



Accountants &  
business advisers

# **Belize City Council**

**Financial statements  
31 March 2017**

**BELIZE CITY COUNCIL**

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**FINANCIAL STATEMENTS  
31 MARCH 2017**

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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
BELIZE CITY COUNCIL**

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**Report on the Audit of the Financial Statements**

**Qualified Opinion**

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Belize City Council (the Council) as at 31 March 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

We have audited the accompanying financial statements of the Council, which comprise the statement of financial position as at 31 March 2017, and the statement of financial performance, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

**Basis for Qualified Opinion**

Sections 32 to 43 of the Belize City Council Act, Chapter 85 of the Laws of Belize, provides that an officer of the Council may be granted a pension on retirement. Some officers were granted pensions on their retirement. Council has elected not to recognize pensions on an actuarial basis. Consequently the actuarial risk of pensions (that benefits will cost more than expected) is not recognized in the financial statements. An actuarial study was not done to quantify the actuarial liability for pensions at the end of the fiscal year.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Council in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) and we have fulfilled our other ethical responsibilities under the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.



## **INDEPENDENT AUDITOR'S REPORT continued**

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Council'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 Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Mayor and Councilors, are responsible for overseeing the Council's financial reporting process.

### **Auditor's 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 auditor's 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



## **INDEPENDENT AUDITOR'S REPORT continued**

### **Auditor's Responsibilities for the Audit of the Financial Statements continued**

- 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 Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Council 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.

The engagement partner on the audit resulting in this independent auditor's report is Jose Bautista.

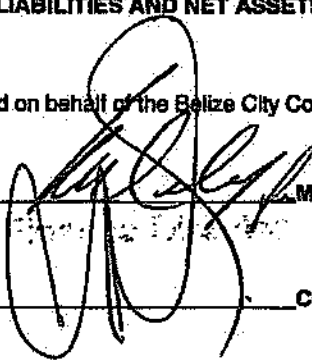
*PKF Belize*  
**PKF Belize**  
**Chartered Accountants**  
**Belize City**

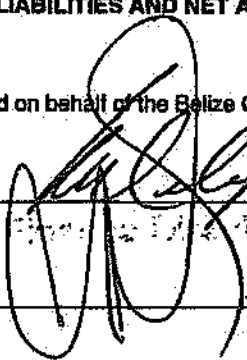
**28 February 2018**

**STATEMENT OF FINANCIAL POSITION**  
**31 MARCH 2017**

	Notes	2017	2016
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		7,030,914	4,883,818
Inventories	4	33,352	51,557
Trade and other receivables	5	14,863,244	13,749,120
		<u>21,927,510</u>	<u>18,684,495</u>
<b>Non-current assets</b>			
Other assets	6	103,953	79,603
Property and equipment	7	85,979,439	84,070,744
<b>TOTAL ASSETS</b>	BZ\$	<u><u>108,010,902</u></u>	<u><u>102,834,842</u></u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities</b>			
Trade and other payables	8	10,167,063	8,604,496
Deferred income	9	10,203,910	10,092,995
Current portion of borrowings	10	3,985,271	660,695
Current portion of other long term payable	11	-	1,008,000
		<u>24,356,244</u>	<u>20,366,186</u>
<b>Non-current liabilities</b>			
Borrowings	10	16,480,745	20,057,669
Other long term payable	11	-	379,399
Deferred grant income	12	15,317,340	14,989,252
Gratuity/saverance payable	13	2,838,431	2,622,699
		<u>34,616,516</u>	<u>38,049,019</u>
<b>Total liabilities</b>		<u>58,972,760</u>	<u>58,415,205</u>
<b>Net assets</b>			
General fund		<u>49,038,142</u>	<u>44,419,637</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	BZ\$	<u><u>108,010,902</u></u>	<u><u>102,834,842</u></u>

Approved on behalf of the Belize City Council:

  
 \_\_\_\_\_ Mayor

  
 \_\_\_\_\_ City Administrator

*Independent auditor's report - pages 1 to 3*

*The notes on pages 8 to 28 form an integral part of these financial statements.*

**STATEMENT OF FINANCIAL PERFORMANCE**  
**YEAR ENDED 31 MARCH 2017**

	Notes	2017	2016
<b>REVENUE</b>			
Property tax revenue		10,771,549	10,611,399
Traffic related revenue		5,433,767	4,579,571
Trade license fees		5,084,934	5,155,638
Tourism related revenue		1,919,221	1,686,360
Liquor license fees		741,511	736,607
Rental revenue		540,395	542,248
Donations		308,991	113,163
Other income		165,001	333,259
Building permits		104,527	60,814
Cemetery		64,500	92,850
Interest income		46,010	24,345
		<u>25,180,406</u>	<u>23,936,274</u>
<b>EXPENDITURE</b>			
Finance and administrative department	14 (a)	8,630,200	7,791,765
Human resource management department	14 (b)	1,526,831	1,684,373
Market department	14 (c)	227,677	216,260
Mechanical department	14 (d)	-	1,510
Management information systems department	14 (e)	167,017	200,346
Municipal court department	14 (f)	534,395	406,272
Office of the Mayor	14 (g)	671,520	467,025
Public relations department	14 (h)	801,004	583,869
Revenue department	14 (i)	824,828	660,050
Sanitation department	14 (j)	5,734,438	5,827,588
Security department	14 (k)	892,593	721,064
Senior town planning department	14 (l)	159,457	129,315
Traffic department	14 (m)	1,374,781	1,343,827
Valuation department	14 (n)	403,049	360,419
Works department	14 (o)	2,268,334	2,232,961
		<u>24,014,104</u>	<u>22,627,544</u>
Surplus from operating activities		1,166,302	1,308,730
Government grants and subventions	15	3,452,203	3,707,925
Surplus for the year	BZ\$	<u>4,618,505</u>	<u>5,016,655</u>

The notes on pages 8 to 28 form an integral part of these financial statements.

