

BELIZE CITY COUNCIL

Financial Statements for the Years Ended
March 31, 2022 and 2021 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 statement of financial position as at March 31, 2022, and the statement of comprehensive loss, statement of changes in fund balances, and statement of cash flows for the year 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, 2022, and of its financial performance and its cash flows for the year 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.

Other Matter

The financial statements for the year ended March 31, 2021, were audited by another auditor whose opinion dated July 22, 2022, was qualified.

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.

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HLB Belize, LLP is an independent member of HLB, the global advisory and accounting network

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users 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, 2022 AND 2021 (IN BELIZE DOLLARS)

	<u>Notes</u>	<u>2022</u>	<u>2021</u> Restated	<u>2020</u> Restated
ASSETS				
Current assets				
Cash and cash equivalents	2g. 2h. 4.	\$ 2,189,441	\$ 1,675,327	\$ 1,287,519
Accounts receivable	2g. 2i. 5.	6,559,638	13,406,599	10,862,383
Inventory	2j. 2l.	6,266	63,968	31,433
Total current assets		8,755,345	15,145,894	12,181,335
Non-current assets				
Property, plant and equipment	2k. 2l. 6.	90,236,537	87,748,938	88,533,355
Total non-current assets		90,236,537	87,748,938	88,533,355
Total assets		\$ 98,991,882	\$ 102,894,832	\$ 100,714,690
LIABILITIES AND FUND BALANCES				
Current liabilities				
Bank overdraft	2g. 7.	\$ 1,730,665	\$ 1,031,320	\$ 889,738
Accounts payable	2g. 2m. 8.	12,634,983	15,385,915	15,198,016
Deferred revenue	2p. 9.	13,437,343	11,608,390	9,363,523
Net municipal paper payable	2g. 2o. 10.	7,175,977	8,574,883	-
Net municipal bonds payable	2g. 2o. 11.	6,000,000	-	-
Long term debt	2g. 2o. 12.	207,134	589,971	1,369,580
Gratuity and severance payable	2n. 14.	485,859	664,368	540,730
Total current liabilities		41,671,961	37,854,847	27,361,587
Non-current liabilities				
Net municipal bonds payable	2g. 2o. 11.	482,764	6,439,280	7,312,820
Long term debt	2g. 2o. 12.	2,417,112	2,623,517	3,008,609
Government of Belize advances	2g. 13.	160,000	380,000	580,000
Gratuity and severance payable	2n. 14.	3,561,989	3,622,117	3,473,893
Pension liability	2n.	13,300,287	12,727,547	12,179,471
Total non-current liabilities		19,922,152	25,792,461	26,554,793
Total liabilities		61,594,113	63,647,308	53,916,380
Fund balances				
Capital grant	15.	13,913,710	14,615,525	15,317,340
General fund		23,484,059	24,631,999	31,480,970
Total fund balance		37,397,769	39,247,524	46,798,310
Total liabilities and fund balances		\$ 98,991,882	\$ 102,894,832	\$ 100,714,690

The financial statements on pages 4 to 7 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

See Note 22 for the details of the restatement.

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

BELIZE CITY COUNCIL**STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN BELIZE DOLLARS)**

	<u>Notes</u>	<u>2022</u>	<u>2021</u> <u>Restated</u>
OPERATING REVENUES:			
Government subvention	2p.	\$ 1,484,500	\$ 1,484,500
Liquor license fees		425,837	458,688
Property tax fees		8,480,844	10,297,544
Property tax interest		1,812,795	1,501,058
Rents and concessions		358,914	412,976
Tourism related revenue		297,258	256,364
Trade license fees		4,767,725	4,967,251
Traffic related revenue		5,146,578	5,288,164
Amortization of capital grant		701,815	701,815
Other income	16.	<u>1,802,989</u>	<u>957,002</u>
		<u>25,279,255</u>	<u>26,325,362</u>
OPERATING EXPENSES:			
Contracts, consultancy and professional fees	2q.	4,382,411	6,053,209
Depreciation	6.	2,655,432	2,147,424
Finance charges		1,807,298	1,174,027
Materials and supplies		636,255	3,107,610
Other expenses	17.	2,693,956	3,318,120
Remeasurement of credit loss allowance	5.	2,584,439	3,831,589
Repairs and maintenance		813,583	601,681
Salaries and benefits		9,393,071	9,885,551
Gratuity and severance provision	14.	165,434	812,592
Street maintenance		<u>722,576</u>	<u>1,197,122</u>
		<u>25,854,455</u>	<u>32,128,925</u>
NET LOSS FOR THE YEAR		(575,200)	(5,803,563)
Other comprehensive loss :			
Remeasurement of net defined benefit liability		<u>(572,740)</u>	<u>(548,076)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		\$ (1,147,940)	\$ (6,351,639)

See Note 22 for the details of the restatement.

