonbeam Dr	3	(2)		BT	7-Dec-10	
Water Street # 115	redrilled 2		1	BT	3-Dec-10	
Northward			1	BT		
Periwinkle Dr			1	BT	4-Apr-11	6-Apr-11
Bronte Way			1	BT	4-Apr-11	6-Apr-11
Portland Rd			1	GT	24-Feb-11	1-Mar-11
Rum Point Drive	2			NS		8-Mar-11
Kaibo	1		1	NS	8-Mar-11	6-Apr-11
1 new drain instalation for Delroy Campbell on Portland Rd opposite CJ's furniture store to replace drain at Lancaster Cres						1-Mar-11
1 new drain installation at Bayfield Cres/Hirst Rd to replace drain at Palm Dale						14-Mar-11
1 new drain installation at Bayfield Cres/Milton Dr to replace drain at Lancaster Cres						14-Mar-11
1 new drain instalation on Hirst Rd near by Champs Fluor Dr						13-Apr-11

- i. Equipment Purchases - The NRA Board of Directors approved the purchase of the following equipment at its 8 February 2011 Board meeting. To date we have received the road sweeper, the motor grader, the front end wheel loader, and the front-mounted sweep broom. The Minister of Finance approved a duty exemption for this equipment in March 2011.

NATIONAL ROADS AUTHORITY			
Item	Justification/Action	Date of Proposed Purchase	Approximate Cost w/freight
1 used 2007 Caterpillar 12H Motorgrader yellow	The NRA owns 4 Graders in total. A 2000 model was purchased in 2004 after Hurricane Ivan while the other three are between 15 to 27 years old.	10/11 Budget	\$165,000.00
1 used 2007 Caterpillar 938G II Front End Wheel Loader	The new loader is required to replace the IT18F Loader purchased in 1994. This machine was damaged in Hurricane Ivan and has been deemed too expensive to repair and maintain.	10/11 Budget	\$115,000.00
1 used 2007 Allianz Johnston MT350 Road Sweeper	Tymco 300 Sweeper purchased in 2000 went through Hurricane Ivan. We attempted to repair and maintain it until 2008 when it was deemed to be beyond repair.	10/11 Budget	\$120,000.00
1 New 2010 Ford F350 Flatbed Heavy duty Truck	Will replace a heavily used 1993 model used for pot hole patching and drain cleaning.	10/11 Budget	\$60,000.00
1 New 2010 BA30 Front Mounted Sweep Broom for the 938G II	Replacement broom for the IT18F Loader & broom to be decommissioned and auctioned.	10/11 Budget	\$26,000.00
1 New 2010 New Holland T5050 Tractor w/LR4160 20' Boom Mower	Will replace a retired grader sold at auction in 1998 and utilised by a contractor for wall cutting shoulder overgrowth	10/11 Budget	\$50,000.00
1 New 2010 New Holland TD80D Tractor w/SM60 Bush Hog Cutter	Will replace a 1986 Ford 5900 Tractor	10/11 Budget	\$36,000.00
Total			\$572,000.00
Total Duty Exemption being requested for 10/11			\$114,400.00





### **c) Ownership Performance Targets**

The ownership performance targets achieved (as specified in the *Fifth Schedule to the Public Management and Finance Law (2010 Revision)* for the National Roads Authority for the 2010/11 financial year were as follows.

#### **Financial Performance**

<b>Financial Performance Measure</b>	<b>2010/11 Actual \$</b>	<b>2010/11 Budget \$</b>	<b>Annual Variance \$</b>
Revenue from Cabinet	11,665,918	13,051,853	(1,385,935)
Revenue from ministries, portfolios, statutory authorities and government companies	323,011	75,136	247,875
Revenue from other persons or organisations	6,379	Nil	6,379
Surplus/deficit from outputs	5,698,129	5,930,191	(232,062)
Other expenses	6,312,803	5,930,191	(382,612)
Net Surplus/Deficit	(614,674)	Nil	(614,674)
Total Assets	7,501,287	7,371,230	130,057
Total Liabilities	3,587,576	3,756,014	168,438
Net Worth	3,913,711	3,615,217	298,494
Cash flows from operating activities	(779,488)	394,304	(1,173,792)
Cash flows from investing activities	(447,938)	Nil	(447,938)
Cash flows from financing activities	Nil	Nil	Nil
Change in cash balances	(1,227,426)	394,304	(1,621,730)
Current Assets: Current Liabilities	1.55:1	1.5:1	0.05
Total Assets: Total Liabilities	2.01:1	1.9:1	0.11

#### Explanation of Variances

Revenue from Cabinet: The \$1,385,935 variation in revenue from cabinet primarily consists of a \$1.5 million reduction in Hot Mix Asphalt programme; a \$1 million reduction in capital works; offset by revenue related to EA 055 hot mix asphalt paving in Cayman Brac of \$800,000 and an additional \$260,000 related to street lighting.

Revenue from ministries, portfolios, statutory authorities and government companies: Increased activity by the Water Authority – Cayman resulting in pavement repair work makes up the majority of this \$247,875 variation.

Revenue from other persons or organisations: There was no significant revenue from other organisations.



