

BELIZE CITY COUNCIL

Financial Statements for the Years Ended
March 31, 2023 and 2022 and
Independent Auditors' Report



BELIZE CITY COUNCIL

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INDEPENDENT AUDITORS' REPORT

**To the Mayor and the Councilors:
Belize City Council**

Opinion

We have audited the financial statements of Belize City Council, which comprise the statements of financial position as at March 31, 2023 and 2022, and the statements of comprehensive income (loss), statements of changes in fund balances, and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Belize City Council as at March 31, 2023 and 2022, and of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Belize City 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 in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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 Belize City 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 Belize City Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Belize City Council's financial reporting process.

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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 on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement 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; to design and perform audit procedures responsive to those risks; and to 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 entity'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 entity'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 entity 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 identified during the audit.

HLB Belize, LLP

**Chartered Accountants
Belize City, Belize
January 13, 2025**

BELIZE CITY COUNCIL

STATEMENTS OF FINANCIAL POSITION AS AT MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
ASSETS			
Current assets			
Cash and cash equivalents	2g. 2h. 4.	\$ 4,540,769	\$ 2,189,441
Accounts receivable	2g. 2i. 5.	8,888,897	6,559,638
Inventory	2j.	3,679	6,266
Total current assets		<u>13,433,345</u>	<u>8,755,345</u>
Non-current asset			
Property, plant and equipment	2k. 2l. 6.	96,925,888	90,236,537
Total non-current assets		<u>96,925,888</u>	<u>90,236,537</u>
Total assets		<u>\$ 110,359,233</u>	<u>\$ 98,991,882</u>
LIABILITIES AND FUND BALANCES			
Current liabilities			
Bank overdraft	2g. 7.	\$ 144,198	\$ 1,730,665
Accounts payable	2g. 2m. 8.	6,268,933	12,634,983
Deferred revenue	2p. 9.	13,455,942	13,437,343
Net municipal paper payable	2g. 2o. 10.	21,061,950	7,175,977
Net municipal bonds payable	2g. 2o. 11.	-	6,000,000
Long term debt	2g. 2o. 12.	251,931	207,134
Gratuity and severance payable	2n. 14.	512,703	485,859
Total current liabilities		<u>41,695,657</u>	<u>41,671,961</u>
Non-current liabilities			
Net municipal bonds payable	2g. 2o. 11.	-	482,764
Long term debt	2g. 2o. 12.	4,292,537	2,417,112
Government of Belize advances	2g. 13.	-	160,000
Gratuity and severance payable	2n. 14.	3,070,736	3,561,989
Pension liability	2n.	13,898,799	13,300,287
Total non-current liabilities		<u>21,262,072</u>	<u>19,922,152</u>
Total liabilities		<u>62,957,729</u>	<u>61,594,113</u>
Fund balances			
Capital grant	15.	13,211,895	13,913,710
Revaluation surplus	16.	9,638,829	-
General fund		24,550,780	23,484,059
Total fund balance		<u>47,401,504</u>	<u>37,397,769</u>
TOTAL LIABILITIES AND FUND BALANCES		<u>\$ 110,359,233</u>	<u>\$ 98,991,882</u>

The financial statements on pages 3 to 6 were approved and authorized for issue by the Belize City Council on January 13, 2025 and are signed on its behalf by:



Mayor



City Administrator

The above statements of financial position should be read in conjunction with the accompanying notes.

BELIZE CITY COUNCIL

STATEMENTS OF COMPREHENSIVE INCOME (LOSS) FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
OPERATING REVENUES:			
Government subvention	2p.	\$ 2,118,500	\$ 1,484,500
Liquor license fees		660,371	425,837
Property tax fees		10,761,383	8,480,844
Property tax interest		2,018,143	1,812,795
Rents and concessions		253,601	358,914
Tourism related revenue		297,258	297,258
Trade license fees		5,610,710	4,767,725
Traffic related revenue		5,703,337	5,146,578
Amortization of capital grant		(701,815)	701,815
Other income:	17.	6,058,606	1,802,989
		<u>32,780,094</u>	<u>25,279,255</u>
OPERATING EXPENSES:			
Contracts, consultancy and professional fees	2q.	6,227,819	4,382,411
Depreciation	6.	2,837,835	2,655,432
Finance charges		2,026,538	1,807,298
Loss on property valuation	16.	124,581	-
Materials and supplies		1,015,460	636,255
Other expenses	18.	5,525,675	2,693,956
Remeasurement of credit loss allowance	5.	-	2,584,439
Repairs and maintenance		1,431,870	813,583
Salaries and benefits		9,068,532	9,393,071
Gratuity and severance provision	14.	373,604	165,434
Street maintenance		2,482,947	722,576
		<u>31,114,861</u>	<u>25,854,455</u>
NET INCOME (LOSS) FOR THE YEAR		1,665,233	(575,200)
Other comprehensive income (loss):			
Remeasurement of net defined benefit liability		(598,512)	(572,740)
Gains on property revaluation	16.	9,638,829	-
		<u>9,040,317</u>	<u>(572,740)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		<u>\$ 10,705,550</u>	<u>\$ (1,147,940)</u>

The above statements of comprehensive income (loss) should be read in conjunction with the accompanying notes.