**STATEMENT OF CHANGES IN NET ASSETS  
YEAR ENDED 31 MARCH 2017**

	General fund	Total net assets
Balance as at 31 March 2015	39,402,982	39,402,982
Surplus for the year ended 31 March 2016	5,016,655	5,016,655
Balance as at 31st March 2016	<u>44,419,637</u>	<u>44,419,637</u>
Surplus for the year ended 31 March 2017	4,618,505	4,618,505
Balance as at 31 March 2017	BZ\$ <u><u>49,038,142</u></u>	<u><u>49,038,142</u></u>

*The notes on pages 6 to 28 form an integral part of these financial statements.*



**STATEMENT OF CASH FLOWS**  
**YEAR ENDED 31 MARCH 2017**

	Notes	2017	2016
<b>Cash flows from operating activities</b>			
Surplus for the year		4,616,505	5,016,855
<b>Adjustments for non-cash items:</b>			
Depreciation	7	2,039,831	1,744,816
Loss on disposal of property and equipment		7,284	16,398
Gratuity/severance provision	13	502,935	455,150
Deferred grant income	15	(909,309)	(669,139)
		<u>6,259,246</u>	<u>6,563,880</u>
<b>Changes in working capital:</b>			
Increase in trade and other receivables		(1,114,124)	(1,030,561)
Decrease in inventories		18,205	3,716
Decrease (Increase) in trade and other payables		1,562,567	(340,348)
Increase in deferred income		110,915	66,562
<b>Net cash generated from operating activities</b>		<u>6,836,809</u>	<u>5,283,249</u>
Gratuity/severance paid	13	(287,203)	(296,413)
<b>Net cash from operations</b>		<u>6,549,606</u>	<u>4,986,836</u>
<b>Cash flows from investing activities</b>			
Purchases of property and equipment		(2,724,388)	(1,415,560)
Proceeds from sale of property and equipment		5,975	122,311
Purchase of other asset (land to be distributed to Council employees)		(24,350)	(79,603)
<b>Net cash used in investing activities</b>		<u>(2,742,763)</u>	<u>(1,372,852)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		329,972	-
Repayments of borrowings		(602,320)	(1,301,870)
Other long term liability - judgement debt payable		(1,387,399)	(1,080,000)
<b>Net cash used in financing activities</b>		<u>(1,659,747)</u>	<u>(2,381,870)</u>
<b>Net increase in cash and cash equivalents</b>		<u>2,147,096</u>	<u>1,212,114</u>
Cash and cash equivalents at beginning of the year		4,883,818	3,671,704
<b>Cash and cash equivalents at end of the year</b>	BZ\$	<u>7,030,914</u>	<u>4,883,818</u>
<b>Represented by:</b>			
Cash on hand and at bank	BZ\$	<u>7,030,914</u>	<u>4,883,818</u>

The notes on pages 6 to 28 form an integral part of these financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2017**

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**1. GENERAL INFORMATION****Mayor and Councilors:**

Executive Mayor - Mr. Darrell Bradley (Finance, Administration, Human Resources, Special Projects and CARILED)

Deputy Mayor - Dean Samuels (Works)

Alfa Erlington (Municipal Court, Staff Development and Training)

Dion Leslie (Sanitation, Foreign Affairs and Sister City Relations)

Dr. Alain Gonzalez (Public Health and After School Program)

Michael Theus (Economic Development, Small Business and Trade & Investment)

Kevin Singh (Market, Beautification, Citizen Engagement, Special Events and Parks)

Philip Willoughby (CEMO, Security, Flood Mitigation and Climate Change)

Hyacinth Latchman-Cuellar ( Women, NGO, Community Participation and Public Relations)

Jason Edwards (Tourism, Zoning & Planning and Local Building Authority)

Bernard Pitts Jr. (Traffic, MIS, Youth & Sports and Special Constable)

**Administration:**

Candice Burke - City Administrator

Marilyn Ordonez - Director of Finance

The Belize City Council (the Council) is entrusted with the general rule and good governance of Belize City and has the power, subject to the provisions of the Belize City Council Act, to do all things necessary to carry out such trust and in particular has the power and authority to (a) establish, regulate, control, maintain and manage markets, slaughter-houses, bath-houses and wash-houses; (b) to impose rents and fees upon persons using or benefited by such markets, slaughter-houses, bath-houses and wash-houses; (c) To impose such restrictions upon owners of land as may be necessary to prevent any building upon such land from being or becoming a danger to surrounding properties; (d) to undertake the marking and numbering of lots, houses, buildings and yards; (e) to establish, maintain and control parks, gardens, squares and open spaces within Belize City; (f) to erect and maintain a building required for public purposes; (g) to establish, maintain and control a public library; (h) to manage and dispose of any lands, buildings or other property acquired or owned by the Council for public purposes; and (i) to do all such other things or matters for the purpose of increasing the convenience and amenity of Belize City.

The Council is obliged to perform the following duties in Belize City in an efficient and timely manner - (a) to maintain all public cemeteries; (b) to coordinate, control, manage or regulate the timely and efficient collection and removal of garbage; (c) to construct, repair, alter, widen, lay out and make surveys for streets in Belize City; to cleanse and keep in good repair any public drain, canal, or creek in Belize City except when the public health would, in the opinion of the Council, be endangered by such an operation.

The Council is a body incorporated under the Belize City Council Act, Chapter 85 of the Laws of Belize (Revised Edition 2000). Its administrative offices is located at City Hall, North Front Street, Belize City, Belize.

These financial statements were authorized for issue by the Council on 28 February 2018.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****2.1 Basis of preparing the financial statements**

The financial statements of the Council have been prepared in accordance with International Financial Reporting Standards (IFRS) as applied to public sector entities. They have been prepared under the historical cost convention. The principal accounting policies applied in the preparation of these financial statements are set out in the following paragraphs.