A summary of the Executive Asset and Output accounts for FY 2010/11 are tabulated below:

Executive Asset	No.	Approved Budget \$	\$11.5 \$	Final Budget \$	Total Invoiced \$
George Town - Widening & Reconstruction of Elgin Ave	126	2,000,000	Nil	2,000,000	1,999,996
Miscellaneous Road Surface Upgrades	36	500,000	Nil	500,000	500,000
Asphalt paving Cayman Brac	55	Nil	800,000	800,000	1,019,546
		2,500,000	800,000	3,300,000	3,519,542
Variance = 1,019,542					
Output	No.	Approved Budget \$	\$11.5 \$	Final Budget \$	Total Invoiced \$
Planning & Development of New Public Roads	NRA 5	185,000	Nil	185,000	181,484
Grand Cayman District Roads Programme	NRA 6	2,200,000	Nil	2,200,000	2,200,000
Policy Advice on Road Related Matters	NRA 7	10,500	Nil	10,500	10,500
Storm Water Management & Mitigation of Tidal Inundation	NRA 8	1,100,000	(630,000)	470,000	468,740
Maintenance of Public Roads	NRA 9	4,446,353	(800,000)	3,646,353	3,646,353
Government Street Lighting Programme	NRA 10	960,000	260,000	1,220,000	1,238,917
Asset Management Programmes	NRA 11	150,000	Nil	150,000	97,307
		9,051,853	(1,180,000)	7,881,853	7,843,301
Variance = (1,208,552)					

Total Assets: The variance in total assets was primarily attributed to the increase in accounts receivables and a decrease in cash and cash equivalents. It is broken down as follows:

	<b>2010/11 Actual \$</b>	<b>2010/11 Budget \$</b>	<b>Annual Variance \$</b>
Cash and cash equivalents	1,868,051	3,102,131	(1,234,080)
Marketable securities and deposits			
Accounts receivable	3,468,458	2,558,309	910,149
Inventories	211,996	209,474	2,522
Other current assets			
<b>Total Current Assets</b>	<b>5,548,505</b>	<b>5,869,914</b>	<b>(321,409)</b>
Non-Current Assets			
Loans			
Other investments			
Net Worth of SA/GCs ( Org 41-54 only)			
Net Worth of Mins/Portfolios& Exec Orgs			
Property, plant and equipment	1,952,782	1,501,316	451,466
<b>Total Assets</b>	<b>7,501,287</b>	<b>7,371,230</b>	<b>130,057</b>

Total Liabilities: The variance in total liabilities was primarily attributed to the decrease in accounts payable offset by the increase in revenue deposits. It is broken down as follows:

	<b>2010/11 Actual \$</b>	<b>2010/11 Budget \$</b>	<b>Annual Variance \$</b>
Accounts Payable and Accrued Liabilities	1,155,989	2,417,616	1,261,627
Unearned Revenue	1,946,096	951,740	(994,356)
Retirement Pension Liability	335,000	249,000	(86,000)
Employee Entitlements	150,491	137,658	(12,833)
<b>Total Current Liabilities</b>	<b>3,587,576</b>	<b>3,756,014</b>	<b>168,438</b>

### Capital Maintenance

<b>Human Capital Measures</b>	<b>2010/11 Actual \$</b>	<b>2010/11 Budget \$</b>	<b>Annual Variance \$</b>
Total full time equivalent staff	109	111	(2)
Staff turnover (%)	2%	0%	
Average length of service senior management (Note 1)	15.35	11.6	
Significant changes to personnel management system	None		

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

Value of Total assets: The variance in total assets was primarily attributed to the increase in accounts receivables and a decrease in cash and cash equivalents as explained under the heading Financial Performance.

<b>Physical Capital Measures</b>	<b>2010/11 Actual \$</b>	<b>2010/11 Budget \$</b>	<b>Annual Variance \$</b>
Value of total assets	7,501,287	7,371,230	130,057
Asset replacements: total assets	0.06	Nil	0.06
Book value of depreciated assets: initial cost of those assets	0.39	0.42	0.03
Depreciation: Cash flow on asset purchases	1.06	Nil	1.06
Changes to asset management policies	None	None	

<b>Major Capital Expenditure Projects</b>	<b>2010/11 Actual \$</b>	<b>2010/11 Budget \$</b>	<b>Annual Variance \$</b>
EA 36: Miscellaneous Road Surface Upgrades	500,000	500,000	Nil
EA 55: Asphalt Paving Cayman Brac	1,019,546	Nil	1,019,546
EA 116: Storm Drain Wells	234,077	Nil	234,077
EA 126: Georgetown Roads	1,999,996	2,000,000	4
EA 129: Blue Iguana Reserve Road	2,054	Nil	2,054

### Explanation of Major Variances

EA 55: Asphalt Paving Cayman Brac – This budget was increased by \$800,000 by a Section 11/5 appropriation. The work pertains to the NRA paving crew and paving equipment work on Cayman Brac. This EA was not budgeted at the beginning of the year.

EA 116: Storm Drain Wells - \$350,000 was a Section 11.5 appropriation and \$116,000 went unspent due to the late start of the Belford Estate Flood Mitigation project. The project will finish in FY 20011/12 with an additional EA 116 appropriation.

EA 129: Blue Iguana Reserve Road - \$900,000 was appropriated for the Reserve Road. This project commenced at the very end of 2010/11 and the remainder of the work will be performed during fiscal 2011/12.

