

**LOAN CONTRACT 3907/OC-BH**

**AIRPORT INFRASTRUCTURE PROGRAM**

**FINANCIAL REPORTS**

**30 JUNE 2022**

## **AIRPORT INFRASTRUCTURE PROGRAM**

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## **REPORT OF THE AUDITORS TO THE MANAGEMENT OF AIRPORT INFRASTRUCTURE PROGRAM**

### **Opinion**

We have audited the accompanying financial statements of Airport Infrastructure Program (“Program”), which comprise the Statement of Cash Received and Disbursements and the Statement of Cumulative Investments as at and for the year ended 30 June 2022, and notes to the Program’s financial statements, including a summary of significant accounting policies. The Program is executed by the Ministry of Public Works (“Executing Agency”) and financed with funds from the Inter-American Development Bank (“IDB”) Loan Contract No. 3907/OC-BH and by local counterpart funds from the Government of the Bahamas (“GoBH”).

In our opinion, the accompanying financial statements of the Program for the year ended 30 June 2022 have been prepared, in all material respects, in accordance with the financial reporting requirements of the contractual clause of Loan Contract No. 3907/OC-BH and the Audited Financial Reports and External Audit Management Handbook for Project financed by IDB.

### **Basis for Opinion**

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

### **Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use**

As described in Note 2 of the financial statements, the statement of cash received and disbursements and the statement of cumulative investments were prepared using the “Cash Basis IPSAS: Financial Reporting under the Cash Basis of Accounting” which is a comprehensive basis of accounting other than International Financial Reporting Standards (IFRSs) but is acceptable in preparing the Program’s financial statements based on the Audited Financial Reports and External Audit Management Handbook for programs financed by IDB. Cash basis accounting recognises transactions and acts only when the cash is received or disbursed by the entity, and not when they give rise to, accrue or originate rights or obligations although there was no cash movement.

**Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use (cont)**

The financial statements are prepared to assist the Executing Agency to comply with the financial reporting provisions of the contract referred to above. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Executing Agency and IDB and should not be distributed to or used by parties other than the Executing Agency or IDB. Our opinion is not modified in respect of this matter.

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

The Executing Agency's Project Implementation Unit ("PIU") is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of IDB Loan Contract No. 3907/OC-BH, and for such internal control as PIU 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, the PIU is responsible for assessing the Program'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 Program or to cease operations, or has no realistic alternative but to do so.

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

**Auditors' Responsibilities for the Audit of the Financial Statements**

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

A further description of the auditors' responsibilities for the audit of the financial statements is located in an Appendix to this report. This description forms part of our auditors' report.

BDO

**Chartered Accountants  
Nassau Bahamas  
2 November 2022**



## APPENDIX TO THE AUDITORS' REPORT

### **Detailed Description of Our Responsibilities**

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**AIRPORT INFRASTRUCTURE PROGRAM**


**STATEMENT OF CASH RECEIVED AND DISBURSEMENTS**


**30 JUNE 2022**

**(Expressed in US Dollars)**

	<b><u>Note</u></b>	<b><u>30 June 2022</u></b>			<b><u>30 June 2021</u></b>		
<b>CASH RECEIVED</b>		<b><u>IDB</u></b>	<b><u>GoBH</u></b>	<b><u>TOTAL</u></b>	<b><u>IDB</u></b>	<b><u>GoBH</u></b>	<b><u>TOTAL</u></b>
Beginning balance		\$1,066,167	\$6,000	\$1,072,167	\$-		\$-
Activity during the period							
Advance of funds	3	<u>2,675,500</u>	<u>3,834</u>	<u>2,679,334</u>	<u>1,066,167</u>	<u>6,000</u>	<u>1,072,167</u>
<b>Total Cash Received</b>		<b><u>3,741,667</u></b>	<b><u>9,834</u></b>	<b><u>3,751,501</u></b>	<b><u>1,066,167</u></b>	<b><u>6,000</u></b>	<b><u>1,072,167</u></b>
<b>DISBURSEMENTS</b>							
Beginning balance		635,776	6,000	641,776	-	-	-
Activity during the period							
Payments for goods and services	7	97,205	3,834	101,039	258,854	6,000	264,854
Other payments for goods and services transferred from GoBH to IDB	7	<u>2,912,890</u>	<u>-</u>	<u>2,912,890</u>	<u>376,922</u>	<u>-</u>	<u>376,922</u>
Total activity during the period		<u>3,010,095</u>	<u>3,834</u>	<u>3,013,929</u>	<u>635,776</u>	<u>6,000</u>	<u>641,776</u>
<b>Total Cash Disbursements</b>		<b><u>3,645,871</u></b>	<b><u>9,834</u></b>	<b><u>3,655,705</u></b>	<b><u>635,776</u></b>	<b><u>6,000</u></b>	<b><u>641,776</u></b>
<b>TOTAL AVAILABLE CASH AS OF PERIOD-END</b>		<b><u>\$95,796</u></b>	<b><u>\$-</u></b>	<b><u>\$95,796</u></b>	<b><u>\$430,391</u></b>	<b><u>\$-</u></b>	<b><u>\$430,391</u></b>

