

# **Belize City Council**

**Financial statements  
31 March 2016**

**BELIZE CITY COUNCIL**

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**FINANCIAL STATEMENTS**  
**31 MARCH 2016**

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## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BELIZE CITY COUNCIL**

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### **Report on the Financial Statements**

We have audited the accompanying financial statements of Belize City Council, which comprise the statement of financial position as at 31 March 2016, and the statement of financial performance, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as applied to public sector entities 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.

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

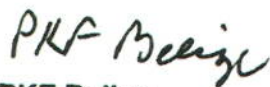
## **REPORT OF THE INDEPENDENT AUDITORS continued**

### *Basis for Qualified Opinion*

Section 38 of the Belize City Council Act, Chapter 85 of the Laws of Belize, states that an officer may be granted a pension on retirement. Some officers have been granted pensions on their retirement. The pensions paid these retirees are recognized under a cash basis of accounting rather than on an actuarial basis of accounting. The future obligations of the Council for these pensions and the actuarial risk (that benefits will cost more than expected) are not recognized in the financial statements.

### *Opinion*

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Belize City Council as of 31 March 2016 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as applied to a public sector entity.





**PKF Belize**  
**Chartered Accountants**  
**Belize City**  
**12 January 2017**

**STATEMENT OF FINANCIAL POSITION  
31 MARCH 2016**

	Notes	2016	2015
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		4,883,818	3,671,704
Inventories	4	51,557	55,273
Trade and other receivables	5	13,749,120	12,718,559
		<u>18,684,495</u>	<u>16,445,536</u>
<b>Non-current assets</b>			
Other asset	6	79,603	-
Property and equipment	7	84,070,744	81,811,691
<b>Total assets</b>	BZ\$	<u>102,834,842</u>	<u>98,257,227</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities</b>			
Trade and other payables	8	8,604,496	8,944,844
Deferred income	9	10,092,995	10,026,433
Current portion of borrowings	10	660,695	1,297,671
Current portion of other long term payable	11	1,008,000	1,080,000
		<u>20,366,186</u>	<u>21,348,948</u>
<b>Non-current liabilities</b>			
Borrowings	10	20,057,669	20,722,563
Other long term payable	11	379,399	1,387,399
Deferred grant income	12	14,989,252	12,931,373
Gratuity/severance payable	13	2,622,699	2,463,962
		<u>38,049,019</u>	<u>37,505,297</u>
<b>Total liabilities</b>		<u>58,415,205</u>	<u>58,854,245</u>
<b>Net assets</b>			
General fund		<u>44,419,637</u>	<u>39,402,982</u>
<b>Total liabilities and net assets</b>	BZ\$	<u>102,834,842</u>	<u>98,257,227</u>

Approved on behalf of the Belize City Council:


  
 \_\_\_\_\_ Mayor


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

*Independent auditors' report pages 1 and 2.*

*The notes on pages 7 to 26 form an integral part of these financial statements.*

**STATEMENT OF FINANCIAL PERFORMANCE  
YEAR ENDED 31 MARCH 2016**

	Notes	2016	2015
<b>REVENUE</b>			
Building permits		60,814	68,890
Cemetery		92,850	141,266
Donations		113,163	265,383
Interest income		24,345	19,223
Liquor license fees		736,607	727,705
Other income		333,259	270,321
Property tax revenue		10,611,399	10,153,416
Rental revenue		542,248	537,299
Tourism related revenue		1,686,380	1,783,611
Trade license fees		5,155,638	5,023,292
Traffic related revenue		4,579,571	4,559,061
		<b>23,936,274</b>	<b>23,549,467</b>
<b>EXPENDITURE</b>			
Finance and administrative department	14 (a)	7,791,765	7,257,579
Human resource management department	14 (b)	1,684,373	1,724,330
Market department	14 (c)	216,260	214,321
Mechanical department	14 (d)	1,510	23,975
Management information systems department	14 (e)	200,346	181,957
Municipal court department	14 (f)	406,272	365,115
Office of the Mayor department	14 (g)	467,025	472,170
Public relations department	14 (h)	583,869	679,543
Revenue department	14 (i)	660,050	700,163
Sanitation department	14 (j)	5,827,588	7,861,786
Security department	14 (k)	721,964	713,180
Senior town planning department	14 (l)	129,315	114,855
Traffic department	14 (m)	1,343,827	1,209,181
Valuation department	14 (n)	360,419	318,360
Works department	14 (o)	2,232,961	1,731,977
		<b>22,627,544</b>	<b>23,568,492</b>
Surplus (deficit) from operating activities		1,308,730	(19,025)
Government grants and subventions	15	3,707,925	3,757,878
Surplus for the year	BZ\$	<b>5,016,655</b>	<b>3,738,853</b>