The above statements of comprehensive 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, 2022 AND 2021 (IN BELIZE DOLLARS)**

	Capital Grant	General fund	Total
Balance at April 1, 2021, as restated	\$ 14,615,525	\$ 24,631,999	\$ 39,247,524
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>\$ 23,484,059</u>	<u>\$ 37,397,769</u>

	Capital Grant	General fund	Total
Balance at April 1, 2020 as previously stated	\$ 15,317,340	\$ 42,431,011	\$ 57,748,351
Restatement (see Note 22)	-	1,229,430	1,229,430
Other comprehensive loss	-	(12,179,471)	(12,179,471)
Balance at April 1, 2020 as restated	15,317,340	31,480,970	46,798,310
Adjustment to general fund	-	(3,580,110)	(3,580,110)
Loss for the year	-	(9,087,189)	(9,087,189)
Amortisation of capital grant	(701,815)	-	(701,815)
Balance at March 31, 2021, as adjusted	<u>\$ 14,615,525</u>	<u>\$ 18,813,671</u>	<u>\$ 33,429,196</u>
Other comprehensive loss	-	(548,076)	(548,076)
Restatement (see Note 22)	-	6,366,404	6,366,404
Balance at March 31, 2021, as restated	<u>\$ 14,615,525</u>	<u>\$ 24,631,999</u>	<u>\$ 39,247,524</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, 2022 AND 2021 (IN BELIZE DOLLARS)**

	<u>2022</u>	<u>2021</u> <u>Restated</u>
OPERATING ACTIVITIES:		
Loss for the year	\$ (575,200)	\$ (5,803,563)
Adjustments for:		
Depreciation expense	2,655,432	2,147,424
Remeasurement of credit loss allowance	2,584,439	3,831,589
Gratuity and severance provision	165,434	812,592
Adjustments to general fund	-	(3,580,110)
Capital grant amortization	(701,815)	(701,815)
Interest income	(21,794)	(49,885)
Interest expense	1,807,298	1,304,260
Operating surplus (deficit) before working capital changes	<u>5,913,794</u>	<u>(2,039,508)</u>
Changes in:		
Accounts receivables	4,262,522	(3,717,057)
Inventory	57,702	(32,535)
Accounts payable	(2,750,932)	188,389
Deferred revenue	1,828,953	2,244,867
Operating surplus (deficit) after working capital changes	<u>9,312,039</u>	<u>(3,355,844)</u>
Severance paid	(404,071)	(540,730)
Interest received	21,794	49,885
Net cash provided by (used in) operating activities	<u>8,929,762</u>	<u>(3,846,689)</u>
INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(5,143,031)	(1,363,007)
Net cash used in investing activities	<u>(5,143,031)</u>	<u>(1,363,007)</u>
FINANCING ACTIVITIES:		
Bank overdraft	699,345	141,582
Government of Belize advances	(220,000)	(200,000)
Repayment of municipal bonds payable	43,484	-
Proceeds from municipal paper payable	-	8,574,883
Repayment of municipal paper payable	(1,398,906)	-
Repayments of long term debt	(589,242)	(1,614,701)
Interest paid	(1,807,298)	(1,304,260)
Net cash (used in) provided by financing activities	<u>(3,272,617)</u>	<u>5,597,504</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	514,114	387,808
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,675,327	1,287,519
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,189,441	\$ 1,675,327

See Note 22 for the details of the restatement.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (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 2022 and 2021. The number of employees of the Council as at March 31, 2022, was 379 (2021: 443).

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (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 loss. The exchange rate used for the Belize dollar at balance sheet date was BZD \$2 to US \$1.

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, 2021.

In addition, commencing April 1, 2021, the following amendments are now effective:

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN BELIZE DOLLARS)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Change in accounting policies (Continued)

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 2023.

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.

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

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

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

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (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.

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).

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN BELIZE DOLLARS)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Financial Instruments (Continued)

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 20.