BELIZE CITY COUNCIL

STATEMENTS OF CHANGES IN FUND BALANCES FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

	Capital Grant	Revaluation surplus	General fund	Total
Balance at April 1, 2022	\$ 13,913,710	\$ -	\$ 23,484,059	\$ 37,397,769
Net income for the year	-	-	1,665,233	1,665,233
Amortisation of capital grant	(701,815)	-	-	(701,815)
Other comprehensive income (loss)	-	9,638,829	(598,512)	9,040,317
Balance at March 31, 2023	<u>\$ 13,211,895</u>	<u>\$ 9,638,829</u>	<u>\$ 24,550,780</u>	<u>\$ 47,401,504</u>

	Capital Grant	Revaluation surplus	General fund	Total
Balance at April 1, 2021	\$ 14,615,525	\$ -	\$ 24,631,999	\$ 39,247,524
Net loss for the year	-	-	(575,200)	(575,200)
Amortisation of capital grant	(701,815)	-	-	(701,815)
Other comprehensive loss	-	-	(572,740)	(572,740)
Balance at March 31, 2022	<u>\$ 13,913,710</u>	<u>\$ -</u>	<u>\$ 23,484,059</u>	<u>\$ 37,397,769</u>

The above statements of changes in fund balances should be read in conjunction with the accompanying notes.

BELIZE CITY COUNCIL

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES:		
Net income (loss) for the year	\$ 1,665,233	\$ (575,200)
Adjustments for non-cash items:		
Depreciation expense	2,837,835	2,655,432
Capital grant allocation	(701,815)	(701,815)
Remeasurement of credit loss allowance	-	2,584,439
Gratuity and severance provision	373,604	165,434
Loss on property valuation	124,581	-
Interest income	(87,942)	(21,794)
Interest expense	2,026,538	1,807,298
Operating surplus before working capital changes	<u>6,238,034</u>	<u>5,913,794</u>
Changes in operating assets and liabilities:		
Accounts receivables	(2,329,259)	4,262,522
Inventory	2,587	57,702
Accounts payable	(6,366,050)	(2,750,932)
Deferred revenue	18,599	1,828,953
Cash (used in) provided by operating activities	<u>(2,436,089)</u>	<u>9,312,039</u>
Severance paid	(838,013)	(404,071)
Interest received	87,942	21,794
Net cash (used in) provided by operating activities	<u>(3,186,160)</u>	<u>8,929,762</u>
INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	<u>(12,938)</u>	<u>(5,143,031)</u>
Net cash used in investing activities	<u>(12,938)</u>	<u>(5,143,031)</u>
FINANCING ACTIVITIES:		
Bank overdraft	(1,586,467)	699,345
Government of Belize advances	(160,000)	(220,000)
Repayment of municipal bonds payable	(6,482,764)	43,484
Proceeds from municipal paper payable	14,185,973	-
Repayment of municipal paper payable	(300,000)	(1,398,906)
Repayments of long term debt	1,920,222	(589,242)
Interest paid	(2,026,538)	(1,807,298)
Net cash provided by (used in) financing activities	<u>5,550,426</u>	<u>(3,272,617)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,351,328	514,114
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,189,441</u>	<u>1,675,327</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,540,769</u>	<u>\$ 2,189,441</u>

The above statements of cash flows should be read in conjunction with the accompanying notes.

BELIZE CITY COUNCIL

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

1. STATUS

Belize City is governed by the Belize City Council (the Council), which was incorporated on February 17, 1999, under the Belize City Council Act, Chapter 85 of the Laws of Belize.

The Council's administrative offices are located at City Hall, Regent Street, Belize City, Belize.

Constitution and Term

The Belize City Council consists of a Mayor and ten Councilors, elected in accordance with the provisions of the Belize City Council Act; it is lawfully constituted when the requisite number of members has been elected.

Every Council holds office until the last day of February next ensuing after the day in which the Council has been two years in office. An election of members of the Council is held on the first Wednesday next ensuing after the day in which the term of office of the Council expires.

The Mayor was Mr. Bernard Wagner for the reporting years 2023 and 2022. The number of employees of the Council as at March 31, 2023, was 342 (2022: 379).

Duties of the 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. The Council has the obligation to perform the following duties in Belize City in an efficient and timely manner:

- to maintain all public cemeteries;
- to coordinate, control, manage or regulate the timely and efficient collection and removal of garbage; and,
- to construct, repair, alter, widen, layout and make surveys for streets in Belize City; to clean and keep in good repair any public drain, canal, or creek in Belize City

Property taxation and other sources of revenues of the Council

Property taxation is the most significant source of revenues of the Council. The authority to levy and collect property taxes and other significant sources of revenues is established under the Belize City Council Act, Section 59, by reference to additional powers and functions granted to the Council in respect of the following:

- The Public Roads Act;
- Trade Licensing Act;
- Intoxicating Liquor Licensing Act;
- Motor Vehicles and Road Traffic Act;
- Towns Property Tax Act;
- Cruise Ship Passenger Tax Act.

BELIZE CITY COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements of the Council have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

b. Basis of presentation

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

c. Functional and presentation currency

Items included in these 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.

d. Foreign currency transactions/translation

Foreign currency transactions are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

e. Significant accounting judgments

Use of estimates

The preparation of financial statements in conformity with IFRS 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 judgment or complexity, or areas where assumptions and estimations are significant to the financial statements include employee benefit liabilities, property tax assessments, and collectability of receivables. Actual amounts, which are accounted for as they become known, may differ significantly from estimates.

Going concern

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.

f. Change in accounting policies

The accounting policies adopted are consistent with those used in the previous financial statements for the year ended March 31, 2022.

The accounting policies adopted are consistent with those used in the previous financial statements for the year ended March 31, 2022.

BELIZE CITY COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Change in accounting policies (Continued)

Reference to the Conceptual Framework (Amendments to IFRS 3)

Effective for annual reporting periods beginning on or after 1 January 2022

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

The amendment was adopted, but has no current impact on the financial statements.