The preparation of financial statements in conformity with IFRS as applied to public sector entities requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Council's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the financial statements, are disclosed in Note 3.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2017**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.1 Basis of preparing the financial statements (continued)**

The financial statements have been prepared on a going concern basis which assumes that the Council will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continuing support of Central Government, the City's residents and the Council's suppliers of goods and services.

**2.1.1 Changes in accounting policies and disclosures****(a) Standards, amendments and interpretations effective on or after 1 April 2016:**

The following standards, amendments and interpretations, which became effective during the fiscal year ended 31 March 2017, were adopted:

**Amendment to IAS 16, 'Property, plant and equipment':** This amendment clarifies that the use of revenue-based methods to calculate depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment was effective for fiscal periods beginning on or after 1 January 2016. This amendment had no impact on the Council's financial statements.

**Annual improvements 2014:** These set of amendments affected four standards:

- IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.
- IFRS 7, 'Financial instruments: Disclosure', (with consequential amendments to IFRS 1) regarding servicing contracts.
- IAS 19, 'Employee benefits' regarding discount rates, and
- IAS 34, 'Interim financial reporting' regarding disclosure of information

The amendments were effective for fiscal periods beginning on or after 1 January 2016. These amendments had no impact on the Council's financial statements.

**Amendments to IAS 1, 'Presentation of financial statements':** These amendments clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. These amendments were effective for annual periods beginning on or after 1 January 2016. These amendments had no material impact on the Council's financial statements.

**b) Standards, amendments and interpretations issued but not yet effective that may be relevant to the Council:**

**Amendment to IAS 7, 'Disclosure Initiative, Cash Flow Statements':** These amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash and non-cash changes. One way to meet this new disclosure requirement is to provide a reconciliation between the opening and closing balances for liabilities arising from financing activities; however, the objective could be achieved in other ways. When an entity first applies these amendments, it is not required to provide comparative information for preceding periods. The amendment is effective for fiscal periods beginning on or after 1 January 2017. These amendments should not have a material impact on the Council's financial statements.

**Annual improvements to IFRs 2014 - 2016 Cycle (Amendments to IFRS 12, Disclosure of Interests in other Entities):** The amendments to IFRS 12 clarify that the disclosure requirements for interests in other entities also apply to interests that are classified as held for sale or distribution. The amendments are to be applied retrospectively. The amendments are effective for fiscal periods beginning on or after 1 January 2017. These amendments should not have any impact on the Council's financial statements.

**IFRS 15, 'Revenue from Contracts with Customers':** IFRS 15 is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally. IFRS 15 was issued in May 2014 and applies to annual reporting periods beginning on or after 1 January 2018. Early adoption is permitted. This new standard is not expected to have a material impact on the Council's financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2017**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.1 Basis of preparing the financial statements (continued)****2.1.1 Changes in accounting policies and disclosures (continued)**

b) Standards, amendments and interpretations issued but not yet effective that may be relevant to the Council (continued):

**IFRS 9, 'Financial instruments':** This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities. It also includes an expected credit losses model that replaces the current incurred loss impairment model. IFRS 9 applies to annual reporting periods beginning on or after 1 January 2018. Early adoption is permitted. This new standard is not expected to have a material impact on the Council's financial statements.

**IFRS 16, 'Leases':** This standard replaces the current guidance in IAS 17. This will require far-reaching changes in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. There is an optional exemption for certain short-term leases of low-value assets; however, this exemption can only be applied by lessees. IFRS 16 applies to annual reporting periods beginning on or after 1 January 2019. Early adoption is permitted if IFRS 15 is also adopted. The Council has not yet determined the impact of IFRS 16 as it relates to its leasing arrangements.

The Council did not early adopt any new standards, amendments or interpretations.

**2.2 Foreign currency translation****(a) Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Council operates ('the functional currency'). The financial statements are presented in Belize dollars which is the Council's functional and presentation currency.

**(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance. The official exchange rate for the Belize dollar is fixed at BZ\$2 to US\$1.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are recognized in the statement of financial performance as revenues or expenditures in the period in which they arise.

**2.3 Cash and cash equivalents**

Cash and cash equivalents includes cash on hand and at bank, bank overdrafts, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within current liabilities on the statement of financial position.

**2.4 Trade receivables**

Trade receivables are recognized initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of the receivables.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2017**


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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.5 Inventories**

Inventories are valued at the lower of cost and net realizable value, cost being determined on the first-in-first-out (FIFO) basis.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Council.

**2.6 Property and equipment**

Property and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Council adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Council. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of financial performance during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the reducing balance method. The rates used are as follows:

Buildings, reinforced concrete	2%
Infrastructure	3%
Computer and office equipment	20%
Furniture and fixtures	10%
Other equipment	10%
Machinery and vehicles	10 - 25%

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of financial performance.

**2.7 Impairment of non-financial assets other than inventories**

Assets that are subject to depreciation or amortization are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit (CGU) to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2017**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.8 Financial assets****(a) Initial recognition and measurement**

The Council classifies its financial assets in the following categories: at fair value through the statement of financial performance, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The Council's financial assets include: cash and cash equivalents, trade and other receivables and loans and other receivables.

**(b) Subsequent measurement**

The subsequent measurement of financial assets depends on their classification.

**(i) Financial assets at fair value through the statement of financial performance**

Financial assets at fair value through the statement of financial performance are financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the short term. At the date of the statement of financial position, the Council held no financial assets at fair value.

**(ii) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the statement of financial performance.

**(iii) Available for sale**

Available for sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. At the date of the statement of financial position, the Council held no available for sale financial assets.