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 20.

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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN BELIZE DOLLARS)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 are carried at cost; and except for land, are depreciated down to their estimated residual values on a straight-line basis over the following estimated useful lives:

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

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.

An item is derecognized upon disposal or when no further future economic benefits are expected from its use. Any arising gain or loss (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. Impairment of non-financial assets (Continued)

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.

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 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 loss.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN BELIZE DOLLARS)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. Revenue trade-offs amounted to \$283,056 for fiscal year ended March 31, 2022 (2021: \$1,186,208).

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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (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 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. 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 loss 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 loss 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 loss.

BELIZE CITY COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (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 risk 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, 2022 AND 2021 (IN BELIZE DOLLARS)

3. FINANCIAL RISK (CONTINUED)

March 31, 2022	Within 3 months	Over 3 months	Total
Financial assets:			
Cash and cash equivalents	\$ 2,189,441	\$ -	\$ 2,189,441
Accounts receivable	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
Accounts 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>
March 31, 2021	Within 3 months	Over 3 months	Total
Financial assets:			
Cash and cash equivalents	\$ 1,675,327	\$ -	\$ 1,675,327
Accounts receivable	1,476,577	11,930,022	13,406,599
	<u>3,151,904</u>	<u>11,930,022</u>	<u>15,081,926</u>
Financial liabilities:			
Bank overdraft	1,031,320	-	1,031,320
Accounts payable	10,112,182	5,273,733	15,385,915
Net municipal paper payable	-	8,574,883	8,574,883
Net municipal bonds payable	-	6,439,280	6,439,280
Long term debt	-	3,213,488	3,213,488
Government of Belize advances	-	380,000	380,000
	<u>11,143,502</u>	<u>23,881,384</u>	<u>35,024,886</u>
Liquidity gap	<u>\$ (7,991,598)</u>	<u>\$ (11,951,362)</u>	<u>\$ (19,942,960)</u>

BELIZE CITY COUNCIL**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN BELIZE DOLLARS)****4. CASH AND CASH EQUIVALENTS**

	<u>2022</u>	<u>2021</u>
Cash at bank	\$ 2,189,441	\$ 1,632,758
Cash on hand	-	42,569
	<u>\$ 2,189,441</u>	<u>\$ 1,675,327</u>

5. ACCOUNTS RECEIVABLE

	<u>2022</u>	<u>2021</u> <u>Restated</u>
Property taxes	\$ 19,238,426	\$ 24,275,645
Property tax interest	11,156,980	9,514,817
Trade license	3,099,453	3,040,311
Liquor license	27,773	73,868
Rent	518,944	637,583
Staff	37,786	19,862
Other receivables	378,583	1,158,381
	<u>34,457,945</u>	<u>38,720,467</u>
Less: expected credit loss	<u>(27,898,307)</u>	<u>(25,313,868)</u>
	<u>\$ 6,559,638</u>	<u>\$ 13,406,599</u>
Expected credit loss:		
Balance, beginning of year	\$ 25,313,868	\$ 21,482,279
Remeasurement of credit loss allowance	2,584,439	3,831,589
Balance, end of year	<u>\$ 27,898,307</u>	<u>\$ 25,313,868</u>

BELIZE CITY COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN BELIZE DOLLARS)

6. PROPERTY, PLANT AND EQUIPMENT

Cost	Land & buildings	Infrastructure	Furniture & fixtures	Computers & other equipment	Vehicles & machinery	Work in progress	Total
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	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	315,999	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

Cost	Land & buildings	Infrastructure	Furniture & fixtures	Computers & other equipment	Vehicles & machinery	Work in progress	Total
Balance, April 1, 2020	\$55,260,036	\$37,023,534	\$2,892,530	\$2,075,590	\$4,377,020	\$1,554,652	\$103,183,362
Additions	118,053	28,684	395,859	618,661	201,750	-	1,363,007
Disposals	-	-	-	-	(803,870)	-	(803,870)
Balance, March 31, 2021	55,378,089	37,052,218	3,288,389	2,694,251	3,774,900	1,554,652	103,742,499
Accumulated Depreciation							
Balance, April 1, 2020	2,412,226	6,737,508	349,976	1,094,515	4,055,782	-	14,650,007
Additions	296,030	1,058,543	323,906	435,015	33,930	-	2,147,424
Disposals	-	-	-	-	(803,870)	-	(803,870)
Balance, March 31, 2021	2,708,256	7,796,051	673,882	1,529,530	3,285,842	-	15,993,561
Net Book Value							
March 31, 2021	\$52,669,833	\$29,256,167	\$2,614,507	\$1,164,721	\$489,058	\$1,554,652	\$87,748,938