### Risk Management

Key risks	Status of Risk	Actions taken during 2008/9 to Manage risk	Financial Value of risk
Work related injuries to persons	Reduced – ongoing	Training and implementation of safety standards for heavy equipment machinery and workforce personnel.	Unquantifiable
Safety of drivers of vehicles and heavy equipment	Reduced – ongoing	Driver-training courses attended by operators in operation of vehicle to reduce operational misuse of the vehicle.	Unquantifiable

### d) Summarised Financial Statements

A full set of financial statements for The National Roads Authority is provided in the Appendix to this Ownership Agreement.

A summary of those is as follows.

Operating Statement	2010/11 Actual \$	2010/11 Budget \$	Annual Variance \$
Revenue	11,995,308	13,126,989	(1,131,681)
Operating Expenses	12,609,982	13,126,989	517,007
Net Deficit	(614,674)	Nil	(614,674)

Balance Sheet	2010/11 Actual \$	2010/11 Budget \$	Annual Variance \$
Assets	7,501,287	7,371,230	130,057
Liabilities	3,587,576	3,756,014	168,438
Net Worth	3,913,711	3,615,217	298,494

Statement of Cash Flows	2010/11 Actual \$	2010/11 Budget \$	Annual Variance \$
Net cash flows from operating activities	(779,488)	394,304	(1,173,792)
Net cash flows from investing activities	(447,938)	Nil	(447,938)

Net cash flows from financing activities	Nil	Nil	Nil
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**e) Equity Investments**

Transaction	2010/11 Actual \$	2010/11 Budget \$	Annual Variance \$
EI 8: Equity Investments into National Roads Authority	Nil	Nil	Nil

**f) Capital Withdrawals**

Transaction	2010/11 Actual \$	2010/11 Budget \$	Annual Variance \$
Capital Withdrawals from National Roads Authority.	Nil	Nil	Nil

**g) Dividends or Profit Distributions**

Transaction	2010/11 Actual \$	2010/11 Budget \$	Annual Variance \$
Dividend or Profit Distributions to be made by National Roads Authority.	Nil	Nil	Nil

**h) Loans**

Transaction	2010/11 Actual \$	2010/11 Budget \$	Annual Variance \$
Government Loans to be made to National Roads Authority.	Nil	Nil	Nil

**i) Guarantees**

Transaction	2010/11 Actual \$	2010/11 Budget \$	Annual Variance \$
Government Guarantees to be issued in relation to National Roads Authority.	Nil	Nil	Nil

## **j) 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 Law (2005 Revision).

<b>Transaction</b>	<b>2010/11 Actual \$</b>	<b>2010/11 Budget \$</b>	<b>Annual Variance \$</b>
Related Party Payments (Non Remuneration) made to Key Management Personnel	Nil	Nil	Nil
Remuneration Payments made to Key Management Personnel	631,421	582,032	(49,389)
Remuneration Payments made to Senior Management	612,671	518,831	(93,840)
No of Key Management Personnel	18	14	4
No of Senior Management	6	7	(1)

Key management includes all of the senior management plus the Board of Directors.

Senior management posts include: Managing Director, Deputy Managing Director, Deputy Managing Director Designate, Assistant Director for Transportation and Planning, the Special Projects Manager and the Assistant Director Finance and Administration/Chief Financial Officer.

# **Appendix: Financial Statements for the Year Ended 30 June 2011**



**National Road Authority**

**Financial Statements**

**June 30, 2011**

**NATIONAL ROADS AUTHORITY**

**FINANCIAL STATEMENTS**

**JUNE 30, 2011**

**Table of Contents**

<b>Statement of Responsibility for Financial Statements .....</b>	<b>A-3</b>
<b>Auditor General's Report.....</b>	<b>A-4</b>
<b>Statement of Financial Position .....</b>	<b>A-6</b>
<b>Statement of Comprehensive Income .....</b>	<b>A-7</b>
<b>Statement of Changes in Equity .....</b>	<b>A-8</b>
<b>Statement of Cash Flows .....</b>	<b>A-9</b>
<b>Notes to the Financial Statements.....</b>	<b>A-10</b>



**National Roads Authority  
Notes to the Financial Statements  
For the Year Ended 30 June 2011  
(Stated in Cayman Islands Dollars)**



**National Roads Authority  
Financial Statements  
30 June 2011**

**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 Law (2005 Revision)* and referenced to Section 26(1b) of the *National Roads Authority (2006 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 Law (2010 Revision)*.

As Chairman and Managing Director, we are responsible for establishing; and have established and maintain a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly record the financial transactions of the 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 comprehensive income, statement of cash flows and statement of changes in equity for the financial year ended 30 June 2011.

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

- (a) are completely and reliably reflect the financial transactions of National Roads Authority for the year ended 30 June 2011;
- (b) fairly reflect the financial position as at 30th June 2011 and comprehensive income for the year ended 30th June 2011;
- (c) comply with International Financial Reporting Standards under the responsibility of the International Accounting Standards Board.

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.

  
Mr. Colford Scott  
Chairman  
National Roads Authority

Date- 31st Oct 2011

  
Mr. Brian Tomlinson, P.E.  
Managing Director  
National Roads Authority

Date- 24 OCTOBER 2011



**Cayman Islands**

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### **Auditor General's Report**

#### **To the Board of Directors of the National Roads Authority**

I have audited the accompanying financial statements of the National Roads Authority (the "Authority"), which comprise of the statement of financial position as at 30 June 2011, the statement of changes in equity, the statement of comprehensive income and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes as set out on pages A-6 to A-21 in accordance with the provisions of Section 52(3) of the *Public Management and Finance Law (2010 Revision)*.