**(c) Derecognition**

The Council derecognizes a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when:

(i) The rights to receive cash flows from the asset have expired or is waived,

(ii) The Council has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either: (a) the Council has transferred substantially all the risks and rewards of the asset; or (b) the Council has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**2.9 Borrowings**

Borrowings are recognized initially at the transaction price, that is, the present value of cash payable to the lender. Borrowings are subsequently stated at amortized cost. Interest expense is recognized on the basis of the effective interest method and is included in finance costs.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2017**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.9 Borrowings (continued)**

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Interest is charged to expense in the period incurred.

**2.10 Trade payables**

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

**2.11 Borrowing costs**

Borrowing costs is recognised on the basis of the effective interest method and is included in finance costs in the statement of financial performance.

**2.12 Employee benefits***Severance/Gratuity obligations:*

The City Council recognises termination benefits in accordance with the Labour Act (the Act), Chapter 297 of the Substantive Laws of Belize.

The Act was revised in April 2011 to require that employees who have been employed for (a) five to ten years be paid severance pay of one week's pay for each year of service provided he is retiring on or after 60 years of age or on medical grounds or his employment was terminated by the employer without good and sufficient cause and (b) employees with more than ten years be paid severance pay of two week's pay for each year of service. The revised Act also provided that employees who had already completed ten years of service prior to the commencement of the revision be paid a week's salary for the period served prior to the commencement of the revision and two weeks' salary for the period served after the commencement of the revision to the Act. The revision was effective 1 May 2011.

Where a worker with a minimum of ten years' continuous service resigns his employment he is eligible for a gratuity equal to severance pay as computed in respect of redundancy.

If a worker who was qualified for payment of severance or gratuity as outlined above dies while still in the employment of an employer, the employer must, within one month of the death, deposit any payment due with the Registrar General for the account of the estate of the deceased worker.

*Pension obligations:*

As provided by the Belize City Council Act, Chapter 85 of the Laws of Belize, the Council may grant a pension to retirees under a defined benefit plan. Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. In accordance with generally accepted accounting practice, the defined benefit obligation payable to qualifying retirees should be calculated at least every 3 years by independent actuaries. Accounting standards require that an entity recognize the actuarial amount as a liability in its statement of financial position and any actuarial gains or losses in its statement of financial performance.

The Council, as a policy, has elected not to recognize pensions on an actuarial basis. Consequently the actuarial risk of pensions (that benefits will cost more than expected) is not recognized in the financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2017**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.13 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. The Council recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Council; and when specific criteria have been met for each of the Council's activities, as in the following paragraphs.

**(a) Revenue from taxes, fees, licenses, fines and asset-exchange transactions:**

The Council recognizes revenue from taxes, fees, licenses, fines and asset-exchange transactions when the event occurs and the asset recognition criteria are met. To the extent that the revenue received benefit future periods, a deferred income liability is recognized. Any asset-exchange revenues are recognized when it is probable that the economic benefits or service potential associated with the asset will flow to the Council and the fair value of the asset can be measured reliably.

**(b) Government grants and subventions:**

The Council applies the income approach in accounting for government grants and subventions. Revenues from government grants and subventions are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Council and can be measured reliably.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Council recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to depreciable assets are recognized in income on a systematic basis over the periods and in the proportions in which depreciation expense on those assets is recognized.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Council with no future related costs is recognised in profit or loss of the period in which it becomes receivable.

**(c) Revenue from the rendering of services:**

The Council recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably.

**(d) Interest income:**

Interest income is recognized using the effective yield method.

**(e) Rental income:**

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and included in revenues in the statement of financial performance.

**2.14 Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged in the statement of financial performance on a straight-line basis over the period of the lease.

The Council leases out (rents out) stalls at the Michael Finnegan market, lots and other Council spaces and properties under operating leases.



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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2017.**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.15 Provisions**

Provisions are recognized when the Council has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Where some or all of a provision is to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

Otherwise, the expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**2.16 Contingent liabilities**

Contingent liabilities reflect possible liabilities that may be incurred by the Council where the potential amount is unable to be estimated, and/or it is still not deemed probable that an obligating event has arisen. Material contingent liabilities are disclosed in a note to the financial statements.

**2.17 Taxes**

Section 8 (1) (c) of the Income and Business Tax Act, as amended, Chapter 55 of the Laws of Belize, exempts the Council from taxes on any income in so far as such income is not derived from a trade or business.

**2.18 Comparative Information**

Where necessary, comparative amounts have been reclassified to conform with changes in presentation in the current year.

**3. INFORMATION ABOUT KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS**

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including future expectations.

**Key sources of estimation uncertainty**

The Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

**(a) The collectability of loans and receivables**

The Council assesses the collectability of its loans and receivables at the end of each reporting period. In determining whether an impairment loss should be recorded in statement of financial performance, the Council evaluates the indicators present in the market to determine if they are indicative of impairment.

Where specific impairments have not been identified, impairment is calculated on a portfolio basis based on historical experience.

**(b) Gratuity/severance**

Provisions are estimated based on the information available.