BELIZE CITY COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (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>2022</u>	<u>2021</u>
Trade payable	\$ 6,137,162	\$ 8,613,373
Other payables	4,778,829	5,044,493
Escrow funds held from liquidation of properties	1,718,992	1,728,049
	<u>\$ 12,634,983</u>	<u>\$ 15,385,915</u>

9. DEFERRED REVENUE

	<u>2022</u>	<u>2021</u> Restated
Property tax	\$ 6,314,993	\$ 5,581,011
Trade license	4,117,861	3,706,791
Liquor license	402,838	266,025
Traffic license	2,601,651	2,054,563
	<u>\$ 13,437,343</u>	<u>\$ 11,608,390</u>

10. NET MUNICIPAL PAPER PAYABLE

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

	<u>2022</u>	<u>2021</u>
<u>Municipal Paper 2019 Series 1:</u>		
- 92 days maturity with interest of 3.70% per annum	\$ 5,035,000	\$ 7,035,000
<u>Municipal Paper 2019 Series 1:</u>		
- 92 days maturity with interest of 3.45% per annum	1,800,000	1,800,000
<u>Municipal Paper 2021 Series II:</u>		
- 365 days maturity with interest of 4% per annum	1,000,000	-
	<u>7,835,000</u>	<u>8,835,000</u>
Less: Municipal Paper Fund	(302,102)	(178,122)
Less: Interest Reserve Fund	(356,921)	(81,995)
	<u>\$ 7,175,977</u>	<u>\$ 8,574,883</u>

2019 Series 1 Municipal Paper

In accordance with the Belize City Council (Municipal Paper) Act, 2019 ("Municipal Paper Act") and also with a resolution of the Council dated May 21, 2019, the Council launched a prospectus for its 2019 Series 1 Municipal Paper ("Municipal Paper").

BELIZE CITY COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (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>2022</u>	<u>2021</u>
<u>Municipal bonds series No. 3 of issue No. 1:</u>		
- interest of 8%, maturing on December 24, 2022	\$ 6,000,000	\$ 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>11,472,000</u>	<u>11,472,000</u>
Less: Bond Sinking Fund	(4,989,236)	(5,032,720)
Net Municipal Bonds Payable	6,482,764	6,439,280
Less: Current portion payable	(6,000,000)	-
Non-current portion	<u>\$ 482,764</u>	<u>\$ 6,439,280</u>

BELIZE CITY COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (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>2022</u>	<u>2021</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.	\$ 2,624,246	\$ 3,213,488
	<u>2,624,246</u>	<u>3,213,488</u>
Less: Current portion payable	(207,134)	(589,971)
Non-current portion	<u>\$ 2,417,112</u>	<u>\$ 2,623,517</u>

See Note 23 for details of Significant Subsequent Events.

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. At March 31, 2022 and 2021, the balance due to GOB was \$380,000.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN BELIZE DOLLARS)**

14. GRATUITY AND SEVERANCE PAYABLE

	<u>2022</u>	<u>2021</u>
Beginning, April 1	\$ 4,286,485	\$ 4,014,623
Provision	165,434	812,592
Severance paid	<u>(404,071)</u>	<u>(540,730)</u>
Total	4,047,848	4,286,485
Less: current portion	<u>(485,859)</u>	<u>(664,368)</u>
Ending, March 31	<u><u>\$ 3,561,989</u></u>	<u><u>\$ 3,622,117</u></u>

15. CAPITAL GRANT

	<u>2022</u>	<u>2021</u>
Government grants: infrastructure	\$ 13,058,549	\$ 13,475,311
Government grant: vehicles	855,161	1,140,214
	<u><u>\$ 13,913,710</u></u>	<u><u>\$ 14,615,525</u></u>

16. OTHER INCOME

	<u>2022</u>	<u>2021</u>
Building permits	\$ 211,243	\$ 153,001
Cemetery	103,413	75,299
Donation and contributions	185,923	150,307
Interest income	21,794	49,885
Other income	1,280,616	528,510
	<u><u>\$ 1,802,989</u></u>	<u><u>\$ 957,002</u></u>