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)

Effective for annual reporting periods beginning on or after 1 January 2022

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendment was adopted, but has no current impact on the financial statements.

Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to IAS 1)

Immediately available.

The amendment defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2024.

The amendment was adopted, but has no current impact on the financial statements.

Amendments issued but not yet effective

The amendments that are issued, but not yet effective, up to the end of the reporting period are disclosed below.

Non-current Liabilities with Covenants (Amendments to IAS 1)

Effective for annual reporting periods beginning on or after 1 January 2024

The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

The amendment will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.

BELIZE CITY COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Change in accounting policies (Continued)

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

Effective for annual reporting periods beginning on or after 1 January 2023

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendment will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.

Definition of Accounting Estimates (Amendments to IAS 8)

Effective for annual reporting periods beginning on or after 1 January 2023

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

The amendment will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.

g. Financial Instruments

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

Recognition and derecognition

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

BELIZE CITY COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Financial Instruments (Continued)

Classification and initial measurement of financial assets

Except for trade receivables, which do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if the assets meet the following conditions:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these financial assets are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

The Council's financial assets are categorized in Note 21.

Impairment of financial assets

The Council makes use of a simplified approach permitted by IFRS 9 in accounting for trade and other receivables as well as contract assets and records the loss allowance for the expected lifetime credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The entity uses its historical experience, external indicators, and forward-looking information to calculate the expected credit losses using a provision matrix. The entity assesses the impairment of trade receivables collectively based on their shared credit risk characteristics.

Classification and initial measurement of financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs.

Subsequent measurement of financial liabilities

Financial liabilities at amortized cost

Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

The Council's financial liabilities are categorized in Note 21.

BELIZE CITY COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h. Cash and cash equivalents

Cash and cash equivalents includes cash on hand and at bank, bank drafts, demand deposits and other short-term, highly liquid investments with original maturities of three months or less.

i. Accounts receivable

Accounts receivables are amounts due from residents of Belize City and other customers for revenues to which the Council is entitled, as well as for services provided by the Council. Staff receivables include loans and advances to employees.

j. Inventory

Inventories of the Council include license plates, licensing decals, stationery and usable supplies. Inventories at year-end are valued on the average cost basis.

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

k. Property, plant and equipment

Property, plant and equipment except for land and buildings are carried at historical cost less accumulated depreciation and any accumulated impairment.

Assets in the course of construction are carried at cost, less any recognized impairment loss. Such properties are classified at the appropriate categories of property, plant and equipment when completed and ready for their intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Maintenance, repairs and renewals are charged against revenue in the year the expenditure is incurred; major renewals and improvements are capitalized.

Depreciation

Land and assets in the course of construction are not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amount to their residual values over their estimated useful lives, as follows:

Buildings	40 - 50 years
Infrastructure	30 - 35 years
Furniture & fixtures	5 - 10 years
Computers & other equipment	3 - 5 years
Vehicles & machinery	4 - 10 years

BELIZE CITY COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k. Property, plant and equipment (Continued)

Derecognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the statements of comprehensive income.

Revaluation

Any revaluation increase arising on the revaluation of such land and buildings is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties' revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued depreciable property, plant and equipment is recognised in the statements of comprehensive income. As the asset is used by the entity, a portion of the revaluation surplus is transferred from the revaluation reserve directly to retained earnings. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to general fund.

l. Impairment of non-financial assets

At reporting date, the Council reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Council estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss will be treated as an increase in the revaluation.

BELIZE CITY COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m. Accounts payables

Accounts payables are obligations to pay for goods and services that have been acquired by the Council from its suppliers in the ordinary course of business.

n. Employee benefits payable

Severance/Gratuity obligations

Severance payable represents the accrual of salaries payable to employees in the event of their resignation or termination. The Council recognizes these obligations in accordance with the Labor Act (the Act), Chapter 297 of the Substantive Laws of Belize.

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 arrangement. A defined benefit plan establishes the 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; the plan is fully funded by the Council. In accordance with IFRS, the defined benefit obligation payable to qualifying retirees should be determined with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from those that would be determined at the end of the reporting period.

o. Borrowings

Borrowings are recognized initially at the transactional price, i.e. 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 rate and is included in finance costs. 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 borrowing terms allow the Council to defer settlement of the liability, or a portion thereof, for at least twelve months after the reporting date. Interest is charged to expense in the period incurred and is included in the statement of comprehensive income.

p. Revenues 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 outlined below.

Significant sources of revenues of the Council comprise property taxes, traffic-related fees and charges, trade license fees, cruise ship user charges, government subvention, liquor licenses, and rental and concessions fees.

BELIZE CITY COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p. Revenues and Recognition (Continued)

Revenue Trade-offs

The Council periodically engages in transactions in which the fair value of goods and services received by the Council is traded in exchange for taxes and other fees due to the Council by suppliers.

Property tax revenues

The Council bills and collects property taxes for municipal purposes. Property taxes are billed annually in January of each year for the ensuing financial year starting April 1. Taxation revenues are recorded at the time residence applies to pay.

In the place of a Quinquennial review, the Council obtained approval from the Ministry of Local Government to instead only increase the tax rate for occupied properties by 1%, from 9% to 10%. The rate for unoccupied properties remained unchanged.

User charges – Tourism

In accordance with the Cruise Ship Passenger Tax Act, Chapter 278:01 of the Laws of Belize, the Belize Tourism Board collects the established head tax from manifested passengers of cruise ships arriving in Belize. A shared portion of those funds is contributed to a Tourism Development Fund held by the Ministry of Local Government, who then makes disbursements from that fund to the Council, based on an approved allocation, which varies based on actual cruise ship arrivals.