#### **Management's Responsibilities for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend upon the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Basis for Qualified Opinion**

International Accounting Standards (IAS) 24 requires the identification of transactions with related parties and disclosure of related party transactions and outstanding balances in the financial statements. This is to ensure that the entity's financial statements contain the disclosure necessary to draw attention to the possibility that its financial position and financial performance may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. I was unable to determine the entity's compliance with this standard due to the absence of related party representations by all members of the board of directors.

**Qualified Opinion**

In my opinion, except for the deficiency in the related party disclosure, these financial statements present fairly, in all material respects, the financial position of the National Roads Authority as at 30 June 2011 and the results of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



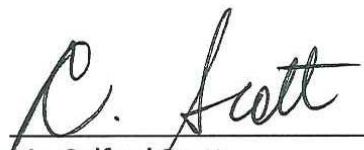
Alastair Swarbrick, MA (Hons), CPFA  
Auditor General

Cayman Islands  
24 October 2011

**National Roads Authority**  
**Statement of Financial Position**  
**As At 30 June 2011**  
**(Stated in Cayman Islands Dollars)**

<b>CURRENT ASSETS</b>	<b>Notes</b>	<b>2011</b>	<b>2010 (Restated)</b>
Cash and cash equivalents	2b,3	1,868,051	3,095,477
Accounts receivable	2e,2f,4	3,468,458	2,051,575
Inventory	2g	211,996	218,080
<b>Total Current Assets</b>		<b>5,548,505</b>	<b>5,365,132</b>
<b>FIXED ASSETS</b>			
Property, plant and equipment	2d,5	1,952,782	2,006,205
<b>Total Assets</b>		<b>7,501,287</b>	<b>7,371,337</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable	2h,6	1,155,989	1,495,554
Unearned revenue	2j, 7	1,946,096	951,740
Retirement pension liability	11	335,000	258,000
Employee entitlements	2i,8	150,491	137,658
<b>Total Current Liabilities</b>		<b>3,587,576</b>	<b>2,842,952</b>
<b>TOTAL ASSETS LESS LIABILITIES</b>		<b>3,913,711</b>	<b>4,528,385</b>
<b>EQUITY</b>			
Contributed capital		4,541,535	4,541,535
Retained earnings		(627,824)	(13,150)
<b>Total Equity</b>		<b>3,913,711</b>	<b>4,528,385</b>

Approved on behalf of the Board on the 24<sup>th</sup> of OCTOBER 2011

  
 Mr. Colford Scott  
 Chairman

  
 Mr. Brian L. Tomlinson, P.E.  
 Managing Director

The accompanying notes on pages A-10 to A-21 form an integral part of these financial statements.

**National Roads Authority**  
**Statement of Comprehensive Income**  
**For the Year Ended 30 June 2011**  
**(Stated in Cayman Islands Dollars)**

	<u>Notes</u>	<b>2010</b>	<b>2010</b>
SALES	12	11,995,308	10,998,047
COST OF SALES			
Materials		1,546,833	1,466,825
Labour		2,593,398	2,998,953
Subcontractors		2,143,325	990,031
Hired equipment		1,529	27,476
		<u>6,285,085</u>	<u>5,483,285</u>
GROSS PROFIT		<u>5,710,223</u>	<u>5,514,762</u>
OTHERINCOME		<u>(12,094)</u>	<u>4,662</u>
		<u>5,698,129</u>	<u>5,519,424</u>
OPERATING EXPENSES			
Personnel costs	10	3,227,573	3,226,113
Utilities		1,251,736	1,021,761
Motor vehicle expenses (including insurance)		651,763	674,418
Depreciation	5	487,633	645,839
Professional fees		251,784	183,518
Computer maintenance & fees		116,076	118,040
Past service pension	11	77,000	9,000
Building maintenance		64,920	35,893
Office rental		55,172	148,390
Telephone		53,032	57,299
Supplies & consumables		29,131	25,674
Insurance		19,497	17,081
Advertising & promotion		15,556	2,202
Bank charges		7,082	3,901
Travel & subsistence		4,848	-
		<u>6,312,803</u>	<u>6,169,129</u>
NET LOSS FOR YEAR		<u>(614,674)</u>	<u>(649,705)</u>

The accompanying notes on pagesA-10 to A-21 form an integral part of these financial statements.

**National Roads Authority**  
**Statement of Changes in Equity**  
**For the Year Ended 30 June 2011**  
**(Stated in Cayman Islands Dollars)**

	<u>Retained Earnings</u>	<u>Contributed Capital</u>	<u>Total</u>
<b>Balance at 1 July 2009</b>	<b>321,374</b>	<b>4,541,535</b>	<b>4,862,909</b>
Prior period adjustment (Note 17)	315,181	-	315,181
Net loss for 09/10	<u>(649,705)</u>	<u>-</u>	<u>(649,705)</u>
<b>Balance at 30 June 2010</b>	(13,150)	4,541,535	4,528,385
Net loss for 10/11	<u>(614,674)</u>	<u>-</u>	<u>(614,674)</u>
<b>Balance at 30 June 2011</b>	<u><u>(627,824)</u></u>	<u><u>4,541,535</u></u>	<u><u>3,913,711</u></u>

The accompanying notes on pagesA-10 to A-21 form an integral part of these financial statements.