17. OTHER EXPENSES

	<u>2022</u>	<u>2021</u>
Advertisement	\$ 103,763	\$ 146,880
Bank charges	126,644	130,232
Commissions	257,782	485,316
Disaster preparedness	2,764	2,510
Donations	49,999	195,454
Fuel expenses	472,613	431,151
Implements	156,007	63,116
Indemnities	11,819	3,385
Insurance and licenses	341,702	472,618
Miscellaneous	37,463	29,549
National celebrations/ festivities	188,377	352,170
Rent and leases	157,846	210,882
Social assistance and social activities	296,370	384,288
Training	14,979	5,215

Continued to next page

BELIZE CITY COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN BELIZE DOLLARS)

17. OTHER EXPENSES (CONTINUED)

	<u>2022</u>	<u>2021</u>
Transport & travel	42,880	2,315
Utilities	432,948	403,039
	<u>\$ 2,693,956</u>	<u>\$ 3,318,120</u>

18. 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.

19. 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, 2022 was \$762,845; (2021: \$821,898).

20. 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>2022</u>	<u>2021</u>
Financial Assets	Amortized Cost	Amortized Cost
Cash and cash equivalents	\$ 2,189,441	\$ 1,675,327
Accounts receivable	6,559,638	13,406,599
Total Financial Assets	<u>\$ 8,749,079</u>	<u>\$ 15,081,926</u>
Financial Liabilities	Amortized Cost	Amortized Cost
Bank overdraft	\$ 1,730,665	\$ 1,031,320
Accounts payable	12,634,983	15,385,915
Net municipal paper payable	7,175,977	8,574,883
Net municipal bonds payable	6,482,764	6,439,280
Long term debt	2,624,246	3,213,488
Government of Belize advances	160,000	380,000
Total Financial Liabilities	<u>\$ 30,808,635</u>	<u>\$ 35,024,886</u>

BELIZE CITY COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN BELIZE DOLLARS)

21. 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 arisen. 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, 2022 would not have a material adverse effect on the Council's financial position.

22. RESTATEMENT

The Belize City Council's financial statements have been restated for following:

1. The recognition of interest receivable on property taxes and the related impairment amount for the balance introduced.
2. The correction of trade receivables and deferred revenue which, previously included invoices for the subsequent period.
3. The recognition of pension obligation for a defined benefit plan in accordance with IAS 19.

Statement of Financial Position	2021	Restated 2021	Adjustment
Accounts receivable	6,119,240	13,406,599	7,287,359
Deferred revenue	10,630,569	11,608,390	(977,821)
Pension liability	-	12,727,547	(12,727,547)
General fund	29,763,712	24,631,999	5,131,713
Statement of Comprehensive Loss			
Property tax interest	-	1,501,058	1,501,058
Bad debt expense	3,081,885	3,831,589	749,704

23. SIGNIFICANT SUBSEQUENT EVENT

Refinancing of long term debt

The Heritage Bank Limited long-term debt was refinanced with Atlantic Bank Limited in August 2022 for additional working capital and more favorable interest rate and repayment terms.

No adjustments were needed to these financial statements due to events that occurred between March 31, 2022, and the date of authorization for issuance, including the above mentioned events.

SUPPLEMENTALS

BELIZE CITY COUNCIL

EXPENDITURE SEGMENT REPORTING FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 103,763	
Board meetings	-	-	-	-	-	-	-	250	-	-	-	2,500	-	2,750	
Commissions paid	57,171	-	-	-	-	-	-	200,611	-	-	-	-	-	257,782	
Contracts and Consultancy	725,774	4,930	-	7,173	-	-	50,457	-	3,176,741	-	-	-	-	4,382,411	
Disaster preparedness	-	2,384	-	-	-	-	-	-	-	-	-	380	-	2,764	
Donations	6,117	910	-	-	-	38,726	3,671	-	-	75	-	500	-	49,999	
Financial expenses	1,795,134	-	-	530	2,745	-	3,671	33	2,862	5,669	-	-	325	1,933,942	
Fuel	76,820	14,883	42	3,466	4,355	-	1,517	8,163	187,867	42,509	10,573	4,153	118,265	472,613	
Implements	18,106	103	4,784	3,169	-	-	18,769	465	40,930	18,673	-	523	50,485	156,007	
Indemnities	9,129	-	-	-	-	260	-	-	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	
Severance and gratuity	165,434	-	-	-	-	-	-	-	-	-	-	-	-	165,434	
Social assistance and social activities	70,166	1,030	-	-	-	12,475	7,576	-	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	\$ 20,614,584	