Restrictions on collection of revenues

In conjunction with the Council's outstanding bond issue, certain revenues of the Council are not available for general usage but are paid directly into the Bond Sinking Fund, held and managed by the Central Bank of Belize. See note 11.

Deferred revenue

Certain amounts are collected pursuant to legislation or agreement (liquor license fees, traffic-related fees, trade licenses, property taxes) in a period prior to which the fees relate. Such amounts are recorded as deferred revenues and are recognized as revenues in the year for which the revenues were billed, as this is the time the eligibility criteria have been met.

BELIZE CITY COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p. Revenues and Recognition (Continued)

Government grants and subventions

The Government of Belize's subvention is an allocation approved annually by the National Assembly of Belize for all municipalities, including the Belize City Council. The monies are disbursed in monthly instalments by the Ministry of Local Government. 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 recognized in the statement of comprehensive income 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. All grants which relate to depreciable assets are recognized as capital grant income on a systematic basis over the periods, in the proportions in which depreciation expense on those assets is recognized. The balance of unamortized costs is reflected on the statement of financial position as capital grant.

Where government grants become receivable to the Council 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, such amounts are recognised in the statement of comprehensive income in the period in which they become receivable.

Interest income

Interest income is recognized on the accrual basis; interest earning from the Sinking Fund investments are not paid to the Council but reinvested in the Sinking Fund managed by the Central Bank of Belize.

q. Expenses

Operating expenses are recognized in the period incurred.

r. Leases/Rental

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 comprehensive income on a straight-line basis over the period of the lease.

The Council leases/ rents stalls at the Michael Finnegan market, lots and other Council spaces and properties under operating leases. 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 comprehensive income.

BELIZE CITY COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

s. Segment reporting

The Council has one segment. The expenditure information shown in the supplementals accompanying this report, represents costs incurred by the departments, without depreciation, impairment, and severance provisions.

3. FINANCIAL RISK

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Council's maximum exposure to credit risk is limited to the carrying amount of financial assets. These financial assets are continuously monitored to ensure that are not impaired or past due or for defaults of customers and other counterparties, and incorporates this information into its credit risk controls.

Operational risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or can lead to financial loss. The Council cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Council is able to manage the risks. Controls include effective segregation of duties, access controls, authorization and reconciliation procedures, staff education and assessment processes. Business risks such as changes in environment and technology are monitored through the Council's strategic planning and budgeting process.

Liquidity risk

Liquidity risk is that the Council might be unable to meet its obligations. The Council manages its liquidity needs by monitoring its cash and cash equivalents, actively managing collection of taxes and all receivables. The Council's main objective is to generate and maintain cash sufficient to meet operating expenses and obligations.

At March 31, financial assets and liabilities maturities are analysed as follows:

BELIZE CITY COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

3. FINANCIAL RISK (CONTINUED)

March 31, 2023	Within 3 months	Over 3 months	Total
Financial assets:			
Cash and cash equivalents	\$ 4,540,769	\$ -	\$ 4,540,769
Account receivables	1,768,644	7,120,253	8,888,897
	<u>6,309,413</u>	<u>7,120,253</u>	<u>13,429,666</u>
Financial liabilities:			
Bank overdraft	144,198	-	144,198
Account payable	2,034,433	4,234,500	6,268,933
Net municipal paper payable	-	21,061,950	21,061,950
Net municipal bonds payable	-	-	-
Long term debt	-	4,544,468	4,544,468
Government of Belize advances	-	-	-
	<u>2,178,631</u>	<u>29,840,918</u>	<u>32,019,549</u>
Liquidity gap	<u>\$ 4,130,782</u>	<u>\$ (22,720,665)</u>	<u>\$ (18,589,883)</u>
March 31, 2022	Within 3 months	Over 3 months	Total
Financial assets:			
Cash and cash equivalents	\$ 2,189,441	\$ -	\$ 2,189,441
Account receivables	1,752,137	4,807,501	6,559,638
	<u>3,941,578</u>	<u>4,807,501</u>	<u>8,749,079</u>
Financial liabilities:			
Bank overdraft	1,730,665	-	1,730,665
Account payable	2,033,356	10,601,627	12,634,983
Net municipal paper payable	-	7,175,977	7,175,977
Net municipal bonds payable	-	6,482,764	6,482,764
Long term debt	-	2,624,246	2,624,246
Government of Belize advances	-	160,000	160,000
	<u>3,764,021</u>	<u>27,044,614</u>	<u>30,808,635</u>
Liquidity gap	<u>\$ 177,557</u>	<u>\$ (22,237,113)</u>	<u>\$ (22,059,556)</u>

BELIZE CITY COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

4. CASH AND CASH EQUIVALENTS

	<u>2023</u>	<u>2022</u>
Cash at bank	\$ 4,017,423	\$ 2,189,441
Cash on hand	523,346	-
	<u>\$ 4,540,769</u>	<u>\$ 2,189,441</u>

5. ACCOUNTS RECEIVABLE

	<u>2023</u>	<u>2022</u>
Property taxes	\$ 20,523,574	\$ 19,238,426
Property tax interest	12,951,049	11,156,980
Trade license	2,738,744	3,099,453
Liquor license	39,000	27,773
Rent	189,075	518,944
Staff	38,743	37,786
Other receivables	306,946	378,583
	<u>36,787,131</u>	<u>34,457,945</u>
Less: expected credit loss	<u>(27,898,234)</u>	<u>(27,898,307)</u>
	<u>\$ 8,888,897</u>	<u>\$ 6,559,638</u>
Expected credit loss:		
Balance, beginning of year	\$ 27,898,307	\$ 25,313,868
Remeasurement of credit loss allowance	-	2,584,439
Write-off	(73)	-
Balance, end of year	<u>\$ 27,898,234</u>	<u>\$ 27,898,307</u>