**National Roads Authority**  
**Statement of Cash Flows**  
**For the Year Ended 30 June 2011**  
**(Stated in Cayman Islands Dollars)**

	<u>Notes</u>	<b>2011</b>	<b>2010</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net loss		\$(614,674)	\$(649,705)
Adjustment for non cash transactions:			
Loss on sale or disposal of property, plant & equipment		13,728	-
Depreciation	5	487,633	645,839
		(113,313)	(3,866)
Net change in working capital			
(Increase)/Decrease in accounts receivable		(1,416,883)	(31,592)
(Increase)/Decrease in inventory		6,084	(30,678)
Decrease in accounts payable and accrued liabilities		744,624	(178,991)
<b>Net cash used by operating activities</b>		(779,488)	(245,127)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets	5	(461,838)	(69,660)
Proceeds from disposal of property, plant & equipment		13,900	-
<b>Net cash used by investing activities</b>		(447,938)	(69,660)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Contributed capital from Government	9	-	-
<b>Net cash provided by financing activities</b>		-	-
Net decrease in cash and cash equivalents during the year		(1,227,426)	(314,787)
Cash and cash equivalents at the beginning of the year		3,095,477	3,410,264
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	3	<b>\$1,868,051</b>	<b>\$3,095,477</b>

The accompanying notes on pages A-10 to A-21 form an integral part of these financial statements.

**National Roads Authority**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2011**  
**(Stated in Cayman Islands Dollars)**

**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 Law, 2004. The Authority reports on its operations to the Ministry of District Administration, Works, Lands and Agriculture of the Cayman Islands Government.

The NRA is 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 NRA 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.

As at 30 June 2011, the NRA had 109 employees (30 June 2010: 110 employees). The NRA 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 Financial Reporting Standards (IFRS) issued by the International Accounting Standards Committee (IASC), and interpretations issued by the Standing Interpretations Committee of the IASC. The significant accounting policies adopted by the NRA in these financial statements are as follows:

The financial statements of the NRA are presented in Cayman Island dollars and are prepared on the accrual basis under the historical cost convention.

*(b) Cash & cash equivalents*

This comprises cash and short term investments have 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 statement of financial position date. Revenue and expense transactions denominated in foreign currency are translated to Cayman Islands Dollars at exchange rates at the date of those transactions. Gains and losses arising on translation are included in the statement of comprehensive income.

*(d) Fixed Assets/depreciation*

Fixed assets include motor vehicles, heavy equipment, dump trucks, furniture and fixtures and computer hardware and software are stated at cost less 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 Equipments	4 - 12 Years
Furniture and Fixtures	3 - 15 Years
Computer Hardware and Software	3 - 6 Years
Other Plant and Equipment	3 - 25 Years

*(e) Receivables*

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



**National Roads Authority**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2011**  
**(Stated in Cayman Islands Dollars)**

**2. Significant Accounting Policies (continued)**

*(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) Inventory*

Inventory is valued at the lower of net realizable value or cost, on an average basis.

*(h) Accounts Payable*

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

*(i) 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 balance sheet 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 pension costs are assessed using the Projected Unit Credit Method. Under this method the cost of providing pensions is charged in the Income Statement 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 income statement 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.

*(j) Revenue recognition*

Revenue from sale of services to Cabinet and other government agencies is recognised when it is earned (see also Related Party Note 12). 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 income statement 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.

**National Roads Authority**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2011**  
**(Stated in Cayman Islands Dollars)**

**2. Significant Accounting Policies (continued)**

*(k) Expense recognition*

Expenses are recognised when incurred.

*(l) 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 payables, 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 comprehensive income.

*(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 expires.

*(v) Credit Risk*

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

*(vi) Interest Rate Risk*

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

*(m) Classification*

Certain prior year figures have been reclassified to conform to current year presentation.

*(n) Changes in International Financial Reporting Standards*

*n.1 Amendments to published standards effective January 1, 2010:*

IAS 1 - Presentation of Financial Statements (amended and effective for periods beginning after January 1, 2010) – provides clarification that the potential settlement of a liability by an issue of equity is not relevant in classifying the liability as current or non-current. The amendment is not expected to have a material impact on the Authority.

**National Roads Authority**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2011**  
**(Stated in Cayman Islands Dollars)**

**2. Significant Accounting Policies (continued)**

IAS 24 - Related party disclosures (amended and effective for periods beginning after January 1, 2011) - simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. This amendment may impact the disclosures required in the financial statements, but the impact thereof is yet to be assessed.

IFRS 2 - Share-based Payment (amended and effective for periods beginning January 1, 2010) – incorporates IFRIC 8, “Scope of IFRS 2” and IFRIC 11, “IFRS 2 – Group and treasury share transactions”, the amendments also expand on guidance in IFRIC 11 to address the classification of group arrangements. The amendment is not expected to have an impact on the Authority as it does not have share-based payments or a group arrangement.

IFRS 5 – Non-current assets held for sale and discontinued operations (amended and effective for periods beginning after January 1, 2010) - specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. The amendment is not expected to have a material impact on the Authority.