*The notes on pages 7 to 26 form an integral part of these financial statements.*

**STATEMENT OF CHANGES IN NET ASSETS  
YEAR ENDED 31 MARCH 2016**

	General fund	Total net assets
Balance as at 31 March 2014	35,664,129	35,664,129
Surplus for the year ended 31 March 2015	3,738,853	3,738,853
Balance as at 31st March 2015	<u>39,402,982</u>	<u>39,402,982</u>
<b>Surplus for the year ended 31 March 2016</b>	<b>5,016,655</b>	<b>5,016,655</b>
<b>Balance as at 31 March 2016</b>	<b>BZ\$ <u>44,419,637</u></b>	<b><u>44,419,637</u></b>

*The notes on pages 7 to 26 form an integral part of these financial statements.*

**STATEMENT OF CASH FLOWS**  
**YEAR ENDED 31 MARCH 2016**

	Notes	2016	2015
<b>Cash flows from operating activities</b>			
Surplus for the year		<b>5,016,655</b>	3,738,853
Adjustments for non-cash items:			
Depreciation	7	<b>1,744,816</b>	1,567,037
Loss (Gain) on disposal of property and equipment		<b>16,398</b>	(3,131)
Gratuity/severance provision	13	<b>455,150</b>	570,073
Deferred grant income	15	<b>(669,139)</b>	(525,884)
		<b>6,563,880</b>	5,346,948
Changes in working capital:			
Increase in trade and other receivables		<b>(1,030,561)</b>	(1,917,403)
Decrease (Increase) in inventories		<b>3,716</b>	(1,776)
Decrease in trade and other payables		<b>(340,348)</b>	(3,005,716)
Increase in deferred income		<b>66,562</b>	173,046
Net cash generated from operating activities		<b>5,263,249</b>	595,099
Gratuity/severance paid	13	<b>(296,413)</b>	-
<b>Net cash from operations</b>		<b>4,966,836</b>	595,099
<b>Cash flows from investing activities</b>			
Purchases of property and equipment		<b>(1,415,560)</b>	(1,154,982)
Proceeds from sale of property and equipment		<b>122,311</b>	66,622
Purchase of other asset (land to be distributed to Council employees)		<b>(79,603)</b>	-
<b>Net cash used in investing activities</b>		<b>(1,372,852)</b>	(1,088,360)
<b>Cash flows from financing activities</b>			
Repayments of borrowings		<b>(1,301,870)</b>	(1,536,865)
Other long term liability - judgement debt payable		<b>(1,080,000)</b>	2,467,399
<b>Net cash (used in) from financing activities</b>		<b>(2,381,870)</b>	930,534
<b>Net increase in cash and cash equivalents</b>		<b>1,212,114</b>	437,273
Cash and cash equivalents at beginning of the year		<b>3,671,704</b>	3,234,431
<b>Cash and cash equivalents at end of the year</b>	BZ\$	<b>4,883,818</b>	3,671,704
<b>Represented by:</b>			
Cash on hand and at bank	BZ\$	<b>4,883,818</b>	3,671,704

*The notes on pages 7 to 26 form an integral part of these financial statements.*



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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2016**

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**1. GENERAL INFORMATION**

## Mayor and Councilors:

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

Deputy Mayor - Dean Samuels (Works)

Alifa Elrington (Municipal Court, Staff Development and Training)

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

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

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

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

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

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

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

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

## Administration:

Candice Burke - City Administrator

Marilyn Ordonez - Director of Finance

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

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

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

These financial statements were authorized for issue by the Council on 12 January 2017.

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

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2016**

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

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

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

**2.1.1 Changes in accounting policies and disclosures****(a) Standards, amendments and interpretations effective on or after 1 April 2015**

The following standards, amendments and interpretations which became effective in the fiscal year ended 31 March 2016 are relevant to the Belize City Council (the Council):

Amendment to IAS 19, 'Employee Benefits: These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendment is effective for fiscal periods beginning on or after 1 July 2014. These amendments had no impact on the Council's financial statements.