BELIZE CITY COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

6. PROPERTY, PLANT AND EQUIPMENT

Cost/ Valuation	Land & buildings		Infrastructure		Furniture & fixtures		Computers & other equipment		Vehicles & machinery		Work in progress		Total
	v	c	v	c	v	c	v	c	v	c	v	c	
Balance, April 1, 2022	\$60,248,113	\$37,052,218		\$3,288,959	\$2,769,848	\$3,971,740	\$1,554,652						\$108,885,530
Additions	1,444	-	-	-	11,494	-	-	-	-	-	-	-	12,938
Revaluation	8,743,229	-	-	-	-	-	-	-	-	-	-	-	8,743,229
Balance, March 31, 2023	68,992,786	37,052,218	3,288,959	2,781,342	1,554,652	3,971,740	1,554,652						117,641,697
Accumulated Depreciation													
Balance, April 1, 2022	3,023,955	8,855,744	1,002,778	2,083,500	3,683,016								18,648,993
Additions	496,187	1,059,693	328,896	555,885	397,174								2,837,835
Revaluation	(771,019)	-	-	-	-	-	-	-	-	-	-	-	(771,019)
Balance, March 31, 2023	2,749,123	9,915,437	1,331,674	2,639,385	4,080,190								20,715,809
Net Book Value													
March 31, 2023	\$66,243,663	\$27,136,781	\$1,957,285	\$141,957	(\$108,450)	\$1,554,652							\$96,925,888

Cost	Land & buildings		Infrastructure		Furniture & fixtures		Computers & other equipment		Vehicles & machinery		Work in progress		Total
	v	c	v	c	v	c	v	c	v	c	v	c	
Balance, April 1, 2021	\$55,378,089	37,052,218		\$3,288,389	\$2,694,251	\$3,774,900	\$1,554,652						\$103,742,499
Additions	4,870,024	-	-	570	75,597	196,840	-	-	-	-	-	-	5,143,031
Balance, March 31, 2022	60,248,113	37,052,218	3,288,959	2,769,848	1,554,652	3,971,740	1,554,652						108,885,530
Accumulated Depreciation													
Balance, April 1, 2021	2,708,256	7,796,051	673,882	1,529,530	3,285,842								15,993,561
Additions	315,699	1,059,693	328,896	553,970	397,174								2,655,432
Balance, March 31, 2022	3,023,955	8,855,744	1,002,778	2,083,500	3,683,016								18,648,993
Net Book Value													
March 31, 2022	\$57,224,158	\$28,196,474	\$2,286,181	\$686,348	\$288,724	\$1,554,652							\$90,236,537

BELIZE CITY COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

7. BANK OVERDRAFT

The Council has a secured demand revolving credit facility in the amount of \$1.2M, bearing interest at the rate of 8.5% per annum; the facility is secured by a first lien over several of the Council's properties in Belize City.

8. ACCOUNTS PAYABLE

	<u>2023</u>	<u>2022</u>
Trade payable	\$ 283,823	\$ 6,137,162
Other payables	4,426,613	4,778,829
Escrow funds held from liquidation of properties	1,558,497	1,718,992
	<u>\$ 6,268,933</u>	<u>\$ 12,634,983</u>

9. DEFERRED REVENUE

	<u>2023</u>	<u>2022</u>
Property tax	\$ 6,537,426	\$ 6,314,993
Trade license	3,713,989	4,117,861
Liquor license	457,995	402,838
Traffic license	2,746,532	2,601,651
	<u>\$ 13,455,942</u>	<u>\$ 13,437,343</u>

10. NET MUNICIPAL PAPER PAYABLE

The net unsecured short-term debt municipal paper issued by the City Council is as follows:

	<u>2023</u>	<u>2022</u>
<u>Municipal Paper 2019 Series 1:</u>		
- 92 days maturity with interest of 3.70% per annum	\$ -	\$ 5,035,000
<u>Municipal Paper 2019 Series 1:</u>		
- 92 days maturity with interest of 3.45% per annum	-	1,800,000
<u>Municipal Paper 2021 Series 2:</u>		
- 365 days maturity with interest of 4.00% per annum	-	1,000,000
<u>Municipal Paper 2021 Series 3:</u>		
- 365 days maturity with interest of 4.50% per annum	6,195,000	-
<u>Municipal Paper 2021 Series 4:</u>		
- 365 days maturity with interest of 4.50% per annum	8,505,000	-
<u>Municipal Paper 2021 Series 5, Tranche 3:</u>		
- 731 days maturity with interest of 4.50% per annum	1,500,000	-
<u>Municipal Paper 2021 Series 5, Tranche 4:</u>		
- 1,096 days maturity with interest of 5.50% per annum	5,905,000	-
	<u>22,105,000</u>	<u>7,835,000</u>
Less: Municipal Paper Fund	(1,033,140)	(302,102)
Less: Interest Reserve Fund	(9,910)	(356,921)
	<u>\$ 21,061,950</u>	<u>\$ 7,175,977</u>

BELIZE CITY COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

10. NET MUNICIPAL PAPER PAYABLE (CONTINUED)

The Municipal Paper issue created a direct obligation of the Belize City Council to be repaid from the revenues generated by the Council, without being tied to any specific revenue stream but backed by the Council's taxing power and, accordingly, is classified as a general obligation bond.