*n.2 Relevant standards and amendments issued prior to June 30, 2010, but not effective until future periods*

IFRS 9 – Financial instruments (effective for periods beginning January 1, 2013) – addresses classification and measurement of financial instruments and replaces portions of IAS 39. Financial instruments can only be measured at amortized cost or fair value. Equity securities can only be recorded at fair value. An entity can record unrealized and realized gains or losses in other comprehensive income on an instrument by instrument basis and the election to do so is at initial recognition and this election is irrevocable. Dividend income on these equity securities can be recorded in profit and loss. Debt securities can only be recorded at amortized cost if the objective is to hold financial assets for the collection of contractual cash flows and the contractual cash flows represent solely payments of principal and interest, otherwise debt securities must be carried at fair value. An entity can still designate a financial instrument at fair value through profit and loss – however, this is an irrevocable election and the entity has to be consistent with this basis from year to year.

The Authority does not have any securities other than a term deposit and it would not be foreseen that it acquires any securities other than a term deposit in the future. The Authority is not in the business of investing in equities and, even though this is not applicable until 2013, this will not affect the Authority.

**3. Cash & Cash Equivalents**

	<b>2011</b>	<b>2010</b>
Bank accounts	\$476,807	\$1,705,866
Term deposits	1,391,244	1,389,611
<b>Total Cash &amp; Cash Equivalents</b>	<b>\$1,868,051</b>	<b>\$3,095,477</b>

The interest rate of the term deposit is 0.125% per annum and a maturity date of July 21, 2011.

**National Roads Authority**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2011**  
**(Stated in Cayman Islands Dollars)**

**4. Accounts Receivable & Prepaid Expenses**

	<b>2011</b>	<b>2010</b>
Outputs to Cabinet	\$3,228,953	\$1,892,318
Outputs to other government agencies	58,525	52,329
Accounts Receivable Others & Prepayment	176,857	106,828
Staff loans	4,123	100
<b>Total Accounts Receivable &amp; Prepaid Expenses</b>	<b>\$3,468,458</b>	<b>\$2,051,575</b>

**5. Fixed Assets**

<b>Cost</b>	<b>Vehicles and Heavy Equipments</b>	<b>Furniture and Fixtures and Office Equipment</b>	<b>IT Equipment</b>	<b>Other Plant and Equipment</b>	<b>Leasehold Improvement</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
Opening Balance	3,048,519	137,272	287,567	1,001,670	187,769	4,662,797
Additions	29,500	-	18,205	414,133	-	461,838
	3,078,019	137,272	305,772	1,415,803	187,769	5,124,635
Disposals	(87,782)	-	-	-	-	(87,782)
Balance at 30 June 2011	2,990,237	137,272	305,772	1,415,803	187,769	5,036,853
<b>Accumulated Depreciation</b>						
Opening Balance	1,762,593	117,396	232,803	356,132	187,669	2,656,593
Charge for the year	320,352	6,647	44,240	116,394	-	487,633
	2,082,945	124,043	277,043	472,526	187,669	3,144,226
Disposals	(60,155)	-	-	-	-	(60,155)
Balance at 30 June 2011	2,022,790	124,043	277,043	472,526	187,669	3,084,071
<b>Net Book Value At 30 June 2011</b>	<b>\$967,447</b>	<b>\$13,229</b>	<b>\$28,729</b>	<b>\$943,277</b>	<b>\$100</b>	<b>\$1,952,782</b>
<b>Net Book Value At 30 June 2010</b>	<b>\$1,285,926</b>	<b>\$19,876</b>	<b>\$54,764</b>	<b>\$645,539</b>	<b>\$100</b>	<b>\$2,006,205</b>

**6. Accounts Payable and Accrued Liabilities**

	<b>2011</b>	<b>2010</b>
Trade Creditors	\$1,103,823	\$1,758,215
Accruals	52,166	52,520
<b>Total Accounts Payable and Accrued Liabilities</b>	<b>\$1,155,989</b>	<b>\$1,810,735</b>

**7. Unearned Revenue**

Unearned revenue are amounts paid to the Authority or billed by the Authority under an appropriation from Cabinet for work yet to be performed. Amounts billed but not received at year end related to the Iguana Preserve Road and Belford Estates Drainage projects. The total amount billed related to these projects at year end was \$997,866 (2010: Nil). The amounts received as revenue deposits will be recognized as revenue by the Authority as projects are performed. The Authority does not perform works on the projects for which amounts have been billed but not yet received. Once funds are received, work commences and revenue is recognized as work is performed.

**National Roads Authority**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2011**  
**(Stated in Cayman Islands Dollars)**

**7. Unearned Revenue (continued)**

	<b>2011</b>	<b>2010</b>
Linford Pierson Project	\$948,230	\$951,740
Iguana Preserve Road Project	897,946	-
Belford Estates Drainage Project	99,920	-
Total	<u>\$1,946,096</u>	<u>\$951,740</u>

**8. Employee Entitlements**

	<b>2011</b>	<b>2010</b>
Accrued Vacation Leave	<u>\$150,491</u>	<u>\$137,658</u>

**9. Contributed Capital**

During the year the Authority received no equity injection. (2010: Nil).