Provisions are measured based on management's best estimate of the expenditure required to settle the obligation at the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2017**

	2017	2016
<b>4. INVENTORIES</b>		
Traffic department license plates, drivers' licenses, stickers and supplies	BZ\$ 33,352	51,557
<b>5. TRADE AND OTHER RECEIVABLES</b>		
Property taxes receivable	16,346,824	13,730,258
Trade license receivable	1,262,463	1,013,148
Tourism related revenues receivable	1,593,492	1,948,278
Garbage fee receivables	275,196	276,556
Liquor license	18,768	17,143
Rent Receivables	426,040	425,417
Staff receivable	164,180	152,412
Other receivables	512,098	379,369
	<u>20,599,061</u>	<u>17,944,801</u>
Provision for impairment of receivables	<u>(5,735,817)</u>	<u>(4,195,481)</u>
	BZ\$ <u>14,863,244</u>	<u>13,749,120</u>
 Movements on the provision for impairment of receivables during the year were as follows:		
At 1 April	4,195,481	3,259,642
Provision for receivables impairment	1,540,336	1,452,430
Receivables written off during the year as uncollectible	-	(516,591)
At 31 March	BZ\$ <u>5,735,817</u>	<u>4,195,481</u>
<b>6. OTHER ASSET</b>		
Land held in trust for employees	BZ\$ <u>103,953</u>	<u>79,603</u>

Other asset represents expenses incurred to acquire, survey, bush and clear 57.533 acres of land in Tropical Park, for distribution to the Council's employees. The Councillors decided to distribute the entire acreage of land to qualifying employees of the City Council and in connection therewith has set up a Trust declaring that the land is being held by the Council in trust for its beneficiaries, identified as employees who have provided faithful and continuous service to the Council and the people of Belize City beginning on or before the 20 September 2012. In accordance with the provisions of the Trust Deed, the Trustees will oversee the process of distribution and ensure that the entire 57.533 acres parcel of land is distributed to qualifying Council employees; and the Council covenants to finance the entire programme costs, including acquiring, surveying, bushing, clearing, sub-dividing and bearing the full cost of vesting title in the name of individual employees.

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2017**
**7. PROPERTY AND EQUIPMENT**

	Land and building	City streets and drains infrastructure	Furniture and fixtures	Vehicle and machinery	Computers, office and other equipment	Work in Progress (streets and drains)	Total
<b>Cost</b>							
At 31 March 2016	53,417,530	32,898,823	329,340	2,019,633	740,668	70,125	89,276,226
Additions	144,898	314,145	39,121	1,315,990	188,647	1,958,985	3,961,786
Disposals	-	-	(8,128)	-	(17,147)	-	(25,275)
Transfers	-	1,958,985	-	-	-	(1,958,985)	-
<b>At 31 March 2017</b>	<b>53,562,428</b>	<b>34,971,953</b>	<b>360,333</b>	<b>3,335,623</b>	<b>912,168</b>	<b>70,125</b>	<b>93,212,737</b>
<b>Accumulated depreciation</b>							
At 31 March 2016	1,314,206	2,590,355	99,398	900,470	300,946	-	5,205,482
Charge for the year	262,053	1,033,930	26,426	608,789	108,633	-	2,039,831
Written back on disposal	-	-	(3,328)	-	(8,687)	-	(12,015)
<b>At 31 March 2017</b>	<b>1,576,259</b>	<b>3,624,285</b>	<b>122,496</b>	<b>1,509,259</b>	<b>400,892</b>	<b>-</b>	<b>7,233,298</b>
<b>Carrying amount</b>							
At 31 March 2016 BZ\$	52,103,324	30,108,468	229,942	1,119,163	439,722	70,125	84,070,744
At 31 March 2017 BZ\$	51,986,169	31,347,668	237,837	1,826,364	511,276	70,125	85,979,439

**8. TRADE AND OTHER PAYABLES**

	2017	2016
Trade payable	4,099,692	3,198,178
Other payables and accruals	5,727,789	5,133,102
Escrow funds held from liquidation of properties for tax arrears	339,592	273,216
	<b>BZ\$ 10,167,063</b>	<b>8,604,496</b>

**9. DEFERRED INCOME**

Property tax	4,589,983	4,308,834
Trade licence	3,518,068	3,291,841
Liquor licence	387,147	392,756
Traffic licence	1,708,712	2,099,564
	<b>BZ\$ 10,203,910</b>	<b>10,092,995</b>

The Council offers discounts on prepayment of taxes and licenses as an incentive for early and full payment of taxes and licenses. Deferred income represents prepaid taxes and licenses as at the end of the fiscal year.

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2017**

	2017	2016
<b>10. BORROWINGS</b>		
<b>Municipal bonds:</b>		
Municipal bonds series No. 2 of issue No. 1, interest rate of 5.5%, maturing on December 24, 2017.	3,000,000	3,000,000
Municipal bonds series No. 3 of issue No. 1, interest rate of 8%, maturing on December 24, 2022.	6,000,000	6,000,000
Municipal bonds series No. 2 of issue No. 2, interest rate of 5.5%, maturing on May 24, 2018.	2,000,000	2,000,000
Municipal bonds series No. 3 of issue No. 2, interest rate of 8%, maturing on May 24, 2023.	3,172,000	3,172,000
Municipal bonds series No. 2 of issue No. 3, interest rate of 5.5%, maturing on September 6, 2018.	500,000	500,000
Municipal bonds series No. 2 of issue No. 3, interest rate of 5.5%, maturing in November 2018	1,528,000	1,528,000
Municipal bonds series No. 3 of issue No. 3, interest rate of 8%, maturing in November 2023.	2,300,000	2,300,000
<b>Total municipal bonds</b>	<b>18,500,000</b>	<b>18,500,000</b>
<b>Other borrowings:</b>		
Bank loan, secured, to assist with infrastructure development, repayable by equal monthly instalments of \$71,068, inclusive of interest.	1,618,044	2,218,364
Social Security Board loan, secured, to assist with infrastructure development, repayable by equal monthly instalments of \$8,127, inclusive of interest.	229,972	-
Advances from the Ministry of Finance, unsecured, interest-free, repayable in full by October 2016.	100,000	-
<b>Total borrowings</b>	<b>20,446,016</b>	<b>20,718,364</b>
<b>Less: current portion</b>	<b>(3,985,271)</b>	<b>(660,695)</b>
	<b>BZ\$ 16,460,745</b>	<b>20,057,669</b>
<b>Borrowings are repayable as follows:</b>		
Year ended March 31,		
2017	-	660,695
2018	3,985,271	3,729,878
2019	4,938,628	4,834,306
2020	50,117	21,485
2021	-	-
2022 and thereafter	11,472,000	11,472,000
	<b>BZ\$ 20,446,016</b>	<b>20,718,364</b>
<b>11. OTHER LONG TERM PAYABLE</b>		
Judgement debt awarded Belize Maintenance Limited, payable by monthly instalments of BZ\$15,000 per week and two lump sum payments of BZ\$300,000 on the 31st December 2015 and BZ\$228,000 on the 31st December 2016.	-	1,387,399
<b>Less: current portion</b>	-	<b>(1,008,000)</b>
	<b>BZ\$ -</b>	<b>379,399</b>