Municipal Paper Fund and Other Requirements and Restrictions

The Municipal Paper Act established the Belize City Municipal Paper Fund ("Municipal Paper Fund"), into which shall be deposited or credited all Municipal Paper proceeds. The Municipal Paper Act also established the Interest Reserve Fund, into which shall be deposited, from the Municipal Paper proceeds, one year's interest service reserve, and which shall be used for the purpose of repaying interest payable to holders of the Municipal Paper in the event the Council is unable to meet interest payment from the Belize City Fund.

Uses of the Municipal Paper Fund

Uses of the proceeds of the Municipal Paper is outlined in the Municipal Paper Act and includes the following: to retire existing debt or liability; to fund the Interest Reserve Fund; to pay fees and expenses for professional services; to provide working capital; and, to generally enable the Council to meet its obligations.

Heritage Financial Services Limited manages the Funds established under the Municipal Paper Act and makes payments of interest and principal to holders of the Municipal Paper.

11. NET MUNICIPAL BONDS PAYABLE

The net unsecured long-term debt municipal bonds issued by the City Council as follows:

	<u>2023</u>	<u>2022</u>
<u>Municipal bonds series No. 3 of issue No. 1:</u>		
- interest of 8%, maturing on December 24, 2022	\$ 5,200	\$ 6,000,000
<u>Municipal bonds series No. 3 of issue No. 2:</u>		
- interest of 8%, maturing on May 24, 2023	3,172,000	3,172,000
<u>Municipal bonds series No. 3 of issue No. 3:</u>		
- interest of 8%, maturing in November, 2023	2,300,000	2,300,000
	<u>5,477,200</u>	<u>11,472,000</u>
Less: Bond Sinking Fund	<u>(5,477,200)</u>	<u>(4,989,236)</u>
Net Municipal Bonds Payable	-	6,482,764
Less: Current portion payable	-	(6,000,000)
Non-current portion	<u>\$ -</u>	<u>\$ 482,764</u>

BELIZE CITY COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

11. NET MUNICIPAL BONDS PAYABLE (CONTINUED)

Bond Issue

In accordance with Belize City Council (Municipal Bond) Act, 2012 (the Bond Act), the Council issued Municipal Bonds in 2012 and 2013 in the aggregate amount of \$11.47m, which mature in installments (serial bonds) ranging over a period of 2 years to 10 years, with interest rates varying from 3½% to 8% per annum. Use of the proceeds of the Municipal Bonds was restricted to those purposes specified in Schedule 2 of the Bond Act. The Municipal Bonds are classified as Revenue Bonds since their repayment is tied to specified revenue streams of the Council.

Bond Sinking Fund and Restrictions on Revenues

The Bond Act established the Belize City Municipal Bond Sinking Fund (the Sinking Fund), which shall be used for the purpose of repaying principal and interest payable to bondholders, and into which shall be deposited (a) all monies due to the Council in respect of cruise ship passenger fee; (b) all monies voted from time to time by the National Assembly for the use by the Council in the administration of Belize City; and (c) any other monies from the Belize City Fund that the Council considers necessary to ensure the adequacy of the Sinking Fund, which is immune from enforcement of any judgment or proceedings by any creditor or other person. The Central Bank of Belize manages the Sinking Fund, and makes interest and principal payments to bondholders.

12. LONG TERM DEBT

	<u>2023</u>	<u>2022</u>
Heritage Bank Limited loan of \$4.8m, repayable in 96 monthly installments of \$71,066, inclusive of interest at 9% per annum, secured by first charges over Commercial Center Building, Old City Hall Building, and BTL Park. Loan was refinanced with Atlantic Bank Limited in August 2022.	\$ -	\$ 2,624,246
Atlantic Bank Limited loan of \$4.67m, repayable in 144 monthly installments of \$50,550, inclusive of interest at 8% per annum, secured by charges over land properties.	4,544,468	-
	<u>4,544,468</u>	<u>2,624,246</u>
Less: Current portion payable	(251,931)	(207,134)
Non-current portion	<u>\$ 4,292,537</u>	<u>\$ 2,417,112</u>

BELIZE CITY COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

12. LONG TERM DEBT (CONTINUED)

The loan balance is repayable as follows:

2023/2024	\$	251,931
2024/2025		272,841
2025/2026		295,487
2026/2027		320,012
2027 and after		3,404,197
	\$	<u>4,544,468</u>

13. GOVERNMENT OF BELIZE ADVANCES

The City Council is indebted to GOB for interest-free advances of \$820,000 made to, or on behalf of, the Council during a period prior to fiscal year 2016. The advances are repayable in monthly installments of \$20,000 each, deducted from the Council's subvention paid by GOB. This was fully repaid in the current fiscal period.

14. GRATUITY AND SEVERANCE PAYABLE

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 4,047,848	\$ 4,286,485
Provision	373,604	165,434
Severance paid	<u>(838,013)</u>	<u>(404,071)</u>
Total	3,583,439	4,047,848
Less: current portion	<u>(512,703)</u>	<u>(485,859)</u>
Balance, end of year	<u>\$ 3,070,736</u>	<u>\$ 3,561,989</u>

15. CAPITAL GRANT

	<u>2023</u>	<u>2022</u>
Government grants: infrastructure	\$ 12,641,787	\$ 13,058,549
Government grant: vehicles	570,108	855,161
	<u>\$ 13,211,895</u>	<u>\$ 13,913,710</u>

16. REVALUATION SURPLUS

The Council's land and buildings were revalued by independent valuers, Calvin E.S. Neal, Sr., CEI, and Troy Smith, MAH & HUCD Certified, between May 17, 2022, and June 1, 2022. The Council adopted the results of the revaluation as of June 1, 2022. The revaluation resulted in a revaluation surplus of \$9,638,829, which has been recognized in other comprehensive income. Additionally, revaluation losses of \$124,581 were recognized in the profit or loss.