**10. Salaries and Benefits**

	<b>2011</b>	<b>2010</b>
Salaries and wages	\$1,790,906	\$1,870,141
Employer & Employee pension expenses	224,465	245,893
Health Insurance	1,031,048	986,898
Vacation due	12,833	(44,891)
Other personnel costs	168,321	168,072
<b>Total Salaries and Benefits</b>	<u>\$3,227,573</u>	<u>\$3,226,113</u>

**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. 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.

Using the projected unit credit method of measuring costs and obligations, the actuarial assessment for the Authority assessed the minimum normal annual contribution to be 12% in for the year fiscal year 2009-10 (2008-09: 12%).

The Plans are funded at rates of: -

		<b>2011</b>	<b>2010</b>
Defined Contribution Plans	- Employer	6.192%	6%
	- Employee	6.192%	6%
Defined Benefit Plans	- Employer	6.192%	6%
	- Employee	6.192%	6%

**National Roads Authority**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2011**  
**(Stated in Cayman Islands Dollars)**

**11. Pensions (continued)**

The pension plan has been accounted for under paragraphs 44-46 of International Accounting Standard 19 as if it were a defined contribution plan, as sufficient information is not available on the Fund to fully use defined benefit accounting. The Fund has been valued by the Actuary 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 total amount recognised as a pension expense in personnel costs for the year ending 30 June 2011 was \$479,108 (30 June 2010: \$530,969). The Authority paid both the employee and employers contributions. The actual amount of pension expense relating to the defined benefits for staff should also include the effect of the changes in the actuarial determined liability. However, since such information is not yet available from the actuary of the PSPB, management is unable to determine the impact on the recorded expense for the year ended 30 June 2011.

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

The most recent actuarial valuations for IAS 19 reporting was conducted as at 30 June 2010 (dated July 26, 2011), 30 June 2009 (dated July 30, 2010), 30 June 2008 (dated July 17, 2009), 30 June 2007 (dated November 21, 2008), 30 June 2006 (dated 14 March 2008), 30 June 2005 (dated 9 November 2007) and 1 July 2004 (dated 31 July 2007) which identified the Authority's unfunded past service pension liability as at that date and the profit and loss charges associated with the plan participation for the financial year then ended.

The actuarial position is as follows:

	As at 30-Jun-10 \$000	As at 30-Jun-09 \$000	As at 30-Jun-08 \$000	As at 30-Jun-07 \$000
Fair Value of Plan Assets	1,062	677	585	458
Net Present Value of Funded Obligation, beginning of year	1,812	1,293	542	460
Defined Benefit Liability	(750)	(616)	43	(2)
Unrecognised Past Service Cost	-	-	-	-
Unrecognised Actuarial Net Loss/(Gain)	415	358	(292)	(237)
Net Liability in Balance Sheet, end of year	(335)	(258)	(249)	(239)

No valuations were done as at 30 June 2011 and thus the amount recognized as a Past Service Pension Liability on the Balance Sheet is \$335,000, which reflects the actuarial position as at 30 June 2010.

**National Roads Authority**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2011**  
**(Stated in Cayman Islands Dollars)**

**11. Pensions (continued)**

The movement in the present value of the funded obligation was as follows:

	<b>30-June 2010 \$000</b>	<b>30-June 2009 \$000</b>	<b>30-June 2008 \$000</b>	<b>30-June 2007 \$000</b>
Defined Benefit Obligation, beginning of year	1,293	542	460	539
Current Service Cost	186	89	115	205
Interest Cost	74	37	29	34
Plan Participant Contributions	134	80	98	92
Net Actuarial (Gain)/Loss on obligations	125	545	(149)	(266)
Transfers between other participating Entities	-	-	(11)	(144)
Defined Benefit Obligation, end of year	<u>1,812</u>	<u>1,293</u>	<u>542</u>	<u>460</u>

The movement in the fair value of the plan assets during the year was as follows:

	<b>30-June 2010 \$000</b>	<b>30-June 2009 \$000</b>	<b>30-June 2008 \$000</b>	<b>30-June 2007 \$000</b>
At the beginning of year	677	585	458	368
Employer & Participant Contributions	290	174	194	198
Expected Return on Assets net of Expense	45	46	38	33
Actuarial Gain/(Loss) on plan assets	50	(102)	(94)	21
Transfers between other participating Entities	-	-	(11)	(144)
Other: Impact of restatement of beginning of year assets	-	(26)	-	(18)
At the end of year	<u>1,062</u>	<u>677</u>	<u>585</u>	<u>458</u>

**National Roads Authority**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2011**  
**(Stated in Cayman Islands Dollars)**

**11. Pensions (continued)**

Reconciliation showing movement of past service liability during the period:

	<b>\$000</b>
Balance as at 30 June 2009	258
Plus: Reconciliation of PSL 2010	<u>77</u>
Balance as at 30 June 2011	<u><u>335</u></u>

As a result of the past service liability not being fully recognized in the past year due to delays in the actuarial valuations, there was an increase of \$77,000 to the Past Service Pension Liability. This amount was recognized as liability in the Balance Sheet & Retained Earnings as at 30 June 2011.