BELIZE CITY COUNCIL

EXPENDITURE SEGMENT REPORTING FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN BELIZE DOLLARS)

2021 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	\$ 342	\$ -	\$ -	\$ -	\$ -	\$ 1,961	\$ 144,577	\$ -	\$ -	\$ -	\$ -	\$ 2,862	\$ -	\$ 146,380	
Board meetings	-	-	-	-	-	207	-	-	-	-	-	-	-	3,069	
Commissions paid	-	-	-	-	-	264,833	-	220,483	-	-	-	-	-	485,316	
Consultancy and professional fees	326,601	7,820	-	-	-	1,237	-	-	6,000	9,675	1,350	-	-	352,683	
Contracts and Consultancy	1,371,048	-	-	-	-	-	63,463	-	325,002	-	-	-	1,174,593	5,700,527	
Disaster preparedness	1,450	-	-	-	-	-	-	-	1,060	-	-	-	-	2,510	
Donations	188,571	1,500	-	-	-	-	3,625	600	-	-	-	-	1,157	195,453	
Financial expenses	1,275,678	-	-	-	-	-	-	49	28,135	-	-	-	-	1,304,260	
Fuel	68,350	9,453	661	6,716	2,559	496	1,967	6,119	150,010	48,521	8,286	5,297	122,715	431,150	
Implements	2,156	233	1,087	41	180	2,139	2,891	84	13,417	6,207	12,564	-	22,118	63,117	
Indemnities	1,750	-	-	-	-	250	500	-	815	-	-	-	70	3,385	
Insurance and licenses	457,130	-	-	-	-	-	-	-	5,101	-	-	-	10,386	472,617	
Materials and supplies	1,060,612	106,609	362	1,276,172	8,686	35,641	209,358	123	130,682	258,883	101	12,170	8,212	3,107,611	
MIS Consultancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Miscellaneous	18,744	-	-	180	-	3,611	55	651	-	3,229	9	9	-	26,479	
National Celebrations/festivities	142,774	4,267	2,070	313	1,553	43,762	105,815	1,164	29,424	5,728	1,430	1,986	11,884	352,170	
Pension	-	423,750	-	-	-	-	-	-	-	-	-	-	-	423,750	
Pension, severance & gratuity	-	-	-	-	25,157	-	-	-	-	-	-	-	-	25,157	
Rent and leases	20,414	-	-	-	90,619	(414)	50	-	87,184	-	-	-	13,029	210,882	
Repairs and maintenance	283,788	-	417	52,552	2,547	1,446	-	-	8,241	19,514	(1,003)	56	210,639	578,197	
Repairs and maintenance - building	-	23,483	-	-	-	-	-	-	-	-	-	-	-	23,483	
Street maintenance	320,041	-	2,683	-	-	66,701	6,013	-	86,616	284	-	-	714,784	1,197,122	
Salaries, staff benefits and social security	1,555,659	530,918	128,223	189,306	123,597	471,123	351,961	311,804	2,343,053	1,013,496	380,437	421,785	1,127,162	8,948,524	
Staff benefits and social security	81,265	34,846	7,757	6,454	6,308	-	18,628	20,073	130,238	51,156	15,138	67,579	48,678	488,120	
Severance and gratuity	786,554	-	-	-	-	-	-	-	22,542	-	3,496	-	-	812,592	
Social assistance and social activities	229,417	1,320	-	-	-	46,761	26,076	-	76,119	-	180	-	4,416	384,289	
Training	4,980	235	-	-	-	-	-	-	-	-	-	-	-	5,215	
Transport & travel	120	-	-	-	-	-	-	-	20	-	-	2,045	-	2,315	
Utilities	401,879	-	-	-	-	-	800	-	-	360	-	-	-	403,039	
	\$ 8,599,323	\$ 1,144,434	\$ 143,260	\$ 1,531,734	\$ 261,206	\$ 939,754	\$ 935,779	\$ 561,150	\$ 5,872,917	\$ 1,744,939	\$ 430,304	\$ 515,139	\$ 3,469,973	\$ 26,149,912	