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2017**

		2017	2016
<b>11. OTHER LONG TERM PAYABLE (continued)</b>			
The other long term debt is repayable as follows:			
	2016	-	1,008,000
	2017	-	379,399
		<u>BZ\$ -</u>	<u>1,387,399</u>

**12. DEFERRED GRANT INCOME**

Government grants: infrastructure	13,892,073	14,326,293
Government grant: vehicles	1,425,267	662,959
	<u>BZ\$ 15,317,340</u>	<u>14,989,252</u>

Deferred grant income represents government grants received for the purpose of acquiring depreciable assets, which is being recognized as income in future fiscal years, at the same rate at which the assets are being depreciated.

**13. GRATUITY/SEVERANCE PAYABLE**

At 1 April	2,622,699	2,463,962
Additions	502,935	455,150
Gratuity/severance paid	(287,203)	(298,413)
At 31 March	<u>BZ\$ 2,838,431</u>	<u>2,622,699</u>

**14. SEGMENT REPORTING**

The Council's administrative functions are carried out by the City Administrator. All the Council's departments report directly to the City Administrator.

For management purposes, the Council is organized into departments, based on the activities they perform.

The City Administrator monitors the expenditures incurred by each department for the purpose of making decisions about resource allocation and performance assessment. Segment information represents costs incurred by each segment without allocation of revenues earned, measured consistently with the accounting policies applied in the financial statements.

	2017	2016
<b>(a) FINANCE AND ADMINISTRATIVE DEPARTMENT EXPENDITURES</b>		
Advertisement	150	-
Board meetings	7,412	2,866
Consultancy and professional fees	85,841	418,291
Depreciation	2,039,930	1,744,818
Disaster preparedness - Hurricane Earl	255,363	6,367
Donation	144,038	114,067
Financial expenses	1,598,195	1,590,532
Fuel	303,032	193,157
Implements	2,399	3,817
Indemnities	16,972	8,094
Insurance and licenses	28,203	55,710

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2017**

**14. SEGMENT REPORTING (continued)**

	2017	2016
<i>(a) FINANCE AND ADMINISTRATIVE DEPARTMENT EXPENDITURES (continued)</i>		
Loss on disposal of property and equipment	7,284	16,398
Materials and supplies	248,728	264,002
Miscellaneous	1,023	2,627
National celebrations/festivities	163,357	8,110
Pensions, severance and gratuity	144,412	-
Provision for uncollectible receivables	1,540,336	1,452,430
Reconciliation differences written off	69,461	-
Rent and leases	5,604	3,407
Repairs and maintenance	88,339	73,541
Salaries	1,386,075	1,376,954
Social assistance and contributions to social activities	164,874	41,530
Staff benefits and social security	113,952	163,304
Training	6,125	15,724
Transport & Travel	56,099	16,312
Utilities	153,086	219,707
	<b>BZ\$ 8,630,200</b>	<b>7,791,765</b>

*(b) HUMAN RESOURCE MANAGEMENT DEPARTMENT EXPENDITURES*

Board Meetings	1,750	3,125
Disaster preparedness - Hurricane Earl	983	-
Donation	2,400	2,563
Fuel expenses	5,202	8,789
Insurance and licenses	210,132	141,334
Material and supplies	96,821	83,896
Miscellaneous	-	468
National celebrations/festivities	181,120	396,386
Pension	234,541	201,866
Rent and leases	25,625	-
Repairs and maintenance	4,633	10,718
Salaries	258,609	297,215
Severance and Gratuity	358,523	455,151
Social assistance and contributions to social activities	3,993	13,278
Staff benefits and social security	133,816	47,147
Training	3,052	2,807
Transport and travel	395	17,331
Utilities	5,026	2,289
	<b>BZ\$ 1,526,831</b>	<b>1,684,373</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2017**


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	2017	2016
<b>14. SEGMENT REPORTING (continued)</b>		
<i>(c) MARKET DEPARTMENT EXPENDITURES</i>		
Disaster preparedness - Hurricane Earl	3,614	-
Fuel	342	301
Implements	8,201	3,580
Materials and supplies	6,972	3,435
Miscellaneous	22	-
National celebrations/festivities	-	412
Repairs and maintenance	17,728	24,680
Salaries	126,197	118,087
Staff benefits and social security	5,375	5,283
Utilities	59,226	60,482
	<u>BZ\$ 227,677</u>	<u>216,260</u>
<i>(d) MECHANICAL DEPARTMENT EXPENDITURES</i>		
Staff benefits and social security	-	1,510
	<u>BZ\$ -</u>	<u>1,510</u>
<i>(e) MANAGEMENT INFORMATION SYSTEM DEPARTMENT EXPENDITURES</i>		
Advertising	-	775
Fuel	3,082	3,514
Implements	1,238	2,043
Material and supplies	6,878	21,193
MIS Consultancy	-	11,050
Repairs and maintenance	24,788	30,248
Salaries	127,572	126,289
Staff benefits and social security	3,329	3,839
Training	-	800
Transport and travel	130	-
Utilities	-	595
	<u>BZ\$ 187,017</u>	<u>200,346</u>