Actuarial Determination of Pension Expense as at:

	<b>30-Jun-11</b>	<b>30-Jun-10</b>	<b>30-Jun-09</b>	<b>30-Jun-08</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Current Service Cost, net of employee contributions	209	186	89	115
Interest Cost	98	74	37	29
Expected Return on Assets	(67)	(45)	(46)	(38)
Recognition of Net Loss	20	18	-	-
Pension Expense	<u>260</u>	<u>233</u>	<u>80</u>	<u>106</u>

The Distribution of the Plan Assets based on the share of the total Fund allocated to the Authority was as follows:

	<b>30-Jun-10</b>	<b>30-Jun-09</b>	<b>30-Jun-08</b>	<b>30-Jun-07</b>
Global Equities	54.50%	44.10%	46.50%	59.20%
US Equities	0.00%	0.00%	0.00%	0.00%
Bonds	37.30%	49.00%	43.00%	33.90%
Other - Long-term Deposit/Cash	5.10%	3.90%	6.00%	6.90%
Property	3.10%	3.00%	4.50%	0.00%

The share of assets allocated to the Authority's participation in the defined benefit part of the Plan was CI\$ 1,062,025 since the Authority only commenced participation on July 1, 2004.



**National Roads Authority**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2011**  
**(Stated in Cayman Islands Dollars)**

**11. Pensions (continued)**

The principal Actuarial Assumptions at the date of valuation:

A. Cost Method - Projected Unit Credit

B. Economic Assumptions used to determine the net Benefit Obligations as at:

	30-Jun-10	30-Jun-09	30-Jun-08	30-Jun-07
Discount Rate	5.50%	5.75%	6.75%	6.25%
Expected long-term rate of return (net of Expense)	6.00%	6.00%	7.00%	7.00%
Salary Increase	4.00%	4.00%	4.00%	4.00%
Future Pension Increases	2.50%	2.50%	2.50%	2.50%
Inflation Rate	2.50%	2.50%	2.50%	2.50%
Expected remaining working lives (years)	12.48	13.14	14.09	14.09

C. Other Assumptions –

1. Mortality – Standard U.S. mortality rates
2. Retirement Age – completion of age 57 and 10 years of service

D. Asset Valuation –Fair (Market) Value

**12. Related Party Transactions**

The Authority provided outputs to the Government relating to the development and maintenance of the public roads within the Cayman Islands which amounts to \$7.9 million under the Purchase Agreement (2010: \$7.9m). During this year the Authority also delivered Capital Expenditure Projects of \$3,755,670 (2010: \$1,963,412) 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. Such services are provided at current prevailing market prices on an arm's length basis. Sales to third parties include services for drain wells and curbs, installation of signs, paving and trench reinstatement services.

	2010	2010
Sales of Services to Cabinet	\$11,665,918	\$9,856,382
Sales of Services to other government agencies	323,011	153,423
Sales of Services to third parties	6,379	988,242
	<u>\$11,995,308</u>	<u>\$10,998,047</u>

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 30 June 2011, the Authority owes PWD the amount of \$25,806 (2010: \$340,986) for support services extended to the latter such as office and workshop accommodation, tenant's requirements, utilities, accounting services, service parking and compound security.

The remuneration of directors and other members of key management personnel during the year was \$617,481 (2010: \$672,541). There were 19 personnel categorized in 2011 broken down as 7 key management personnel and 12 Directors (2010: 7 key management personnel and 12 Directors).

**National Roads Authority**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2011**  
**(Stated in Cayman Islands Dollars)**

**12. Related Party Transactions (continued)**

During the year the Authority purchased waste management services from an entity owned and operated by a member of its Board of Directors. The total dollar value of these transactions totalled \$3,000 (2010: \$3,500)

**13. Contingencies**

Under section 28(1) of the NRA Law an annual payment to the core government may be due. At the date of these financial statements there has been no request made.

**14. 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 not exposed to significant interest rate risk as the cash and cash equivalents are placed on call and available on demand. The total interest earned during the year ended 30 June 2011 was \$2k (2010: \$2k)

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 with one financial institution located in the Cayman Islands which management considers to be financially secure and well managed.

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. As at 30 June 2010, no provision for doubtful debts has been made as none of these assets are impaired and management consider these debts to be recoverable in full (2010: Nil).

The carrying amount of financial assets recorded in the financial statements represents the Authority's maximum exposure to credit risk. No collateral is required from the Authority's debtors.

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 30 June 2011 and 2010, all of the financial liabilities were due within one month of the balance sheet dates.

**National Roads Authority**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2011**  
**(Stated in Cayman Islands Dollars)**

**15. Financial Instruments- fair values**

As at 30 June 2011 and 2010, 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.

**16. Operating Lease**

The Authority entered into a five year lease with Heritage Holdings on September 1, 2009 for storage and laboratory. The annual lease payments for the period amount to \$55,172 (2010: \$50,340). The lease payments are subject to an annual increase of 3%. The total payments for the five year lease including the annual 3% increase is \$262,484. The tenant has the option to renew the lease for a further term of one (1) year or more at the expiration of the term and shall give notice in writing to that effect not less than three months before expiration of the term.

**17. Prior Period Adjustment**

From 1 July 2004 through 30 June 2008, the Authority accrued certain costs related to services provided by the Cayman Islands Government Public Works Department. These accrued costs at 30 June 2010 totalled \$340,986. During the current year it was determined that the Authority owed the sum of \$25,806 to the Public Works Department related to this time period for services provided. The effect of this change in estimate was a prior period adjustment to retained earnings in the amount of \$315,181.