Annual improvements 2012: These amendments include changes from the 2010-2012 cycle of the annual improvements project that affect the following seven standards:

- IFRS 2, 'Share-based payment'
- IFRS 3, 'Business combinations'
- IFRS 8, 'Operating segments'
- IFRS13, 'Fair value measurements'
- IAS 16, 'Property, plant and equipment and IAS 13, 'Intangible assets'
- IFRS 9 'Financial instruments' consequential amendments and
- IAS 39, 'Financial instruments – Recognition and measurement'

The amendments are effective for fiscal periods beginning on or after 1 July 2014. These amendments had no impact on the Council's financial statements.

Annual improvements 2013: These amendments include changes from the 2011- 2013 cycle of the annual improvements project that affect the following four standards:

- IFRS 1, 'First time adoption'
- IFRS 3, 'Business combinations'
- IFRS13, 'Fair value measurements' and
- IAS 40, 'Investment property'.

The amendments are effective for fiscal periods beginning on or after 1 July 2014. These amendments had no impact on the Council's financial statements.

**b) Standards, amendments and interpretations issued but not yet effective**

The following standards, amendments and interpretations have been issued and are mandatory for accounting periods beginning on or after 1 January 2016 or later periods and may be relevant to the Belize City Council (the Council):

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2016**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.1.1 Changes in accounting policies and disclosures (continued)**

b) Standards, amendments and interpretations issued but not yet effective (continued)

Annual improvements 2014: These set of amendments affects four standards:

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

The amendments are effective for fiscal periods beginning on or after 1 January 2016.

Amendments to IAS 1, 'Presentation of financial statements': These amendments clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. These amendments are effective for annual periods beginning on or after 1 January 2016.

IFRS 15, 'Revenue from Contracts with Customers': IFRS 15 is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally. IFRS 15 was issued in May 2014 and applies to annual reporting periods beginning on or after 1 January 2018. The Council is yet to assess IFRS 9's impact on its financial statements.

IFRS 9, 'Financial instruments': This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities. It also includes an expected credit losses model that replaces the current incurred loss impairment model. IFRS 9 applies to annual reporting periods beginning on or after 1 January 2018. The Council is yet to assess IFRS 9's impact on its financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that may be expected to have any material impact on the Council's financial statements.

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

**2.2 Foreign currency translation**

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2016**


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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.3 Cash and cash equivalents**

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

**2.4 Trade receivables**

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

**2.5 Inventories**

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

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

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

**2.6 Property and equipment**

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

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

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

Buildings	2%
Infrastructure	3%
Computer and office equipment	20%
Furniture and fixtures	10%
Other equipment	10%
Machinery and Vehicles	10 - 25%

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2016**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.7 Impairment of non-financial assets other than inventories**

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

**2.8 Financial assets****(a) Initial recognition and measurement**

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

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

**(b) Subsequent measurement**

The subsequent measurement of financial assets depends on their classification.

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

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

**(ii) Loans and receivables**

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

**(iii) Available for sale**

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

**(c) Derecognition**

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

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2016**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.8 Financial assets**

(c) Derecognition (continued)

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

**2.9 Borrowings**

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

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

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

**2.10 Trade payables**

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

**2.11 Borrowing costs**

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

**2.12 Employee benefits**

Severance/Gratuity obligations:

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

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2016**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.12 Employee benefits**

Pension obligations:

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

The Council granted some of its retirees a pension and, as a policy, has elected to recognize pensions on a cash basis, that is, when it pays the pensions. Consequently the Council's actuarial liability for pensions to be paid in the future are not recognized.

**2.13 Revenue recognition**

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

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

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

(b) Government grants and subventions:

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

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

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

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

(c) Revenue from the rendering of services:

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

(d) Interest income:

Interest income is recognized using the effective yield method.

(e) Rental income:

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2016**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.14 Leases**

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

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

**2.15 Provisions**

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

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

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

**2.16 Contingent liabilities**

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

**2.17 Taxes**

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

**2.18 Comparative information**

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

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

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

**Key sources of estimation uncertainty**

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

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

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

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



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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2016**


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**3. INFORMATION ABOUT KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS (continued)****Key sources of estimation uncertainty (continued)**

## (b) Gratuity/severance

Provisions are estimated based on the information available.