These financial statements were approved on 2 November 2022 by:

  
 .....  
 Mr. Luther Smith  
 Permanent Secretary  
 Ministry of Works & Utilities

  
 .....  
 Charlene Collie  
 Program Coordinator  
 Project Implementation Unit

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

# AIRPORT INFRASTRUCTURE PROGRAM

## STATEMENT OF CUMULATIVE INVESTMENTS FOR THE YEAR ENDED 30 JUNE 2022 (Expressed in US Dollars)

ITEM	Opening Balance			Movement during the year			30 June 2022		
	IDB	GoBH	TOTAL	IDB	GoBH	TOTAL	IDB	GoBH	TOTAL
<b>1.0 Civil Works and Equipment</b>									
1.1 Airport CAPEX Infrastructure	376,922	6,000	382,922	2,912,890	3,834	2,916,724	3,289,812	9,834	3,299,646
1.2 Security Equipment and RFF Vehicles	--	-	-	-	-	-	-	-	-
	<u>376,922</u>	<u>6,000</u>	<u>382,922</u>	<u>2,912,890</u>	<u>3,834</u>	<u>2,916,724</u>	<u>3,289,812</u>	<u>9,834</u>	<u>3,299,646</u>
<b>2.0 Implementation Support and Institutional Strengthening</b>									
2.1 Trainings	19,072	-	19,072	45,302	-	45,302	64,374	-	64,374
2.2 Structuring of Management Contract	-	-	-	-	-	-	-	-	-
2.3 Program Implementation Unit	239,782	-	239,782	39,583	-	39,583	279,365	-	279,365
2.4 ICAO Audit	-	-	-	-	-	-	-	-	-
	<u>258,854</u>	-	<u>258,854</u>	<u>84,885</u>	-	<u>84,885</u>	<u>343,739</u>	-	<u>343,739</u>
<b>3.0 Financial Audit, Monitoring and Evaluation</b>	-	-	-	<u>12,320</u>	-	<u>12,320</u>	<u>12,320</u>	-	<u>12,320</u>
<b>GRAND TOTAL</b>	<u>\$635,776</u>	<u>\$6,000</u>	<u>\$641,776</u>	<u>\$3,010,095</u>	<u>\$3,834</u>	<u>\$3,013,929</u>	<u>\$3,645,871</u>	<u>\$9,834</u>	<u>\$3,655,705</u>

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 Charlene Collie  
 Program Coordinator  
 Program Implementation Unit

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## AIRPORT INFRASTRUCTURE PROGRAM