BELIZE CITY COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

17. OTHER INCOME

	<u>2023</u>	<u>2022</u>
Building permits	\$ 153,826	\$ 211,243
Cemetery	120,045	103,413
Donation and contributions	879,397	185,923
Interest income	87,942	21,794
Other income	4,817,396	1,280,616
	<u>\$ 6,058,606</u>	<u>\$ 1,802,989</u>

18. OTHER EXPENSES

	<u>2023</u>	<u>2022</u>
Advertisement	\$ 101,733	\$ 103,763
Bank charges	158,712	126,644
Commissions	428,650	257,782
Disaster preparedness	957,463	2,764
Donations	353,058	49,999
Fuel expenses	797,946	472,613
Implements	166,303	156,007
Indemnities	32,705	11,819
Insurance and licenses	386,181	341,702
Miscellaneous	43,526	37,463
National celebrations/ festivities	1,026,338	188,377
Rent and leases	89,231	157,846
Social assistance and social activities	403,048	296,370
Training	23,888	14,979
Transport & travel	54,763	42,880
Utilities	502,130	432,948
	<u>\$ 5,525,675</u>	<u>\$ 2,693,956</u>

19. TAXATION

In accordance with provisions of the Income and Business Tax Act, Chapter 55 of the Laws of Belize, the Council is exempted from income taxes on its revenues.

20. KEY MANAGEMENT AND COUNCIL COMPENSATION

The aggregate compensation of the Mayor, Deputy Mayor, the Councilors, Directors and the City Administrator for the year ended March 31, 2023 was \$600,015; (2022: \$762,845).

BELIZE CITY COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

21. FINANCIAL INSTRUMENTS CATEGORIZATION

Note 2g provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

	<u>2023</u>	<u>2022</u>
	Amortized Cost	
Financial Assets		
Cash and cash equivalents	\$ 4,540,769	\$ 2,189,441
Accounts receivable	8,888,897	6,559,638
Total Financial Assets	<u>\$ 13,429,666</u>	<u>\$ 8,749,079</u>
	Amortized Cost	
Financial Liabilities		
Bank overdraft	\$ 144,198	\$ 1,730,665
Accounts payable	6,268,933	12,634,983
Net municipal paper payable	21,061,950	7,175,977
Net municipal bonds payable	-	6,482,764
Long term debt	4,544,468	2,624,246
Government of Belize advances	-	160,000
Total Financial Liabilities	<u>\$ 32,019,549</u>	<u>\$ 30,808,635</u>

22. COMMITMENTS AND CONTINGENCIES

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 risen. There are no contingent liabilities that Council is aware of that could materially impact these financial statements.

The City Council is subject to various litigation and claims arising in the normal course of operations. Based on current knowledge and communication with legal counsel, the Council is of the view that the final outcome of the matters which existed at March 31, 2023, would not have a material adverse effect on the Council's financial position.

23. EVENTS AFTER REPORTING PERIOD

No adjusting or significant non-adjusting events have occurred between the March 31, 2023 reporting date and the date of authorization for issuance.

SUPPLEMENTALS

BELIZE CITY COUNCIL

**EXPENDITURE SEGMENT REPORTING
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)**

2023 Expenditures	DEPARTMENTS													Total	
	Enforcement	Finance	Human Resources Management	Market	Management Information System	Municipal Court	Office of the Mayor	Public Relations	Revenue	Sanitation	Traffic	Senior Town Planning	Valuation		Works
Advertisement	\$ -	\$ 1,456	\$ -	\$ -	\$ -	\$ -	\$ 2,100	\$ 98,177	\$ -	\$ -	\$ -	\$ -	\$ 7,138	\$ -	\$ 101,733
Board meetings	-	-	-	-	-	-	-	-	428,650	-	-	-	-	-	428,650
Commissions paid	-	-	-	-	12,484	-	-	96,104	-	-	10,463	15,207	-	-	345,491
Contracts and Consultancy	358,921	2,661,461	14,305	-	1,311	-	34,987	6,506	-	39,770	464	880	436	-	6,227,819
Disaster preparedness	-	781,222	80,481	-	-	-	77,172	6,185	-	228	499	-	-	11,406	957,463
Donations	-	266,839	2,135	-	-	-	-	3,603	-	-	13,726	-	-	-	353,058
Financial expenses	-	2,167,329	-	-	394	198	-	3,603	-	-	23,054	-	-	-	2,185,250
Fuel	4,852	74,868	21,325	13	3,735	3,844	11,826	4,227	10,224	310,125	74,094	23,054	3,238	252,521	797,946
Implements	5,511	5,991	1,541	6,427	30	535	1,294	3,573	7	55,638	16,448	-	4,406	64,902	166,303
Indemnities	-	25,684	-	-	-	-	-	-	1,174	3,202	545	-	2,100	-	32,705
Insurance and licenses	-	380,587	-	-	-	-	-	-	-	840	2,270	-	-	2,484	386,181
Materials and supplies	80,410	284,601	127,609	927	207,725	5,793	8,529	65,499	764	53,911	168,311	2,563	3,135	5,683	1,015,460
Miscellaneous	50	26,669	7,582	-	185	-	130	862	800	34	65	-	-	11	36,388
National Celebrations/festivities	-	135,384	277,375	51	197	-	3,767	603,179	101	946	134	38	108	5,058	1,026,338
Pension, severance & gratuity	-	-	372,795	-	-	809	-	-	-	-	-	-	-	-	373,604
Rent and leases	-	3,808	113	-	-	-	6,636	96	-	47,790	-	-	-	30,788	89,231
Repairs and maintenance	35,364	47,592	2,646	56	186,751	29	133,144	193,072	-	20,177	683	2,851	60	630,691	1,253,116
Repairs and maintenance - building	2,702	23,160	1,476	10,802	751	1,177	-	-	-	927	5,488	74,018	-	58,253	178,754
Street maintenance	71,613	233,009	-	454	-	218	-	56,390	-	73,827	46	158	-	2,047,232	2,482,947
Salaries, staff benefits and social security	797,931	1,158,397	579,130	125,063	93,274	333,822	440,323	436,650	302,040	2,241,152	546,353	367,994	550,312	1,096,091	9,068,532
Social assistance and social activities	-	250,540	717	-	7	-	29,349	82,582	-	38,100	1,693	-	60	-	403,048
Training	-	10,213	13,675	-	-	-	-	-	-	-	135	-	2,273	240	23,888
Transport & travel	80	45,010	1,090	-	-	-	5,760	-	-	175	-	-	-	240	54,763
Utilities	-	466,701	-	3,377	2,049	-	547	6,458	-	-	13,482	50	-	9,466	502,130
	\$ 1,357,434	\$ 9,050,521	\$ 1,503,995	\$ 147,170	\$ 508,893	\$ 346,425	\$ 755,564	\$ 1,663,163	\$ 743,760	\$ 5,600,225	\$ 854,899	\$ 486,813	\$ 573,266	\$ 4,560,317	\$ 28,152,445