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

	2016	2015
<b>4. INVENTORIES</b>		
Traffic department license plates, drivers' licenses, stickers and supplies	BZ\$ 51,557	55,273
	=====	=====
<b>5. TRADE AND OTHER RECEIVABLES</b>		
Property taxes receivable	13,730,258	11,635,641
Trade license receivable	1,013,148	1,162,151
Tourism related revenues receivable	1,948,278	1,862,233
Garbage fee receivables	278,556	295,018
Liquor license	17,143	17,688
Rent Receivables	425,417	451,550
Staff receivable	152,412	151,636
Other receivables	379,389	402,284
	17,944,601	15,978,201
Provision for impairment of receivables	(4,195,481)	(3,259,642)
	BZ\$ 13,749,120	12,718,559
	=====	=====
Movements on the Council's provision for impairment of receivables during the year were as follows:		
At 1 April	3,259,642	5,721,640
Provision for receivables impairment	1,452,430	439,052
Receivables written off during the year as uncollectible	(516,591)	(2,901,050)
At 31 March	BZ\$ 4,195,481	3,259,642
	=====	=====
<b>6. OTHER ASSET</b>		
Land held in trust for employees	BZ\$ 79,603	-
	=====	=====

This represents expenses incurred to date to acquire, survey, bush and clear, for distribution to employees, 57.533 acres of land in Tropical Park, situated near Mile 14 3/4 on the George Price Highway. The Council has decided to distribute the entire acreage of land to qualifying employees of the City Council and in connection therewith has set up a Trust declaring that the land is being held by the Council in trust for beneficiaries, identified as employees who have provided faithful and continuous service to the Council and the people of Belize City beginning on or before the 20 September 2012. In accordance with the provisions of the Trust Deed, the Trustees will oversee the process of distribution and ensure that the entire 57.533 acres parcel of land is distributed to qualifying Council employees; and the Council covenants to finance the entire programme costs, including acquiring, surveying, bushing, clearing, sub-dividing and bearing the full cost of vesting title in the name of individual employees.

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2016**
**7. PROPERTY AND EQUIPMENT**

	Land and building	City streets and drains Infrastructure	Furniture and fixtures	Vehicle and machinery	Computers, office and other equipment	Work in Progress (streets and drains)	Total
<b>Cost</b>							
At 31 March 2015	53,091,279	29,543,489	316,838	1,347,837	555,310	453,652	85,308,405
Additions	332,942	2,230,089	12,502	839,864	185,358	541,823	4,142,578
Disposals	(6,689)	-	-	(168,068)	-	-	(174,757)
Transfers	-	925,349	-	-	-	(925,349)	-
<b>At 31 March 2016</b>	<b>53,417,532</b>	<b>32,698,927</b>	<b>329,340</b>	<b>2,019,633</b>	<b>740,668</b>	<b>70,126</b>	<b>89,276,226</b>
<b>Accumulated depreciation</b>							
At 31 March 2015	1,048,831	1,580,533	73,849	563,463	230,038	-	3,496,714
Charge for the year	265,375	1,009,929	25,549	373,055	70,908	-	1,744,816
Written back on disposal	-	-	-	(36,048)	-	-	(36,048)
<b>At 31 March 2016</b>	<b>1,314,206</b>	<b>2,590,462</b>	<b>99,398</b>	<b>900,470</b>	<b>300,946</b>	<b>-</b>	<b>5,205,482</b>
<b>Carrying amount</b>							
At 31 March 2015	BZ\$ 52,042,448	27,962,956	242,989	784,374	325,272	453,652	81,811,691
<b>At 31 March 2016</b>	<b>BZ\$ 52,103,326</b>	<b>30,108,465</b>	<b>229,942</b>	<b>1,119,163</b>	<b>439,722</b>	<b>70,126</b>	<b>84,070,744</b>

**8. TRADE AND OTHER PAYABLES**

	2016	2015
Trade payable	3,198,178	3,533,889
Other payables and accruals	5,133,102	5,151,355
Escrow funds held from liquidation of properties for tax arrears	273,216	259,600
	BZ\$ 8,604,496	8,944,844

**9. DEFERRED INCOME**

Property tax	4,308,834	4,503,385
Trade licence	3,291,841	3,246,169
Liquor licence	392,756	390,354
Traffic license	2,099,564	1,886,525
	BZ\$ 10,092,995	10,026,433