### NOTES TO THE PROGRAM FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

#### 1. Description of the Program

- a) The Ministry of Tourism and Aviation in conjunction with the Ministry of Public Works ("MOPW") has implemented Airport Infrastructure Program (BH-L1041) based on the loan agreement #3907/OC-BH-L1041 signed between the Government of the Bahamas ("GoBH") and the Inter-American Development Bank (IDB) on 14 June 2018.
- b) The main objective of the Program was to contribute regionally and globally to the sustainable integration of the Bahamas through secure air transport infrastructure improvements in the Family Islands. Such connectivity will be done through infrastructure improvements and climate change resilience by upgrading, rehabilitating, and maintaining selected airports to comply with international aviation standards, taking into account climate change considerations. The operation was expected to generate travel time savings.
- c) The loan consists of 3 components - 1) Civil Works and Equipment, 2) Implementation Support and Institutional Strengthening, and 3) Financial Audit, Monitoring and Evaluation.
- d) The period of the Loan is for 5 years from 14 June 2018 to 14 June 2023. The Loan is to be financed by the IDB and the GoBH. The budget's total is \$53,800,000, with \$35,000,000 (65%) contributed by IDB and \$18,800,000 (35%) contributed by the GoBH.

The loan is repayable in semi-annual, consecutive and insofar as possible, equal instalments commencing 66 months from the loan contract date or on 24 December 2023 and shall be fully repaid no later than 25 years from that date, 14 June 2043.

- e) The GoBH designated the MOPW as the Executing Agency (EA) which established a Project Implementation Unit ("PIU") within its organizational structure. The PIU was staffed with a team of technical and fiduciary staff who will conduct the Program coordination, administration, financial management and monitoring responsibilities.



AIRPORT INFRASTRUCTURE PROGRAM  
NOTES TO THE PROGRAM FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022

1. Description of the Program (continuation)

Project Components and respective budget allotments based on the loan:

	IDB	Local	Total
	(in millions of USD)		
A. Civil Works and Equipment			
1.1 Airport CAPEX infrastructure	33.0	16.70	49.70
1.2 Security Equipment and RFF Vehicles	<u>-</u>	<u>2.10</u>	<u>2.10</u>
	<u>33.0</u>	<u>18.80</u>	<u>51.80</u>
B. Implementation Support and Institutional Strengthening			
2.1 Trainings	0.30	-	0.30
2.2 Structuring of management contract	0.43	-	0.43
2.3 Program Implementation Unit	0.57	-	0.57
2.4 ICAO Audit	0.20	-	0.20
3.0 Financial Audit, Monitoring and Evaluation	<u>0.50</u>	<u>-</u>	<u>0.50</u>
	<u>2.00</u>	<u>-</u>	<u>2.00</u>
Total	<u>35.0</u>	<u>18.80</u>	<u>53.80</u>

2. Key Accounting Policies

▪ Basis of Presentation

- a) The Financial Statements have been prepared using the cash basis of accounting, recognizing contribution when the cash is received and recognising expenses when the cash has been disbursed. This accounting policy differs from the International Public Sector Accounting Standards ("IPSAS") under which transactions should be recorded when they occur and not when they are paid. However, the IPSAS have been applied to circumstances such as those discussed in the chapter "Cash Basis-IPSAS: Financial Reporting under the Cash Basis of Accounting".

▪ Monetary Unit

- b) For purposes of these financial statements, the Program's accounting records are maintained in US Dollars. However, some of the Program's transactions are denominated in Bahamian Dollars. These transactions are translated at par.

## AIRPORT INFRASTRUCTURE PROGRAM

### NOTES TO THE PROGRAM FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 30 JUNE 2022

#### 3. Available Cash Balance

In December 2019, IDB approved Disbursement Request Number 001 which represented an Advance of Funds in the amount of \$1,066,167. The funds were transferred to account number 1.2890.01801 held at the Central Bank of the Bahamas, and utilized for disbursements of the Project. Additional funding from the IADB was received in May 2022 from the Disbursement Request for Advance of Funds. As such, the available balance on the account as at 30 June 2022 was \$2,675,500 (2021: \$1,066,167). During the year, the total funds transferred from the Central Bank account amounted to \$1,066,167 (2021: \$Nil). Generally, on request of the EA, funds are released from the Central Bank account to the Public Treasury. This action replaces funds initially used by the GoBH for IDB, which totalled \$3,010,095 (2021: \$635,776) disbursements during the year and seeks reimbursement from the Program's funding.