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2017**

14. SEGMENT REPORTING (continued)	2017	2016
<i>(f) MUNICIPAL COURT DEPARTMENT EXPENDITURES</i>		
Board Meetings	6,000	-
Fuel	1,184	1,477
Implements	466	63
Insurance and licenses	5,000	31,361
Materials and supplies	24,154	12,375
Miscellaneous	143	1,209
National celebrations/festivities	170	-
Rent and leases	84,820	-
Repairs and Maintenance	413	8,470
Salaries	343,179	307,391
Staff benefits and social security	21,920	17,110
Transport and travel	570	380
Training	806	-
Utilities	45,570	26,436
	<b>BZ\$ 534,395</b>	<b>406,272</b>
<i>(g) OFFICE OF THE MAYOR DEPARTMENT EXPENDITURES</i>		
Board meetings	9,000	3,750
Donations	3,900	12,846
Fuel	934	50
Implements	948	-
Insurance and licenses	-	3,176
Materials and supplies	63,408	856
National celebrations/festivities	800	784
Rent and leases	-	3,544
Repairs and maintenance	6,288	4,852
Remuneration of Mayor and Councilors	406,850	368,379
Social assistance and contributions to social activities	57,542	11,402
Staff benefits and social security	6,000	12,250
Transport and travel	91,099	33,040
Training	448	-
Utilities	24,331	11,996
	<b>BZ\$ 671,520</b>	<b>467,025</b>



**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2017**

14. SEGMENT REPORTING (continued)	2017	2016
<i>(h) PUBLIC RELATIONS DEPARTMENT EXPENDITURES</i>		
Advertisement	118,349	116,489
Consultancy and professional fees	11,778	-
Donations	750	2,695
Fuel	10,198	6,440
Implements	2,788	2,502
Miscellaneous	-	5,630
Materials and supplies	58,023	48,071
National celebrations/festivities	115,377	5,243
Rent and leases	1,050	150
Repairs and maintenance	78,898	69,572
Salaries	335,667	283,412
Staff benefits and social security	13,675	11,670
Social assistance and contributions to social activities	48,488	29,757
Transport and travel	222	-
Training	630	-
Utilities	5,111	2,238
	<b>BZ\$ 801,004</b>	<b>583,869</b>
<i>(i) REVENUE DEPARTMENT EXPENDITURES</i>		
Commissions paid	269,647	305,948
Board expenses	32,416	51,903
Financial expenses	1,414	(3,741)
Fuel	3,200	(6,014)
Implements	24	609
Material and supplies	28,754	15,671
Miscellaneous	-	9,536
National celebrations/festivities	250	750
Repairs and maintenance	6,082	3,946
Salaries	270,116	269,493
Staff benefits and social security	12,770	11,481
Transport and travel	155	40
Utilities	-	428
	<b>BZ\$ 624,828</b>	<b>660,050</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2017**

14. SEGMENT REPORTING (continued)	2017	2016
<i>(j) SANITATION DEPARTMENT EXPENDITURES</i>		
Cemetery upkeep	-	103,095
Disaster preparedness - Hurricane Earl	2,117	11,729
Donations	135	-
Fuel	82,949	117,953
Implements	25,448	41,440
Indemnities	3,272	3,280
Insurance and licenses	8,717	7,125
Materials and supplies	82,282	63,618
Miscellaneous	319	914
National celebrations/festivities	-	945
Repairs and maintenance	204,428	42,695
Rent and leases	45,880	81,810
Salaries	2,225,766	2,186,561
Sanitation contracts	2,948,872	3,059,738
Social assistance and contributions to social activities	-	180
Staff benefits and social security	103,733	105,467
Transport and travel	200	606
Training	320	-
Utilities	-	421
	<b>BZ\$ 5,734,438</b>	<b>5,827,588</b>
<i>(k) SECURITY DEPARTMENT EXPENDITURES</i>		
Fuel	-	344
Consultancy and professional fees	889,763	708,678
Repairs and maintenance	2,830	25
Salaries	-	12,306
Staff benefits and social security	-	321
Transport and travel	-	90
	<b>BZ\$ 892,593</b>	<b>721,964</b>

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2017**

	2017	2016
<b>14. SEGMENT REPORTING (continued)</b>		
<i>(l) SENIOR TOWN PLANNING DEPARTMENT EXPENDITURES</i>		
Disaster preparedness - Hurricane Earl	799	-
Board meetings	14,150	6,976
Fuel	6,349	10,527
Implements	99	95
Materials and supplies	2,037	246
Miscellaneous	-	193
National celebrations/festivities	-	500
Repairs and maintenance	3,068	37
Salaries	124,949	107,039
Staff benefits and social security	3,336	3,472
Social assistance and contributions to social activities	171	-
Transport and travel	3,000	-
Training	1,499	-
Utilities	-	230
	<u>BZ\$ 159,457</u>	<u>129,315</u>
<i>(m) TRAFFIC DEPARTMENT EXPENDITURES</i>		
Advertising	-	20
Consultancy and professional fees	1,250	2,750
Donation	200	1,166
Financial expenses	75	1,166
Fuel	28,798	22,371
Implements	2,156	579
Insurance and licenses	2,073	2,419
Materials and supplies	308,101	307,975
Miscellaneous	150	46,549
National celebrations/festivities	364	900
Repairs and maintenance	51,502	26,203
Salaries	886,138	886,052
Staff benefits and social security	42,666	36,036
Street maintenance	4,079	-
Social assistance and contributions to social activities	12,375	-
Transport and travel	40	-
Utilities	34,798	29,641
	<u>BZ\$ 1,374,761</u>	<u>1,343,827</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2017**