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2016**

10. BORROWINGS	2016	2015
<b>Municipal bonds:</b>		
Municipal bonds series No. 2 of issue No. 1, interest rate of 5.5%, maturing on December 24, 2017.	3,000,000	3,000,000
Municipal bonds series No. 3 of issue No. 1, interest rate of 8%, maturing on December 24, 2022.	6,000,000	6,000,000
Municipal bonds series No. 2 of issue No. 2, interest rate of 5.5%, maturing on May 24, 2018.	2,000,000	2,000,000
Municipal bonds series No. 3 of issue No. 2, interest rate of 8%, maturing on May 24, 2023.	3,172,000	3,172,000
Municipal bonds series No. 1 of issue No. 3, interest rate of 3.5%, maturing on September 6, 2015.	-	500,000
Municipal bonds series No. 2 of issue No. 3, interest rate of 5.5%, maturing on September 6, 2018.	500,000	500,000
Municipal bonds series No. 2 of issue No. 3, interest rate of 5.5%, maturing in November 2018	1,528,000	1,528,000
Municipal bonds series No. 3 of issue No. 3, interest rate of 8%, maturing in November 2023.	2,300,000	2,300,000
Total municipal bonds	<u>18,500,000</u>	<u>19,000,000</u>
<b>Other borrowings:</b>		
Bank loan, secured, to assist with infrastructure development, repayable by equal monthly instalments of \$71,066, inclusive of interest.	2,218,364	2,820,234
Advances from the Ministry of Finance, interest-free, repayable within 12 months. In July 2015, the loan was converted to a grant (Note 15).	-	200,000
Total borrowings	<u>20,718,364</u>	<u>22,020,234</u>
Less: Current portion	<u>(660,695)</u>	<u>(1,297,671)</u>
	BZ\$ <u>20,057,669</u>	<u>20,722,563</u>
	=====	=====
Borrowings are repayable as follows:		
	2016	1,297,671
	2017	660,255
	2018	3,729,393
	2019	4,333,770
	2020	21,485
	2021	-
	2022 and thereafter	11,977,660
	BZ\$ <u>11,472,000</u>	<u>11,977,660</u>
	<u>20,718,364</u>	<u>22,020,234</u>
	=====	=====
<b>11. OTHER LONG TERM PAYABLE</b>		
Judgement debt awarded Belize Maintenance Limited, payable by monthly instalments of BZ\$15,000 per week and two lump sum payments of BZ\$300,000 on the 31st December 2015 and BZ\$228,000 on the 31st December 2016.	1,387,399	2,467,399
Less: Current portion	<u>(1,008,000)</u>	<u>(1,080,000)</u>
	BZ\$ <u>379,399</u>	<u>1,387,399</u>
	=====	=====

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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2016**


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	2016	2015
<b>11. OTHER LONG TERM PAYABLE (continued)</b>		
The other long term debt is repayable as follows:		
	2016	-
	2017	1,080,000
	2018	1,008,000
	<b>379,399</b>	379,399
	BZ\$	2,467,399
	<b>1,387,399</b>	=====
<b>12. DEFERRED GRANT INCOME</b>		
Government grants: infrastructure	14,326,293	12,507,790
Government grant: vehicles	662,959	423,583
	BZ\$	12,931,373
	<b>14,989,252</b>	=====
Deferred grant income represents the balance on government grants received in respect of depreciable assets which are to be released to income in future periods, at the same rate at which the assets will be depreciated. See Note 15.		
<b>13. GRATUITY/SEVERANCE PAYABLE</b>		
At 1 April	2,463,962	1,893,889
Additions	455,150	570,073
Gratuity/Severance paid	(296,413)	-
At 31 March	BZ\$	2,463,962
	<b>2,622,699</b>	=====

**14. SEGMENT REPORTING**

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

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

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

	2016	2015
<i>(a) FINANCE AND ADMINISTRATIVE DEPARTMENT EXPENDITURES</i>		
Advertisement	-	1,623
Board meetings	2,866	461
Consultant expenses	418,291	534,110
Depreciation	1,744,818	1,566,928
Disaster preparedness	6,367	11,599
Donation	114,067	104,067
Festivities/Celebrations	8,110	58,846
Financial expenses	1,590,532	1,720,071
Fuel	193,157	124,667
Implements	3,817	3,383
Indemnities	8,094	1,805

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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2016**


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**14. SEGMENT REPORTING (continued)**