Reconciliation of the Program's cash balance follows:

	30 June 2022	30 June 2021
Central Bank Account No. 1.2890.01801	2,675,500	1,066,167
Less: Payments on behalf of the Program by the Public Treasury	(3,010,095)	(635,776)
Available Cash balance, brought forward	430,391	-
Available Cash Balance, ending	\$95,796	\$430,391

#### 4. Advances Pending Justification

As at 30 June 2022, the amount pending justification to the IDB amounted to \$2,579,704 (2021: \$635,776).

#### 5. Advances and Justification

	30 June 2022	30 June 2021
Opening Balance - Advance of Funds	1,066,167	-
Advance of Funds Received	2,675,500	1,066,167
Advances recorded and justified	(1,066,167)	-
Disallowed by IDB	-	-
Closing Balance of Advance of Funds	\$2,675,500	\$1,066,167

AIRPORT INFRASTRUCTURE PROGRAM  
NOTES TO THE PROGRAM FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022

6. Local Counterpart Funds

The GoBH local counterpart funding is \$18,800,000 (this amount is already committed and is part of the loan funds). As of 30 June 2022, the GoBH has contributed the sum of \$9,834 (2021: \$6,000) which equates to 0.05% (2021: 0.03%) of the total committed.

7. Procurement of Goods and Services

The approved Procurement Plan (PP) serves as the basis for all of the purchasing and contracting on the Program. For the procurement of works, goods, and non-consulting services, any of the methods described in the Procurement Policies may be used, provided that such method has been identified for the respective procurement in the PP approved by IDB. The procurement of goods and services below was conducted in accordance with IDB Bank policies.

Investment category	Procurement Category	Procurement Method	Details of Service	30 June 2022	30 June 2021
1.1.1 (was 1.5.1)	Goods	Limited Int'l Bidding	Purchase of firetrucks – Oshkosh Airport Products	\$2,873,890	\$310,610
1.2.4	Non-consulting services	Shopping	Travel to Exuma by PIU	-	66,312
1.4.1	Non-consulting services	Shopping	Demolition-Treasure Cay	39,000	-
2.1.0	Non-consulting services	National Competitive Bidding	Execution of trainings – ECV Consultancy	45,302	19,072
2.3.0	Individual Consultant	3 CV's	PIU Individual consultants	39,583	239,782
3.1.0	Consultants-Firms	Least cost selection	Financial Audit	12,320	-
Total				\$3,010,095	\$635,776

AIRPORT INFRASTRUCTURE PROGRAM  
NOTES TO THE PROGRAM FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022

8. Disbursements

As at 30 June 2022, the cumulative disbursements were \$3,645,871 by IDB and \$9,834 by GoBH (total \$3,655,705).

9. Reconciliation Between the "Statement of Cash Received And Disbursements" and the "Statement of Cumulative Investments"

	2022	2021
Amount disbursed per Statement of Cash Received and Disbursements as of 30 June - IDB Funds only	\$3,010,095	\$635,776
Amount disbursed per Statement of Cumulative Investments as of 30 June - IDB Funds only	\$3,010,095	\$635,776
Difference	\$-	\$-

10. Reconciliation By Investment Categories Between the Program's Records and IDB's Records

Listed below are the Program Investment categories along with the IDB records as at 30 June:

IDB records

	2022	2021
Component 1-Civil Works and Equipment	795,438	-
Component 2-Implementation Support and Institutional Strengthening	270,729	-
Component 3-Financial Audit, Monitoring and Evaluation	-	-
Total	\$1,066,167	\$-

Project records – IDB Funds only

	2022	2021
Component 1-Civil Works & Equipment	3,289,812	376,922
Component 2-Implementation Support and Institutional Strengthening	343,739	258,854
Component 3-Financial Audit, Monitoring and Evaluation	12,320	-
Total	\$3,645,871	\$635,776

The difference between the records above of \$2,579,704 (2021: \$635,776) is the amount of the Advance Pending Justification as disclosed in Note 4. Reimbursement applied for is still under review for deposit to the Government of the Bahamas amounting to \$2,579,704 (2021: 635,776).



AIRPORT INFRASTRUCTURE PROGRAM  
NOTES TO THE PROGRAM FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2022

11. Contingencies

There are no contingencies this period.

12. Subsequent Events

There are no material events subsequent to 30 June 2022.