	2017	2016
<b>14. SEGMENT REPORTING (continued)</b>		
<i>(n) VALUATION DEPARTMENT EXPENDITURES</i>		
Advertising	-	1,182
Board meetings	1,500	375
Consultancy and professional fees	-	900
Commissions	500	-
Financial expenses	103	-
Fuel	3,267	4,683
Indemnities	-	17,200
Implements	392	110
Materials and supplies	42,420	28,240
Miscellaneous	60	-
National celebrations/festivities	-	600
Repairs and maintenance	3,261	1,190
Salaries	319,227	289,770
Staff benefits and social security	13,512	12,439
Transport and travel	16,941	3,730
Training	1,666	-
	<u>BZ\$ 403,049</u>	<u>360,419</u>
<i>(o) WORKS DEPARTMENT EXPENDITURES</i>		
Board Meetings	334	-
Bridge maintenance	-	16,915
Disaster preparedness - Hurricane Earl	146,402	-
Donations	747	-
Fuel Expense	92,534	99,140
Implements	31,036	24,397
Indemnities	400	-
Insurance and licenses	15,541	5,559
Material and supplies	33,968	14,395
Miscellaneous	13	332
National celebrations/festivities	78	750
Rent and leases	20,868	13,119
Repairs and maintenance	222,355	218,017
Salaries	989,169	973,696
Staff benefits and social security	39,097	42,973
Street maintenance	638,407	802,934
Transport and travel	859	266
Utilities	34,527	20,468
	<u>BZ\$ 2,286,334</u>	<u>2,232,961</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2017**

	2017	2016
<b>15. GOVERNMENT GRANTS AND SUBVENTIONS</b>		
(a) Contributions in cash	1,480,100	1,376,392
(b) Contributions in debt service	612,794	612,394
(c) Contribution - BML judgement debt	-	350,000
(d) Deferred grant income - infrastructure	434,220	448,154
(e) Deferred grant income - vehicles	475,089	220,985
(f) Contribution - flood relief programme	450,000	500,000
(g) Contribution - advances from MOF converted to grant (Note 10)	-	200,000
	<b>BZ\$ 3,452,203</b>	<b>3,707,925</b>

(a) Cash contributions represent allocations approved by the National Assembly. The monies are disbursed in 12 equal monthly instalments of \$123,708 to the Council by the Ministry of Local Government.

(b) The debt service contributions represents payments made on behalf of the Council by the Government of Belize towards the Council's bank loan.

(c) Contributions related to BML judgement debt represent support received from the Government of Belize for the payment of debt awarded by the Courts to Belize Maintenance Limited (Note 11).

(d) Deferred grant income - infrastructure represents the depreciable portion of the construction costs granted to the Council for the completion of Belize City streets that is recognized as income for the year.

(e) Deferred grant income - vehicle represents the depreciable portion of the vehicles granted to the Council that is recognized as income for the year.

(f) Contribution related to flood relief programme represents funds received from the Government of Belize to assist the Council with the cost incurred to clean the city drainage system following Hurricane Earl in August 2016 (2016: the October 2015 flood).

(g) Contribution - advances represents advances received from the Ministry of Finance in 2015 which were converted to a grant in 2016.

	2017	2016
<b>15. EMPLOYEES SALARIES AND BENEFITS</b>		
Gratuities/severance	502,935	455,151
Pensions	234,541	201,886
Salaries and wages	7,385,542	7,189,300
Social security costs	293,576	282,475
Staff benefits	219,605	191,825
	<b>BZ\$ 8,636,199</b>	<b>8,320,617</b>

**16. KEY MANAGEMENT COMPENSATION**

Key management includes the Mayor, Councilors and key members of management. The compensation paid to key management for employee services was:

BZ\$	<b>559,589</b>	<b>467,765</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2017**

**17. COMMITMENTS**

Committed and contracted:  
Infrastructure  
Sanitation  
Other

	2017	2016
	1,168,453	542,030
	2,021,255	4,034,945
	218,475	-
	<u>3,408,182</u>	<u>4,576,975</u>

**18. FINANCIAL RISK MANAGEMENT**

The Council's activities exposes it to mainly two financial risks: credit risk and liquidity risk.

(a) Credit risk

Credit risk is the risk of financial loss, should debtors fail to fulfil their obligations to the Council. Credit risk arises mainly from the possibility of the Council not collecting its trade and other receivables (Note 5).

The Council's Collection Department has the responsibility to manage its credit risk. The Collection Department has established policies and procedures which include, as a last resort, placing a lien on property to collect overdue receivables.

(b) Liquidity risk

Liquidity risk is the risk that the Council is unable to meet its obligations when they fall due as a result of cash requirements from contractual commitments or other cash outflows, such as operating costs and debt maturities.

The Mayor, Councilors and City Administrator manages the Council's liquidity risk by securing bank overdraft facilities and sourcing financial support from Central Government, businesses and citizens.

The following table presents the Council's liabilities into categories based on maturity dates after the end of the financial reporting date:

2017	< 3 months	3-12 months	1 - 5 years	> 5 years	Total
Trade and other payables	10,167,063	-	-	-	10,167,063
Borrowings	-	3,985,271	4,988,745	11,472,000	20,446,016
Gratuity and pension payable	-	-	-	2,838,431	2,838,431
	<u>BZ\$ 10,167,063</u>	<u>3,985,271</u>	<u>4,988,745</u>	<u>14,310,431</u>	<u>33,451,510</u>
2016	< 3 months	3 -12 months	1-5 years	> 5 years	Total
Trade and other payables	8,604,496	-	-	-	8,604,496
Borrowings	-	860,695	8,585,669	11,472,000	20,718,364
Other long term payable	-	1,008,000	379,399	-	1,387,399
Gratuity and pension payable	-	-	-	2,622,699	2,622,699
	<u>BZ\$ 8,604,496</u>	<u>1,668,695</u>	<u>8,965,068</u>	<u>14,094,699</u>	<u>33,332,958</u>