	<b>2016</b>	2015
<i>(a) FINANCE AND ADMINISTRATIVE DEPARTMENT EXPENDITURES (continued)</i>		
Insurance expense	55,710	11,370
(Gain) Loss on disposal of property and equipment	16,398	(3,131)
Materials and supplies	264,002	272,559
Miscellaneous	2,627	208,268
Provision for uncollectible receivables	1,452,430	654,444
Rent and leases	3,407	2,717
Repairs and maintenance	73,541	76,099
Salaries	1,376,954	1,189,879
Social assistance and contribution	41,530	350,233
Staff benefits	163,304	129,837
Training	15,724	11,639
Transport & Travel	16,312	9,910
Utilities	219,707	216,195
	<b>BZ\$ 7,791,765</b>	<b>7,257,579</b>
	=====	=====

*(b) HUMAN RESOURCE MANAGEMENT DEPARTMENT EXPENDITURES*

Board Meetings	3,125	-
Celebration and festivities	396,386	348,727
Donation	2,563	786
Financial expenses	-	60
Fuel expenses	8,789	5,817
Implements	-	57
Insurance	141,334	131,964
Material and supplies	83,896	11,640
Other	468	1,452
Pension and gratuity	201,866	266,878
Repairs and maintenance	10,718	7,980
Salaries	297,215	260,724
Severance/Gratuity	455,151	570,074
Social assistance and contribution	13,278	2,326
Staff benefits	47,147	100,273
Training	2,807	1,131
Transport and travel	17,331	11,430
Utilities	2,299	3,011
	<b>BZ\$ 1,684,373</b>	<b>1,724,330</b>
	=====	=====

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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2016**


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14. SEGMENT REPORTING (continued)	2016	2015
<i>(c) MARKET DEPARTMENT EXPENDITURES</i>		
Celebration and festivities	412	412
Fuel	301	1,018
Implements	3,580	1,706
Insurance	-	9,100
Materials and supplies	3,435	6,161
Miscellaneous	-	88
Repairs and maintenance	24,680	19,519
Salaries	118,087	98,402
Staff benefits	5,283	4,854
Utilities	60,482	73,061
	<b>BZ\$ 216,260</b>	<b>214,321</b>
	=====	=====
<i>(d) MECHANICAL DEPARTMENT EXPENDITURES</i>		
Fuel	-	5,763
Repairs and maintenance	-	2,398
Salaries	-	15,103
Staff benefits	1,510	711
	<b>BZ\$ 1,510</b>	<b>23,975</b>
	=====	=====
<i>(e) MANAGEMENT INFORMATION SYSTEM DEPARTMENT EXPENDITURES</i>		
Advertising	775	-
Celebration and festivities	-	375
Fuel	3,514	5,941
Implements	2,043	75
Material and supplies	21,193	10,869
MIS Consultancy	11,050	10,050
Repairs and maintenance	30,248	13,069
Salaries	126,289	136,784
Staff benefits	3,839	3,964
Training	800	550
Transport and travel	-	280
Utilities	595	-
	<b>BZ\$ 200,346</b>	<b>181,957</b>
	=====	=====

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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2016**


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14. SEGMENT REPORTING (continued)	2016	2015
<i>(f) MUNICIPAL COURT DEPARTMENT EXPENDITURES</i>		
Celebration and festivities	-	400
Fuel	1,477	2,469
Implements	63	484
Insurance	31,361	-
Materials and supplies	12,375	13,936
Miscellaneous	1,209	-
Repairs and Maintenance	8,470	2,846
Salaries	307,391	313,742
Staff benefit	17,110	12,244
Transport and travel	380	280
Utilities	26,436	18,714
	<b>BZ\$ 406,272</b>	<b>365,115</b>
	=====	=====
<i>(g) OFFICE OF THE MAYOR DEPARTMENT EXPENDITURES</i>		
Board meetings	3,750	-
Celebration and festivities	784	808
Donations	12,846	500
Fuel	50	-
Insurance	3,176	2,295
Materials and supplies	856	2,605
Miscellaneous	-	1,905
Rent and leases	3,544	-
Repairs and maintenance	4,952	5,677
Remuneration of Mayor and Councilors	368,379	390,165
Social assistance and contribution	11,402	29,117
Staff benefits	12,250	12,500
Transport and travel	33,040	12,876
Utilities	11,996	13,722
	<b>BZ\$ 467,025</b>	<b>472,170</b>
	=====	=====
<i>(h) PUBLIC RELATIONS DEPARTMENT EXPENDITURES</i>		
Advertisement	116,489	177,582
Celebration and festivities	5,243	62,845
Donations	2,695	498
Fuel	6,440	6,924
Implements	2,502	1,830
Miscellaneous	5,630	188
Materials and supplies	48,071	45,523
Rent and leases	150	1,157
Repairs and maintenance	69,572	29,747
Salaries	283,412	221,711
Staff benefits	11,670	9,874
Social assistance and contributions	29,757	94,267
Transport and travel	-	24,467
Utilities	2,238	2,930
	<b>BZ\$ 583,869</b>	<b>679,543</b>
	=====	=====