BELIZE CITY COUNCIL

**EXPENDITURE SEGMENT REPORTING
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)**

2022 Expenditures	DEPARTMENTS														Total	
	Finance	Human Resources Management	Market	Management Information System	Municipal Court	Office of the Mayor	Public Relations	Revenue	Sanitation	Traffic	Senior Town Planning	Valuation	Works			
Advertisement	\$ 3,597	\$ -	\$ -	\$ -	\$ 2,041	\$ -	\$ 96,725	\$ 1,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,500	\$ -	\$ 103,763
Board meetings	57,171	-	-	-	-	-	-	250	-	-	-	-	-	-	-	257,782
Commissions paid	725,774	4,930	-	7,173	-	-	50,457	200,611	3,176,741	-	-	-	-	380	417,336	4,382,411
Contracts and Consultancy	-	2,384	-	-	-	-	-	-	-	-	-	-	-	500	-	2,764
Disaster preparedness	-	910	-	-	-	38,726	3,671	-	-	75	-	-	-	-	-	49,999
Donations	6,117	-	-	-	2,745	-	-	33	2,862	5,669	-	-	-	-	325	1,807,298
Financial expenses	1,795,134	-	-	530	2,745	-	-	33	2,862	5,669	-	-	-	-	325	1,807,298
Fuel	76,820	14,883	42	3,466	4,355	-	1,517	8,163	187,867	42,509	10,573	4,153	118,265	523	472,613	
Implements	18,106	103	4,784	3,169	-	250	18,769	465	40,930	18,673	-	523	50,485	-	156,007	
Indemnities	9,129	-	-	-	-	-	-	-	1,270	145	-	-	1,025	-	11,819	
Insurance and licenses	340,452	-	-	-	-	-	-	-	840	410	-	-	-	-	341,702	
Materials and supplies	80,161	46,454	4,077	157,747	2,214	12,827	19,285	41	51,233	255,082	406	3,637	3,091	636,255		
Miscellaneous	1,841	355	-	66	2,000	300	68	23,388	2,010	2,018	-	2,667	-	34,713		
National Celebrations/festivities	1,269	47,210	-	74	15	-	133,827	102	414	241	49	42	5,134	188,377		
Rent and leases	23,974	338	-	-	14,738	-	2,846	-	83,506	730	-	-	31,714	157,846		
Repairs and maintenance	271,890	-	2,633	152,103	515	32	15,861	-	9,339	12,578	-	-	234,331	699,282		
Repairs and maintenance - building	91,818	-	2,448	1,720	515	32	-	-	1,732	4,938	-	-	11,098	114,301		
Street maintenance	198,102	-	2,488	50	-	117,167	4,238	-	142,904	89,427	-	-	168,200	722,576		
Salaries, staff benefits and social security	1,096,562	1,389,980	129,486	133,179	330,621	449,626	390,681	334,524	2,271,448	1,026,801	316,122	484,820	1,039,221	9,393,071		
Pension, severance & gratuity	165,434	-	-	-	-	-	7,576	-	-	-	-	-	-	-	165,434	
Social assistance and social activities	70,166	1,030	-	-	-	12,475	-	-	205,123	-	-	-	-	-	296,370	
Training	2,210	12,365	-	-	-	100	-	-	-	34	270	-	-	-	14,979	
Transport & travel	16,278	20	-	-	-	13,428	-	12,372	-	-	262	320	200	-	42,880	
Utilities	406,740	-	2,487	-	-	-	5,078	-	-	10,019	-	-	8,624	-	432,948	
	\$ 5,458,745	\$ 1,520,962	\$ 148,445	\$ 459,277	\$ 359,759	\$ 644,963	\$ 750,599	\$ 581,349	\$ 6,178,219	\$ 1,469,349	\$ 327,682	\$ 499,542	\$ 2,089,049	\$ 20,487,940		