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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2016**


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14. SEGMENT REPORTING (continued)	2016	2015
<i>(i) REVENUE DEPARTMENT EXPENDITURES</i>		
Commission	305,948	305,235
Celebration and festivities	750	-
Board expenses	51,903	58,729
Financial expenses	(3,741)	80
Fuel	(6,014)	(1,019)
Implements	609	-
Material and supplies	15,671	32,306
Miscellaneous	9,536	179
Repairs and maintenance	3,946	6,583
Salaries	269,493	275,313
Staff benefit	11,481	21,064
Transport and travel	40	-
Utilities	428	1,693
	BZ\$ 660,050	700,163
	=====	=====
<i>(j) SANITATION DEPARTMENT EXPENDITURES</i>		
Cemetery upkeep	103,095	107,119
Celebration and festivities	945	1,250
Disaster preparedness	11,729	-
Fuel	117,953	52,261
Implements	41,440	16,978
Indemnities	3,290	-
Insurance	7,125	15,859
Materials and supplies	63,619	28,682
Other	914	235
Repairs and maintenance	42,695	30,872
Rent and leases	81,810	94,769
Salaries	2,186,561	923,943
Sanitation contracts	3,059,738	6,570,250
Social assistance and contribution	180	370
Staff benefits	105,467	18,125
Transport and travel	606	814
Utilities	421	259
	BZ\$ 5,827,588	7,861,786
	=====	=====
<i>(k) SECURITY DEPARTMENT EXPENDITURES</i>		
Fuel	344	1,493
Consultancy	708,878	640,905
Disaster preparedness	-	25
Material and supplies	-	1,339
Repairs and maintenance	25	535
Salaries	12,306	66,643
Staff benefits	321	1,393
Training	-	42
Transport and travel	90	805
	BZ\$ 721,964	713,180
	=====	=====



**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2016**

14. SEGMENT REPORTING (continued)	2016	2015
<i>(l) SENIOR TOWN PLANNING DEPARTMENT EXPENDITURES</i>		
Board meetings	6,976	6,125
Celebration and festivities	500	-
Fuel	10,527	14,295
Implements	95	-
Insurance	-	915
Materials and supplies	246	805
Miscellaneous	193	100
Repairs and maintenance	37	1,621
Salaries	107,039	88,087
Staff benefits	3,472	2,907
Utilities	230	-
	BZ\$ <u>129,315</u>	<u>114,855</u>
<i>(m) TRAFFIC DEPARTMENT EXPENDITURES</i>		
Advertising	20	-
Celebration and festivities	900	850
Consultancy	2,750	400
Donation	1,166	-
Financial expenses	1,166	201
Fuel	22,371	35,699
Implements	579	1,579
Insurance	2,419	2,607
Materials and supplies	307,975	242,773
Other	46,549	513
Repairs and maintenance	26,203	59,551
Salaries	866,052	795,975
Staff benefits	36,036	38,517
Transport and travel	-	255
Training	-	200
Utilities	29,641	30,061
	BZ\$ <u>1,343,827</u>	<u>1,209,181</u>
<i>(n) VALUATION DEPARTMENT EXPENDITURES</i>		
Advertising	1,182	-
Board meetings	375	-
Celebration and festivities	600	1,000
Consultancy	900	1,800
Financial expenses	-	298
Fuel	4,683	7,686
Indemnities	17,200	-
Implements	110	421
Materials and supplies	28,240	29,040
Miscellaneous	-	(4,458)
Repairs and maintenance	1,190	2,549
Salaries	289,770	263,131
Staff benefits	12,439	12,054
Transport and travel	3,730	4,839
	BZ\$ <u>360,419</u>	<u>318,360</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2016**

14. SEGMENT REPORTING (continued)	2016	2015
<i>(o) WORKS DEPARTMENT EXPENDITURES</i>		
Board Meetings	-	100
Bridge maintenance	16,915	25,897
Celebration and festivities	750	500
Consultancy	-	33,000
Fuel Expense	99,140	128,809
Implements	24,397	20,077
Insurance	5,559	6,666
Material and supplies	14,395	13,781
Other	332	37
Rent and leases	13,119	42,965
Repairs and maintenance	218,017	189,845
Salaries	973,696	745,718
Social assistance and contribution	-	1,125
Staff benefits	42,973	29,752
Street maintenance	802,934	470,871
Transport and travel	266	-
Utilities	20,468	22,834
	BZ\$ 2,232,961	1,731,977
	=====	=====

**15. GOVERNMENT GRANTS AND SUBVENTIONS**

(a) Contributions in cash	1,376,392	1,481,700
(b) Contributions in debt service	612,394	1,382,794
(c) Contribution - salaries and wages for BML workers	-	367,500
(d) Contribution - BML judgement debt	350,000	-
(e) Deferred grant income - infrastructure	448,154	384,690
(f) Deferred grant income - vehicles	220,985	141,194
(g) Contribution - flood relief programme	500,000	-
(h) Contribution - advances from MOF converted to grant (Note 10)	200,000	-
	BZ\$ 3,707,925	3,757,878
	=====	=====

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

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

(c) Contributions related to BML workers' salary and wages represent support received from the Government of Belize for the payment of salaries and wages for the BML workers.

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

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

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

(g) Contribution related to flood relief programme represents funds received from the Government of Belize to assist the Council with the cost incurred to clean the city drainage system following the October 2015 flood.

(h) Contribution - advances represents advances received from the Ministry of Finance in 2015 which were converted to a grant in 2016. (see Note 10)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2016**


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15. EMPLOYEES SALARIES AND BENEFITS	2016	2015
Gratuities/severance	455,151	653,599
Pensions	201,866	183,353
Salaries and wages	7,189,300	5,390,188
Social security costs	282,475	252,775
Staff benefits	191,825	145,294
	<u>BZ\$ 8,320,617</u>	<u>6,625,209</u>

**16. KEY MANAGEMENT COMPENSATION**

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

BZ\$	<u>467,765</u>	<u>474,423</u>
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**17. COMMITMENTS**

Committed and contracted:

Infrastructure	542,030	652,693
Sanitation	4,034,945	7,229,236

The Council has also contracted security services to be paid on an hourly basis at fixed hourly rates. The contract expires in February 2017.

**18. CONTINGENCIES**

A claim has been filed in the Court for the recovery of sums claimed to have been withheld by the Council from the claimant. The Council sold property belonging to the Claimant to recover arrears of property taxes. After several hearings, on instructions of the Council, an Application was made for the matter to be struck out, owing to the Claimant's want of pursuing the claim. The matter has been resolved to the extent that no further litigation is expected, though a formal Order of the Court finalizing the end of the proceedings is awaited.

**19. FINANCIAL RISK MANAGEMENT**

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

(a) Credit risk

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

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2016**


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**19. FINANCIAL RISK MANAGEMENT (continued)**

## (b) Liquidity risk

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

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

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

2016	< 3 months	3 - 12 months	1 - 5 years	> 5 years	Total	
Trade and other payables	8,604,496	-	-	-	8,604,496	
Borrowings	-	660,695	8,585,669	11,472,000	20,718,364	
Other long term payable	-	1,008,000	379,399	-	1,387,399	
Gratuity and pension payable	-	-	-	2,622,699	2,622,699	
	<b>BZ\$</b>	<b>8,604,496</b>	<b>1,668,695</b>	<b>8,965,068</b>	<b>14,094,699</b>	<b>33,332,958</b>
		=====	=====	=====	=====	=====
2015	< 3 months	3 - 12 months	1-5 years	> 5 years	Total	
Trade and other payables	8,944,844	-	-	-	8,944,844	
Borrowings	-	1,297,671	9,250,563	11,472,000	22,020,234	
Other long term payable	-	1,080,000	1,387,399	-	2,467,399	
Gratuity and pension payable	-	-	-	2,463,962	2,463,962	
	<b>BZ\$</b>	<b>8,944,844</b>	<b>2,377,671</b>	<b>10,637,962</b>	<b>13,935,962</b>	<b>35,896,439</b>
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